THIS DOCUMENT AND THE PROXY FORM ACCOMPANYING THIS DOCUMENT ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt about the Transaction, the contents of this document, or as to the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser authorised under FSMA if you are resident in the United Kingdom or, if not, from another appropriately authorised independent professional adviser in the relevant jurisdiction.

If you sell or have sold or otherwise transferred all of your Ordinary Shares you should send this Circular, together with the accompanying Proxy Form, as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or the transferee. If you have sold or otherwise transferred only part of your holding of Ordinary Shares you should retain these documents and consult the stockbroker, bank or other agent through whom you made the sale or transfer. The distribution of this Circular and the accompanying Proxy Form into certain jurisdictions other than the United Kingdom may be restricted by law. Therefore, persons into whose possession this Circular and the accompanying Proxy Form should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This Circular does not constitute or form part of any offer to sell or issue, or the solicitation of an offer to buy or subscribe for, any securities in International Power. The Prospectus relating to the New Ordinary Shares required in connection with the Transaction will be published before Admission. The Prospectus will not be sent to you but you may obtain a copy from International Power's website; www.ipplc.com. A copy of the Prospectus will also be submitted to the National Storage Mechanism and be available for inspection at www.hemscott.com/nsm and at the offices of Clifford Chance LLP, 10 Upper Bank Street, London E14 5JJ from the date of publication up until Admission during normal business hours on any Business Day.

An application will be made to the UK Listing Authority and to the London Stock Exchange for the New Ordinary Shares which are to be issued in connection with the Transaction to be admitted to listing on the Official List together with the Existing Ordinary Shares, and for those shares to be admitted to trading on the London Stock Exchange's Main Market, respectively. It is expected that Admission to the Official List and to trading on the London Stock Exchange will become effective, and that dealings in the New Ordinary Shares will commence, shortly after all other Conditions are satisfied (or, where permitted, waived).

INTERNATIONAL POWER PLC

(Incorporated in England and Wales under the Companies Act 1985 with registered number 2366963)

Combination with GDF SUEZ Energy International

Circular to Shareholders and

Notice of General Meeting of International Power plc

Your attention is drawn to the letter from the Chairman of International Power which is set out on pages 2 to 14 of this Circular and which contains the unanimous recommendation of the International Power Directors that you vote in favour of the Resolutions to be proposed at the General Meeting referred to below. Your attention is also drawn to the paragraphs entitled "*The General Meeting*" and "*Action to be Taken*" in Part 1 *(Letter from Sir Neville Simms, Chairman of International Power plc)* of this Circular. Please read the whole of this Circular, in particular, the risk factors set out in Part 2 (*Risk Factors*) of this Circular.

Nomura International plc, which is authorised and regulated in the UK by the FSA, is acting as financial adviser and joint sponsor to International Power and no one else in connection with the production of this Circular and the Transaction. Nomura International plc accepts no responsibility to any person for providing the protections afforded to clients of Nomura International plc, nor for providing advice in relation to the Transaction or any matters referred to herein.

J.P. Morgan Cazenove, which is authorised and regulated in the UK by the FSA, is acting as financial adviser, joint sponsor and corporate broker to International Power and no one else in connection with the production of this Circular and the Transaction and is not acting for any other person and will not be responsible to any other person for providing the protections afforded to clients of J.P. Morgan Cazenove or for providing advice in relation to the proposed Transaction or any matters or arrangements referred to herein.

Morgan Stanley & Co. Limited is acting as financial adviser and joint sponsor and Morgan Stanley & Co. International plc is acting as corporate broker, in each case, to International Power and no one else in connection with the production of this Circular and the Transaction and will not be responsible to anyone other than International Power for providing the protections afforded to clients of Morgan Stanley & Co. Limited and Morgan Stanley & Co. International plc, nor for providing advice in relation to the Transaction or any matters or arrangements referred to herein.

Save for the responsibilities and liabilities, if any, of Nomura International plc, J.P. Morgan Cazenove and Morgan Stanley & Co. Limited under FSMA or the regulatory regime established thereunder, Nomura International plc, J.P. Morgan Cazenove, Morgan Stanley & Co. Limited and Morgan Stanley & Co. International plc assume no responsibility whatsoever and make no representation or warranty, express or implied, in relation to the contents of this Circular, including its accuracy, completeness or verification or for any other statement made or purported to be made by International Power, or on International Power's behalf or by Nomura International plc, J.P. Morgan Cazenove, Morgan Stanley & Co. Limited or Morgan Stanley & Co. International plc, or on Nomura International plc's, J.P. Morgan Cazenove's, Morgan Stanley & Co. Limited's or Morgan Stanley & Co. International plc's behalf and nothing contained in this Circular is, or shall be, relied upon as a promise or representation in this respect, whether as to the past or the future, in connection with International Power or the Transaction. Each of Nomura International plc, J.P. Morgan Cazenove, Morgan Stanley & Co. Limited and Morgan Stanley & Co. International plc accordingly disclaim to the fullest extent permitted by law all and any responsibility and liability whether arising in tort, contract or otherwise which they might otherwise be found to have in respect of this Circular or any such statement.

Capitalised terms have the meanings given to them in Part 10 (*Definitions and Glossary*) of this Circular.

Notice of the General Meeting to be held at 10.30 a.m. on 16 December 2010 at the ExCeL Centre, One Western Gateway, Royal Victoria Dock, London E16 1XL is set out at the end of this Circular. A Proxy Form for use in connection with the General Meeting accompanies this Circular. Whether or not you intend to attend the General Meeting in person, please complete and return the Proxy Form in accordance with the instructions printed on it so as to be received by International Power's registrars, Equiniti, at the return address on the back of the Proxy Form, as soon as possible, and in any event, by no later than 10.30 a.m. on 14 December 2010. Alternatively, you can submit your proxy electronically at Equiniti's website, www.sharevote.co.uk so as to be received by no later than 10.30 a.m. on 14 December 2010. If you hold Ordinary Shares in CREST, you may appoint a proxy by completing and transmitting a CREST Proxy Instruction to International Power's registrars, Equiniti (CREST participant RA19), so that it is received by no later than 10.30 a.m. on 14 December 2010. The completion and return of a Proxy Form (or the transmittal of an electronic proxy registration or CREST Proxy Instruction) will not preclude you from attending and voting in person at the General Meeting, if you wish to do so and are so entitled.

Dated: 19 November 2010

Cautionary note regarding forward-looking statements

This Circular (including any information incorporated by reference into this Circular) includes forward-looking statements. The words ''believe'', ''anticipate'', ''expect'', ''intend'', ''aim'', ''plan'', ''predict'', ''continue'', ''assume'', ''positioned'', ''may'', ''will'', ''should'', ''shall'', ''risk'' and other similar expressions that are predictions of or indicate future events and future trends identify forward-looking statements. These forward-looking statements include all matters that are not current or historical facts. In particular, the statements of the International Power Group regarding the International Power Group's strategy, future financial position and other future events or prospects including statements made in relation to the strategy, future financial position and other future events or prospects of the Enlarged International Power Group are forward-looking statements.

These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond the control of the International Power Group and/or the Enlarged International Power Group, that could cause the actual results of the International Power Group and/or the Enlarged International Power Group to differ materially from those indicated in any such statements. Such factors include, but are not limited to: operational risks, conditions in the market, market position of the International Power Group and/or the Enlarged International Power Group, earnings, financial position, cash flows, return on capital and operating margins, anticipated investments, economic conditions, increased competition, fluctuations in currency exchange rates, failure to attract and retain key personnel, adverse regulatory developments or changes in government policy in a jurisdiction in which the International Power Group operates and/or the Enlarged International Power Group will operate, risk of environmental liabilities, misconduct of employees, pension commitments, changes in laws, third party litigation risk, failure to obtain necessary regulatory consent, legal proceedings relating to the proposed Transaction, and failure to realise the expected benefits of the Transaction. These risks and uncertainties include, but are not limited to, those factors described in Part 2 (*Risk Factors*) of this Circular.

Shareholders should not place undue reliance on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that are in many cases beyond the control of the International Power Group and/or the Enlarged International Power Group. By their nature, forward-looking statements involve risks and uncertainties because such statements relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not indicative of future performance and the actual results of operations and financial condition of the International Power Group and/or the Enlarged International Power Group, and the development of the industry in which the International Power Group operates and/or the Enlarged International Power Group will operate, may differ materially from those made in or suggested by the forward-looking statements contained in this Circular.

These forward-looking statements reflect International Power's judgment at the date of this Circular and are not intended to give any assurances as to future results. To the extent required by the Listing Rules, the Prospectus Rules, the Disclosure and Transparency Rules and other applicable regulations, International Power will update or revise the information in this Circular. Otherwise, International Power undertakes no obligation to update or revise any forward-looking statements, and will not publicly release any revisions it may make to these forward-looking statements that may result from events or circumstances arising after the date of this Circular. International Power will comply with its obligations to publish updated information as required by law or by any regulatory authority but assumes no further obligation to publish additional information.

The cautionary statements set out above should be considered in connection with any subsequent written or oral forward-looking statements that the International Power Group, or persons acting on its behalf, may issue.

Currencies

All references to ''£'', ''pounds'' and ''pence'' are to the lawful currency of the United Kingdom. All references to ''US$'' and ''US dollars'' are to the lawful currency of the United States. All references to ''€'' or ''Euro'' are to the single currency of the member states of the European Communities that adopt or have adopted the Euro as their lawful currency under the legislation of the EU or European Monetary Union.

Rounding

Some numbers in this Circular have been rounded and, as a result, the numbers shown as totals in this Circular may vary slightly from the exact arithmetic aggregation of the numbers that precede them.

Times

All references in this Circular to times are to London times unless otherwise stated.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS[1]

Circular sent to International Power Shareholders	19 November 2010
Latest time and date for receipt of Proxy Form for the General Meeting	10.30 a.m. on 14 December 2010
General Meeting	10.30 a.m. on 16 December 2010
Publication of Prospectus	prior to Admission (currently expected to be by the end of December 2010)
Closing of the Transaction	by no later than 30 June 2011
Admission and commencement of dealings on the London Stock Exchange of Existing Ordinary Shares and New Ordinary Shares	8.00 a.m. on the day of Closing
Special Dividend record date[2]	as soon as reasonably practicable following Admission
Special Dividend payment date[2]	within 14 days of the Special Dividend record date

INDICATIVE TRANSACTION STATISTICS

Number of Existing Ordinary Shares in issue as at 12 November 2010[3]	1,526,165,649
Number of New Ordinary Shares to be issued pursuant to the Transaction	3,554,347,956
Approximate number of Ordinary Shares in issue upon Admission[4]	5,080,513,605
New Ordinary Shares as a percentage of the enlarged issued share capital of Enlarged International Power[5]	70 per cent.

Notes to expected timetable of principal events and indicative transaction statistics:

(1) These dates and times are indicative only and are based on International Power's current expectations and may be subject to change (including as a result of the regulatory process and/or the process for completing the Transaction).

(2) Subject to Admission.

(3) The latest practicable date prior to publication of this Circular.

(4) This is based on International Power's issued share capital as at 12 November 2010 (being the latest practicable date prior to publication of this Circular), 3,554,347,956 New Ordinary Shares being issued pursuant to the Transaction and assuming that no options are exercised or Ordinary Shares issued under the International Power Share Schemes and that no Ordinary Shares are issued on conversion of any of the Convertible Bonds between 12 November 2010 and Admission.

(5) This is based on 5,080,513,605 Ordinary Shares in issue upon Admission (see note (4) above)

NOTES

(1) Nothing in this Circular is intended to be a profit estimate for any period or a forecast of future profits and statements relating to earnings should not be interpreted to mean that earnings per Ordinary Share for the current or future financial periods will necessarily match or exceed the historical published earnings per Ordinary Share.

(2) Unless the context otherwise requires, figures included in this Circular in relation to the capacity of power generation assets owned by GDF SUEZ Energy International represent the capacity of such assets as at 30 June 2010.

(3) Unless the context otherwise requires, figures included in this Circular in relation to the capacity of power generation assets owned by the International Power Group represent the capacity of such assets as at 9 August 2010.

(4) Unless the context otherwise requires, figures included in this Circular in relation to the capacity of power generation assets owned by the Enlarged International Power Group represent the aggregate of (i) the capacity of power generation assets owned by GDF SUEZ Energy International as at 30 June 2010; plus (ii) the capacity of power generation assets owned by the International Power Group as at 9 August 2010; minus (iii) in the case of references to gross capacity including assets located in the Middle East, 1GW representing the approximate gross capacity as at 9 August 2010 of the Al Hidd power generation asset in Bahrain in which both the International Power Group and GDF SUEZ Energy International currently hold an equity interest and which is reflected by each of them in their respective capacity figures.

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PART 1

LETTER FROM SIR NEVILLE SIMMS, CHAIRMAN OF INTERNATIONAL POWER PLC

Directors:
Sir Neville Simms (*Chairman*)*
Philip Cox (*Chief Executive Officer*)
Mark Williamson (*Chief Financial Officer*)
Anthony Concannon (*Executive Director, Australia*)
Bruce Levy (*Executive Director, North America*)
Steve Riley (*Executive Director, Europe*)
Ranald Spiers (*Executive Director, Middle East and Asia*)
Tony Isaac*
Alan Murray*
John Roberts*
Struan Robertson*
David Weston*
* *non-executive*

Registered office:
Senator House
85 Queen Victoria Street
London EC4V 4DP
(Registered in England
under no. 2366963)

19 November 2010

To the holders of Ordinary Shares and, for information only, to the holders of options under the International Power Share Schemes

Dear Shareholder,

COMBINATION WITH GDF SUEZ ENERGY INTERNATIONAL

1. Introduction

On 10 August 2010, International Power announced that it had signed a memorandum of understanding with GDF SUEZ in relation to a proposed combination of International Power and GDF SUEZ Energy International (the "**Combination**"). GDF SUEZ Energy International comprises GDF SUEZ's Energy International Business Areas (outside Europe) and certain assets in the UK and Turkey. Following the completion by GDF SUEZ and members of the GDF SUEZ Group of consultation processes with certain of their employee representative bodies, on 13 October 2010 International Power announced that it had signed a definitive Merger Deed with GDF SUEZ in respect of the Combination.

The International Power Board believes that the combination of International Power and GDF SUEZ Energy International will offer significant benefits reflecting the compelling industrial logic of the Transaction and the excellent geographic and operational fit between the businesses. Enlarged International Power will be the global leader in independent power generation, with significantly enhanced growth prospects from a pipeline of committed projects and attractive further opportunities in high growth markets. Enlarged International Power will also have a robust capital structure which, together with the committed financial support of GDF SUEZ, will facilitate significantly improved access to capital, at an attractive cost, to underpin these growth ambitions. Furthermore, the Combination is expected to deliver value from significant synergies, the majority of which are expected to be achieved in the second year following Closing.

Existing shareholders in International Power will benefit from this value creation through their continued shareholding in Enlarged International Power and will also receive a cash payment of 92 pence per Ordinary Share following Closing by way of the Special Dividend.

The Combination will take the form of a contribution of GDF SUEZ Energy International by subsidiaries of GDF SUEZ to International Power in exchange for the issue of 3,554,347,956 Ordinary Shares in International Power in order to create an Enlarged International Power. The New Ordinary Shares to be held by the GDF SUEZ Group at Closing will represent approximately 70 per cent. of the issued ordinary share capital of Enlarged International Power immediately following Admission. The implications of a shareholding of this level on the application of Rule 9 of the City

Code are described in paragraph 15 below entitled "*Rule 9 Whitewash*". Existing Shareholders in International Power will own approximately 30 per cent. of the issued share capital of Enlarged International Power immediately following Admission. Enlarged International Power will be listed on the Official List and traded on the Main Market of the London Stock Exchange. As International Power's existing listing will be cancelled on Admission, a Prospectus will be prepared in accordance with the Prospectus Rules in connection with the Transaction and will be published before Admission. A copy of the Prospectus will be available on International Power's website www.ipplc.com and will not be sent to you.

In view of the size of GDF SUEZ Energy International when compared with the existing International Power Group, the Combination requires, and is conditional upon, the approval of Shareholders. A general meeting of International Power is being convened in order to seek such approval and will be held at the ExCeL Centre, One Western Gateway, Royal Victoria Dock, London E16 1XL at 10.30 a.m. on 16 December 2010.

I am writing to you to explain the background to and rationale for the Combination and why the International Power Board unanimously recommends that you vote in favour of each of the resolutions set out in the Notice of General Meeting, which can be found in Part 11 (*Notice of General Meeting*) of this Circular.

2. Rationale for the Combination

Excellent Strategic Fit

The Combination of GDF SUEZ Energy International and International Power will create an enlarged International Power and substantially enhance the strategic position of both International Power and GDF SUEZ through the creation of the global leader in independent power generation. Enlarged International Power will have 66.2GW of gross capacity (40.9GW net) in operation and committed projects expected to deliver 21.8GW of additional gross capacity (7.6GW net) by 2013. Enlarged International Power will have strong positions in major regional markets (Latin America, North America, the Middle East, the UK, Asia and Australia) and accordingly will benefit from enhanced exposure to fast growing markets. Enlarged International Power will offer an attractive growth profile given its significant pipeline of committed projects, wider geographic footprint and balanced portfolio of assets (in terms of fuel mix and contractual mix). This will be further enhanced by the expected operating and financing synergies arising from the Combination, and the combined business' robust capital structure and improved access to financing.

Further detail on the synergy benefits that are expected to arise from the Combination are contained in paragraph 3 below entitled "*Synergy Benefits from the Combination*".

Value Enhancing Transaction with Strong Growth Prospects for the Combined Business

In addition to International Power's existing development pipeline, the Combination will strongly enhance International Power's growth profile through the contribution of GDF SUEZ Energy International's committed projects. A £6.9 billion (€8.2 billion[1]) capital expenditure programme is ongoing in relation to the Enlarged International Power Group's 21.8GW gross (7.6GW net) of committed projects, of which £3.9 billion (€4.6 billion[1]) had been spent but was not generating EBITDA as at 30 June 2010. A significant proportion of the expected output from these committed projects has been forward sold for periods in excess of three years, therefore earnings from the new assets will benefit from high visibility. Once operational, the committed projects being developed by subsidiaries and joint ventures are expected to provide an estimated £872 million (€1,042 million[1]) of additional annual EBITDA contribution by 2013. Earnings are expected to be further enhanced through the contribution from 13GW gross (3.5GW net) of the committed capacity which is being developed by associates.

Enlarged International Power will also gain access to GDF SUEZ Energy International's development pipeline of future projects. Enlarged International Power's increased financial strength will allow the combined business to support an enhanced development strategy.

Strengthened Financial Position

The Combination will significantly strengthen Enlarged International Power's capital structure and credit ratios. As shown in the unaudited *pro forma* statement of net assets of the Enlarged International Power Group set out in Section 3 of Part 7(A) (*Unaudited Pro Forma Combined*

1 1 month average £/€ exchange rate as at 6 August 2010 of 1:1.195 used in the calculation of these figures.

Financial Information for the Enlarged International Power Group) of this Circular, as at 30 June 2010 Enlarged International Power had *pro forma* net debt, excluding the impact of derivative instruments and amortised cost, of £10.8 billion[2] and a ratio of net debt, excluding the impact of derivative instruments and amortised cost, at 30 June 2010 to EBITDA for the year ended 31 December 2009 of 3.4x. It is anticipated that the credit profile of the combined business will enable Enlarged International Power to obtain an investment grade credit rating. As a result, Enlarged International Power will benefit from significantly improved access to capital, at an attractive cost, which will underpin the delivery of the enhanced growth ambitions referred to above.

3. Synergy Benefits from the Combination

The Combination is expected to generate significant benefits through Enlarged International Power's ability to deliver substantial operating and financing synergies. Total annualised operating and financing pre-tax synergies of £165 million (€197 million[1]) per annum are expected to be generated by the sixth year following Closing, with 75 per cent. of these synergies delivered in the second year following Closing.

Operating Synergies

Annualised operating pre-tax synergies of £104 million (€125 million[1]) per annum are expected to arise from savings in central and regional costs, optimisation of long-term overhaul and maintenance contracts, procurement and energy trading benefits and savings in insurance costs.

The size of the anticipated synergies reflects the complementary nature of the businesses and the benefits that enhanced scale can provide. As part of realising these operating synergies, the Wider GDF SUEZ Group will provide certain "head office" services to the Enlarged International Power Group. These services will be provided pursuant to the Electrabel Services Agreement and the Expatriates Services Agreement. Further details of the terms of these agreements are set out in paragraph 5 and 6, respectively, of Part 4 (*Principal Terms of the Transaction*) of this Circular.

In order to deliver these operating synergies, it is expected that implementation costs of approximately £130 million (€155 million[1]) will be incurred by the Enlarged International Power Group, largely equally across the first and second year following Closing.

Financing Synergies

As a result of its significantly strengthened financial position, Enlarged International Power is expected to benefit from substantial annualised pre-tax synergies of £61 million (€72 million[1]) per annum through access to lower cost financing and GDF SUEZ's strong balance sheet.

As part of realising these financing benefits, the Wider GDF SUEZ Group will provide the following committed financings at investment grade rates to the Enlarged International Power Group pursuant to the Financing Framework Agreement:

- Long-term funding for the aggregate financing needs of the Enlarged International Power Group as set out in its annual budget for each financial year;
- Approximately £955 million of long-term funding for the early repayment of certain of the International Power Group's debt facilities;
- Approximately £1,197 million of long-term funding for the repayment of certain of the International Power Group's debt facilities at maturity;
- Up to £550 million of parent company guarantees and letters of credit for project support and trading credit requirements of the Enlarged International Power Group;
- A £250 million cash pooling arrangement available to fund the Enlarged International Power Group's short-term working capital requirements; and
- A £150 million cash pooling arrangement available to support the Enlarged International Power Group's liquidity requirements for margin calls related to trading activities.

Further details of the terms of the Financing Framework Agreement are set out in paragraph 8 entitled "*Principal Terms of the Financing Framework Agreement*" of Part 4 (*Principal Terms of the Transaction*) of this Circular.

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2 After the cash payment of £1.4 billion to Shareholders (other than members of the Wider GDF SUEZ Group) by way of the Special Dividend.

4. Special Dividend

Shareholders will receive a cash payment of 92 pence per Ordinary Share following Closing by way of the Special Dividend. The Special Dividend will be paid by reference to a record date which will be set for as soon as is reasonably practicable following Closing and in accordance with the London Stock Exchange's applicable dividend procedure timetable. The Special Dividend will be paid to Shareholders (other than members of the Wider GDF SUEZ Group) within a period of 14 calendar days of the record date. An announcement setting out details of the proposed record date and payment date for the Special Dividend will be made shortly prior to Closing.

Due to the amount of the Special Dividend, the Dividend Reinvestment Plan will be suspended in accordance with its terms for the purpose of the payment of the Special Dividend. Accordingly, Shareholders who have previously elected to reinvest their dividends in the acquisition of further Ordinary Shares pursuant to the Dividend Reinvestment Plan will receive the Special Dividend in the form of a cash payment. The suspension of the Dividend Reinvestment Plan for the purpose of the Special Dividend will not affect Shareholders' existing elections under the Dividend Reinvestment Plan in respect of future dividends on Ordinary Shares.

Further information regarding the UK taxation treatment of the Special Dividend is set out in paragraph 15 entitled "*United Kingdom taxation treatment of Special Dividend*" of Part 9 (*Additional Information*) of this Circular.

5. Summary of the Terms of the Combination

In order to implement the Combination, International Power has entered into the Principal Transaction Agreements detailed below with members of the GDF SUEZ Group. A more detailed summary of the key terms of the Principal Transaction Agreements is set out in Part 4 (*Principal Terms of the Transaction*) of this Circular.

Merger Deed

Under the terms of the Merger Deed, International Power has agreed to acquire the GDF SUEZ Energy International Holding Companies (which, immediately prior to Closing, will hold interests in the legal entities which carry on the business of GDF SUEZ Energy International). This acquisition will be effected by International Power purchasing all of the issued shares in each of the GDF SUEZ Energy International Holding Companies from the Sellers at Closing. In consideration, International Power has agreed to issue a total of 3,554,347,956 new Ordinary Shares to the Sellers on Closing (representing approximately 70 per cent. of the issued share capital of Enlarged International Power immediately following Admission). Electrabel will procure the transfer of the GDF SUEZ Energy International Division to International Power with €4.0 billion (£3.3 billion[3]) of net debt, excluding the impact of derivative instruments and amortised cost, as at 30 June 2010.

Closing is conditional upon, and will not take place until, Admission. Accordingly, Admission is the final Condition. Closing is also subject to the satisfaction or, where permitted, waiver of a number of other Conditions prior to Admission, including:

- the affirmative vote in favour of the Resolutions by Shareholders who together represent a simple majority of the Ordinary Shares being voted at the General Meeting;
- certain anti-trust and regulatory approvals and confirmations; and
- the implementation of the necessary pre-Closing restructuring to combine the assets and businesses which comprise GDF SUEZ Energy International beneath the GDF SUEZ Energy International Holding Companies in accordance with the terms of the Merger Deed.

If the Resolutions are approved at the General Meeting and each of the other Conditions are satisfied (or, where capable of being waived, waived) prior to 30 June 2011, International Power will be contractually obliged to proceed to Closing of the Transaction unless, prior to Closing, an event occurs which has or is reasonably likely to have a particular material adverse effect on GDF SUEZ Energy International. If such an event were to occur, International Power would have the right to elect whether or not to proceed to Closing. Equally, if an event occurs which has or is reasonably likely to have a particular material adverse effect on the International Power Group, GDF SUEZ would have the right to elect whether or not to proceed to Closing.

3 After taking account of the Cash Injection but prior to the cash payment of £1.4 billion by way of the Special Dividend. As shown in the unaudited *pro forma* statement of net assets of the Enlarged International Power Group set out in Section 3 of Part 7(A) (*Unaudited Pro Forma Combined Financial Information for the Enlarged International Power Group*) of this Circular.

Closing is currently expected to occur by the end of 2010 or early 2011.

The Merger Deed also provides for the implementation of the necessary steps to facilitate the payment of the Special Dividend to Shareholders (other than members of the Wider GDF SUEZ Group) following Closing.

Under the Merger Deed, International Power has agreed to pay a break fee of €60,000,000 to Electrabel, a wholly-owned subsidiary of GDF SUEZ, in circumstances where (i) a competing offer is announced and that offer or another third party offer becomes unconditional or completes; (ii) except in limited circumstances, the International Power Directors withdraw, adversely modify, suspend or qualify their recommendation of the Transaction or defer the General Meeting; or (iii) International Power materially breaches certain provisions of the Merger Deed.

A detailed summary of the key terms of the Merger Deed is set out in paragraph 3 entitled "*Principal terms of the Merger Deed*" of Part 4 (*Principal Terms of the Transaction*) of this Circular.

Relationship Agreement

Immediately following Admission, the GDF SUEZ Group will hold approximately 70 per cent. of Enlarged International Power's issued share capital. A relationship agreement has been entered into between Electrabel, GDF SUEZ and International Power (the "**Relationship Agreement**"). The Relationship Agreement records the understanding of the parties thereto regarding the terms of the proposed relationship between the Wider GDF SUEZ Group and the Enlarged International Power Group. It also addresses the governance of Enlarged International Power as an independent listed company.

Its provisions prescribe the structure of the Enlarged International Power Board, including granting certain appointment rights to the GDF SUEZ Group, and categorise certain actions as reserved matters which are only permitted to be undertaken with the approval of the Enlarged International Power Board, including at least two GDF SUEZ Appointed Directors. A summary of the composition of the proposed Enlarged International Power Board is contained in paragraph 10 below entitled "*Board and Management Team*".

In addition, the Relationship Agreement imposes certain restrictions on the Wider GDF SUEZ Group's ability to deal in Ordinary Shares. In particular, for a period of 18 months following Admission, members of the Wider GDF SUEZ Group and their actual concert parties are generally restricted from making a takeover offer (by way of a general offer or by way of a scheme of arrangement) for all (or any) of the outstanding Ordinary Shares, or from de-listing Enlarged International Power after such a takeover offer has become wholly unconditional or, in the case of a scheme, after it has become effective. Following the expiry of this period (or earlier with the consent of all of the Independent Non-Executive Directors), members of the Wider GDF SUEZ Group and their actual concert parties would not be restricted from making a takeover offer (by way of a general offer or by way of a scheme of arrangement) for all of the outstanding Ordinary Shares or from de-listing Enlarged International Power following any such offer.

GDF SUEZ and International Power have agreed under the Relationship Agreement that:

- subject to certain exceptions, the Enlarged International Power Group will have exclusive responsibility over and activity in power generation activities in all markets except Continental Europe, thereby giving the Enlarged International Power Group access to the fast growing markets of Latin America, Middle East and Asia Pacific, as well as Australia, the USA and UK for power generation, and exclusive responsibility over and activity in downstream LNG activities in Chile and the USA;

- subject to the activity of International Power's existing assets in Continental Europe, the Wider GDF SUEZ Group will have exclusive responsibility over and activity in all businesses in Continental Europe, including Russia (but excluding Turkey); and

- the Wider GDF SUEZ Group will have exclusive responsibility over and activity in nuclear power generation and certain defined energy services in all markets.

A detailed summary of the key terms of the Relationship Agreement is set out in paragraph 4 entitled "*Principal terms of the Relationship Agreement*" of Part 4 (*Principal Terms of the Transaction*) of this Circular.

Financing Framework Agreement

Under the Financing Framework Agreement, GDF SUEZ agrees to provide the committed long-term loan, revolving credit and collateral facilities to the Enlarged International Power Group described in paragraph 3 entitled "*Synergy Benefits from the Combination*" above.

A detailed summary of the key terms of the Financing Framework Agreement is set out in paragraph 8 entitled "*Principal terms of the Financing Framework Agreement*" of Part 4 (*Principal Terms of the Transaction*) of this Circular.

Electrabel Services Agreement, International Power Services Agreement and Expatriates Services Agreement

The Electrabel Services Agreement and the Expatriates Services Agreement provide for the provision of certain arm's length services by the Wider GDF SUEZ Group to the Enlarged International Power Group following Closing. The International Power Services Agreement provides for the provision of a more limited list of arm's length services by the Enlarged International Power Group to the Wider GDF SUEZ Group following Closing.

A detailed summary of the key terms of the Electrabel Services Agreement, the International Power Services Agreement and the Expatriates Services Agreement is set out in paragraphs 5, 6 and 7, respectively, of Part 4 (*Principal Terms of the Transaction*) of this Circular.

6. Information on the International Power Group

International Power is a leading independent power generation company with interests in operating plants located in five core regions: North America, Europe, the Middle East, Australia and Asia. International Power primarily engages in the development, acquisition and operation of power generation plants. International Power's power generation portfolio consists of more than 50 power generation plants (including plants currently under construction) which are located in 21 countries. The International Power Group also has interests in businesses that are closely linked or complementary to the operation of its power generation plants such as the desalination of water in the Middle East and retail supply businesses in Australia and the United Kingdom.

The International Power Group has grown significantly over the last five years, increasing its net power generation capacity by approximately 5GW both through acquisitions and greenfield developments. International Power's power generation plants currently in operation have a total capacity of 34.4GW (gross) or 20.9GW (net), while its power generation capacity under construction is 4.5GW (gross) or 1.4GW (net).

International Power operates its business through a portfolio management approach, which involves maintaining a balanced portfolio in terms of geographic location, fuel diversity, technology and contract type.

For the financial year ended 31 December 2009, International Power reported group revenue of £3,488 million[4], profit from operations of £1,148 million[4] and profit before tax of £709 million[4]. As of 31 December 2009, International Power had total equity of £4,761 million. International Power is listed on the Main Market of the London Stock Exchange with a market capitalisation of approximately £6.5 billion[5].

7. Information on the GDF SUEZ Group

GDF SUEZ is the holding company for the GDF SUEZ Group and is listed on the Paris, Brussels and Luxembourg stock exchanges and is represented in the main international indices: CAC 40, BEL 20, Stoxx 50, DJ Euro Stoxx 50, Euronext 100, FTSE Eurotop 100, MSCI Europe, ASPI Eurozone and ECPI Ethical Index EMU.

The GDF SUEZ Group develops its business based on a responsible-growth model to take up great challenges: responding to energy needs and ensuring the security of supply, in addition to combating climate change, and optimising the use of resources. The GDF SUEZ Group provides high-performance, innovative energy solutions to individuals, municipalities, and businesses, relying upon a diversified natural gas supply portfolio, a flexible, low CO2-emitting production base, and unique expertise in four key sectors: liquefied natural gas, energy efficiency services, independent power production, and environment services. The GDF SUEZ Group employed approximately 200,650

4 Before exceptional items and specific IAS 39 mark-to-market movements.

5 Based on a share price of 424.5 pence per Ordinary Share as at 12 November 2010, being the latest practicable date prior to publication of this Circular.

people worldwide and achieved revenues of €79.9 billion in the financial year ended 31 December 2009.

Part 8 (*Information Relating to the GDF SUEZ Group*) of this Circular contains further information relating to the GDF SUEZ Group including details of the significant shareholders of GDF SUEZ and financial information relating to the GDF SUEZ Group for the three years ended 31 December 2007, 31 December 2008 and 31 December 2009.

8. Information on GDF SUEZ Energy International

GDF SUEZ Energy International is a leading global IPP with 32.8GW (gross) or 20GW (net) of capacity in operation and strong positions in four key regions: North America, Latin America, the Middle East and Asia. It is a leading private electricity producer in Brazil, Thailand, Chile and the Gulf countries, the second largest electricity retailer for Industrial & Commercial companies in the United States and the leading LNG importer in the US, through the Everett and Neptune LNG regasification terminals in Boston, Massachusetts. GDF SUEZ Energy International is also active in gas transport and distribution with its main activities located in Mexico, Chile, Argentina, as well as in Turkey where it is the third leading natural gas distributor. It has a balanced asset portfolio in terms of geographic locations, fuel mix and power off-take contractual positions (with 73 per cent. contracted generation). GDF SUEZ Energy International offers attractive growth prospects as a result of a significant pipeline of committed projects (17.3GW gross or 6.2GW net) such as Estreito and Jirau in Brazil and Ras Laffan C, Barka 3 and Riyadh PP11 in the Middle East. In the six month period ended 30 June 2010, GDF SUEZ Energy International generated sales of €5.38 billion and EBITDA of €1.19 billion.

The aggregate book value of the gross assets the subject of the Transaction was €21.1 billion as of 31 December 2009 and €26.8 billion as of 30 June 2010, and the profit before tax attributable to those assets was €0.98 billion for the year ended 31 December 2009 and €0.65 billion for the six month period ended 30 June 2010. Further information on GDF SUEZ Energy International is set out in Part 3 (*Information on GDF SUEZ Energy International)* and Part 5 *(Historical Financial Information relating to GDF SUEZ Energy International*) of this Circular.

Investors should read the whole of this Circular and not rely solely on the summarised financial information set out in this paragraph and in paragraphs 6 and 7 above.

9. Enlarged International Power

The Combination of International Power and GDF SUEZ Energy International will create the global leader in independent power generation.

Overview of Power Generation Assets

Details of the operational capacity of the Enlarged International Power Group is set out in the table below:

Region	*International Power Group*		*GDF SUEZ Energy International*		*Enlarged International Power Group*	
	Gross (GW)	*Net (GW)*	*Gross (GW)*	*Net (GW)*	*Gross (GW)*	*Net (GW)*
Latin America	—	—	10.6	6.1	10.6	6.1
North America	7.1	6.5	7.5	6.7	14.6	13.2
UK-Europe	11.1	6.9	2.1	2.1	13.2	9.0
Middle East	7.5	2.5	8.2	3.1	14.7	5.6
Asia	5.0	1.8	4.4	2.0	9.4	3.8
Australia	3.7	3.2	—	—	3.7	3.2
Total	**34.4**	**20.9**	**32.8**	**20.0**	**66.2**	**40.9**

Details of the additional capacity of the Enlarged International Power Group expected to be delivered from committed projects is set out in the table below:

Region	*International Power Group*		*GDF SUEZ Energy International*		*Enlarged International Power Group*	
	Gross (GW)	*Net (GW)*	*Gross (GW)*	*Net (GW)*	*Gross (GW)*	*Net (GW)*
Latin America	—	—	5.4	2.5	5.4	2.5
North America	—	—	0.6	0.2	0.6	0.2
UK-Europe	1.3	0.6	—	—	1.3	0.6
Middle East	2.0	0.4	9.4	2.6	11.4	3.0
Asia	1.2	0.4	1.9	0.9	3.1	1.3
Australia	0.03	0.03	—	—	0.03	0.03
Total	**4.5**	**1.4**	**17.3**	**6.2**	**21.8**	**7.6**

Non-Generation Assets

In addition, the Enlarged International Power Group will have significant interests in closely-linked businesses including LNG regasification terminals, retail businesses and gas pipeline and distribution companies.

10. Board and Management Team

Enlarged International Power will remain an independent company listed and headquartered in London with a strong board of directors drawn from International Power and GDF SUEZ. GDF SUEZ's relationship with Enlarged International Power as its majority shareholder will be governed by the Relationship Agreement. Further details of the terms of the Relationship Agreement are set out in paragraph 4 entitled "*Principal terms of the Relationship Agreement*" of Part 4 (*Principal Terms of the Transaction*) of this Circular.

Following Admission, the Enlarged International Power Board will comprise the following 13 members:

Name	*Role on Enlarged International Power Board*	*Existing Position*
Dirk Beeuwsaert	Non-Executive Chairman (GDF SUEZ Appointed Director)	Executive Vice President in charge of GDF SUEZ Energy Europe and International
Sir Neville Simms	Deputy Chairman and Senior Independent Director	Chairman of International Power
Philip Cox	Executive Director (CEO)	CEO of International Power
Guy Richelle	Executive Director (COO)	Chief Executive Officer and President of GDF SUEZ Energy Middle East, Asia and Africa
Mark Williamson	Executive Director (CFO)	CFO of International Power
Bernard Attali	Independent Non-Executive Director	—
Sir Rob Young	Independent Non-Executive Director	—
Michael Zaoui	Independent Non-Executive Director	—
Tony Isaac	Independent Non-Executive Director	Independent Non-Executive Director of International Power
David Weston	Independent Non-Executive Director	Independent Non-Executive Director of International Power
Gérard Mestrallet	GDF SUEZ Appointed Director	Chairman and Chief Executive Officer of GDF SUEZ
Jean-François Cirelli	GDF SUEZ Appointed Director	Vice-Chairman and President of GDF SUEZ
Gérard Lamarche	GDF SUEZ Appointed Director	Executive Vice-President and Chief Financial Officer of GDF SUEZ

Biographical details for each of the proposed new Enlarged International Power Directors are set out in paragraph 13 of Part 9 (*Additional Information*) of this Circular.

Following Admission, the Enlarged International Power Board will adhere to UK market corporate governance principles.

The management team of Enlarged International Power will be organised in such a way as to ensure that the significant synergies and benefits resulting from the Combination are captured for the benefit of all Shareholders. In particular, the Executive Committee of Enlarged International Power will comprise 12 members, drawn equally from both businesses. In addition, the Enlarged International Power Group will have a decentralised management structure with operational responsibility devolved to the regions (Latin America, North America, UK-Europe, the Middle East, Asia and Australia) with corporate functions to support activities based at Enlarged International Power's headquarters. These corporate functions will also benefit from the additional support of the services to be provided by the Wider GDF SUEZ Group pursuant to the Electrabel Services Agreement and the Expatriates Services Agreement.

11. Financial Effects of the Combination

To illustrate the financial effects of the Combination, an unaudited *pro forma* combined statement of net assets for the Enlarged International Power Group, assuming that Closing had occurred on 30 June 2010, is set out in Section 3 of Part 7(A) (*Unaudited Pro Forma Combined Financial Information for the Enlarged International Power Group*) of this Circular. This reflects the effect of restating International Power's consolidated statement of financial position on the basis of GDF SUEZ accounting policies, which will be adopted by Enlarged International Power following Closing. After taking account of the proposed Special Dividend, the Cash Injection, the change of accounting treatment of Hidd Power Company BSC(c) and the estimated excess purchase consideration over book value of net assets acquired, this shows that Enlarged International Power would have had net assets of £17.0 billion and net debt, excluding the impact of derivative instruments and amortised cost, of £10.8 billion as at 30 June 2010.

In addition, Section 2 of Part 7(A) (*Unaudited Pro Forma Combined Financial Information for the Enlarged International Power Group*) of this Circular sets out the unaudited *pro forma* combined income statement of the Enlarged International Power Group for the year ended 31 December 2009 assuming that Closing had occurred on 1 January 2009. This shows, amongst other things, the effects of restating International Power's consolidated income statement on the basis of GDF SUEZ accounting policies, the addition of GDF SUEZ Energy International's profit for the year, the change of accounting treatment of Hidd Power Company BSC(c) and the finance costs on GDF SUEZ Energy International's net debt (having been adjusted as if the Cash Injection took place and the Special Dividend was declared and paid on 1 January 2009). The *pro forma* earnings per share figure in the combined income statement also reflects the increased number of Ordinary Shares in issue following the issue of the New Ordinary Shares in accordance with the terms of the Merger Deed as if the issuance had occurred on 1 January 2009. The unaudited *pro forma* combined income statement does not reflect the fair value adjustments that are expected to be made post Closing and which may have a material impact on the earnings of Enlarged International Power going forward.

12. Employees and Share Schemes

At Closing, Enlarged International Power will have over 11,000 employees worldwide. International Power attaches great importance to retaining the skills and expertise of the management teams and employees of both International Power and GDF SUEZ Energy International. The increased size and strength of the Enlarged International Power Group will offer attractive career prospects for employees. The existing statutory employment rights of employees of both the International Power Group and GDF SUEZ Energy International will be fully safeguarded when the Combination is implemented.

Further information regarding the remuneration arrangements proposed to be put in place following Closing for the Executive Directors and proposed senior managers of the Enlarged International Power Group is set out in paragraph 18 entitled "*Proposed executive remuneration arrangements*" in Part 9 (*Additional Information*) of this Circular.

Details of the arrangements proposed to be implemented in relation to the International Power Share Schemes in connection with the Combination are described in paragraph 21 entitled "*International Power Share Schemes*" in Part 9 (*Additional Information*) of this Circular.

13. Invesco Irrevocable Undertaking

International Power and GDF SUEZ have received an irrevocable undertaking from Invesco Asset Management Ltd to vote in favour of the Resolutions at the General Meeting (the "**Invesco Irrevocable Undertaking**").

As at 12 November 2010 (being the latest practicable date prior to publication of this Circular), the Invesco Irrevocable Undertaking related to 113,657,185 Ordinary Shares, representing approximately 7.4 per cent. of the issued ordinary share capital of International Power as at such date.

Further details of the Invesco Irrevocable Undertaking are set out in paragraph 7 entitled "*Invesco Irrevocable Undertaking*" of Part 9 (*Additional Information*) of this Circular.

14. Dividend Policy of Enlarged International Power

Enlarged International Power will target an earnings per share payout ratio of 40 per cent., consistent with International Power's existing dividend policy. It is expected that Enlarged International Power will continue to declare an interim dividend in each year of an amount which is equal to 35 per cent. of the previous year's full-year dividend.

15. Rule 9 Whitewash

Under Rule 9 of the City Code, any person or group of persons acting in concert who acquires an interest in shares (as defined in the City Code) which, taken together with the shares in which he and persons acting in concert with him are already interested, carry 30 per cent. or more of the voting rights in a company which is subject to the City Code, is normally required to make a general offer to all of the remaining shareholders to acquire their shares. Such an offer would have to be made in cash (or with a full cash alternative) at a price not less than the highest price paid by him, or by any member of the group of persons acting in concert with him, for any interest in shares in the company during the 12 months prior to the announcement of the offer.

The Merger Deed provides for the issue of 3,554,347,956 Ordinary Shares to subsidiaries of GDF SUEZ. **If no options are exercised or Ordinary Shares issued under the International Power Share Schemes and no Ordinary Shares are issued on conversion of any of the Convertible Bonds between 12 November 2010 (being the latest practicable date prior to publication of this Circular) and Admission, the maximum holding of the Wider GDF SUEZ Group in the voting rights of Enlarged International Power following Closing will be approximately 70 per cent.** If, between 12 November 2010 and Admission, Ordinary Shares are issued as a result of the exercise of all outstanding options or otherwise under the International Power Share Schemes and the conversion of all of the outstanding Convertible Bonds, the minimum holding of the Wider GDF SUEZ Group in the voting rights of Enlarged International Power following Closing will be approximately 66 per cent..

As the interest of the Wider GDF SUEZ Group in Enlarged International Power following the Closing of the Transaction will therefore exceed 30 per cent. of the voting rights of Enlarged International Power, Electrabel and/or GDF SUEZ would normally be obliged to make a general cash offer pursuant to Rule 9 of the City Code to all other Shareholders to acquire their Ordinary Shares. The Panel has agreed, however, to waive the obligation to make a general offer that would otherwise arise as a result of the Combination, subject to the approval of the Independent Shareholders. Accordingly, Resolution 2 is being proposed at the General Meeting and will be taken on a poll.

Following Closing, the Wider GDF SUEZ Group will hold more than 50 per cent. of Enlarged International Power's voting share capital and may accordingly increase its interest in Ordinary Shares without incurring any obligation under Rule 9 of the City Code to make a general offer to other Shareholders to purchase their Ordinary Shares. However, as described in paragraph 4 entitled "*Principal terms of the Relationship Agreement*" of Part 4 (*Principal Terms of the Transaction*) of this Circular, for the duration of the Relationship Agreement GDF SUEZ has agreed to a general prohibition on any member of the Wider GDF SUEZ Group or any of their concert parties from acquiring any Ordinary Shares following Admission. This restriction is subject to a limited carve-out to permit the Wider GDF SUEZ Group to make market purchases of Ordinary Shares so as to maintain GDF SUEZ's shareholding in Enlarged International Power at a level of up to 70 per cent. of the Ordinary Shares in issue from time to time.

16. Current Trading and Prospects

International Power Group

Financial and operating update

International Power's portfolio of long-term contracted assets continues to perform well, and expected 2010 spreads and load factors in its merchant markets remain in line with the guidance given in August. As expected, performance at First Hydro Company (a subsidiary of International Power) in the UK during 2010 will be lower than in the financial year ended 31 December 2009.

Portfolio update

International Power has agreed the sale of its 33.3 per cent. equity interest in the 687km SEA Gas pipeline to project partners, Retail Employees Superannuation Trust and Australian Pipeline Trust, for a sale price of A$92.5 million (£57.6 million[6]), plus a working capital adjustment. The sale is expected to be completed in the fourth quarter of 2010.

In October, International Power Canada completed a C$117 million project financing for the 49MW Pointe-Aux-Roches wind project in south-western Ontario. The project, which will be funded by a mix of debt and equity in an 80:20 ratio, is expected to reach commercial operation during 2011.

In the UAE, the construction programme for the Fujairah F2 project (2,000MW, 130MIGD) is making good progress and 1,176MW, 97MIGD is in operation as at the date of this Circular.

Outlook

The outlook for the full year remains unchanged. International Power's merchant assets remain well positioned to capture value from any recovery or volatility in market conditions and the long-term contracted assets continue to operate in line with expectations.

GDF SUEZ Energy International

Financial and operating update

GDF SUEZ Energy International's portfolio has continued to benefit from the positive trends experienced in the first half of the year and has traded in line with management's expectations delivering a strong operational and financial performance, primarily reflecting (i) a sustained energy demand in Latin America, a demand recovery in Asia and the contribution of new commissioned assets in Chile and Brazil; (ii) the positive contribution of recent industrial developments (mainly the combination of Chilean electricity and gas transmission assets owned by GDF SUEZ Energy International and the Codelco mining group and GDF SUEZ Energy International's increased ownership in the Astoria gas power plant in New York); and (iii) positive exchange rate fluctuations.

Portfolio update

GDF SUEZ Energy International signed a joint development agreement with Eletrobras relating to energy projects in Central and South America and in Africa. GDF SUEZ Energy International completed the US$1.7 billion financing for the Barka 3 and Sohar 2 power plants in Oman with a total production capacity of 1,500MW.

GDF SUEZ Energy International is further consolidating its position in Chile through the construction of an on-shore LNG storage tank in the North of the country. The tank forms part of the GNL Mejillones terminal, which GDF SUEZ Energy International jointly owns with Codelco. In doing so, GDF SUEZ Energy International will increase its stake to 63 per cent., which is in line with GDF SUEZ Energy International's long-term strategic vision for Chile.

Outlook

The trends for the full year remain unchanged and the portfolio continues to perform well and in line with expectations.

GDF SUEZ Energy International's interim management report for the period ended 30 September 2010 can be downloaded from International Power's website at http://www.ipplc.com/news/regulatory-news.aspx under the heading "10 Nov 2010 – Information on GDF SUEZ Energy International" and is hereby incorporated by reference into this Circular.

17. Settlement, Listing and Dealing in New Ordinary Shares

The New Ordinary Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive in full all dividends and other

6 Exchange rate of £1:A$1.606.

distributions (if any) declared, made or paid by reference to a record date after Closing (but they will not carry any entitlement to the Special Dividend).

As the Transaction has been classified as a reverse takeover for the purposes of the Listing Rules, International Power's existing listing will be cancelled upon Admission. Accordingly, application will be made to the UKLA for the New Ordinary Shares to be admitted to listing on the Official List, together with the Existing Ordinary Shares, and a prospectus will be required to be published in connection with such application. Application will also be made to the London Stock Exchange for the New Ordinary Shares, together with the Existing Ordinary Shares, to be admitted to trading on the London Stock Exchange's Main Market. It is expected that Closing will occur, that Admission will become effective and that dealings in the New Ordinary Shares will commence on the London Stock Exchange shortly after all other Conditions are satisfied (or, where permitted, waived). The New Ordinary Shares will be registered and are expected to be held in uncertificated form.

The Prospectus in connection with the application for admission to the Official List of the New Ordinary Shares and the Existing Ordinary Shares will be published before Admission. A copy of the Prospectus will not be sent to you but you may obtain a copy of it on International Power's website www.ipplc.com.

18. Convertible Bonds

The Combination will not comprise a "Relevant Event" for the purpose of the outstanding Convertible Bonds and, accordingly, will not lead to either an adjustment to the applicable exchange price of the outstanding Convertible Bonds or a put right for bondholders. Applicable exchange price adjustments to the outstanding Convertible Bonds to reflect the payment of the Special Dividend will be made at the relevant time in accordance with the terms of the Convertible Bonds.

19. The General Meeting

The notice convening the General Meeting, at which the Resolutions summarised below will be proposed, is set out in Part 11 (*Notice of General Meeting*) of this Circular. The Resolutions are required in order to enable the Company to implement the Combination and, accordingly, the Combination is conditional on each of the Resolutions being passed. The full text of the Resolutions are set out in the Notice of General Meeting.

Resolution 1

Resolution 1 proposes that:

(a) the Combination be approved and that the International Power Board be authorised to take all steps and enter into all agreements and arrangements necessary or desirable to implement the Combination; and

(b) the International Power Board be authorised to allot the New Ordinary Shares pursuant to the terms of the Merger Deed.

Due to the size of GDF SUEZ Energy International when compared with the size of the International Power Group, the Combination has been classified a reverse takeover for the purposes of the Listing Rules and its implementation requires Shareholder approval. Resolution 1 will be proposed as an ordinary resolution and will be taken on a poll. This resolution must be approved by Shareholders who together represent a simple majority of the Ordinary Shares being voted (whether in person or by proxy) at the General Meeting. The Combination will not proceed if Resolution 1 is not passed.

Resolution 2

Resolution 2 proposes that the grant by the Panel of the Rule 9 Waiver (which is explained in paragraph 15 entitled "*Rule 9 Whitewash*" above) be approved. Resolution 2 will be proposed as an ordinary resolution and will be taken on a poll. This resolution must be approved by Independent Shareholders who together represent a simple majority of the Ordinary Shares held by Independent Shareholders being voted (whether in person or by proxy) at the General Meeting. Resolution 2 is conditional on Resolution 1 being duly passed and the Combination will not proceed unless Resolution 2 is also passed.

The General Meeting will be held at the ExCeL Centre, One Western Gateway, Royal Victoria Dock, London E16 1XL at 10.30 a.m. on 16 December 2010.

20. Action to be Taken

A Proxy Form for use in relation to the General Meeting which covers both of the Resolutions to be proposed at the General Meeting accompanies this Circular. As an alternative to completing and returning the accompanying Proxy Form, you may register the appointment of a proxy for the General Meeting by accessing the website www.sharevote.co.uk. If you hold Ordinary Shares in CREST, you may instead appoint a proxy by completing and transmitting a CREST Proxy Instruction to International Power's registrars, Equiniti. Guidance notes to assist you to complete the Proxy Form or to register the appointment of a proxy electronically or to complete and transmit a CREST Proxy Instruction are set out in Part 11 (*Notice of General Meeting*) of this Circular.

Whether or not you intend to be present at the General Meeting, you are requested to complete and return the accompanying Proxy Form in accordance with the instructions printed thereon or to register the appointment of a proxy electronically or, if you hold Ordinary Shares in CREST, to complete and transmit a CREST Proxy Instruction. **Completed Proxy Forms should be returned to the Company's registrars, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6LL as soon as possible and, in any event, so as to be received not later than 10.30 a.m. on 14 December 2010.** The completion and return of a Proxy Form or the transmittal of an electronic proxy registration or CREST Proxy Instruction will not prevent you from attending the General Meeting and voting in person if you so wish and are so entitled.

If you have any questions relating to this Circular and/or the completion and return of the Proxy Form, please contact Equiniti on 0871 384 2468[7] or, if calling from outside the UK, +44 121 415 0107. Please note that calls to these numbers may be monitored or recorded and no advice on the merits of the Combination can be given.

21. Further Information

Your attention is drawn to the further information set out in Parts 2 to 10 of this Circular and in particular the risk factors set out in Part 2 (*Risk Factors*) of this Circular. Investors should read the whole of this Circular and not rely solely on information summarised in this Part, including the summarised financial information.

22. Recommendation

The International Power Board, which has been advised by each of Nomura, J.P. Morgan Cazenove and Morgan Stanley, considers the terms of the Combination to be fair and reasonable so far as Shareholders are concerned. The International Power Board, which has been so advised by each of Nomura and Morgan Stanley, who are providing independent advice to the International Power Board for the purposes of the Rule 9 Waiver, considers the Rule 9 Waiver and the Combination to be fair and reasonable and in the best interests of the Independent Shareholders and the Company as a whole. In providing their advice to the International Power Board, each of Nomura, J.P. Morgan Cazenove and Morgan Stanley have taken into account the commercial assessment of the International Power Directors.

The International Power Board considers the terms of the Combination and the Rule 9 Waiver to be in the best interests of the Company and its Shareholders as a whole. Accordingly, the International Power Board unanimously recommends that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting, as all of the International Power Directors intend to do in respect of their own beneficial holdings totalling 2,950,404 Ordinary Shares (representing approximately 0.19 per cent. of the Company's issued share capital as at 12 November 2010, being the latest practicable date prior to publication of this Circular).

Yours sincerely,

Sir Neville Simms
Chairman

7 Lines are open 8.30 a.m. to 5.30 p.m., Monday to Friday. Calls to this number are charged at 8 pence per minute from a BT landline. Other telephony provider costs may vary.

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PART 2

RISK FACTORS

Shareholders should consider the following risks and uncertainties together with all the other information set out in this Circular prior to making any decision as to whether or not to vote in favour of the Resolutions. The risks described below are based on information known at the date of this Circular, but may not be the only risks to which the International Power Group, the GDF SUEZ Energy International Division and/or, following Closing, the Enlarged International Power Group is or might be exposed. Additional risks and uncertainties, which are currently unknown to International Power or that International Power does not currently consider to be material, may materially affect the business of the International Power Group, the GDF SUEZ Energy International Division and/or the Enlarged International Power Group and could have a material adverse affect on the business, financial condition, results of operations and/or prospects of the International Power Group, the GDF SUEZ Energy International Division and/or the Enlarged International Power Group.

If any of the following risks were to occur, the business, financial condition, results of operations and/or prospects of the International Power Group, the GDF SUEZ Energy International Division and/or the Enlarged International Power Group could be material adversely affected and the value of the Ordinary Shares could decline and Shareholders could lose all or part of the value of their investment in Ordinary Shares.

Shareholders should read this Circular as a whole and not rely solely on the information set out in this Part.

For the purposes of this Part 2 (*Risk Factors*), references to the "*Group*" shall mean, prior to Closing, each of the International Power Group, the GDF SUEZ Energy International Division and, following Closing, the Enlarged International Power Group.

1. Risks relating to the existing operations of the Group

The Group's primary activity is the generation of electricity from its Power Generation Plants, which involves significant risks that could adversely affect its financial results

The Group is in the business of generating electricity, which involves certain risks that can adversely affect financial and operating performance, including:

- changes in the availability of its Power Generation Plants due to increases in scheduled and unscheduled plant outages, equipment failure, failure of transmission systems, labour disputes, disruptions in fuel supply, inability to comply with regulatory or permit requirements or catastrophic events such as fires, floods, storms, hurricanes, earthquakes, explosions, terrorist acts or other similar occurrences. Changes in the availability of its Power Generation Plants could have a material adverse effect on its results of operations, financial condition and prospects; and
- changes in its operating cost structure including, but not limited to, increases in costs relating to: gas, coal, oil and other fuel; fuel transportation; operations, maintenance and repair; environmental compliance, including the cost of purchasing emissions offsets and capital expenditure to install environmental emission equipment; transmission access; and insurance. The availability and cost of this infrastructure affects capital and operating costs and levels of production and sales. Limitations or interruptions in transportation, including as a result of third parties intentionally or unintentionally disrupting the operations of its subsidiaries, joint ventures and associates, could impede their ability to produce electricity. This could have a material adverse effect on the Group's results of operations, financial condition and prospects.

Whilst 65 per cent. of the International Power Group's, and over 80 per cent. of the GDF SUEZ Energy International Division's Power Generation Plants entered service less than 15 years ago, a portion of them were constructed many years ago. Older generating equipment may require significant capital expenditures for maintenance. This equipment is also likely to require periodic upgrading and improvement. Breakdown or failure of one of the Group's Power Generation Plants may prevent the plant from performing under applicable PPAs which, in certain situations, could result in termination of a power purchase or other agreement or incurring a liability for liquidated damages or damages in general. Any of the above risks could have a material adverse effect on the Group's results of operations.

The Group's reliance on single suppliers and single customers at some of its Power Generation Plants exposes it to financial risks if the counterparties should fail to perform their obligations

With respect to those Power Generation Plants in which the Group has long-term PPAs, it often relies on a single supplier for the provision of equipment, materials or fuels required to operate the plant and, at times, it relies on a single customer (which could be a government controlled entity) or a few customers to purchase all or a significant portion of a facility's output or capacity under PPAs. In many cases, the Group limits its exposure to fluctuations in fuel prices by entering into long-term contracts for fuel with a limited number of suppliers. In these instances, the financial performance of the Group and the level of distributions received from individual project companies is dependent on the continued ability of customers and suppliers to meet their obligations under the relevant power sales contract or fuel supply contract, respectively with the relevant project company. Some of the Group's long-term PPAs are at prices above current spot market prices and some of its long-term fuel supply contracts are at prices below current market prices. Any interruption or delay in the supply of equipment, materials or fuel, or the Group's inability to obtain such supplies within a reasonable amount of time, could impair its ability to meet its obligations under the relevant PPA and/or cause it to experience delays or incur additional costs, each of which may negatively impact the level of distributions received by members of the Group from individual project companies which may, in turn, negatively impact the Group's results of operations. This could, in some circumstances, limit the ability of International Power and/or the GDF SUEZ Energy International Holding Companies to pay dividends to their respective shareholders. Conversely, certain of the Group's fuel supply agreements contain minimum fuel purchase requirements which means that it is required to purchase a minimum quantity of fuel even if it is unable to sell the power output.

In addition, the loss of significant PPAs or fuel supply contracts, or the failure by any of the parties to such contracts that prevents the Group from fulfilling its obligations thereunder, could prevent the relevant Power Generation Plant from continuing its operations or could otherwise have a material adverse impact on the Group's financial performance and the level of distributions received from individual project companies which may, in turn, negatively impact the Group's results of operations. In the event of a failure of a counterparty to perform its obligations, it may not always be possible for the Group to obtain full compensation, despite contractual provisions for this purpose. This could, in some circumstances, limit the ability of International Power and/or the GDF SUEZ Energy International Holding Companies to pay dividends to their respective shareholders.

The Group's operations and revenues depend upon the performance by various third parties, including trading counterparties

If any counterparty to the Group's key contracts related to its Power Generation Plants or development projects fails to perform any of its obligations under the contract in question, the Group's ability to operate its Power Generation Plants, develop its projects and perform its contractual obligations could be materially adversely affected. The failure of any counterparty to perform any of its obligations could also affect the Group's revenues from its operations.

Key third parties that the Group relies upon in the operation of Power Generation Plants include, but are not limited to, counterparties to power purchase and tolling agreements, fuel supply and transportation agreements, parts and services agreements, operation and maintenance agreements and management service agreements. In the development of the Group's projects, it relies upon contractors and numerous subcontractors, engineers, architects and licensing, permitting and other legal specialists in relation to the construction and development of such projects. If any such counterparty becomes bankrupt or insolvent, defaults in the performance of its contractual obligations, is excused from performance of its contractual obligations as a result of a *force majeure* or similar event or otherwise does not perform its contractual obligations for any reason, the Group may not be able to obtain alternate customers, suppliers, goods or services, as the case may be, on terms and conditions as favourable as the existing contracts relating to such customers, suppliers, goods and services. Further, non-performance by a counterparty under a key contract may give rise to a default or termination under another key contract within the same project company or under related project level indebtedness.

In addition, the Group is exposed to the ability of its commercial, trading and financing counterparties to honour their commitments to it, primarily in respect of the sale of electricity and natural gas on a merchant basis. The Group will also have financial counterparty credit exposure with respect to its treasury activities (arrangements with relationship banks, money market funds and investment grade commercial paper) and any derivative instruments that it may use, including interest rate, foreign exchange and commodity derivative instruments. In the event of the failure of a

commercial, trading or financing counterparty to perform its contractual obligations to the Group, due to the insolvency or wilful default of such counterparty or for any other reason, it may not always be possible for the Group to obtain full compensation for such default, despite contractual provisions for this purpose. In these circumstances, depending on the nature of the default, volatility in the wholesale merchant markets may result in the Group selling electricity and natural gas at a lower price than could have been obtained had a contracted purchaser not defaulted in respect of its obligations, or the Group's financing costs may increase if it is required to contract with another financing counterparty. The occurrence of either of these events could have a material adverse impact on the Group's results of operations.

Commodity price fluctuations, volatility and other market conditions may adversely affect the Group's financial condition and results of operations

The prices of the commodities that the Group buys and sells in its businesses are subject to volatility. Volatility in energy and other relevant commodity markets may result from many factors which are beyond the Group's control, including supply and demand for power or fuel for generation, weather, the availability of competitively priced alternative energy sources, transmission or transportation constraints, carbon costs, energy and environmental regulation and legislation, commodity market constraints, general economic conditions, and natural disasters, wars, embargoes and other catastrophic events.

In addition, electricity, unlike many commodities, cannot be stored on a cost-competitive basis and therefore must be produced concurrently with its use. As a result, wholesale power, fuel and emission markets are subject to significant price fluctuations over relatively short periods of time and can be unpredictable. A decrease in the spread between the cost of fuel and emissions certificates that the Group purchases and the price that it can obtain for the electricity that it sells could have a material adverse impact on its financial condition and/or results of operations.

The costs associated with the Group's power generation and gas sales businesses are principally driven by the prices of natural gas and coal, which are subject to volatility. Although PPAs and retail contracts generally allow the Group to pass costs through to customers, certain costs associated with related agreements, including operating and maintenance agreements, may not necessarily be able to be passed through, resulting in a potential (limited) impact on gross margin.

The effects of the world economic crisis could last longer than anticipated

The effects of the world economic crisis could last longer than anticipated and result in a prolonged slowing of operations among the Group's major customers. This could contribute to a decline in unit or overall demand for energy, thus affecting the Group's business volumes and margins, which could in turn have a material adverse impact on the Group's business, results of operations and financial condition.

Market prices for power and fuel in the markets where some of the Group's projects operate are volatile and can remain depressed for years

In recent years, power and fuel markets in many countries in which the Group operates have been characterised by regulatory changes and other factors (such as decreased demand for electricity and low gas prices) which have contributed to market prices for power that are volatile and sometimes uneconomic. Accordingly, the Group's Power Generation Plants may experience difficulty in charging prices that provide them with sufficient revenues to make distributions until such time as that over-supply and/or uneconomic pricing by other generators is rectified. Such market price volatility and a lack of distributions from Power Generation Plants may, in turn, have an adverse impact on the Group's financial condition and/or results of operations. Furthermore, to the extent that market prices continue to be uneconomic, this may have an adverse effect on the Group's business performance in the relevant markets and may, in certain circumstances, require it to write down the value of its existing and future assets in those markets.

A significant number of the Group's Power Generation Plants operate with long-term PPAs and there is no certainty that these will be renewed or replaced

Some of the Group's Power Generation Plants conduct business under fixed price long-term PPAs. As at 9 August 2010, approximately 54 per cent. of the total installed capacity (41 per cent. net) of the International Power Group's Power Generation Plants was sold under medium or long-term agreements, with the remainder sold on a merchant basis. As at 30 June 2010, approximately 73 per cent. of the total installed capacity (64 per cent. of the net capacity) of the GDF SUEZ Energy

International Division's Power Generation Plants was sold under medium or long-term agreements, with the remainder sold on a merchant basis. Depending on market conditions and regulatory regimes, it may be difficult for the Group to secure long-term contracts when its current contracts expire. The majority of the Group's PPAs expire in the period between 2014 and 2042. The inability to replace long-term contracts that expire with new contracts or enter into long-term contracts for acquired Power Generation Plants could require the Group's Power Generation Plants to purchase fuel at market prices and sell electricity into spot markets, which are subject to market forces. Because of the volatile nature of fuel and power prices, the inability to secure or renew long-term contracts could generate increased volatility in the Group's earnings and cash flows and could generate substantial losses during certain periods which could have a material adverse impact on the Group's business and results of operations and the ability of the relevant Power Generation Plants to generate enough revenue to make distributions, which, in turn, may have an adverse impact on the Group's financial condition.

The Group may not be able to exercise control or joint control over the operations of some of the project companies in which it has a minority interest and may be dependent on its co-venturers to construct and operate Power Generation Plants owned by such project companies

The Group has limited control over the development, construction, acquisition or operation of those project companies that own Power Generation Plants in which it owns only a minority interest and does not otherwise have contractual rights of control or joint control. Although the Group seeks to exert significant influence over the management and operation of such project companies by for example, obtaining positions on management committees; the Group may not always succeed in achieving or maintaining its position. In those circumstances, the Group may, therefore, be dependent on its co-venturers to construct and operate the Power Generation Plants owned by such project companies, who may lack the necessary attributes or may not always approach projects in the manner that the Group would if it were in control or joint control. The Group may also have to rely on their approval to receive distributions of funds from project companies or to transfer its interest in project companies.

The Group's marketing and trading activities of the uncontracted capacity from certain of its Power Generation Plants will not fully remove its exposure to market risks, which may have a material adverse effect on its results of operations and/or financial condition

The Group engages in marketing and trading activities to hedge against commodity price risk resulting from uncontracted capacity from certain of the Group's Power Generation Plants and from the gas purchase-sales activities of the GDF SUEZ Energy International Division. The Group's current marketing and trading activities generally involve managing its physical asset portfolio positions by entering into forward transactions and other commodity derivatives mainly in power, oil, gas, coal and emission certificates markets, with the objective of optimising returns on assets and reducing volatility of earnings. As asset owners, to the extent that the Group retains residual long positions in energy markets, a downturn in such markets will result in losses from a decline in the value of such positions. To the extent that the Group enters into forward sales contracts to deliver power and is unable to produce sufficient power to meet these contractual obligations, it may be required to purchase replacement power. In the event that the Group is required to purchase replacement power in a rising market, this could potentially expose it to significant losses. It is also not always possible to achieve an exact match between power sales and the purchases of related commodities such as fuel, transmission rights, capacity and emissions certificates. Mismatched positions have the potential to result in substantial losses.

In order to reduce the risk of adverse trading outcomes, the Group devotes significant resources to maintenance, oversight and development of its risk management policies and procedures, as evidenced by its global risk management policy, risk management capabilities and information technology systems. Despite these risk management efforts, there can be no assurance that the Group's marketing and trading activities will not have a material adverse effect on its results of operations and/or financial condition.

The Group may be required to guarantee the obligations of its subsidiaries, joint ventures or associates arising in connection with their trading activities

In merchant markets, the Group may sometimes be required to provide credit support for the Group's trading operations. Fuel and electricity markets periodically experience sharp price movements. When price movements occur, this will have an immediate knock-on effect on the

Group's trading credit support requirements, which can be very volatile as a consequence. Moreover, in certain circumstances, the subsidiaries, joint ventures and associates of the Group are required to be of a certain financial standing in order to trade in their respective markets. In the event that such subsidiaries, joint ventures and associates were unable to maintain the required financial standing, the Group might be obliged to guarantee their obligations or otherwise provide credit support to enable them to continue to operate. Accordingly, in such circumstances, the Group might be required to finance the obligations of such subsidiaries, joint ventures or associates which may, in turn, have an adverse effect on the Group's financial condition.

The Group's Power Generation Plants may experience disruption to their fuel supplies and transportation agreements may be terminated

Fuel supply and transportation is typically the single largest variable cost in the generation of electricity at the Group's Power Generation Plants. The Group procures fuel under a variety of contractual arrangements ranging from long-term fuel supply agreements ("**FSAs**") to on-the-day merchant gas purchases. The principal determinant of the Group's fuel supply activity is the need to match purchases to power sales, both in terms of volume, timing and price. Hence, the Group operates long-term FSAs at power plants where it has long-term PPAs and predominantly short-term merchant supply arrangements in its merchant power markets, although the ability to sell power forward also enables the Group to make forward purchases of fuel in order to make best use of market opportunities. Upon the scheduled termination of a fuel supply contract or if the fuel supply contract is terminated prior to its stated term as a result of an event of default or otherwise, the Group may not be able to obtain a fuel supply contract on terms or prices as favourable as under the terminated agreement or it may be required to purchase fuel on the spot market, which may be subject to significant volatility and uncertainty. Also, if the Group is unable to purchase fuel or transport it to the relevant Power Generation Plant, it is unable to generate electricity or sell output. Additionally, if the Group has contracted to sell electricity, but it is unable to obtain the necessary fuel (or obtain it at its expected price) it may suffer a loss of revenue and may be required to purchase electricity at the prevailing market price from other sources to meet its contractual obligations. Consequently, disruptions to the Group's purchases of fuel under its fuel supply contracts, or the termination of any of its fuel supply contracts may have a material adverse effect on its results of operations and/or financial condition.

The Group relies on power transmission facilities that it does not own or control and is subject to transmission constraints within a number of its core regions. If these facilities fail to provide the Group with adequate transmission capacity, it may be restricted in its ability to deliver electric power to its customers and it may either incur additional costs or forego revenues. Conversely, the expansion of transmission facilities in specific markets to accommodate competitive access to those markets could also reduce revenues

The Group depends on transmission facilities owned and operated by others to deliver the power it sells from its Power Generation Plants to its customers. If transmission is disrupted, or if the transmission capacity infrastructure is inadequate, the Group's ability to sell and deliver power may be adversely impacted. If a region's power transmission infrastructure is inadequate, the Group's recovery of costs and profits may be limited. If restrictive transmission price regulation is imposed, the transmission companies may not have sufficient incentive to maintain adequately, or invest in the improvement or expansion of, transmission infrastructure.

In addition, in certain of the markets in which the Group operates, energy transmission congestion may occur and it may be deemed responsible for congestion costs if it schedules delivery of power between congestion zones during times when congestion occurs between the zones. If the Group is liable for congestion costs, its financial results could be adversely affected.

Exchange rate fluctuations could negatively affect the Group's financial condition and results of operations

The Group is subject to risks of currency exchange rate fluctuations. The Group earns a substantial portion of its income in currencies other than sterling and, following Closing, is likely to earn a greater portion of its income in such currencies, particularly the US dollar, euro, the Brazilian real, the Thai baht and certain other currencies. Following Closing, a greater proportion of the Group's assets and liabilities will also be denominated in such non-sterling currencies. The Group's exposure to currency exchange rate fluctuation will result from both the translation exposure associated with the preparation of its consolidated financial statements and transaction exposure related to ongoing operations.

The consolidated financial statements of the International Power Group are currently presented in sterling and a decision will be taken following Closing regarding the currency in which the financial statements of the Enlarged International Power Group will be presented. The financial statements of many of the subsidiaries, joint ventures and associates of the Group are and, irrespective of which currency is chosen for the presentation following Closing, will be prepared using the local currency as the functional currency and, for the purposes of preparing International Power's consolidated financial statements, are and will be translated into the currency of presentation by applying applicable exchange rates. As a result, in relation to the International Power Group, fluctuations in the exchange rate of the currency of presentation relative to the local currencies in which the International Power Group's entities (subsidiaries, joint ventures and associates) report could cause significant fluctuations in its results.

In order to hedge the net assets of non-UK operations, the International Power Group's borrowings are generally in the same currency as the underlying investment. It is not the International Power Group's policy to hedge currency translation exposures through foreign exchange contracts or currency swaps. This may expose the International Power Group's consolidated profits and consolidated assets and liabilities to fluctuations that are not related to underlying business performance.

The GDF SUEZ Energy International Division applies a diverse hedging strategy including currency derivatives, for example cross-currency swaps, which allows it to hedge its currency translation risk for investments in non-eurozone currencies. This policy also allows the GDF SUEZ Energy International Division to reduce exposure on dividends received from subsidiaries. Specific risks relating to investments and mergers and acquisitions are subject to a case-by-case hedging strategy considered in the assessment of such investments.

While the Group's expenses with respect to operations are generally denominated in the same currency as corresponding sales, it has transaction exposure to the extent receipts and expenditures are not offsetting in the reporting entity's functional currency. The International Power Group also experiences transaction exposure to the extent monetary assets and liabilities, including debt, are in a different currency than the reporting entity's functional currency. The Group matches transaction exposures, in advance where possible, and aims to hedge any unmatched transactions as soon as they are committed. The Group uses foreign currency contracts and similar instruments for this purpose.

The International Power Group is also subject to transaction exposures when dividends or other funds are remitted from overseas investments. The Group may utilise these exposures, where possible, to hedge existing transaction exposures on sales and purchases through matching. Moreover, the costs of doing business abroad may increase as a result of adverse exchange rate fluctuations. Fluctuations in currency exchange rates can affect, on a sterling equivalent basis, the amount of the International Power Group's equity contributions to, and distributions from, its international projects, and therefore might have an adverse effect on its financial condition.

The Group's operations are subject to extensive regulation, and its inability to comply with existing regulations or requirements or changes in applicable regulations or requirements may have a negative impact on its business, results of operations and/or financial condition

The operations of the Group are subject to extensive regulation in each of the countries in which it operates. Regulation that specifically applies to the Group's businesses generally covers three areas: regulation of energy markets; environmental regulation; and regulation of health and safety. The degree of regulation to which it is subject varies according to the country where a particular project is located and may be materially different from one country to another. In the developed markets in which it operates, such as the United States, Europe and, in the case of the International Power Group and the Enlarged International Power Group Australia, there are well-established regulatory frameworks. While International Power believes the requisite approvals for the International Power Group's and the GDF SUEZ Energy International Division's existing project companies have been obtained and that the business of the International Power Group and the GDF SUEZ Energy International Division is operated in substantial compliance with applicable laws, the Group will remain subject to a varied and complex body of laws and regulations that both public officials and private parties may seek to enforce. There can be no assurance that the introduction of new laws or other future regulatory developments in countries in which it conducts its business will not have a material adverse effect on its business, results of operations and/or financial condition. In particular, if changing regulations generate additional costs for the Group that cannot be covered by additional revenue, it could be forced to terminate an activity without any guarantee that it would be able to offset the cost of such termination. Moreover, if the Group does not succeed, or appears not to

succeed, in complying satisfactorily with such changes or any enforcement measures, its reputation could be affected and it could be exposed to enforcement measures, fines, penalties and claims filed against it for compensation.

Environmental legislation is one of the key drivers of the long-term development of the electricity industry and initiatives to reduce greenhouse gas emissions are expected to increasingly restrict the Group's ability to use fossil fuels to generate power. The outcome of the debate on global warming and what measures to take to address the issue is a major uncertainty for the Group. Generally, changes in the legal or regulatory structure in any country in which the Group operates could lead to increases in costs which it may not be able to recover, or could impose restrictions on the operations of its businesses.

In addition, for the Group to continue its operations, it may, from time to time, need to renew existing governmental permits and approvals. Obtaining such renewals and overcoming local opposition (if any) can be a long, costly and, at times, unpredictable process. Moreover, government agencies that renew permits and approvals may tighten the restrictions associated with them. If the Group cannot obtain the necessary renewals of material permits or approvals in a timely fashion or is subject to tightened restrictions, this may have a material adverse effect on its businesses, results of operations and/or financial condition.

The Group's operations in certain countries may expose it to economic, political and other risks that could have an adverse effect on its financial condition and results of operations

A significant amount of the Group's revenue is generated outside the United Kingdom and a significant portion of the Group's international operations is conducted in emerging market countries because the growth rates and the opportunity to implement operating improvements and achieve higher operating margins may be greater than those typically achievable in more developed countries. International operations, particularly the operation, financing and development of projects in emerging market countries, will entail significant risks and uncertainties for the Group, including:

- economic, social and political instability in any particular country or region;
- adverse changes in currency exchange rates;
- government restrictions on converting currencies or repatriating funds;
- unexpected changes in foreign laws and regulations or in trade, monetary or fiscal policies;
- high inflation and monetary fluctuations;
- restrictions on imports of coal, oil, gas or other raw materials required by the Group's generation businesses to operate;
- threatened or consummated expropriation or nationalisation of the Group's assets by foreign governments;
- changes in laws or regulations in markets where the energy industry is state-controlled, such as the imposition of restrictions on foreign ownership, expropriation or repatriation of earnings;
- difficulties in hiring, training and retaining qualified personnel;
- unwillingness of governments, government agencies, similar organisations or other counterparties to honour their contracts;
- unwillingness of governments, government agencies, courts or similar bodies to enforce contracts that are economically advantageous to the Group's subsidiaries, joint ventures and associates and economically unfavourable to counterparties, against such counterparties, whether such counterparties are governments or private parties;
- inability to obtain access to fair and equitable political, regulatory, administrative and legal systems;
- limitations or restrictions to dividends or other distributions paid to other members of the Group;
- adverse changes in government tax policy; and
- difficulties in enforcing the Group's contractual rights or enforcing judgments or obtaining a just result in local jurisdictions.

Any of these factors, by itself or in combination with others, could materially and adversely affect the Group's business, results of operations and/or financial condition.

The Group's operations are subject to stringent environmental, health and safety laws and regulations

The Group's activities in power generation, LNG, gas transportation and distribution are subject to stringent environmental, health and safety laws and regulations in the various countries in which it operates. These laws and regulations generally involve emissions to the air, effluents into the water, the use of water, wetlands preservation, waste disposal, endangered species and noise regulation, among other matters. Failure to comply with such laws and regulations or to obtain any necessary environmental permits or health and safety authorisations pursuant to them could result in significant fines or other sanctions.

Environmental laws and regulations affecting power generation and distribution are complex and have tended to become more stringent over time. The United States Congress, the European Union Parliament and Council, the Australian Federal Government and other governmental authorities have either considered or implemented regulatory proposals to restrict or tax certain emissions, particularly those involving air and water emissions. These proposals have imposed, and could impose in the future, significant additional costs on the operation of the Group's Power Generation Plants.

The Group makes significant capital and other expenditures to comply with these and other environmental, health and safety laws and regulations. There can be no assurance that the Group would be able to recover all or any increased environmental costs on its operations from its customers or that its business, financial condition or results of operation would not be materially and adversely affected by such expenditures or changes in environmental, health and safety laws and regulations or their enforcement.

The Group may have significant environmental liabilities and costs related to the contamination of land, air and water

The Group may become responsible for remediation liabilities arising from its current (and from the International Power Group's and the GDF SUEZ Energy International Division's former) ownership or operation of property, including its Power Generation Plants. This responsibility arises under statutes and regulations that impose strict liability on property owners and operators for the remediation of, and also impose liability for damage caused by and injuries from, releases of regulated materials to the environment, including releases that may have been caused by third parties such as former owners and operators.

The Group has also been, and in the future the Group may be, responsible for costs associated with releases of regulated materials used in or generated by its operations or with the remediation of wastes sent by its Power Generation Plants to offsite disposal locations, notwithstanding that the original disposal location accorded with all regulatory requirements. In such cases, damage claims or liabilities may arise which could be costly to remedy.

The Group conducts investigations into its Power Generation Plants and the sites on which its Power Generation Plants are or will be located. Whilst the International Power Directors are not aware of any material potential environmental liabilities which have not, to the extent considered appropriate, been provided for in its annual financial statements in accordance with applicable accounting policies and/or standards, it cannot be certain that all contamination for which the Group may, in the future, become liable has been discovered and provided for. Failure to comply with a government order or directive to investigate or remediate a release or known or suspected historic contamination could also result in civil or criminal liability and the imposition of clean-up liens and fines, in addition to the cost of the actual remediation. If the Group is held responsible for any such liabilities associated with environmental occurrences or conditions, this could have a material adverse effect on its business, financial condition or results of operations.

Laws and regulations, and other political, social or community actions or pressure, governing greenhouse gas emissions and the potential risks associated with climate change could have a material adverse impact on the Group's consolidated results of operations and/or financial condition

At the international, national and various regional and state levels, laws, regulations and policies have been enacted or are under development to regulate greenhouse gas ("**GHG**") emissions, generally by imposing a cost on such emissions in order to create financial incentives to reduce them at minimum economic cost. There is also the prospect in at least two jurisdictions in which the International Power Group operates, and in which the Enlarged International Power Group will operate, that direct regulation of GHG emissions by the relevant environmental regulatory authority could be imposed on emitting sources.

Regulation of GHG emissions could have a material adverse impact on the Group's financial performance. The actual impact will depend on a number of factors, including among others, the degree and timing of GHG emissions reductions required under any legislation or regulations, the price and availability of offsets that deliver the abatement elsewhere, the extent to which market-based compliance options are available, the extent to which the Group would be entitled to receive GHG emissions allowances free of charge without having to purchase them in an auction or on the open market, whether regulated reductions in GHG emissions are compensated, and the impact of legislation or regulation on its ability to recover costs incurred through rate increases or otherwise. As a result of these factors, the Group's cost of compliance could be substantial and could have a material adverse impact on its results of operations. Another factor is the success of its GHG emissions reduction projects, which may generate credits that will help offset its GHG emissions. However, there is no guarantee that the GHG emissions reduction projects will be successful.

The European Union greenhouse gas emissions trading scheme ("**EUETS**") and the Kyoto Protocol are examples of currently effective requirements to substantially reduce GHG emissions, including CO_2, that have been devolved to industries such as the power generation sector. The first compliance phase under the Kyoto Protocol expires in 2012, and to date a successor international agreement creating a second compliance phase has not been agreed. The EUETS, which has been in effect since January 2005, has been agreed to 2020, but details of its requirements in each member state of the European Union during its third phase of operation, which runs from 2013 to 2020, have not yet been confirmed.

To date, compliance with the Kyoto Protocol and the EUETS has not had a material adverse effect on the Group's consolidated results of operations and/or financial condition. However, because details of the 2013-20 compliance phase of the EUETS and of any successor treaty to the Kyoto Protocol have not yet been finalised, the impact of further compliance with them in the future cannot currently be determined. For example, International Power expects that the Group's Power Generation Plants located within the European Union will have to purchase all of their GHG emission certificates in the 2013-20 phase of the EUETS, rather than being allocated a certain number of certificates free of charge by Member States, as has been the case during the 2008-12 phase.

Against that, the Group's operations located in countries described in the Kyoto Protocol as non-Annex 1 countries could be eligible to create Certified Emission Reductions ("**CER**") units under the Protocol's Clean Development Mechanism ("**CDM**"). This would, however, depend on approval and CER issuance by the CDM Executive Board.

As regards the International Power Group's activities in Australia, the Commonwealth Government prepared a "Green Paper", later a "White Paper", and ultimately proposed legislation for an emissions trading scheme covering most economic sectors (namely, the Carbon Pollution Reduction Scheme or "**CPRS**") in 2008 and 2009. The Australian government's target is a minimum reduction of 5 per cent. in GHG emissions against 2000 levels, with the potential for this target to change to 25 per cent. pending a global agreement to cut GHG emissions. The proposed legislation passed the House of Representatives in November 2009, but was defeated by the Senate in December 2009. Following the parliamentary election in August 2010, the government established a multi-party climate change committee which will explore options for the introduction of a carbon price and is expected to report by the end of 2011. As drafted, the CPRS legislation would have had a material adverse effect on the business or results of operations of the International Power Group and following Closing, the Enlarged International Power Group, for example by requiring its Power Generation Plants in Victoria to incur substantial costs to purchase GHG emission certificates and procure offsets.

Following Federal elections in August 2010, the Australian Labor party has continued in power in a minority Government with the support of the Greens party and a number of independent members of parliament. The impact of these political dynamics on GHG policy is uncertain. The Government has formed a Parliamentary Committee to advise on the implementation of climate change policy, and two "carbon roundtables". The Parliamentary Committee is scheduled to report at the end of 2011. However, interim arrangements such as a carbon tax have been canvassed by the Greens party, lobby groups, and some business leaders.

The government of the state of Victoria has recently passed legislation to enable the state Environment Protection Authority of Victoria to regulate GHG emissions from new and existing facilities to achieve a state target of 20 per cent. reduction in GHG emissions (on 2000 levels) by 2020. It has also publicly stated its intention to negotiate the competitive closure of brown coal power plant equivalent to 4 million tonnes (Mt) GHG over the next four years. Australia also has a

federal GHG measurement and reporting regime operative from July 2008, and a number of existing and proposed renewable obligation and energy efficiency obligations in place at a state and federal level.

Australia has also legislated the National Greenhouse and Energy Reporting Act from July 2008, which introduced obligations for measurement and reporting of greenhouse gas emissions (including carbon dioxide), energy consumption and energy production. Further, a number of existing and proposed renewable obligations and energy efficiency obligations exist at both Federal and State levels. In particular, the Mandatory Renewable Energy Target requiring 20 per cent. of electricity to be generated from renewable sources by 2020, and provides separate targets for large- and small-scale renewable generation.

In the United States, there are currently no mandatory federal GHG emission reduction programmes (including CO_2,) affecting the Group's Power Generation Plants. However, there is federal GHG legislation pending before the United States Congress that would, if enacted, constrain GHG emissions, including CO_2, and/or impose costs on the Group that could be material to its business or results of operations. Also, the federal Environmental Protection Agency (the "**EPA**") has proposed regulation that could result in a requirement for all new large sources of GHG emissions, and existing large sources planning physical changes that would increase their GHG emissions, to obtain new source review permits from the EPA. Certain states, either individually or in regional groups, have undertaken steps to limit GHG emissions, for example, the Group's assets in New England participate in a regional carbon reduction scheme, the Regional Greenhouse Gas Initiative (RGGI), which sets carbon reduction levels for ten state areas in northeast United States and requires credits be obtained for any carbon emissions. Any such regulations or changes in regulation could increase the Group's costs directly and indirectly and have a material adverse effect on its business and/or results of operations.

The Group often seeks to pass on any costs arising from CO_2 emissions to contract counterparties, but there can be no assurance that the Group will effectively pass on such costs to the contract counterparties or that the cost and burden associated with any dispute over which party bears such costs would not be burdensome and costly to the Group.

In addition to government regulators, other groups such as politicians, environmentalists and other private parties have expressed increasing concern about GHG emissions. Also, in recent cases in the United States not involving the International Power Group's or the GDF SUEZ Energy International Division's operations, federal appellate courts have reversed the dismissal of nuisance and other claims against emitters of GHG.

Furthermore, physical risks from climate change could include, but are not limited to, increased run-off and earlier spring peak discharge in many glacier and snow fed rivers, warming of lakes and rivers, an increase in sea level, changes and variability in precipitation and in the intensity and frequency of extreme weather events. Physical impacts may have the potential to affect the Group's business and operations significantly. For example, extreme weather events could result in increased downtime and operation and maintenance costs at the Group's Power Generation Plants and support facilities. Variations in weather conditions, primarily temperature and humidity, also would be expected to affect the energy needs of customers. A decrease in energy consumption could decrease its revenues. In addition, while revenues would be expected to increase if the energy consumption of customers increased, such increase could prompt the need for additional investment in generation capacity. Changes in the temperature of lakes and rivers and changes in precipitation that result in drought could adversely affect the operations of the Group's Power Generation Plants.

The Group's insurance coverage may not be adequate to cover it for all possible losses it incurs in the event of loss or damage to any of its Power Generation Plants or project companies

As a result of the Group's operating risks and other potential hazards associated with the power generation industry, the Group may from time to time become exposed to significant liabilities for which it may not have adequate insurance coverage. Power generation involves hazardous activities, including acquiring, transporting and unloading fuel, operating large pieces of rotating equipment and delivering electricity to transmission and distribution systems. In addition to natural risks, such as earthquakes, floods, lightning, hurricanes and wind, hazards, such as fire, explosion, collapse and machinery failure, are inherent risks in the Group's power generation projects which may occur as a result of inadequate internal processes, technological flaws, human error or certain external events. The control and management of these risks depend upon adequate development and training of personnel and on the existence of operational procedures, preventative maintenance plans and specific

programmes supported by quality control systems which reduce, but do not eliminate the possibility of the occurrence and impact of these risks.

The hazards described above can cause significant personal injury or loss of life, severe damage to and destruction of property, plant and equipment, contamination of, or damage to, the environment and suspension of operations. The occurrence of any one of these events may result in the Group or a member of the Group being named as a defendant in lawsuits asserting claims for substantial damages, environmental clean-up costs, personal injury and fines and/or penalties.

The Group has insurance for its Power Generation Plants, including in most cases property insurance, commercial general liability insurance, boiler and machinery coverage and business interruption insurance, in amounts and with deductibles that they consider appropriate. The Group will maintain an amount of insurance protection that it believes is adequate, but there can be no assurance that its insurance will be sufficient or effective under all circumstances and against all hazards or liabilities to which it may be subject. A successful claim for which the Group is not fully insured could have a material adverse effect on its financial results and financial condition. Further, due to rising insurance costs and changes in the insurance markets, it cannot provide assurance that insurance coverage will continue to be available on terms similar to those presently available to it or at all.

Furthermore, the proceeds of insurance for covered risks may not be adequate to cover lost revenue or increased expenses or the cost of repair or replacement. This loss of revenue, increased expense or additional cost will decrease or may eliminate the distributions the Group expects to receive, which may adversely affect its financial condition. In addition, with respect to existing project level indebtedness, in most cases insurance proceeds must be used to rebuild or restore the affected plant or project or to repay the existing project level indebtedness. Also, in case of insolvency of the Group's insurance carriers, it may recover less insurance proceeds than it is entitled or no proceeds at all.

The occurrence of a significant adverse event not fully or partially covered by insurance could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The Group may not be able to obtain insurance for certain risks under terms acceptable to it or at all

The Group generally seeks to insure its projects against known risks in accordance with common industry practice and in accordance with lenders' requirements to the extent applicable. However, the Group may not be able to obtain insurance, particularly against acts of terrorism or expropriation, or insurance may only be available under terms, including amount of premium payable and deductibles that are not considered acceptable. Furthermore, pursuant to the terms of certain of the International Power Group's non-recourse project-level debt facilities, a failure to maintain or obtain, in the future, insurance against certain risks, including acts of terrorism, could, in the absence of a consent or a waiver from the relevant lender(s), constitute an event of default under one or more of such non-recourse project-level debt facilities which could affect the business and revenues of the relevant project company and therefore its ability to make distributions to members of its Group which may in turn adversely affect the Group's financial condition, and could also result in the Group losing its interest in the relevant project company.

The Group's renewable energy Power Generation Plants and other initiatives face uncertainties including operational and regulatory challenges

Some of the Group's Power Generation Plants are dependent upon favourable regulatory incentives, and there is uncertainty about the extent to which such favourable regulatory incentives will be available in the future. For example, the Italian Parliament approved a change to the law in July 2010 that provided for decisions to be made later in 2010 as to the future of the green certificate (CVs) pricing mechanism on the basis of a general reduction of 30 per cent. in the cost to the local regulator (GSE) of buyback of CVs, of which 80 per cent. is expected to come from a reduction in the amount of CVs to be bought back. The method for implementing this reduction has yet to be announced. Furthermore, production levels for the Group's wind Power Generation Plants may be dependent upon adequate wind which can vary from period to period, resulting in volatility in production levels and profitability. For example, for the International Power Group's European wind Power Generation Plants, wind resource estimates are based on probabilities over a 10-year period, and are not expected to reflect actual wind energy production in any given year. Any of the above may, in turn, affect the revenues of the relevant Power Generation Plant and, therefore, its ability to make distributions to other members of the Group, which may have an adverse impact on the Group's financial condition.

The Group's Power Generation Plants may experience equipment failures or may otherwise not operate as planned

The continued operation of the Group's Power Generation Plants involves many risks, including the failure or performance below expected levels of output or efficiency of its Power Generation Plants or other equipment, including information technology used to operate its plants. If the Group has committed to sell electricity under a contract and it cannot generate that electricity due to mechanical failure, it may suffer a loss, either through loss of revenue or due to penalties under the contract. The Group may also be required to purchase electricity at prevailing market rates from other sources or to make capacity payments to its customers. No assurance can be given that equipment failures in the future will not have a significant adverse effect on its business or results of operations.

The Group's businesses are heavily reliant on its IT infrastructure

The Group's businesses, including its retail businesses, are heavily reliant on its IT infrastructure. The Group utilises its infrastructure to, among other things, conduct its trading operations, monitor its positions and measure risk. If the Group's IT infrastructure, including its back-up facilities, were to fail, such failure could lead to an inability to monitor its positions and conduct trading, and could therefore lead to increased costs in its positions and potentially losses. Any increase in costs or losses could have an adverse effect on the Group's financial condition and results of operations. In addition, a protracted loss of information stored in the Group's IT systems could compromise its ability to comply with its statutory reporting requirements. More generally, a failure of the Group's IT infrastructure could result in loss of business or data and violations of confidentiality.

New Power Generation Plants that employ advanced technology may not achieve the levels of operating performance expected by the manufacturers of the plants

New Power Generation Plants may employ recently developed and technologically complex equipment, which has limited or no operating history. Plants that utilise such equipment may not achieve the contractual levels of output or efficiency specified by the original equipment manufacturer when constructing the plant. The manufacturer may not be able to rectify fully the performance deficiencies and, while the supplier will be liable for damages to compensate for these shortfalls, this may lead, for example, to Power Generation Plants operating below their expected capacity or operating less efficiently or flexibly than the Group had assumed.

The Group's Power Generation Plants, contractors and certain of its development projects are subject to varying degrees of unionisation, which may disrupt operation or delay completion of the Group's construction projects

The Group's relationship with the unions have generally been good. While to date the Group's development projects have not been adversely affected by disputes with contractors and their employees, there can be no assurance that future industrial action may not significantly disrupt the Group's operations or delay construction of its development projects.

The Group's ability to operate its Power Generation Plants and respond to unexpected events is dependent on the availability of skilled personnel

The Group depends to a significant degree on the continued services of its key personnel. Their knowledge of the energy markets and their skills and experience will be crucial elements to the success of its business. Qualified personnel are in great demand throughout the power industry. The loss of any of its key personnel or its inability to attract, retain and motivate additional qualified management and other personnel could have a material adverse effect on the Group's business.

Certain of the Group's businesses are sensitive to variations in weather

Certain of the Group's businesses are affected by variations in general weather conditions and unusually severe weather. While precise models may differ, the International Power Group and the GDF SUEZ Energy International Division both forecast electricity and gas sales on the basis of normal weather, which represents a long-term historical average. While the Group also considers possible variations in normal weather patterns and potential impacts on its facilities and its businesses, there can be no assurance that such planning can prevent these impacts, which can adversely affect its business. Generally, demand for electricity peaks in winter and summer. Moreover, wind and rainfall patterns may affect the operations of its wind and hydro Power Generation Plants. Typically, when winters are warmer than expected and summers are cooler than expected, demand for energy is lower, resulting in less demand for electricity and gas than forecasted. Significant variations

from normal weather where the Group's businesses are located could have a material impact on its results of operations.

Further consolidation among the Group's major suppliers could increase the extent of completion and technical risk faced by its business and reduce its ability to use commercial mechanisms to mitigate this risk

Costs of new power plants are significant and the build phase has programme (delayed completion) and technical performance risks. The policy of the Group is, wherever possible, to award major contracts on an EPC basis. EPC contracts transfer the majority of the design and construction risks to the contractor, and provide substantial protection through liquidated damages, in the event of failure on the part of the contractor to meet contractual completion or plant performance targets. The power plant sector has consolidated significantly over the past two decades and further consolidation could reduce competition to the point where prices increase and the Group's ability to secure commercial protection within EPC contracts is diminished. The Group would also be subject to concentration risk, becoming dependent on a very small number of suppliers for replacement parts and overhaul and maintenance services.

Competition is increasing and could adversely affect the Group

The power generation markets in which the Group operates are characterised by numerous strong and capable competitors, many of whom may have extensive and diversified developmental or operating experience (including both domestic and international) and financial resources similar to or greater than the Group's experience and resources. Further, in recent years, the power production industry has been characterised by strong and increasing competition with respect to both obtaining power sales agreements and acquiring existing power generation assets. In certain markets, these factors have caused reductions in prices contained in new PPAs and, in many cases, have caused higher acquisition prices for existing assets through competitive bidding practices. In addition, in gas and power retail markets where sales contracts are set for shorter periods, for example one to five years, competitive pressure could have a significant negative effect on sales prices, margins and market shares of certain retail activities of the Group. The evolution of competitive electricity markets and the development of efficient gas-fired power generation plants have also caused, or are anticipated to cause, price pressure in certain power markets where the Group operates. These competitive factors could have a material adverse effect on the Group's results of operation and financial condition.

The Group may not be successful in responding to changes in the independent power industry

The Group may not be able to respond in a timely or effective manner to the many changes in the independent power industry in each of the markets in which it operates. These changes may include deregulation of the independent power industry in some markets, increased regulation of the independent power industry in other markets and increasing competition in most markets. Deregulation may result in the entrance of additional significant competitors in the market place and, to the extent competitive pressures increase and the sale of electricity assumes commodity characteristics, the profitability of the Group's business may come under increasing downward pressure. The entrance of additional competitors in the market place could also increase the price of potential acquisition targets and growth projects. As a result, the Group may not be able to maintain its revenues and earnings in this competitive marketplace or acquire or develop new assets to pursue its growth strategy. Increased regulation may also result in delays in obtaining or renewing appropriate licences, permits or approvals, the need to make additional capital expenditures, increased construction, compliance and operating costs, or reduced generation, any of which could have a material adverse effect on the Group's results of operations and/or financial condition.

The International Power Group is required to stand behind its pension funds to ensure that they meet current and future commitments

The International Power Group operates a number of defined benefit pension schemes, which effectively guarantee their members that they will receive pensions related to their final salary at retirement. This gives rise to a risk that the schemes will not have sufficient funds to meet these obligations, in which case the International Power Group and, following Closing, the Enlarged International Power Group would be required to take steps to make up any deficit. The main defined benefit plans operated by the International Power Group are in the UK and Australia.

At their last actuarial review, as at March 2007, the International Power Group's two UK defined benefit pension schemes recorded a combined deficit of £12 million. In order to repair the deficits,

International Power made payments to the pension fund trustees of approximately £4 million in 2007 and £1 million in each of 2008, 2009 and 2010.

Notwithstanding such remedial measures, in December 2009, it was estimated, on an accounting basis, that the combined deficit had grown to around £73 million. Full actuarial valuations of the two schemes will be completed by the end of 2010, when new contribution schedules and deficit repair programmes are expected to have been agreed between International Power and the respective trustees. It is currently expected that both will increase the level of company payments agreed at the previous valuations.

In Australia, the combined deficits of the three defined benefit plans were measured on an accounting basis, in December 2009, at around £24 million. Following the most recent actuarial valuations of these plans, in June 2008, International Power increased its contributions to liquidate the deficits in accordance with the recommendations of the plan actuaries. The risk of significant increases to the International Power Group's and, following Closing, the Enlarged International Power Group's obligations under the Australian plans is limited by the "lump sum" nature of the retirement benefit payment. Both post-retirement inflation risk and longevity risk, which would each apply were benefits paid as pensions, are removed from consideration where benefits are paid as cash in a lump sum.

International Power was a "successor company" under the Electricity Act 1989 and may, as a consequence, remain liable for pension commitments to employees and former employees of International Power who have ceased to be members of its own pension schemes

International Power and First Hydro Company (a subsidiary of International Power) employ protected employees and are treated as the employer of protected beneficiaries (together with the protected employees, the "**protected persons**") for the purpose of the Electricity (Protected Persons) (England and Wales) Regulations 1990 (the "**EPP Regulations**"). These regulations were designed to protect the future and the accrued pension rights of employees and beneficiaries who were employed in the electricity industry in England and Wales before its privatisation under the Electricity Act of 1989. The EPP Regulations impose a duty on the "**employer**" of such protected persons to ensure that protected employees may continue to accrue pension rights under the Electricity Supply Pension Scheme (or a suitable alternative arrangement put in place on a change of employer) and that the accrued rights of protected persons are appropriately funded.

International Power was a "successor company" for the purposes of the Electricity Act 1989, by virtue of it being one of the entities to which the electricity industry was originally transferred on privatisation. As a "successor company", International Power may also be liable under the EPP Regulations in respect of any of its former employees who are protected persons, even though their benefits may now be provided under a pension arrangement of another employer, if neither that new employer (or any further new employer to which they or their pension obligations may be transferred) nor its parent company was itself a "successor company". This potentially includes employees and former employees of the UK energy group that was demerged from International Power in 2000 (and now forms part of the RWE Npower Group) together with the employees of businesses which have in the past been sold by International Power. Whilst the amount of any such potential liability is unquantifiable at this stage, International Power has the benefit of a statutory joint and several indemnity from the relevant new employer and its parent company in relation to any such claim against it under the EPP Regulations. Whilst the International Power Directors are not currently aware of any such liabilities having arisen to date or of International Power having made any related claims from such companies under the statutory indemnity, if those companies were to default on their obligations to International Power (such as in circumstances of financial difficulty), International Power may be exposed to claims under the legislation by former employees or beneficiaries who are protected persons under the EPP Regulations, and if such claims are in respect of material amounts, this could have an adverse impact on the financial condition of International Power.

The Group's results of operations will depend significantly on the tax treatment of its operations in various jurisdictions. The Group's tax treatment in such jurisdictions and therefore its results of operations may be adversely affected by changes in law or interpretation by the relevant taxing authorities

The Group operates under many legal forms and in many countries. As a result, it will be subject to many taxing jurisdictions, tax agreements, rulings and treaties among the various taxing authorities. Determination of taxable income in any jurisdiction requires the interpretation of the related tax laws and regulations. The financial projections of the Group are based on assumptions over the nature of national tax regimes and international tax treaties and when investing in new projects it is required to

make projections about the nature of tax regimes many years into the future and these projections may not be borne out by events. Furthermore, where tax authorities do not agree with the Group's interpretation of tax legislation it can take many years to arrive at a final determination of the tax liability. The Group has a number of actual and potential liabilities arising from certain tax planning assumptions that have not yet been confirmed by the relevant fiscal authorities.

Changes in tax laws, regulations, agreements, rulings and treaties, foreign currency exchange restrictions or the Group's level of operations or profitability in each taxing jurisdiction could have an impact upon the amount of income taxes that it records during any given year which may have a material adverse effect on the Group's results of operation and financial condition.

2. Risks relating to development or acquisitions of Power Generation Plants, infrastructure and other assets

Financing for new power generation plants, infrastructure projects or other acquisitions of assets may not be available to the Group on acceptable terms in the future or at all

The International Power Group has financed its existing Power Generation Plants from a variety of sources, including corporate debt and non-recourse project financing (that is, financing without recourse to its resources beyond its equity commitment to the project). As at 30 June 2010 the International Power Group had £6,281 million of total indebtedness (excluding joint ventures, associates and other off-balance sheet items). A significant portion of the International Power Group's indebtedness is limited recourse project financing, which is structured to be fully paid out of cash flow provided by the project company or project companies. In the event of a default under a financing agreement that the Group either chooses not to cure or cannot cure, the lenders would generally have rights to the plant and any related assets. In the event of foreclosure after a default, the Group might not retain any interest in the plant, and would therefore no longer receive distributions of funds from the relevant project companies.

While the Group may seek to finance its project-level activities from non-recourse financing when appropriate, market conditions and other factors may prevent similar financing for future plants or may limit its ability to refinance existing plants. In addition, market conditions may limit the number of financial institutions that are willing to provide financing to companies in the power generation industry on a limited recourse basis, or affect the cost of such financing. For example, liquidity in the financial markets was reduced from the second half of 2008 until recently due to the global banking and financial crisis, which led to increases in the cost of obtaining non-recourse financing. Whilst the Group believes that it will be able to finance all of its future project-level activities on terms satisfactory to it, if this were not to be the case, the Group would either not proceed with any project where non-recourse financing was not available on satisfactory terms or, if the Group wished to continue with such project notwithstanding the lack of non-recourse financing, it would seek to finance any such project with recourse to the Group's balance sheet.

International Power may be required to guarantee the indebtedness of members of the Enlarged International Power Group under future facilities. This would render its general corporate funds vulnerable in the event of a default by the plant or subsidiary. Additionally, the terms of the International Power Group's financings currently restrict the ability of certain members of the International Power Group to guarantee future debt, which could adversely affect its and/or the Enlarged International Power Group's ability to fund new projects, and may continue to do so in the future. The terms of the International Power Group's current financing arrangements do not, and the terms of the Financing Framework Agreement, which will apply to the Enlarged International Power Group from Closing, will not, limit the ability of its subsidiaries, joint ventures or associates to incur non-recourse or lease financing for investment in new projects.

The Group will also consider the use of corporate debt for future projects. However, it is possible that it may be unable to obtain such debt on terms satisfactory to it.

The Group is subject to counterparty credit risk from the vendors of acquired companies and exposed to the purchasers of the Power Generation Plants that it sells to the extent of indemnities, representations and warranties included in the relevant agreements for the benefit of the purchasers

Under the terms of the acquisition agreements, vendors give certain representations, warranties, indemnities and covenants in the International Power Group's or the GDF SUEZ Energy International Division's favour (which is also expected to continue to be the case in respect of acquisition agreements that the Enlarged International Power Group may enter into). Their ability to recover any amounts in respect of those representations, warranties, indemnities and covenants is

dependent, among other things, on the continued solvency of the respective vendors or any guarantor of their obligations. In addition, the liability of each of the vendors is limited. If the Group experiences costs or other losses associated with its acquisitions for which the vendors are unable to indemnify it or in excess of the limits on the liability of the vendors, it could have a negative effect on its results of operations and/or financial condition. When the Group sells a Power Generation Plant, it also gives certain representations, warranties, indemnities and covenants for the benefit of the relevant purchaser and may face liabilities towards the relevant purchaser after the closing of the relevant transaction.

Development and construction of Power Generation Plants and infrastructure projects are subject to risks and uncertainties

Complex infrastructure projects such as power generation plants require significant expenditure for preliminary engineering, permitting, legal and other expenses in preparation for competitive bids even before it can be determined whether a project is feasible, economically attractive or capable of being financed. Successful development and construction is contingent upon, among other things, negotiation of satisfactory engineering, construction, fuel supply and power sales contracts with other project participants, receipt of required governmental permits and consents, and timely implementation and satisfactory completion of construction. There can be no assurance that the Group will in the future be able to enter into power purchase and tolling agreements on terms satisfactory to it, overcome local opposition, if any, obtain the necessary facility sites, negotiate construction contracts, fuel supply agreements and other critical project contracts, obtain environmental and other governmental permits and approvals, and secure financing commitments necessary for the successful development of its projects on time and within budget. If these development efforts are not successful, the Group would likely expense all capitalised development costs incurred in connection therewith and could incur additional losses associated with any related contingent liabilities.

In addition, there is a risk that the Group's projects under construction may not commence operations as scheduled. The commencement of operation of a newly constructed Power Generation Plant involves many risks, including:

- the ability to obtain relevant environmental consents and permits;
- engineering and construction risks relating to cost-overruns, delays and performance;
- the breakdown or failure of equipment or processes; and
- start-up problems.

These risks may significantly delay the commencement of operations of such projects. Any material unremedied delay in, or unsatisfactory completion of, construction of the Group's current or future projects or any delay in the commencement of operations of a newly constructed Power Generation Plant may, in each case, affect the business and revenues of such projects which could affect the ability of the relevant project company or Power Generation Plant to make distributions to other members of the Group, which may have an adverse impact on the Group's financial condition.

The Group's acquisition activities may not be successful due to potential substantial regulatory approvals and initial costs and it may not recover incurred costs for such activities

The Group's ability to expand its business depends on its ability to develop projects or acquire assets. The acquisition of power generation plants can be time consuming and highly complex. Although the Group actively manages the costs involved in the preliminary steps in the acquisition of assets, the preparation involved in determining whether an acquisition is feasible, economically attractive or capable of financing may require it to expend significant sums. The acquisition of assets may also entail obtaining substantial regulatory approvals, securing the consent of partners, offtakers and other relevant parties, obtaining the necessary environmental and other permits and financing commitments and performing a significant amount of due diligence. However, no assurance can be given that any particular power acquisition opportunity will ultimately prove feasible or economically justifiable or that the Group will acquire all necessary consents or authorisations to proceed. If the Group is unable to complete the contemplated acquisition, it may not be able to recover the costs it incurred.

If a project company achieves performance below expected levels of output or efficiency or fails to make specified payments under its financing obligations or to meet certain performance levels, the Group may lose its interest in the project company

New Power Generation Plants have no operating history and may in some cases employ recently developed and technologically complex equipment. Insurance is maintained to protect against the risk of equipment failure. In addition, warranties are generally obtained for limited periods relating to the construction of each plant and its equipment in varying degrees, and contractors and equipment suppliers are obliged to meet certain performance levels. The insurance, warranties or performance guarantees, however, may not be adequate to cover lost revenues or increased expenses. As a result, a project company may be unable to fund principal and interest payments under its financing obligations and may operate at a loss. A default under such a financing obligation could result in the Group losing its interest in a Power Generation Plant.

In addition, PPAs entered into with an offtaker early in the development phase of a plant may enable the offtaker to terminate the agreement, or to retain security posted as liquidated damages if a plant fails to achieve commercial operation or certain operating levels by specified dates or a project company fails to make specified payments. In the event a termination right is exercised, the default provisions in a financing agreement may be triggered (rendering such debt immediately due and payable). As a result, the project company may be rendered insolvent and the Group may lose its interest in the project. Any of the above may, in turn, affect the revenues of the relevant Power Generation Plant and, therefore, its ability to make distributions to other members of the Group, which may have an adverse impact on the Group's financial condition.

The Group may have difficulty integrating future acquisitions with its existing operations

The integration and operation of any future acquisitions may expose the Group to certain risks, including the following:

- difficulty in integrating the acquired businesses in a cost-effective manner, including the establishment of effective management information and financial control systems;
- unforeseen legal, regulatory, contractual, labour or other issues arising out of the acquisitions;
- significant unexpected liabilities or contingencies arising from the acquisitions, for which the Group is not fully indemnified;
- potential disruptions to the Group's ongoing business caused by its senior management's focus on the acquired companies; and
- performance of acquired assets may not meet the Group's expectations or plans.

If the Group was unable to integrate successfully any businesses it may acquire in the future, it could have a negative effect on the results of its operations and/or or its financial condition.

3. Specific risks relating to the GDF SUEZ Energy International Division

The GDF SUEZ Energy International Division is dependent on a limited number of suppliers of natural gas

The GDF SUEZ Group, including the GDF SUEZ Energy International Division, has entered into long-term contracts with its main suppliers of natural gas. A certain amount of gas is supplied from countries with high political and economic risk profiles such as Russia, Algeria, Egypt, Libya or Yemen. If one or more of the GDF SUEZ Energy International Division's major suppliers were to fail to supply gas over a period of time for any reason, or if LNG supply were to be reduced permanently due to new laws or regulations or other reasons, the cost of finding an alternative gas supply and transporting the gas from a new location could be substantial and could affect the GDF SUEZ Energy International Division's margins, at least in the short term.

The GDF SUEZ Energy International Division is exposed to the risks associated with long-term "take-or-pay" gas procurement contracts which include minimum volume commitments

To guarantee availability of the quantities of natural gas required to supply its customers in future years, some of the GDF SUEZ Energy International Division contracts are "take-or-pay" contracts, (pursuant to which the purchaser undertakes to pay pre-determined amounts for a product or service regardless of whether the quantity in question is actually required by it) which include regular price revision mechanisms to guarantee competitive gas prices to the buyer in the end market. If the price of the purchased gas becomes less competitive, the GDF SUEZ Energy International Division would be exposed to the "take-or-pay" risk on the quantities purchased prior to the price revision, which could impact on the GDF SUEZ Energy International Division's operating results.

The GDF SUEZ Energy International Division is exposed to risks related to the renewal of the GDF SUEZ Energy International Division's gas transportation contracts

The revenues of the GDF SUEZ Energy International Division's gas pipeline business are generated under contracts that expire periodically and need to be renegotiated, extended or replaced, thereby exposing the GDF SUEZ Energy International Division to the risk that such contracts are not renewed at all, or are renewed on less favourable terms than those contained in its existing contracts. This could have an adverse affect on the GDF SUEZ Energy International Division's margins and results of operations.

The GDF SUEZ Energy International Division is exposed to regulatory risks associated with gas distribution and sales activities

The tariffs for the use of the GDF SUEZ Energy International Division's gas distribution networks are in most cases determined through a regulated process, in which the regulator ensures the network operator receives revenues from the investment or asset and operation of the network with a certain profit. If a regulator makes unfavourable changes to the gas distribution tariffs, such tariffs may not fully cover the GDF SUEZ Energy International Division's investment and maintenance costs.

Gas sales activities are exposed to gas price variations. The GDF SUEZ Energy International Division may not be able to pass through all operating costs (including the costs associated with the use of networks and the price of gas) to customers. In markets where sales tariffs are regulated, gas price escalation formulae usually have the effect of offsetting this risk. However, the regulator may limit the ''pass through'' of potential gas price increases to customers, resulting in a potential impact on the GDF SUEZ Energy International Division's margins.

In addition, as the tariffs are usually determined on a yearly volume forecast, if the gas consumption during the year is lower than forecasted, there is a risk that revenues will not cover the costs. In most cases, a claw-back formula within the tariff setting mechanism allows the gas distributor and sales operator to offset this volume risk. If there is no such claw-back formula the decrease of volumes could have a negative impact on the GDF SUEZ Energy International Division's results of operations.

The GDF SUEZ Energy International Division is exposed to risks of the price of natural gas and the demand for LNG regasification capacity being exposed to volatile and cyclical variations

Natural gas prices have been, and are likely to continue to be, volatile and subject to large fluctuations in response to changes in the supply of, and demand for, natural gas, the extent of domestic production and importation of gas in relevant markets, weather conditions, the competitive position of natural gas as compared with other energy sources, and the impact of regulation on the production, transportation and sale of natural gas. Any significant decline in the price of natural gas could have a material adverse effect on the GDF SUEZ Energy International Division's gas business and operating revenues.

The demand for LNG regasification capacity could be subject to cyclical swings, reflecting alternating periods of under-supply and over-supply of LNG importation capacity and available natural gas. A significant variation in demand for LNG regasification capacity may impact adversely the financial performance of the GDF SUEZ Energy International Division and result in reduced operating revenues.

The risk of industrial accidents and business interruption in relation to the GDF SUEZ Energy International Division's natural gas activities

Gas transportation and distribution and the operation of LNG tankers and regasification facilities can result in accidents, potentially linked with design flaws or external events beyond the GDF SUEZ Energy International Division's control (including third-party actions or natural disasters). These incidents can cause injuries, loss of life, major property or environmental damage, in addition to business interruptions all of which could result in operating losses for the GDF SUEZ Energy International Division.

In addition, a variety of events including the unavailability of a major structure such as an LNG terminal or storage facility, a sustained political crisis involving jurisdictions in which the GDF SUEZ Energy International Division's production and/or transit activities are located, loss of control of manufacturing resources or a build up of gas stocks due to changes in gas movement schedules or natural disasters (such as an earthquake, volcanic activity or a flood), could halt gas deliveries on a wide geographic scale. This could result in reduced revenues, concomitant claims for compensation, a

negative impact on the GDF SUEZ Energy International Division's reputation and/or breaches by the GDF SUEZ Energy International Division of its contractual obligations.

Risks associated with the GDF SUEZ Energy International Division's operations in Latin America

The GDF SUEZ Energy International Division has been active in Latin American markets, including Brazil, Argentina, Chile, Central America and Peru, for nearly 20 years.

The operation, financing and development of projects in Latin America expose the GDF SUEZ Energy International Division to risks in such jurisdictions including economic, social and political instability, changes in economic variables such as inflation and exchange rate fluctuations, unfavourable evolution of applicable regulations or requirements, unwillingness of governments, government agencies or counterparties to honour contracts to which they are a party, and expropriation or nationalisation of the GDF SUEZ Energy International Division's assets by the relevant country's public authorities. Any of these risks, should they materialise, could materially and adversely affect the GDF SUEZ Energy International Division's business, results of operations and/or financial condition.

There are risks relating to ownership of stakes in listed subsidiaries

The GDF SUEZ Energy International Division holds a number of equity interests in publicly-traded companies, the value of which fluctuate on the basis of trends in the world's stock markets, and the trends in the local stock market on which the publicly-traded company is listed. An overall decline in the value of these securities would have an impact on the GDF SUEZ Energy International Division's earnings or shareholders' equity, in particular if the decline is considered significant or prolonged.

4. Risks relating to the Debt Facilities of the Group

The Group may not be able to refinance or renew its long-term credit facilities on acceptable terms or at all

Under the Financing Framework Agreement, Electrabel, a wholly-owned subsidiary of GDF SUEZ will commit to provide (or to procure that other members of the GDF SUEZ Group will provide) certain financing to the Enlarged International Power Group (other than publicly listed subsidiaries and in certain instances, project finance subsidiaries) which will include (a) long term funding up to a maximum annual amount equal to the aggregate financing needs of the Enlarged International Power Group as set out in the annual budget for each financial year of International Power ("**Tranche A**"); (b) £550 million by way of guarantees to support the operations of the Enlarged International Power Group ("**Tranche D**") and (c) cash pooling arrangements of up to £400 million available to fund the Enlarged International Power Group's short-term working capital requirements and liquidity requirements for margin calls related to trading activities (the "**Cash Pooling**").

The commitment periods applicable to Tranche A, Tranche D and the Cash Pooling shall be as follows:

- **Tranche A and Tranche D** – from Closing until 31 December 2013 (the "**Initial Commitment Period**"), extended automatically by one year and each year thereafter (an "**Additional Commitment Period**") unless Electrabel, in its sole discretion, gives fifteen months notice prior to the expiry of the Initial Commitment Period or the relevant Additional Commitment Period that no such extension shall take place.
- **Cash Pooling** – from Closing until 31 December 2013 (the "**Initial Cash Pooling Period**") and extended automatically by one year and each year thereafter (an "**Additional Cash Pooling Period**") unless otherwise notified by a party thereunder to the other party thereunder fifteen months prior to the expiry of the Initial Cash Pooling Period or the relevant Additional Cash Pooling Period that no such extension shall take place.

Electrabel may decide that it does not wish to extend its commitments under Tranche A, Tranche D or the Cash Pooling following 31 December 2013. The terms of the Financing Framework Agreement require that Electrabel shall provide International Power with at least fifteen months notice of its decision not to make any such extension, following which the Enlarged International Power Group may need to seek alternative financing. In addition, in relation to any debt to be refinanced by Electrabel that is repayable with a "bullet" payment on maturity, the Enlarged International Power Group's ability to make such payments at maturity may depend upon its ability to obtain additional equity or debt financing.

The Financing Framework Agreement also provides that, in the event of a change of control of International Power, upon notice thereof by Electrabel, the commitments shall be immediately

cancelled and terminated, any loans drawn shall be immediately prepaid, cash collateral shall be provided in respect of any guarantees issued under Tranche D and each account balance relating to the Cash Pooling shall be immediately settled. A change of control for this purpose will take place if (a) GDF SUEZ ceases to consolidate globally (in accordance with IFRS) International Power or (b) GDF SUEZ's interest in International Power falls below 50 per cent.. A standstill period applies to these provisions, so that they shall not become effective until eighteen months following Closing. However, should a change of control occur and the Financing Framework Agreement terminate following such standstill period, the Enlarged International Power Group may need to seek alternative financing.

The ability to obtain equity or debt financing on as favourable terms or at all would depend on many factors outside the Enlarged International Power Group's control, including the then prevailing conditions in the international credit and capital markets. The Enlarged International Power Group's ability to sell assets and use the proceeds for the refinancing of such debt obligations would also depend on many factors outside its control, including the existence of willing purchasers and asset values. If the Enlarged International Power Group's borrowings become more expensive, the profits of the Enlarged International Power Group could be adversely affected, which could have a material adverse effect on the business, financial condition and/or results of operations of the Enlarged International Power Group.

Project development can also, on occasion, require credit support in the form of instruments issued by banks. In the unlikely event that credit support facilities from Electrabel or external banks are unavailable to support the Group's growth developments, this could require it to reduce its development activities.

Certain guarantees provided by entities within the Wider GDF SUEZ Group are currently in place in respect of the assets that will be transferred to the Enlarged International Power Group as part of the Transaction. The terms of the Financing Framework Agreement provide that these guarantees will be maintained for a period of 18 months following Closing (the "**Initial Relevant Period**"), which will be extended automatically by one year and each year thereafter (an "**Additional Relevant Period**") unless Electrabel, in its sole discretion, gives 15 months' notice prior to the expiry of the Initial Relevant Period or the relevant Additional Relevant Period that no such extension shall take place. As of the date of the Financing Framework Agreement, the total amount of these guarantees was approximately €4.3 billion, and should GDF SUEZ choose to terminate them following the initial 18 month period there may be adverse consequences for the Enlarged International Power Group in the event that replacement guarantees cannot be obtained.

Existing and potential future defaults by subsidiaries, joint ventures or associates could adversely affect the Group

The International Power Group attempts to finance its domestic and foreign Power Generation Plants primarily under loan agreements and related documents which, except as noted below, require the loans to be repaid solely from the Power Generation Plant's revenues and provide that the repayment of the loans (and interest thereon) is secured solely by the shares, physical assets, contracts and cash flows of that project company. This type of financing is usually referred to herein as "non-recourse debt" or "project financing." In some project financings, the International Power Group has explicitly agreed to undertake certain limited obligations and contingent liabilities, most of which by their terms will only be effective or will be terminated upon the occurrence of future events. These obligations and liabilities take the form of guarantees, indemnities, contingent equity investments, letter of credit reimbursement agreements and agreements to pay, in certain circumstances, the project lenders or other parties.

As at 30 June 2010, the International Power Group (excluding joint ventures, associates and other off-balance sheet items) had approximately £6,281 million of total outstanding indebtedness on a consolidated basis, of which approximately £1,013 million was recourse debt of International Power and approximately £5,268 million was non-recourse debt. In addition, International Power has outstanding credit facilities, guarantees, letters of credit, cash collateral and other credit support commitments.

While the lenders under the Group's non-recourse project financings generally do not have direct recourse to International Power (other than to the extent of any credit support given by International Power), defaults by subsidiaries, joint ventures and associates could still have important consequences for International Power, including, without limitation:

- reducing International Power's receipt of dividends, fees, interest payments, loans and other sources of cash since the project company will typically be prohibited from distributing cash to International Power during the pendency of any default;
- triggering International Power's obligation to make payments under any financial guarantee, letter of credit, cash collateral or other credit support which International Power has provided to or on behalf of such subsidiary, joint venture or associate;
- causing International Power to record a loss in the event the lender forecloses on the assets; or
- the loss or impairment of investor confidence in the Group.

The Group's substantial indebtedness could adversely affect its financial health and ability to withstand adverse developments and prevent it from fulfilling its indebtedness obligations

The Group has a significant amount of indebtedness and substantial debt service obligations. As at 30 June 2010, the International Power Group (excluding joint ventures, associates and other off-balance sheet items) had total outstanding indebtedness on a consolidated basis of approximately £6,281 million.

The Group's substantial indebtedness could have important consequences and will require the Group to dedicate a substantial portion of its operating cash flows to making periodic principal and interest payments on its indebtedness, thereby reducing its operational and financial flexibility and the cash available to pay dividends to International Power's shareholders. For example, it will, among other things:

- increase its vulnerability to general adverse economic and industry conditions;
- limit its ability to borrow additional funds or to sell or transfer assets in order to refinance existing indebtedness or fund future working capital, capital expenditures, any future acquisitions, research, development and technology process costs and other general business requirements;
- limit its flexibility in planning for, or reacting to, changes in its business and the industry in which it operates; or
- increase the volatility of its earnings.

Any of the above listed factors could materially adversely affect the results of operations and/or financial condition of the Group.

In addition, a portion of the Group's debt bears interest at variable rates that are linked to changing market interest rates. Although the Group may hedge a portion of its exposure to variable interest rates by entering into interest rate swaps, no assurance can be given that it will do so in the future. As a result, an increase in market interest rates would increase the Group's interest expense and its debt service obligations, which may exacerbate the consequences of the Group's substantial indebtedness described above.

5. Risks related to the Combination

The Enlarged International Power Group may experience difficulties in integrating the existing businesses carried on by the International Power Group and the GDF SUEZ Energy International Division. Following the Combination, the Enlarged International Power Group may encounter similar difficulties in integrating any future acquisitions with the combined businesses of the Enlarged International Power Group

The Combination involves the integration of two businesses that have previously operated independently and the integration process will, in part, depend on the effectiveness of the arrangements relating to the services to be provided by the Wider GDF SUEZ Group under the Electrabel Services Agreement and the Expatriates Services Agreement. The difficulties of combining the businesses include:

- the necessity of co-ordinating and consolidating organisations, systems and facilities; and
- the task of integrating the management and personnel of the International Power Group and the GDF SUEZ Energy International Division, maintaining employee morale and retaining and incentivising key employees.

The process of integrating operations may present financial, managerial and operational risks, including an interruption of, or loss of momentum in, the activities of one or more of the Group's businesses and the loss of key personnel. The diversion of management's attention and any delays or difficulties encountered in connection with the Combination and the integration of the operations of the businesses could have an adverse effect on the business, results of operations, financial condition

or prospects of the Enlarged International Power Group after the Combination. Moreover, if management is unable to integrate the operations of the companies successfully, the anticipated benefits of the Combination may not be fully realised.

The integration and operation of any future acquisitions made by the Enlarged International Power Group will expose the Enlarged International Power Group to similar risks and difficulties (see the risk factor entitled "*The Group may have difficulty integrating future acquisitions with its existing operations*" above).

The Enlarged International Power Group may not achieve the synergies that International Power anticipates

The Enlarged International Power Group may fail to achieve the cost savings that International Power hopes will arise from the Combination. In particular, the Enlarged International Power Group's ability to realise anticipated cost synergies and the timing of this realisation may be affected by a variety of factors, including but not limited to:

- its broad geographic areas of operations and the resulting potential complexity of integrating the International Power Group's and the GDF SUEZ Energy International Division's corporate and regional offices and Power Generation Plants;
- the difficulty of implementing its cost savings plans;
- the challenges associated with the combination of the International Power Group's and the GDF SUEZ Energy International Division's businesses and operations, and, in particular, the ability to integrate new operations with existing operations in a timely and effective manner and to manage an increasingly larger business; and
- unforeseeable events, including major changes in the industries in which the International Power Group and the GDF SUEZ Energy International Division's operate.

If the cost savings that International Power expects are not realised or are delayed, the Enlarged International Power Group's results of operations could be adversely affected.

The Enlarged International Power Group may incur higher than expected integration, transaction and Combination-related costs. The International Power Group expects to incur implementation costs of approximately £130 million in order to deliver the anticipated operating synergies. In addition, the International Power Group will incur legal, accounting and transaction fees and other costs related to the Combination. Some of these costs are payable regardless of whether the Combination is completed and such costs may be higher than anticipated.

Although International Power believes that the elimination of costs, as well as the realisation of other efficiencies related to the integration of the businesses, will offset these implementation and acquisition costs over time, this net benefit may not be achieved within the expected timetable. In addition, some of these costs could be higher than International Power anticipates, which could reduce the net benefits of the Combination and impact the Enlarged International Power Group's financial condition and/or results of operations.

Uncertainties associated with the Combination may cause the International Power Group or the GDF SUEZ Energy International Division to lose key employees

The success of the Enlarged International Power Group after the Combination will depend in part upon the International Power Group's and the GDF SUEZ Energy International Division's ability to retain key International Power Group and GDF SUEZ Energy International Division employees that are considered to be among their most important assets. If the Enlarged International Power Group fails to integrate, motivate and retain these employees after the Combination, the performance of the Enlarged International Power Group will be adversely affected.

Third parties may terminate or alter existing contracts with the International Power Group or the GDF SUEZ Energy International Division

The International Power Group and the GDF SUEZ Energy International Division have contracts with suppliers, distributors, customers, licensors, licensees, lessees, lessors, lenders, insurers and other business partners that contain "change of control" or similar clauses that allow the counterparty to terminate or change the terms of their contract upon the closing of the transactions contemplated by the Merger Deed. The International Power Group and the GDF SUEZ Energy International Division will seek to obtain consent from certain of these other parties, but if these third party consents cannot be obtained, or are obtained on unfavourable terms, then depending on the contract in question the Enlarged International Power Group may lose protection under certain release and other agreements, may lose certain insurance coverage, may suffer a loss of potential future revenue, may

lose confidentiality protection in certain cases and may lose rights to certain facilities or certain other rights that are material to the business of the Enlarged International Power Group.

The Combination may result in a loss of International Power Group or GDF SUEZ Energy International Division customers or strategic alliances

As a result of the Combination, some of the International Power Group's or the GDF SUEZ Energy International Division's customers, potential customers or strategic partners may terminate or reduce their business relationship with the Enlarged International Power Group. Some of International Power Group's or the GDF SUEZ Energy International Division's customers may not wish to source a larger percentage of their energy needs from a single company, or may feel that the Enlarged International Power Group is too closely allied with one of their competitors. Potential customers or strategic partners of the International Power Group or the GDF SUEZ Energy International Division may delay entering into, or decide not to enter into, a business relationship with the Enlarged International Power Group because of the Combination. If International Power's or the GDF SUEZ Energy International Division's relationships with their respective customers are adversely affected by the Combination, the Enlarged International Power Group's business and financial performance may suffer.

The GDF SUEZ Energy International Division and the International Power Group have each historically developed their operations in partnership with local authorities or private local operators. These partnerships constitute one of the ways in which the GDF SUEZ Energy International Division and the International Power Group can share the economic and financial risks inherent in some major projects by limiting their respective capital employed and allowing them to adapt more appropriately to the specific context of local markets. Local regulatory law may also require such partnerships. The Combination may result in one or more partnerships being reduced or terminated, notably through the exercise of put or call options on partnership units among the partners, a request by one partner to dissolve the joint venture or the exercise of a pre-emption right. The reduction or termination of any of these partnerships may have a material adverse effect on the business, operating results, financial condition or prospects of the Enlarged International Power Group.

Closing is subject to the satisfaction of a number of conditions

The Merger Deed provides for the implementation of the Combination. Under the Merger Deed, Closing is conditional upon, and will not take place until, Admission. Accordingly, Admission is the final Condition. Closing is also subject to the satisfaction or, where permitted, waiver of a number of other conditions prior to Admission, including:

- the affirmative vote in favour of the Resolutions by the requisite numbers of Shareholders at the General Meeting;
- certain anti-trust and regulatory approvals and confirmations; and
- the implementation of the necessary pre-closing restructuring to establish the GDF SUEZ Energy International Division.

If any of the Conditions are not satisfied (or are not waived, where capable of being waived) prior to 30 June 2011, or any Condition becomes incapable of satisfaction, Electrabel (a wholly-owned subsidiary of GDF SUEZ) or International Power may terminate the Merger Deed (and the Combination).

There is no guarantee that the Conditions will be satisfied (or waived, where capable of being waived) prior to 30 June 2011.

In relation to the Conditions requiring certain anti-trust and regulatory approvals and confirmations to be obtained, the relevant authorities may, as a condition to granting their approval or confirmation, impose requirements, limitations or costs or require divestitures or place restrictions on the conduct of the Enlarged International Power Group's business. Under the Merger Deed, Electrabel and International Power make certain undertakings in favour of each other in respect of the satisfaction of the Conditions. Unless otherwise agreed by Electrabel and International Power, these undertakings may require either party to accept the requirements, limitations, costs, divestitures or restrictions imposed by relevant authorities if they would not have, or be reasonably likely to have, a material adverse effect on the financial condition, business, profits, operations or prospects of Enlarged International Power. Any such requirements, limitations, costs, divestitures or restrictions could jeopardise or delay the consummation of the Combination or may reduce the anticipated benefits of the Combination or result in an adverse effect on the business and results of operations of the Group.

The Combination may close even if there is an adverse change or development in respect of the International Power Group or the GDF SUEZ Energy International Division

Under the Merger Deed, International Power and Electrabel (a wholly-owned subsidiary of GDF SUEZ) have limited rights to terminate the Combination if, prior to closing of the Combination, an event occurs which has or is reasonably likely to have a particular material adverse effect on the GDF SUEZ Energy International Division or the International Power Group, respectively.

This termination right does not arise in all circumstances where there is an adverse change, event or development in respect of the GDF SUEZ Energy International Division or the International Power Group. The termination right would only be triggered if the relevant event would, or would be reasonably likely to, decrease the consolidated net asset value of the GDF SUEZ Energy International Division or the International Power Group (as the case may be) by more than 20 per cent., or the relevant event is the expropriation by a government or other authority of an asset of the relevant group which would be material to the Enlarged International Power Group as a whole.

Further, any party to the Merger Deed that has a right to terminate the Combination on the basis of a material adverse effect in relation to the other party is not obliged to exercise that right.

Accordingly, the Combination may proceed even if there is an adverse change in relation to the International Power Group or the GDF SUEZ Energy International Division. If an adverse change occurs and the Combination closes, the price of the Ordinary Shares may be adversely affected. Conversely, if either party exercises a right to terminate the Combination for a material adverse effect, the price of the Ordinary Shares may be adversely affected.

6. Risks related to the Ordinary Shares

The market price of Ordinary Shares is subject to fluctuation. Shareholders may be unable to resell their shares at or above the price at which they acquired them

The stock market in general has recently experienced significant price volatility. The Ordinary Shares may be subject to significant fluctuations due to many factors, including, but not limited to, the pending Combination, fluctuations in operating results, fluctuations in the price of fuel, actual or potential regulatory changes, fluctuations in the price of (or demand for) power, announcements regarding new acquisitions, changes in earnings estimates by market analysts, and general market conditions or market conditions specific to particular industries. International Power's share price is subject to speculation in the press and the analyst community, changes in recommendations by financial analysts, changes in investors' or analysts' valuation measures for its Ordinary Shares, changes in global financial markets and global economies and general market trends unrelated to its performance. The market price of the Existing Ordinary Shares and the New Ordinary Shares could be adversely affected by these factors and fluctuations.

Risks of executing the Combination could cause the market price of the Ordinary Shares to decline

The market price of the Ordinary Shares may decline as a result of the Combination, among other reasons, if:

- the integration of the GDF SUEZ Energy International Division's business is delayed or unsuccessful;
- International Power does not achieve the expected benefits of the Combination as rapidly, or to the extent anticipated by, International Power's financial analysts or investors, or at all; or
- the effect of the Combination on the Enlarged International Power Group's financial results is not consistent with the expectations of financial analysts or investors.

The number of New Ordinary Shares that will be issued to the Wider GDF SUEZ Group pursuant to the Combination will be 3,554,347,956, representing approximately 70 per cent. of the issued and outstanding Ordinary Shares, as increased as a result of the Combination.

Investors with a reference currency other than sterling will be subject to fluctuations in foreign exchange risks

The Existing Ordinary Shares are, and the New Ordinary Shares will be, denominated in sterling and the Ordinary Shares will be quoted and traded in sterling on the London Stock Exchange. Furthermore, if International Power were to pay a cash dividend, it is likely that it would do so in sterling. Shareholders whose reference currency is a currency other than sterling may be adversely affected by any reduction in the value of sterling relative to their reference currency and may also incur transaction costs when converting sterling into another currency. Investors are strongly urged to consult a financial adviser with respect to any currency risk.

International Power is primarily a holding company and is relying on the future performance of the Group's Power Generation Plants to pay dividends to shareholders

International Power is primarily a holding company with no material assets other than the shares in its subsidiaries, joint ventures and associates that own or will own, directly or indirectly, the economic interests in the Group's Power Generation Plants. All of International Power's income and cash flow will be generated through the operating activities of its subsidiaries, joint ventures and associates. Therefore, International Power's ability, amongst other things, to pay dividends and make other distributions to shareholders will be dependent not only on the ability of its subsidiaries, joint ventures and associates to generate cash, but also on the ability of other members of the Group, joint ventures and associates to distribute cash to it in the form of dividends, fees, interest, loans or otherwise.

However, the Group's subsidiaries, joint ventures and associates will face various restrictions in their ability to distribute cash to International Power. Most of the subsidiaries, joint ventures and associates will be obliged, pursuant to financing agreements, to satisfy certain restricted payment covenants or other conditions before they may make distributions to International Power. In addition, the payment of dividends or the making of loans, advances or other payments to International Power may be subject to other contractual, legal or regulatory restrictions. Business performance and local accounting and tax rules may limit the amount of retained earnings that may be distributed to International Power as a dividend. Subsidiaries in foreign countries may also be prevented from distributing funds to International Power as a result of foreign governments restricting the repatriation of funds or the conversion of currencies. Any right that International Power has to receive any assets of any of its subsidiaries, joint ventures and associates upon any liquidation, dissolution, winding-up, receivership, reorganisation, bankruptcy, insolvency or similar proceedings (and the consequent ability of the holders of the Ordinary Shares to participate in the distribution of, or to realise proceeds from, those assets) will be effectively subordinated to the claims of any such subsidiary's, joint venture's or associate's creditors (including trade creditors and holders of debt issued by such subsidiary, joint venture or associate).

International Power could receive less funds than it expects as a result of the current challenges facing the global and local economies, which could impact the performance of the Group's businesses and their ability to distribute cash to International Power.

Each of International Power's subsidiaries, joint ventures and associates are separate and distinct legal entities and will have no obligation to make any funds available to it, whether by dividends, fees, loans or other payments. In the event that International Power does not receive distributions from its subsidiaries, joint ventures and associates, this could affect its financial condition, and it may not be able to pay dividends to shareholders.

Existing shareholders will own a smaller percentage of Enlarged International Power than they currently own of International Power

Following Admission, existing Shareholders will own a smaller percentage of Enlarged International Power than they currently own of International Power. Based on the number of Ordinary Shares in issue as at 12 November 2010 (being the latest practicable date prior to the publication of this Circular), International Power's obligation to issue a total of 3,554,347,956 New Ordinary Shares to the Sellers on Closing and assuming that no options are exercised or Ordinary Shares issued under the International Power Share Schemes and that no Ordinary Shares are issued on conversion of any of the Convertible Bonds prior to Admission, Existing Shareholders will own approximately 30 per cent. of the issued share capital of Enlarged International Power immediately following Admission. GDF SUEZ will own, through its subsidiaries, approximately 70 per cent. of the issued share capital of Enlarged International Power immediately following Admission.

As a result of this shareholding, GDF SUEZ would indirectly have the voting majority necessary to block or adopt certain resolutions at general meetings of Enlarged International Power's shareholders, including resolutions concerning the election of directors and the payment of dividends.

This concentration of ownership may also have the effect of delaying or deterring third parties from purchasing Ordinary Shares or making a takeover offer for Enlarged International Power. Such delay or deterrence could result in shareholders receiving a reduced premium for their Ordinary Shares as part of a sale of Enlarged International Power, and that possibility may prospectively have a negative effect on the market price of the Ordinary Shares.

In addition, if a third party were to make a takeover offer for Enlarged International Power, by virtue of the size of the Sellers' shareholding, GDF SUEZ would be able to determine whether or not

such an offer were successful. If GDF SUEZ were to accept such an offer, a third party could acquire a majority shareholding interest in Enlarged International Power. If GDF SUEZ were to reject such an offer, other shareholders in Enlarged International Power would not be able to sell their Ordinary Shares pursuant to the offer. Such possibilities may prospectively have a negative effect on the market price of the Ordinary Shares.

GDF SUEZ will have the ability to exercise substantial influence over the Enlarged International Power Group's business following completion of the Combination

Immediately following completion of the Combination, GDF SUEZ will, through the Sellers, hold approximately 70 per cent. of the Ordinary Shares. The Relationship Agreement entered into between Electrabel (a wholly-owned subsidiary of GDF SUEZ), GDF SUEZ and International Power records the understanding of the parties regarding the terms of the proposed relationship between the Wider GDF SUEZ Group and the Enlarged International Power Group. It also addresses the governance of Enlarged International Power as an independent listed company. However, if the Wider GDF SUEZ Group retains a substantial shareholding in International Power, it will have the ability to exercise substantial influence over the Enlarged International Power Group's business. There may also be a difference between the interests of GDF SUEZ and the interests of other shareholders in International Power with respect to, for example, International Power's dividend policy.

The Relationship Agreement also grants certain rights to GDF SUEZ (in addition to its subsidiaries' voting rights) for as long as it retains majority ownership (direct or indirect) of International Power's shares, including the right to nominate directors for appointment to the Enlarged International Power Board and certain committees of the Enlarged International Power Board.

Under the Relationship Agreement, for 18 months following Admission, members of the Wider GDF SUEZ Group and their actual concert parties are subject to standstill arrangements restricting them from making takeover offers for all (or any) of the outstanding Ordinary Shares, or from de-listing International Power after such a takeover offer has become wholly unconditional or effective. However, during this 18 month standstill period, such restricted persons may make such a takeover offer or de-list International Power following any such offer with the consent of all of the independent non-executive directors of International Power at such time.

The restriction in the Relationship Agreement on the Wider GDF SUEZ Group making a takeover offer for Enlarged International Power only applies for 18 months following Admission

From 18 months after Admission, there will be no restriction under the Relationship Agreement on the Wider GDF SUEZ Group making a takeover offer (by way of a general offer or by way of a scheme of arrangement) for all of the outstanding Ordinary Shares or from de-listing Enlarged International Power after such offer has become wholly unconditional or effective (provided that, in the case of a takeover offer, the offer has been accepted by sufficient Shareholders such that the aggregate of the Wider GDF SUEZ Group's interests (together with the interests of its concert parties) in Enlarged International Power following such offer becoming wholly unconditional, will be greater than 85 per cent. of the Ordinary Shares). Accordingly, the Wider GDF SUEZ Group could increase its interest to such a level that International Power no longer complies with the minimum free float requirement under the Listing Rules and would control a sufficient number of votes to pass a special resolution to de-list International Power (in which case the Relationship Agreement would terminate automatically). In this case, Shareholders who have not accepted the takeover offer would hold their Ordinary Shares in an unlisted entity.

The Relationship Agreement will terminate if GDF SUEZ's interest in International Power falls below 50 per cent.

The Relationship Agreement will terminate automatically if the percentage of the voting shares of International Power in which GDF SUEZ has a direct or indirect interest falls below 50 per cent. However, even if GDF SUEZ's interest in International Power falls below this threshold, it may still be able to exercise substantial influence over the Enlarged International Power Group's business to the extent it retains a significant percentage of the Ordinary Shares (and/or the remaining Ordinary Shares are diversely held by International Power shareholders). In such circumstances, the protections afforded by the Relationship Agreement will not apply. For example, GDF SUEZ may by virtue of the level of its retained interest continue to be able to influence certain matters requiring the approval of International Power's shareholders, such as the election of directors and the approval of certain business decisions.

If the Wider GDF SUEZ Group disposes of all or a substantial number of its Ordinary Shares, this could adversely affect the prevailing market price of the Ordinary Shares

The Relationship Agreement requires that if any member of the Wider GDF SUEZ Group proposes to dispose of its interests in any Ordinary Shares, it must consult with International Power so as to minimise any disruption to the share price of Ordinary Shares. However, there is no other contractual restriction on the ability of the Wider GDF SUEZ Group to dispose of its interest(s) in the Ordinary Shares. Any disposal of a substantial number of Ordinary Shares could adversely affect the prevailing market price of the Ordinary Shares.

For more information on the Relationship Agreement please see paragraph 4 (*Principal terms of the Relationship Agreement*) of Part 4 (*Principal Terms of the Transaction*) of this Circular.

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PART 3

INFORMATION ON GDF SUEZ ENERGY INTERNATIONAL

The following information should be read in conjunction with the information appearing elsewhere in this Circular, including the financial and other information in Part 5 (Historical Financial Information relating to GDF SUEZ Energy International) of this Circular. The financial information included in this Part 3 (Information on GDF SUEZ Energy International) has been extracted without material adjustment from the financial information set out in Part 5 (Historical Financial Information relating to GDF SUEZ Energy International) of this Circular. The businesses and assets of GDF SUEZ described in this Part 3 will form part of the Enlarged International Power Group following Closing. Assets described in this Part 3 held by the GDF SUEZ Group, but which are not currently part of the GDF SUEZ Energy International Division, will be subject to internal reorganisation prior to Closing, in order that they can be contributed to the Enlarged International Power Group.

1. Business overview

The GDF SUEZ Energy International Division within the GDF SUEZ Group is responsible for the GDF SUEZ Group's activities outside continental Europe and Russia. Electricity and natural gas are its core businesses, with activities in electricity production (excluding nuclear activities), trading, marketing and sales, and, in the gas sector, transport, distribution and sales and LNG regasification terminals. The GDF SUEZ Energy International Division manages a total of 32.8GW (gross) or 20GW (net) of capacity in operation in 18 countries with a further 17.3GW (gross) or 6.2GW (net) in construction. Its customers include governments, industry, the tertiary sector (commercial and public undertakings), as well as residential energy users. In this Part 3 (*Information on GDF SUEZ Energy International*) of this Circular, all operational indicators (such as installed capacity and electricity production) are reported as of 30 June 2010, and presented on a gross basis, unless stated otherwise. The tables below provide a breakdown of the GDF SUEZ Energy International Division's assets by geography, fuel mix and contract type as at 30 June 2010.

A full list of the GDF SUEZ Energy International Division's assets is set out in paragraph 15 of this Part 3 (*Information on GDF SUEZ Energy International*).

Geography	*Gross capacity in operation (GW)*	*Net capacity in operation (GW)*
Latin America	10.6	6.1
Middle East and Asia	12.6	5.1
North America	7.5	6.7
UK	2.1	2.1
Total	32.8	20

Fuel mix	*Percentage of capacity in operation (gross)*	*Percentage of capacity in operation (net)*
Gas	61	59
Hydro power	24	24
Coal	9	10
Other (non-renewable)	5	4
Renewable (excluding hydro)	1	3

Contract type	*Percentage of capacity in operation (gross)*	*Percentage of capacity in operation (net)*
Contracted	73	64
Merchant	27	36

The GDF SUEZ Energy International Division has a significant pipeline of committed projects in terms of capacity (17.3GW gross or 6.2GW net), and for the year ended 31 December 2009 GDF SUEZ Energy International generated sales of €9,322 million, EBITDA of €1,977 million and an operating profit of €1,422 million.

Strategy

The GDF SUEZ Energy International Division has established a business model based around two approaches which are referred to by GDF SUEZ Energy International as "system play" and "asset development".

GDF SUEZ Energy International Division's "system play" business model involves the integration of complementary gas and electricity assets within a limited number of markets where its positions are already well developed and where the regulatory and market structure (such as the US and Mexico, Brazil, Chile, Peru, Thailand and Singapore) makes market entry and integration possible. The "system play" business model is a long-term strategy based on achieving industrial synergies, economies of scale, portfolio management, trading, marketing and sales capabilities, as well as credibility and reputation.

GDF SUEZ Energy International Division's "asset development" business model involves the development of greenfield projects and the acquisitions of established assets in selected markets that meet its investment criteria. The GDF SUEZ Energy International Division has been able to execute this investment strategy successfully by virtue of its strong market analysis and business development capabilities, flexibility and the speed at which it is able to take advantage of market opportunities when they arise.

The main GDF SUEZ Energy International Division strategy guidelines can be summarised as follows:

- maintaining a balanced portfolio in terms of asset location, fuel and activity mix and the contractual and regulatory environments;
- giving priority to markets with high growth in energy demand and/or the potential from which to derive significant value from industrial synergies; and
- the management of exposure and volatility through active portfolio management and trading.

Organisation

The GDF SUEZ Energy International Division comprises the following entities within the GDF SUEZ Business line Energy Europe and International:

- GDF SUEZ Energy North America;
- GDF SUEZ Energy Latin America;
- GDF SUEZ Energy Middle East, Asia & Africa (including the gas distribution activities in Turkey); and
- United Kingdom activities.

BEEI matrix organisation

GDF SUEZ's Business Line Energy Europe and International ("**BEEI**") business line is one of the six business lines within the GDF SUEZ Group. BEEI is organised around a matrix structure of five geographical business areas each with their own local business support teams which are overseen by six centrally located support functions who are based at the headquarters in Brussels. Both the central support functions and each of the local business areas report directly to the Chief Executive Officer.

Within BEEI, GDF SUEZ Energy International comprises three of these five business areas; namely Latin America, North America and Middle East, Asia and Africa, with respective headquarters in Florianopolis (Brazil), Houston (US) and Bangkok (Thailand), together with the UK and Turkey gas distribution businesses. Each business area is headed by a regional manager who is responsible for the financial performance of the operational activities of the relevant business area, and proposes strategic orientations and new development actions. BEEI's assets in Benelux, Germany and the remainder of continental Europe (with the exception of Turkey) do not form part of GDF SUEZ Energy International.

The centrally located support functions are organised in to six functional clusters: Strategy; Finance; Human Resources, Communications and Legal; Business Development Oversight; Markets & Sales; and Operations. The functional support managers and their teams provide supervision, guidance, common methodologies and procedures, suggestions for improvements and knowledge and experience gathered from across the organisation to the regional teams.

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

To date this structure has resulted in:

- increased efficiency by drawing on expertise and skills around the world;
- the development of synergies and business opportunities within BEEI and across the GDF SUEZ Group as a whole, such as joint equipment procurement or the use of the GDF SUEZ Group's worldwide presence to establish or develop relationships with major corporations; and
- knowledge and experience gained from developments and trends in international markets which also affect local markets.

Following Closing, the provision of support functions by the Wider GDF Suez Group to the Enlarged International Power Group will be governed by the Electrabel Services Agreement and the Expatriates Services Agreement and the provision of a more limited list of arm's length services by the Enlarged International Power Group to the Wider GDF SUEZ Group will be governed by the International Power Services Agreement, each as further described in Part 1 (*Letter from Sir Neville Simms, Chairman of International Power plc*) of this Circular.

2. History and development of the GDF SUEZ Energy International Division

The GDF SUEZ Energy International Division's activities began in 1988, when its Belgian parent company, then called Tractebel, began to explore, and develop international energy opportunities that would prepare it for the anticipated deregulation of Europe's energy market. In doing so, Tractebel was one of the first energy groups in Europe to pursue a strategy of international expansion.

In addition to expanding across Europe, it rapidly acquired positions in four other regions that now form the core of GDF SUEZ's growth strategy: Latin America, North America, the Middle East and Asia. Between 1998 and 2002, the SUEZ group (which later became part of the GDF SUEZ Group) consolidated its positions in these markets with several large-scale acquisitions and the construction of major power plants.

In 2003, SUEZ Energy International (which later became GDF SUEZ Energy International) became one of four divisions of the SUEZ group.

Between 2003 and 2006, SUEZ Energy International streamlined its operations and focused its strategy on a number of key markets, with core activities being power generation and power and gas distribution.

In 2008, SUEZ merged with Gaz de France and GDF SUEZ Energy Europe and International was created as a separate business line of the new GDF SUEZ Group, grouping all of the new group's combined electricity and gas activities worldwide (except France). In 2009, the business line was reorganised to create five geographically-split business areas and the matrix organisation was expanded to include the European entities (except France).

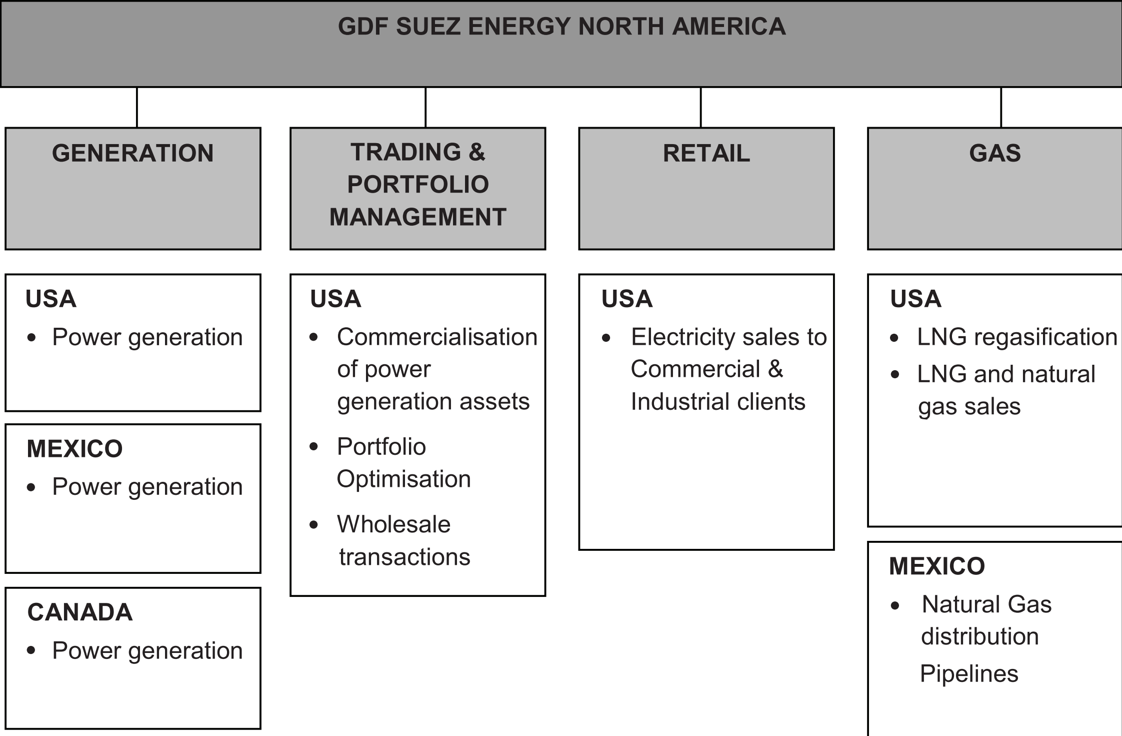
During the last twenty years, the division today known as GDF SUEZ Energy International has developed its international positions to become the world's leading independent power producer by installed operating capacity.

3. GDF SUEZ Energy North America

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

GSENA undertakes various activities that span an integrated value chain ranging from LNG importation and regasification to wholesale and retail electricity sales to commercial and industrial customers.

GSENA is organised into four business entities corresponding to three segments of the electricity value chain (power generation, trading and portfolio management and retail sales to commercial and industrial customers), and gas. The diagram below illustrates these four business entities.



GSENA operates a portfolio of power, cogeneration, steam, and chilled-water facilities, representing a capacity of approximately 7.5GW (gross) or 6.7GW (net) of electricity generation, 3,000 tons of steam per hour, and 42,000 tons of chilled water per hour. 1,619MW (gross) or 1,609MW (net) of this capacity is powered by renewable fuels i.e. wind, hydro, and biomass. GSENA's natural gas assets include the Everett and Neptune LNG receiving terminals in Massachusetts and currently serve most of the gas utilities in New England and key power producers, meeting approximately 20 per cent. of New England's annual gas demand.

In addition, through its retail entity, GDF SUEZ Energy Resources NA, Inc., GSENA currently serves commercial and industrial customers in 11 U.S. markets: Delaware, Texas, Massachusetts, Maine, Maryland, New York, New Jersey, Pennsylvania, Illinois, Connecticut, and Washington, D.C. Through this retail entity, GSENA serves over 60,000 customers with a peak demand ranging from 50KW to over 200MW, with an estimated peak load of over 8,000MW in total.

GSENA's development strategy is focused on three sectors – power, gas, and retail. GSENA is focused on developing low CO_2 emitting power resources (gas-fired and renewable) as well as seeking to benefit from the various government incentives for renewable resources.

GSENA intends to continue its work to grow its retail power business and strives to become the supplier of choice and to build links between its power, gas, and renewables businesses.

United States

GSENA is headquartered in Houston, Texas, and employs over 2,000 people. GSENA owns and operates the Everett terminal just north of Boston, Massachusetts, which has the capacity to deliver approximately 700 million cubic feet of natural gas per day to the New England market. GSENA also leases approximately 8 billion cubic feet of natural gas storage throughout the United States. GSENA owns, operates or is constructing 65 electrical power plants and cogeneration, steam

production and cold-water units in the US. The energy produced by these facilities is sold in the open market and to distribution and industrial companies under long-term PPAs. In 2008 and 2009, GSENA was the largest importer of LNG into the United States and its territories according to the US Department of Energy, and has maintained this position, or the position of second largest importer of LNG, in each month of 2010 up to September 2010 (inclusive).

In 2008, through the acquisition of First Light Power Enterprises, Inc., GSENA added more than 1,500MW of generation capacity (gross and net), primarily pumped hydro storage and conventional hydro facilities, in Massachusetts and Connecticut. These facilities, when combined with GSENA's other New England assets, make GSENA a leading energy provider in the region. GSENA operates the third largest biomass portfolio in North America, with 126MW (gross) or 120MW (net) of biomass capacity. GDF SUEZ Energy Resources NA, is currently ranked as the second largest retail electricity provider to commercial and industrial customers by the independent consulting firm, KEMA.

Located approximately 10 miles off the coast of Massachusetts, GSENA's offshore LNG receiving and delivery port, Neptune LNG, became operational in the first quarter of 2010. The Neptune facility has a design send-out capacity of 400 million cubic feet of natural gas per day, on average, and will supplement deliveries made to the Everett, Massachusetts terminal.

Early in 2010, GSENA increased its ownership interest from 30.45 per cent. to 58.54 per cent. in the 575MW Astoria Energy I natural gas-fired power plant located in the Queens Borough of New York City, making GSENA the largest shareholder in the facility. Earlier in 2009, GSENA entered into an agreement relating to the expansion of the existing power plant pursuant to which GSENA will invest in Astoria Energy II, a second natural gas-fired power plant that will be built in the same area and which is expected to have generating capacity of 575MW. GSENA affiliates hold a 30 per cent. interest in Astoria Project Partners II, the limited liability company that owns Astoria Energy II. The project, currently under construction, is expected to be completed in 2011 and will provide electricity to the New York Power Authority under a 20-year PPA.

Mexico

In Mexico, the GDF SUEZ Group's gas activities include six natural gas distribution companies (Guadalajara, Querétaro, Tampico, Tamauligas, Puebla and Mexico Distrito Federal) and two pipeline companies (Mayacan and Bajio). In Mexico, GSENA also manages three steam-electricity cogeneration projects with a total installed capacity of 278MW (gross and net). Output from these power plants is sold under long-term contracts to five major industrial clients as well as to Mexican authorities.

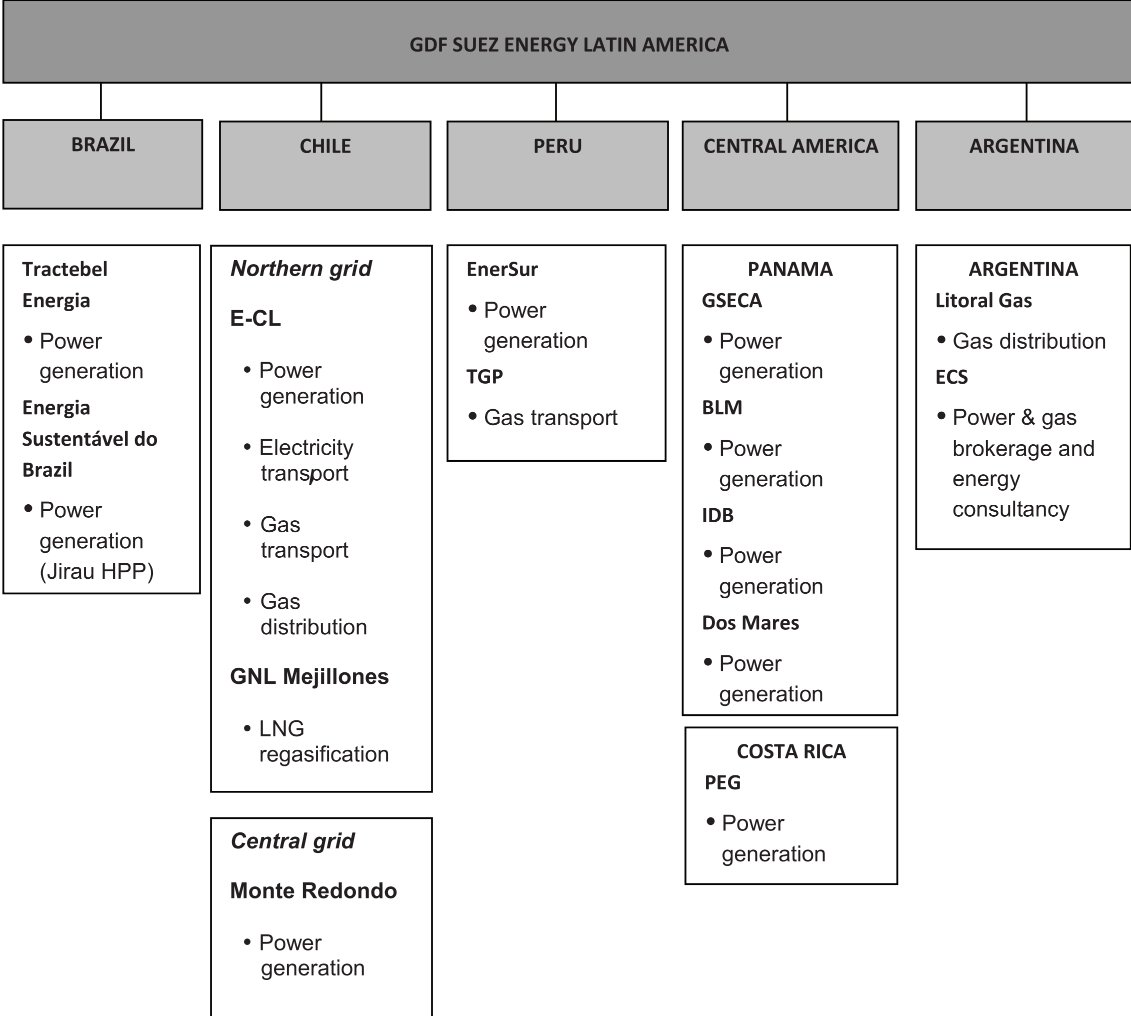
Canada

GSENA's Canadian operations are built around a central theme of clean generation, including a wind power generation fleet of 207MW (gross and net) located in eastern Canada, and a 112MW (gross) or 108MW (net) clean-burning natural gas plant in Windsor, Canada. GDF SUEZ also holds a stake in Intragaz, a gas storage company.

4. GDF SUEZ Energy Latin America

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

GSELA is organised into five business entities along geographical lines: Brazil, Chile, Peru, Central America and Argentina. The diagram below sets out the structure of GSELA.



GSELA manages more than 10.6GW (gross) or 6.1GW (net) of power generation capacity in operation and a further 5.4GW (gross) or 2.5GW (net) of power capacity is in the construction phase.

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

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

Brazil

In Brazil, GSELA's existing power assets and the development of selected small and medium sized power plants are managed by Tractebel Energia ("**TBLE**"). The development of large projects is carried out by GDF SUEZ Energy Brazil. Through TBLE, the GDF SUEZ Energy International Division is the largest independent electric power producer in Brazil in terms of installed capacity.

TBLE, the country's largest independent electricity producer, is 68.71 per cent. owned by GSELA and is listed on the Sao Paolo stock exchange. TBLE operates an installed capacity of 7,437MW (gross) or 6,239MW (net), mainly generated through hydropower projects. This represents approximately six

per cent. of the total installed power generation capacity in Brazil. TBLE sells the majority of the electricity that it produces through bilateral contracts entered into with distributors and industrial customers. The TBLE power generation portfolio includes the 241MW hydroelectric São Salvador plant which became operational in 2009.

Two new power plants of TBLE became operational in Brazil at the start of 2010; the Areia Branca which is a small hydropower plant with 20MW (gross) capacity and a 33MW (gross) sugar cane bagasse fuelled facility called Andrade, developed in partnership with a local sugar cane and ethanol producer.

TBLE also holds a 40.07 per cent. interest in the 1,087MW Estreito hydropower project, currently under construction in Brazil. A significant portion of its assured energy production has already been sold under 30-year contracts starting in 2012. The plant is currently expected to become operational by February 2011.

In 2008, GDF SUEZ Energy Brazil won the concession to build, own and operate the 3,300MW Jirau greenfield hydropower project. The capacity of the project was increased to 3,450MW, with the addition of two generating units. The project is 50.1 per cent. owned by GSELA and 30-year PPAs have been entered into with distributors for the off-take of 70 per cent. of the project's 1,975MW assured energy production. The price payable under the PPAs was set through an auction process. These PPAs will become effective in January 2013 although the plant is scheduled to start commercial operations by March 2012. During the period between the plant becoming operational (expected to be March 2012) and the PPAs becoming effective (January 2013) and at any time in respect of the remaining 30 per cent. assured energy production beginning in 2013, GSELA will be able to sell its interest in the energy output in the free industrial market. The project is in the process of seeking the necessary regulatory approvals to increase its total capacity by another 300MW. Any additional power will be sold either to distributor companies through energy auctions for long-term PPAs or to unrestricted industrial clients under different PPAs.

In July 2009, the Jirau Consortium (of which GSELA is a member) signed a 7.2 billion Brazilian Reals (approximately €2.44 billion) finance contract with the Brazilian development bank BNDES and other commercial banks to fund two-thirds of the total initial construction costs of the Jirau project. Construction is progressing according to schedule.

Peru

In Peru, GDF SUEZ owns 61.73 per cent. of EnerSur, which is listed on the Lima stock exchange. EnerSur, which has an installed power generation capacity of approximately 1,042MW (gross and net). In August 2009, EnerSur's third open cycle gas turbine became operational at the ChilcaUno site. In 2009, EnerSur was the second largest private power generator in Peru, and the third overall (taking into account the public sector), with a market share of approximately 18 per cent. (in terms of capacity). In the last 5 years, EnerSur accounted for 52 per cent. of the total new power generation capacity of Peru.

Enersur's projects under construction include the conversion of the thermal power station at the ChilcaUno plant near Lima to a combined cycle facility with the aim of increasing its efficiency and, as a result, increasing the total capacity of the plant to approximately 800MW. Also under construction is a new 112MW hydroelectric power plant at Quitaracsa, 500 km to the north east of Lima, which is expected to form part of the Peru National Electricity Grid.

Chile

In January 2010, GDF SUEZ and Corporación Nacional del Cobre de Chile ("**Codelco**"), a Chilean copper producer, completed the merger of all their electricity assets and gas transport activity in Chile's northern electricity grid (the "**SING**"), which are now held by GDF SUEZ's subsidiary E-CL. GDF SUEZ has a 52.4 per cent. controlling interest in E-CL, Codelco holds a 40 per cent. interest and the remaining 7.6 per cent. is traded on the Santiago stock exchange. Under the terms of the merger, the following assets are now held by E-CL: Electroandina, Edelnor, Gasoducto Nor Andino (Chile and Argentina), Central Termoeléctrica Andina ("**CTA**") and Central Termoeléctrica Hornitos ("**CTH**") (CTA and CTH being coal power stations currently under construction in Mejillones (each of which has a 150 MW capacity)).

E-CL is the leading electricity generator in northern Chile and is also Chile's fourth largest electricity producer (in each case in terms of installed capacity). E-CL has an installed capacity of 1,691MW (gross and net) in the SING which represents approximately 49 per cent. of the installed capacity in

the SING. E-CL capacity will increase to 1,991MW (gross) or 1,931MW (net) with the commissioning of the CTA and CTH power stations in 2011.

GDF SUEZ also holds a 50 per cent. stake in the Mejillones LNG terminal that became commercially operational in April 2010 after receiving its first shipment of LNG in February 2010. The new terminal represents an investment of US$500 million and has a nominal regasification capacity of 5.5 million m^3 per day of natural gas, which is sufficient to generate up to 1,100MW of electricity in the SING. This terminal will fuel approximately 20 per cent. of the total power generation needs of the SING which predominantly serves industrial customers. The facility incorporates a 700 metre jetty with a floating storage unit and a further berthing site for supply vessels.

GSELA entered Chile's central power grid (the "**SIC**") in December 2009 and was awarded two PPA contracts in February and July 2009 respectively.

Currently, GSELA's two main projects in the SIC comprise:

- Monte Redondo, a 38MW wind power project, which became fully operational in December 2009. The wind farm will be expanded to 48MW by the first quarter of 2011; and
- Laja 1 Hydropower Plant, a 36.8MW "run-of-the-river" plant, currently under construction. It is expected to become fully operational in the second quarter of 2012.

Panama

Currently, GDF SUEZ controls and operates 334MW (gross) or 211MW (net) installed capacity and is the second largest independent electric power producer in the Panama electricity market with about 22 per cent. of market share in terms of installed capacity.

GDF SUEZ holds the controlling 51 per cent. interest in a 251MW Bahias Las Minas thermal generating complex, which it acquired in 2007 from the Ashmore Group. GDF SUEZ also controls and operates the I.D.B Cativa 83MW thermal plant. GSELA also acquired two concession's (Gualaca and Lorena y Prudencia) for the construction of three hydro-electric power plants, with an expected total of 115MW capacity. Construction of these three hydro-electric power plants is currently in progress and it is expected that they will become operational in late 2010.

Costa Rica

In 2008, GDF SUEZ entered the Costa Rica market and now controls and operates the 49.5MW (gross) or 30MW (net) Guanacaste wind farm which became operational in third quarter of 2009.

Argentina

In Argentina, GDF SUEZ holds an indirect 64 per cent. interest in Litoral Gas SA. Litoral Gas SA is a gas distribution company which had approximately 600,000 customers and a market share of 12 per cent. in 2009 according to the regulatory authority, ENARGAS. In addition, GDF SUEZ holds a 46.7 per cent. interest in ECS (Energy Consulting Services), an electricity and gas retail and consultancy company.

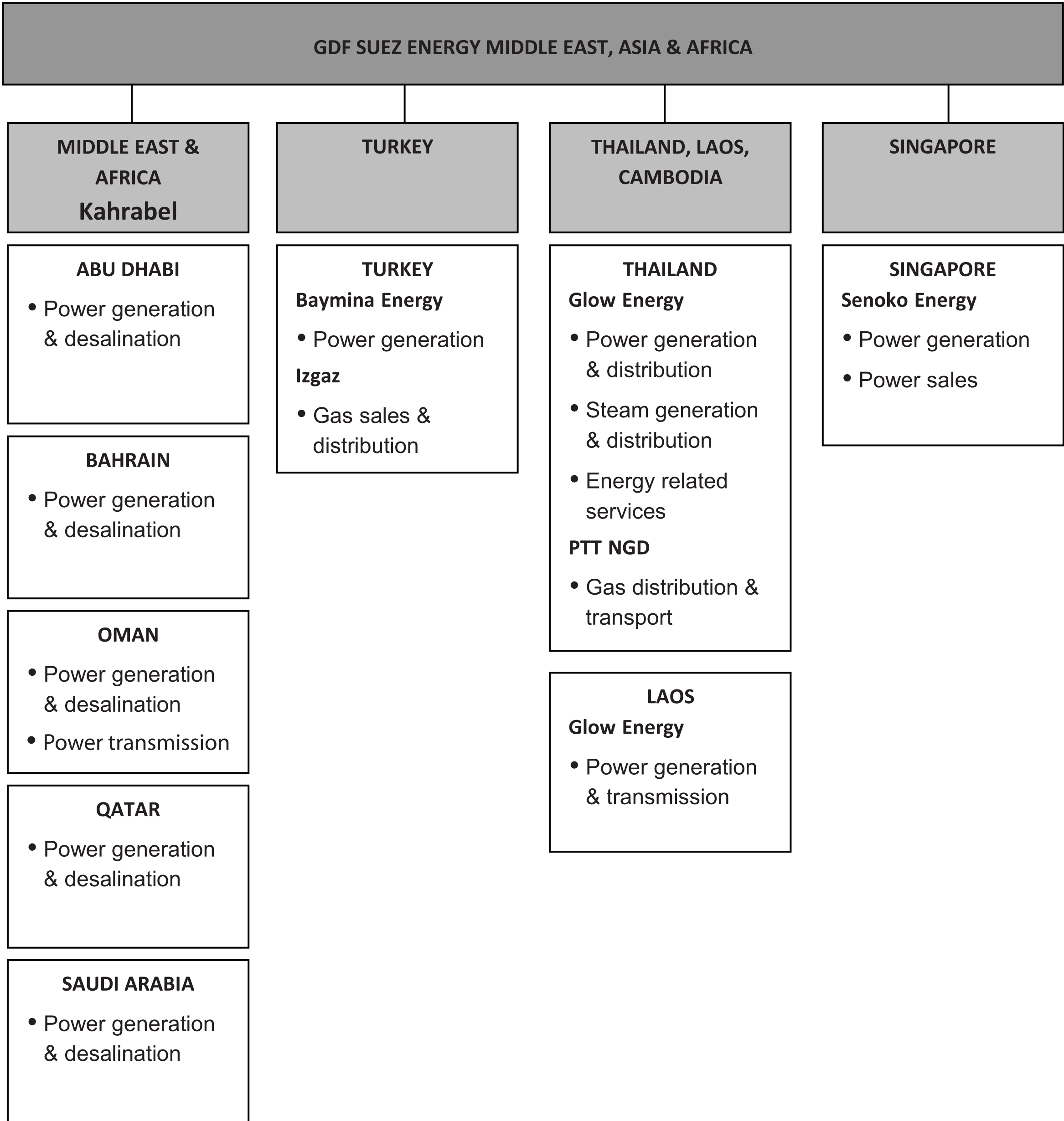
Bolivia

On 1 May 2010, the Bolivian state nationalised a number of electricity companies in Bolivia. Among these companies was Empresa Electrica Corani S.A., a 147MW power station that became an asset of the GDF SUEZ Energy International Division in October 2008 through the acquisition of Econergy. Prior to the nationalisation, GDF SUEZ held a 50 per cent. interest in Empresa Electrica Corani S.A. and it was the GDF SUEZ Group's only asset in Bolivia.

5. GDF SUEZ Energy Middle East, Asia & Africa

GDF SUEZ Energy Asia ("**GSEA**") manages all of the Group's electricity, gas, and sea water desalination activities in Asia, Africa and the Middle East.

The business area GDF SUEZ Energy Middle East, Asia and Africa ("**GSEMEAA**") is organised along geographic lines into four business entities: (1) Middle East & Africa, (2) Turkey, (3) Thailand and Laos and (4) Singapore. The diagram below sets out the structure of GSEMEAA.



The GSEMEAA business area's primary objective is to provide substantial, robust and profitable growth to the GDF SUEZ Group by being a leading developer and operator in a selection of the fastest growing energy markets in its region. In order to do this, GSEMEAA's strategy focuses on maintaining its strong positions in certain markets (Thailand, Singapore and the Gulf Cooperation Council countries) while developing in other markets that are characterised by relatively low reserve margins, stable regulatory environment and attractive investment and growth opportunities.

The Middle East

In the Gulf Cooperation Council countries, GSEMEAA acts mainly as an asset developer, selling the energy it produces directly to public distribution companies under long-term PPAs. GSEMEAA is one of the most experienced (in terms of amount of installed capacity and time spent operating in the region) developers and operators of IWPPs in the region with a total power generation capacity (including capacity in operation and under construction) of 16,861MW (gross) or 4,915 MW (net).

In the first half of 2010, in conjunction with consortium partners, GSEMEAA won the right to "build-own-operate" two new IPP projects adding a capacity of 3,218MW (gross) or 1,030MW (net) to its Middle East portfolio. The first of these projects, a 1,730MW power plant in Saudi Arabia named Riyadh IPP, was awarded to GSEMEAA early in 2010. The second project, two power stations in Oman: Barka 3 and Sohar 2, each of which has 744MW capacity, was awarded to GSEMEAA in May 2010. The electricity produced from the projects in both Oman and Saudi Arabia will be sold through long term PPAs.

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

Due to the number and size of its investments in the region, GDF SUEZ was ranked by MEED as the leading independent power producer in the Gulf Cooperation Council countries in 2008.

Turkey

GDF SUEZ has a presence in the Turkish power generation sector through its 95 per cent. stake in the Baymina Enerji power generation project. This 763MW combined cycle gas turbine power station is located approximately 40 km from Ankara and the power it generates is sold to the national distribution company in Turkey under a long-term PPA.

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

Thailand and Laos

The Glow group, in which GDF SUEZ holds a 69.1 per cent. interest, is listed on the Stock Exchange of Thailand. The Glow group is a major participant in the Thai energy market with a combined installed capacity in Thailand and Laos of 1,860MW (gross) or 1,774MW (net) of electricity and 967 tons per hour of steam. The Glow group generates and supplies electricity to the Electricity Generating Authority of Thailand ("**EGAT**") under Thailand's SPP (Small Power Producer) and IPP (Independent Power Producer) programmes, in addition to supplying electricity, steam, industrial water and services to large industrial customers principally located in the Map Ta Phut area in Thailand and nearby. The Glow group has an additional 1,087MW (gross) or 856MW (net) of power generation capacity currently under construction. The GDF SUEZ Energy International Division is the third largest independent electric power producer in Thailand in terms of installed capacity.

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

Singapore

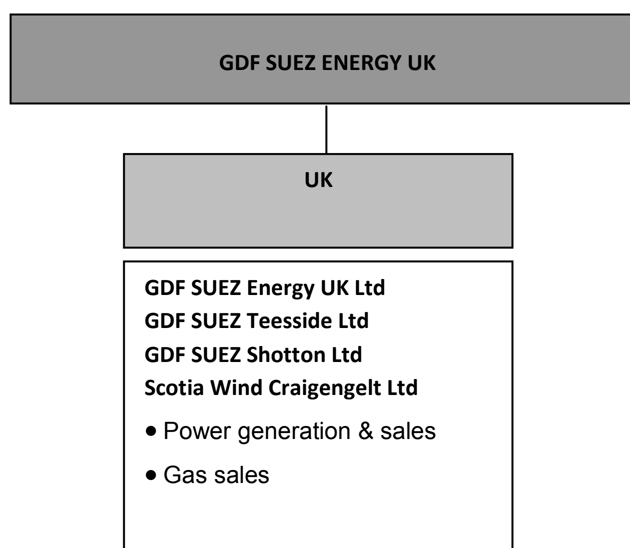
In 2008, GDF SUEZ, as a member of a consortium alongside Marubeni, Kansai, Kyushu and Japan Bank for International Cooperation ("**JBIC**"), acquired Senoko Power from Temasek. Senoko Power is Singapore's largest power generator with about 30 per cent. of the market share in power generation in 2007.

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

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

6. United Kingdom

The diagram below sets out the structure of GDF SUEZ Energy UK.



United Kingdom

GDF SUEZ Energy UK produces electricity and sells energy to the industrial and commercial markets. The main power plants are Teesside, a 1,875MW facility, currently the most powerful combined cycle power plant in Europe, Shotton, a 210MW combined cycle/cogeneration facility and a 20MW wind farm located in central Scotland, which became operational in the first half of 2010.

7. Competition

The production and marketing of electricity and gas marketing are business sectors that are broadly open to competition in Europe and the United States. In contrast, activities that constitute natural monopolies, such as the transmission and distribution of electricity and, to a large extent, of gas are tightly controlled.

Elsewhere in the world, with only a few exceptions, markets are less open to competition and international energy groups operate in more heavily regulated environments, usually under long-term contracts issued on a tender basis.

8. Environmental matters

The management of environmental challenges, such as climate change, limited water and energy resources and protection of the natural environment, is central to the GDF SUEZ Group's activities, because energy activities may inherently have a negative impact on natural habitats and resources. This impact is measured, controlled and reduced to a minimum as part of a process of continuous improvement.

The GDF SUEZ Group takes specific measures to reduce the direct impact on the environment of electricity generation, energy services and gas-related activities. The GDF SUEZ Group has implemented a sustainable development programme and one of its objectives is to decrease the financial risks associated with environmental management.

The GDF SUEZ Group ensures that all installed or managed facilities and services continually comply with the ongoing requirements of environmental laws and it anticipates new regulations in order to better meet the expectations of its customers and all stakeholders.

Through a network of environmental co-ordinators, the GDF SUEZ Group ensures its subsidiaries implement environmental policies based on their operations, local economic conditions and the expectations of their customers, both local authorities and industries.

Risk management is carried out through the many certified environmental management programmes implemented within the GDF SUEZ Group or via risk management plans implemented for this purpose. Employee training, innovation and research programmes all contribute to the operational control of these risks.

9. Employees

For the years ended 31 December 2009, 2008 and 2007 the GDF SUEZ Energy International Division had approximately 7,800, 6,900 and 5,700 employees respectively, including employees of joint ventures and subsidiary companies. The geographical breakdown of these employees is outlined below:

	31 December 2009	*31 December 2008*	*31 December 2007*
Latin America	3,239	2,855	2,545
North America	2,012	2,009	1,678
Middle East, Asia and Turkey	2,149	1,689	1,242
UK	397	395	234
Total	**7,797**	**6,948**	**5,699**
BEEI Headquarters (Brussels)	156	154	145

The following persons are key individuals important to the GDF SUEZ Energy International Division:

- ***Dirk Beeuwsaert***

  Dirk Beeuwsaert is Executive Vice President of GDF SUEZ, in charge of Energy Europe & International. For further details about Dirk Beeuwsaert please refer to Part 9 (*Additional Information*) of this Circular.

- ***Pierre Clavel***

  Pierre Clavel (age 54) is a member of the GDF SUEZ Executive Committee, and is Senior Executive Vice President Deputy to Dirk Beeuwsaert

  In 1981, Pierre Clavel began his career in engineering and project management for gas facilities and thermal power plants at SOFREGAZ, MEGAL GmbH, and in the period to 1997 he worked at Gaz de France and Electricité de France, where he held technical and managerial positions, mainly involving the management of large international projects. In 1997, he was appointed director for the Gaz de France Transportation Division in charge of expertise and services.

  From 1999 to 2002, Pierre Clavel worked as director at EDF-Gaz de France Distribution where he was in charge of electricity and gas distribution units in the centre of France. In 2002, he accepted the position of Director within the Gaz de France Supply, Trading & Marketing Division and then Director Delegate where he was responsible for natural gas supplies of the Gaz de France group.

  In 2004, Pierre Clavel became Director of the International business line of the Gaz de France group and member of the Group Executive Committee, both positions he held until the merger of Gaz de France and SUEZ.

  In July 2008, he was appointed member of the GDF SUEZ Executive Committee, in charge of the Energy Europe Division.

  He has been Senior Executive Vice President, Deputy Chief Executive Officer of the GDF SUEZ Energy Europe & International business line since July 2009.

  A former student of the Ecole Polytechnique and an engineer from the Paris Ecole des Mines, Pierre Clavel is also a national session auditor for the Institut des Hautes Etudes de Défense Nationale.

BEEI HQ functional support managers:

- ***Philip De Cnudde***

  Philip De Cnudde (age 50) is Executive Vice President Business Development Oversight of GDF SUEZ Energy Europe & International. He began his career in 1985 at Santens Engineering Services in Oudenaarde, where he held a variety of engineering posts, before moving to the US in 1989 to become the General Manager overseeing the start-up of the Santens' American operations. In 1993, he returned to Belgium to work for Electrabel as Head of Operations at the Monceau-sur-Sambre power plant and in 1994 became Project Manager for SAP implementation in Electrabel's Generation Business Unit in Brussels. In 1998, he was appointed

Head of the Internal Audit Department, before moving to Tractebel EGI (now GDF SUEZ Energy International) in 2001 to take up the position of Head of Business Control, Consolidation & Accounting. In 2007, Philip became Executive Vice President Business Development Oversight for SUEZ Energy International, a position which he has held within GDF SUEZ Energy Europe & International since July 2008.

Philip graduated in 1983 with a Masters Degree in Electrical Engineering from the Ghent University, and took a further degree in Operations Management in 1986. In 2000, he attended the General Management Programme CEDEP at INSEAD, Fontainebleau.

- ***Eric Kenis***

  Eric Kenis (age 57) is Executive Vice President Operations of GDF SUEZ Energy Europe & International.

  Eric began his career in 1975 as a Software Analyst with Standard Telecommunications Laboratories in Harlow, England, before moving to Antwerp in 1977 to join BELL Telephone as a Group Supervisor for telecom software development. In 1978 he joined Electrabel Belgium as Start-up Engineer at the Rodenhuize power station and subsequently held a number of functions as Reactor Engineer, QA Manager, IT Manager, Health Physics Manager and Operations Manager at the Doel nuclear power station. In 1993 he was appointed Vice President, Electricity Operations at Tractebel EGI where he took responsibility for power projects, successively as Assistant Managing Director in Nigen (Northern Ireland), Chairman of CRSS (USA), Managing Director of Rosen (Italy) and JTPC (India).

  From 2000 until July 2009, Eric held the position of Chief Operating Officer of GDF SUEZ Energy International.

  Eric attended the University of Leuven, where he gained M.Sc degrees in Electrotechnical, Nuclear and Safety Engineering. He also attended the General Management Programme CEDEP at INSEAD, Fontainebleau.

- ***Alain Janssens***

  Alain Janssens, (age 48) is Executive Vice President Markets & Sales of GDF SUEZ Energy Europe & International.

  Alain Janssens began his career in 1988 at Generale Bank as Senior Financial Analyst. In 1992, he joined the Corporate & Project Finance department of Tractebel where he became Deputy Head of the department. In October 1999, he became Head of Group Control & Consolidation of Tractebel. In March 2003, he was appointed SUEZ Head of Project Advisory.

  Between January 2005 and November 2006, Alain Janssens assumed the position of Chief Executive Officer and member of the Strategic Committee of Distrigas.

  Before joining GDF SUEZ Energy International in January 2009, Alain was Deputy Chief Executive Officer of GDF SUEZ Energy Benelux & Germany and held various executive positions at Electrabel including General Manager of Marketing & Sales, Managing Director of Customer Solutions and Chairman of the Risk Committee.

  Until July 2009, he held the position of Deputy Chief Executive Officer of GDF SUEZ Energy International. He was head of Risk Control & Business Quality and combined these responsibilities in GDF SUEZ Energy International with the position of Chairman of the Risk Committee of the Energy Europe & International Business Line.

  Alain Janssens also serves as director on the boards of Tractebel Energia, GDF SUEZ North America, as well as on the boards of various subsidiaries of SUEZ-TRACTEBEL. Alain Janssens is a commercial engineer having trained at the Solvay Business School (ULB).

- ***Didier Sire***

  Didier Sire, (age 53) is Executive Vice President Strategy of GDF SUEZ Energy Europe & International.

  In 1981, Didier Sire began his professional career in the EDF GDF SERVICES centre at Paris Rive Gauche as Head of clientele agency and then of the Consumer Market Division of the Sales Department. In 1987, he was appointed Head of Mission for the director of the Melun centre. In 1990, Didier Sire joined the Sales Department of Gaz de France and in 1994 became part of the Gaz de France General Management as Head of the Cabinet of the General Manager and then of the Presidency and of the General Management.

From 1997 to 2000, he worked for the Gas Supplies Delegation as Head of Department in charge of relations with Russia, the countries of the Community of Independent States (CIS) and the LNG supplier countries. Between 2000 and 2002, he was involved in the establishment of the Gaz de France Trading & Supply Division as Strategy and Major Projects Manager. In 2002, he became Deputy Manager in charge of international development in the Europe zone.

One year later, he joined the Strategy Department of Gaz de France where he held various management positions. From July 2008 until July 2009, Didier Sire was Corporate Director at the Strategy and Sustainable Development Department of GDF SUEZ.

From 1976 to 1981, Didier studied at the Ecole Polytechnique and then at the Ecole Nationale de la Statistique et de l'Administration Economique (ENSAE).

- ***Yanick Bigaud***

  Yanick Bigaud, (age 49) is Executive Vice President Finance of GDF SUEZ Energy Europe & International.

  Yanick Bigaud began his career in 1985 as supervisor of the foreign department in Crédit Industriel de Normandie (CIC Group). From 1990 to 1992, he was in charge of financial affairs for Degrémont and held the position of Administrative and Financial Director at Degrémont Erpac from 1991 to 1997. He then joined SUEZ as Group Business Controller. From 2000 to 2002, Yanick Bigaud served as Chief Financial Officer of Ondeo Nalco Europe and Chairman of Ondeo Nalco France.

  In 2002, he became Chief Financial Officer for SITA Belgium. From 2005 to 2008, Yanick Bigaud held the position of Executive Vice President Finance & Administration for Tractebel Engineering.

  Before being appointed in his current position, he was General Manager of Finance with Electrabel, and Chief Financial Officer of the Energy Benelux & Germany Division.

  Yanick Bigaud has a degree in applied economics from the Université Paris 9 Dauphine. He has also obtained a Diplôme d'Etudes Approfondies in Sales Management.

- ***Marc Pannier***

  Marc Pannier, (age 37) is Executive Vice President HR, Communications & Legal of GDF SUEZ Energy Europe & International.

  Marc Pannier began his professional career in the Inspection and Audit department of the French Finance Ministry. He joined the SUEZ group at the end of 2003 and led various projects within SUEZ's Strategy Department. In 2007, he was appointed Head of the SUEZ Performance and Organisation Department and supervised the preparation for the merger with Gaz de France. Following the merger, he joined the Integration, Synergies and Performance Department of GDF SUEZ whose aim was to support the integration and set up the Efficio performance plan.

  Until July 2009, Marc Pannier was Corporate Director at the GDF SUEZ Department of Integration, Synergies and Performance.

  Marc Pannier holds a diploma from the Ecole Supérieure de Commerce (with a major in Finance) and from the Institut d'Etudes Politiques, both located in Paris, where he studied economics and politics. In 2000, he earned a degree from the Ecole Nationale d'Administration (ENA).

Business area managers

- ***Zin Smati***

  Zin Smati, is President and Chief Executive Officer of GDF SUEZ Energy North America.

  Zin (age 52) was appointed President and Chief Executive Officer of GDF SUEZ Energy North America, Inc. in 2006 which is the business unit responsible for managing the GDF SUEZ Group's position within the energy market in the United States, Canada and Mexico including natural gas, retail energy sales and related services.

  Zin is a trained engineer and prior to joining SUEZ, he held a succession of executive positions with energy companies in the US and UK, including President and Chief Executive Officer of BP Amoco Global Power, Senior Vice President of Business Development and Marketing of Amoco Power, Vice President of Worldwide Power Development of Arco Global Energy

Ventures and Manager of International Development for National Power of the UK. Zin also serves as Delegate General of GDF SUEZ for North America and represents GDF SUEZ on important political and economic issues relating to the United States, Canada and Mexico.

- ***Jan Flachet***

  Jan Flachet, is President and Chief Executive Officer of GDF SUEZ Energy Latin America.

  Jan (age 54) was appointed President and Chief Executive Officer of GDF SUEZ Energy Latin America in 2009 and is responsible for overseeing and managing all aspects of performance in the Latin America business, including plant operations, finance, energy trading and business development. He is also Chairman of Enersur S.A., Empresa Electrica del Norte Grande SA and Electroandina SA as well as Vice Chairman of Tractebel Energia SA.

  Prior to his time at SUEZ, Jan worked for Unerg in various positions related to electricity and distribution operations in and around Brussels from 1981 to 1989. In 1990, he joined Electrabel as District Head in charge of electricity, gas and television distribution operations for ten municipalities. He went on to hold a number of positions within the SUEZ Group before being appointed Regional Manager for the Middle East, Eastern Europe and Africa in 2002 at SUEZ.

  Jan is trained as an Electro-Mechanical Engineer at the University of Leuven (UCL) and in 1988, he took a Diploma in Management at KUL's Institute of Management and Administration. Jan also attended the General Management Programme, CEDEP, at INSEAD, Fontainebleau.

- ***Guy Richelle***

  Guy Richelle, is President and Chief Executive Officer of GDF SUEZ Energy Middle East-Asia & Africa. For further details about Guy Richelle please refer to Part 9 (*Additional Information*) of this Circular.

- ***Stéphane Brimont***

  Stéphane Brimont (age 42) is President and Chief Executive Officer and President Europe for GDF SUEZ Energy Europe & International.

  From 1994 to 1997, after working as an analyst at Crédit Lyonnais in New York, Stéphane was Head of the Urban Planning and Construction department at the Regional Department for Equipment in the Vaucluse (Ministry of Equipment, Housing and Transport).

  From 1997 to 2002, he held various positions within the Budget Department of the French Ministry for the Economy, Finances and Industry, in particular he was head of "*Transport*" and "*Research, Post and Telecom*".

  In 2002, Stéphane Brimont pursued his career as Adviser for Budgetary Affairs at the Cabinet of the French Prime Minister, Jean-Pierre Raffarin.

  In 2004, he joined Gaz de France as adviser to the Chairman-Chief Executive Officer, and then in December 2004, as Strategy Director. In 2007, he became Financial Officer.

  From July 2008 until July 2009, Stéphane Brimont was a member of the GDF SUEZ Executive Committee and Deputy Director within the GDF SUEZ Finance Department.

  Stéphane Brimont studied at the Ecole Polytechnique (1988) and earned a roads and bridges engineering degree in 1993.

10. Intellectual property

The GDF SUEZ Energy International Division does not have any material intellectual property.

11. Research and development

The GDF SUEZ Energy International Division benefits fully from GDF SUEZ know-how and research policies. These rely on an international network of research centres and laboratories throughout the GDF SUEZ Group and on partnerships with recognised international bodies. The work of more than 1,200 researchers is focused on four key areas: security of supply, improving technological and economic performance, reducing environmental impact and fighting climate change.

GDF SUEZ runs projects focused on technologies of the future in the context of its group-wide research programmes and responds to requests from its business lines to improve a particular process or adapt a technique through targeted projects.

Eight major programmes have been implemented to prepare for future technologies: renewable energy, CO_2 capture and storage (CCS), desalination and associated energy, energy storage, offshore LNG, sustainable cities, smart metering and smart grids.

In 2009, GDF SUEZ's expenditure on research and development of technology amounted to €218 million with approximately 3,500 patents in its portfolio (including within SUEZ Environment).

The provision of Research and Development services by the Wider GDF SUEZ Group to the Enlarged International Power Group following Closing will be governed by the Electrabel Services Agreement and the Expatriates Services Agreement, as further described in Part 4 (*Principal Terms of the Transaction*) of this Circular.

12. Insurance

In line with the GDF SUEZ Group's insurance policy, the BEEI insurance department, together with expert representatives in Brussels, Houston, Buenos Aires, Dubai and Bangkok, is responsible for developing, implementing and managing global and specific insurance programmes.

The GDF SUEZ strategy with respect to insurance is:

- to continue to transfer significant risks to the insurance market as often as possible; and
- the rationalisation of the financing of low or moderate-level risks is based largely on self-insurance plans, either directly through deductibles and retentions or indirectly through the use of a consolidated captive reinsurance vehicle.

The insurance charges (including all taxes) for the financial year ending 31 December 2009 within the BEEI for the primary risk transfer programmes in the five business areas was approximately €170 million.

Principal insurance programs

Civil Liability

A D&O (Directors and Officers) Liability Policy is in place covering the representatives of GDF SUEZ, its subsidiaries and the GDF SUEZ Group representatives within its equity holdings.

A general civil liability policy (including for accidental environmental damage) has been taken out for all the GDF SUEZ Group's business lines with a limit of €800 million in total. This limit of €800 million includes insurance cover taken out by individual business lines (which usually have a limit of US$50 million or equivalent Euro amount per policy).

Property Damage

The BEEI has property insurance cover for the facilities that they own, lease or manage on behalf of third parties. However, pipeline transmission and distribution networks often have restricted insurance coverage.

The key policies provide insurance cover based on new replacement value or on contractual limits per loss event. In the latter case, the limits are set on the basis of (i) major events in accordance with insurance market rules or (ii) financing requirements.

Insurance covering business interruption, and resulting increases to operating costs, is subscribed on a case by case basis, based on risk analysis and following consideration of existing assistance plans.

13. Risk management framework

The GDF SUEZ Group adopted a global risk management policy consistent with international industry standards including ISO 31000, the Federation of European Risk Management Associations, COSO II, and the Combined Code and the Turnbull Report. The company defines risk as "any uncertain event liable to have positive or negative impacts on the continuation of the company, its reputation or affecting its strategic, financial or operational objectives". Based on this definition, GDF SUEZ encourages reasonable risk-taking that complies with laws and regulations, is acceptable to public opinion and economically sustainable.

Within the GDF SUEZ Group, BEEI fully applies the GDF SUEZ Group's risk management policy. BEEI has appointed the Executive Vice President Strategy to serve as Chief Risk Officer and coordinate, via its Risk Management team, the group-wide Enterprise Risk Management procedure. Each of the GDF SUEZ Group's business units, including the business units within the scope of the GDF SUEZ Energy International Division, has designated Risk Officers supporting the entity's managers in the process of identifying and evaluating risks and assessing the resources used to mitigate them.

At least once a year, a risk review is carried out at the level of each business unit as well as at the BEEI level. The BEEI Executive Committee reviews the major risks identified within each business unit together with the major risks identified at the BEEI level and these are then reported to GDF SUEZ at a group level in accordance with internal governance rules.

The Internal Audit Department of the GDF SUEZ Group proposes an audit program on the basis of the results of the risk review, in order to identify the most relevant audit issues and assess risk coverage. The results of audits, in turn, are used to update the risk review and maps. Similarly, the internal control program incorporates the findings of the Enterprise Risk Management procedure and assists, in return, in controlling risks.

The GDF SUEZ risk management framework and politics apply to all GDF SUEZ Group business lines and business units, and will apply to the Enlarged International Power Group after closing.

15. The GDF SUEZ Energy International Division's assets by region

The following tables set out the GDF SUEZ Energy International Division's operating assets and assets under construction in each of North America, Latin America, the Middle East, Asia, and Turkey and the UK.

North America

Power generation assets in operation[1]

Assets	*Country*	*Fuel Type*	*Net Ownership*	*Gross Capacity (MW)*	*Net Capacity (MW)*	*Contractual Position*
Ventus – Norway	Canada	Wind	100%	9	9	Contracted
West Windsor	Canada	Natural Gas	96%	112	108	Contracted
Ventus – West Cape	Canada	Wind	100%	90	90	Contracted
Ventus – West Cape – Summerside	Canada	Wind	100%	9	9	Merchant
Ventus – Caribou	Canada	Wind	100%	99	99	Contracted
Dupont (Panuco)	Mexico	Natural Gas	99.99%	24	24	Contracted
Monterrey	Mexico	Natural Gas	100%	245	245	Contracted
Primex (Tampico)	Mexico	Natural Gas	100%	9	9	Contracted
Boeing	USA	Natural Gas	100%	0[2]	0[2]	N/A
Ashtabula	USA	Natural Gas	51%	25	13	Contracted
Astoria Energy Phase I	USA	Natural Gas	58.54%	575	337	Mostly Contracted
Bellingham	USA	Natural Gas	50%	304	152	Contracted
Bethlehem	USA	Waste Wood	100%	16	16	Merchant
Bucksport	USA	Natural Gas	22%	157	35	Contracted
Choctaw	USA	Natural Gas	100%	746	746	Merchant
College Park	USA	Natural Gas	100%	27	27	Contracted
Coors	USA	Coal	100%	40	40	Contracted
Bantam	USA	Hydro	100%	0.3	0.3	Merchant
Bulls Bridge	USA	Hydro	100%	8	8	Merchant
Falls Village	USA	Hydro	100%	10	10	Merchant
Robertsville	USA	Hydro	100%	1	1	Merchant
Rocky River	USA	Hydro	100%	29	29	Merchant
Scotland	USA	Hydro	100%	2	2	Merchant
Shepaug	USA	Hydro	100%	43	43	Merchant
Stevenson	USA	Hydro	100%	29	29	Merchant
Taftville	USA	Hydro	100%	2	2	Merchant
Tunnel Unit 10	USA	Hydro	100%	2	2	Merchant
Tunnel ICU	USA	Kerosene	100%	22	22	Merchant
Ennis	USA	Natural Gas	100%	343	343	Merchant
Fitchburg	USA	Waste Wood	100%	17	17	Mostly Contracted
Millennium	USA	Natural Gas	100%	10	10	Contracted
Hopewell	USA	Natural Gas	100%	365	365	Contracted
Hot Spring	USA	Natural Gas	100%	746	746	Merchant
General Motors – Delta	USA	Natural Gas	49%	0[2]	0[2]	N/A
General Motors – Lansing	USA	Natural Gas	49%	2	1	Contracted
Lincoln	USA	Waste Wood	100%	17	17	Contracted
McBain	USA	Waste Wood	100%	17	17	Contracted
Metro Waste	USA	Landfill Gas	100%	5	5	Contracted
Mount Tom	USA	Coal	100%	146	146	Merchant
Nassau	USA	Natural Gas	100%	52	52	Contracted
Cabot	USA	Hydro	100%	62	62	Merchant
Northfield Mountain	USA	Hydro	100%	1,080	1,080	Merchant
Turner Falls	USA	Hydro	100%	6	6	Merchant
Northeastern	USA	Coal	100%	51	51	Contracted
Northumberland	USA	Waste Wood	100%	16	16	Merchant
PEPCO Facility/Washington Convention Center	USA	Fuel Oil No.2	50%	4	2	Contracted
Red Hills	USA	Coal	100%	440	440	Contracted
Rochester – Kodak	USA	Coal	51%	196	100	Contracted
Ryegate	USA	Waste Wood	67%	20	13	Contracted
Sayreville	USA	Natural gas	50%	287	144	Contracted
Shreveport General Motors	USA	Natural Gas	39%	0[2]	0[2]	N/A
Silver Grove – La Farge	USA	Natural gas	51%	5	3	Contracted
Syracuse	USA	Coal	100%	65	65	Contracted
Tamworth	USA	Waste Wood	100%	23	23	Merchant

Assets	*Country*	*Fuel Type*	*Net Ownership*	*Gross Capacity (MW)*	*Net Capacity (MW)*	*Contractual Position*
Tuscola Equistar	USA	Coal	51%	20	10	Contracted
Waterbury	USA	Natural Gas	98%	96	94	Merchant
Wharton County	USA	Natural Gas	100%	67	67	Contracted
Winooski	USA	Hydro	50%	7	4	Contracted
Wise County	USA	Natural Gas	100%	746	746	Merchant

Power generation assets under construction[3]

Assets	*Country*	*Fuel Type*	*Net Ownership*	*Gross Capacity (MW)*	*Net Capacity (MW)*	*Contractual Position*	*Commercial Operations Date ("COD")*
Astoria Energy – Phase 2	USA	Natural Gas	30%	575	173	Contracted	2011

Non-power generation activities[4]

Assets	*Country*	*Activity*	*Net Ownership*	*Gross Capacity (bcf, MMcfd*[5] *or KM as appropriate)*
Everett LNG Terminal	USA	Regasification	100%	1,035 MMcfd (peak capacity) 715 MMcfd (nominal capacity
Neptune LNG Terminal	USA	Regasification	100%	750 MMcfd (peak capacity) 400 MMcfd (nominal capacity)
Intragaz – Pointe du Lac Storage Site & Saint-Flavien Site (Quebec)	Canada	Gas Storage	56.23%	Working capacity: 5 Bcf Max. withdrawal rate: 110.2 MMcfd Max. injection rate: 116.6 MMcfd
Guadalajara LDC	Mexico	Gas transportation/ distribution	100%	987 KM network
Queretaro LDC	Mexico	Gas transportation/ distribution	100%	1,522 KM network
Tampico LDC	Mexico	Gas transportation/ distribution	100%	787 KM network
Mexico City LDC	Mexico	Gas transportation/ distribution	100%	1,971 KM network
Puebla LDC	Mexico	Gas transportation/ distribution	100%	1,097 KM network
Tamauligas LDC	Mexico	Gas transportation/ distribution	100%	817 KM network
Mayakan Pipeline	Mexico	Gas transportation/ distribution	67.5%	702 KM network
Bajio Pipeline	Mexico	Gas transportation/ distribution	100%	204 KM network

Notes:

1 In addition to the assets set out in the table below, the GDF SUEZ Energy International Division holds small, non-controlling interests in 13 power assets in the US. It also holds a 51 per cent. ownership interest in a leasing company in the US.

2 There is no gross or net electrical capacity in MW attributable to this asset because it is either a steam or compressed air generating asset.

3 In addition to the Astoria Energy - Phase 2 project, the GDF SUEZ Energy International Division holds a small, non-controlling interest in a wind project currently under construction in Canada.

4 In addition to the assets set out in the table below, the GDF SUEZ Energy International Division holds ownership interests in 35 pipeline / oil storage assets in Canada of 1.58 per cent. in each asset. It also holds small, non-controlling interests in 7 gas / electricity distribution or transportation assets and one telecommunication asset in North America.

5 Millions of cubic feet per day of gas.

Latin America

Power generation assets in operation

Assets	*Country*	*Fuel Type*	*Net Ownership*	*Gross Capacity (MW)*	*Net Capacity (MW)*	*Contractual Position*
Pedra do Sal	Brazil	Wind	68.7%	18	12	Contracted
Beberibe	Brazil	Wind	68.7%	26	18	Contracted
Areia Branca	Brazil	Hydro	68.7%	20	14	Contracted
José Gelazio da Rocha	Brazil	Hydro	68.7%	27	19	Contracted
Rondonópolis	Brazil	Hydro	68.7%	24	16	Contracted
Cana Brava	Brazil	Hydro	68.7%	450	309	Contracted
Itá	Brazil	Hydro	47%	1,450	682	Contracted
Machadinho	Brazil	Hydro	24.3%	1,140	277	Contracted
Passo Fundo	Brazil	Hydro	68.7%	226	155	Contracted
Ponte de Pedra	Brazil	Hydro	68.7%	176	121	Contracted
Salto Osório	Brazil	Hydro	68.7%	1,078	741	Contracted
Salto Santiago	Brazil	Hydro	68.7%	1,420	976	Contracted
São Salvador	Brazil	Hydro	68.7%	243	167	Contracted
Lages	Brazil	Biomass	68.7%	26	18	Contracted
Jorge Lacerda	Brazil	Coal	68.7%	773	531	Contracted
Alegrete	Brazil	Heavy Fuel Oil	68.7%	61	42	Contracted
Charqueadas	Brazil	Coal	68.7%	60	41	Contracted
Andrade	Brazil	Sugar Cane	44%	33	15	Contracted
William Arjona	Brazil	Natural Gas	68.7%	186	128	Contracted
Monte Redondo	Chile	Wind	100%	38	38	Contracted
Mantos Blancos	Chile	Gas Oil	52.4%	29	15	Contracted
Mejillones I and II	Chile	Coal	52.4%	314	164	Contracted
Mejillones III	Chile	Natural Gas	52.4%	243	127	Contracted
Arica	Chile	Diesel/F06	52.4%	14	7	Contracted
Iquique	Chile	Diesel/F06	52.4%	43	23	Contracted
Chapiquiña Plant units 12-15	Chile	Hydro	52.4%	10	5	Contracted
Tocopilla	Chile	Coal	52.4%	395	207	Contracted
Tocopilla unit 16	Chile	Natural Gas	52.4%	388	203	Contracted
Tocopilla HFO	Chile	Diesel/F06	52.4%	155	81	Contracted
Tamaya	Chile	Diesel/F06	52.4%	100	52	Contracted
Guanacaste	Costa Rica	Wind	61.1%	50	30	Contracted
Bahia Las Minas	Panama	A – Diesel	51%	14	72	Contracted
(composed of 2 distinct assets)		B – Coal	51%	110	56	Contracted
Cativa	Panama	Heavy Fuel Oil	100%	83	83	Contracted
Ilo 1	Peru	Residual 500/Diesel 2	61.73%	248	153	Contracted
Ilo 21	Peru	Coal	61.73%	124	77	Contracted
Yuncán	Peru	Hydro	61.73%	130	80	Contracted
Chilca Uno	Peru	Natural Gas	61.73%	541	334	Contracted

Power generation assets under construction

Assets	*Country*	*Fuel Type*	*Net Ownership*	*Gross Capacity (MW)*	*Net Capacity (MW)*	*Contractual Position*	*Commercial Operations Date ("COD")*
Estreito	Brazil	Hydro	27.5%	1,087	299	Contracted	2012
Jirau	Brazil	Hydro	50.1%	3,450	1,728	Contracted	2013
Andina ("CTA")	Chile	Coal	52.4%	150	79	Contracted	2011
Hornitos ("CTH")	Chile	Coal	31.4%	150	47	Contracted	2011
Laja I	Chile	Hydro	100%	37	37	Contracted	2012
Expansion of Monte Redondo	Chile	Wind	100%	10	10	Contracted	2011
Dos Mares (2 concessions: Gualaca on one side, Lorena y Prudencia on the other side)	Panama	Hydro	100%	115	115	Contracted	2010
ChilcaUno	Peru	Natural Gas	61.73%	266	164	Contracted	2012
Quitaracsa 1	Peru	Hydro	61.73%	112	69	Contracted	2014

Non-power generation activities[1]

Assets	*Country*	*Fuel Type*	*Net Ownership*	*Gross Capacity (MMcf/d or KM as appropriate)*
Litoral Gas	Argentina	Gas distribution in the Santa Fé Province and the north of Buenos Aires Province	64%	11,125 KM network
Mejillones LNG	Chile	LNG importation and regasification	50%	80 MMcf/d (contracted capacity) 200 MMcf/d (nominal capacity) 300 MMcf/d (peak capacity)
Edelnor	Chile	Electricity transmission	52.4%	1,020 KM network
Electroandina	Chile	Electricity transmission	52.4%	1,060 KM network
Gasoducto Norandino	Chile	Gas transportation	52.4%	1,078 KM network
Distrinor	Chile	Gas distribution	52.4%	74 KM network
Enersur	Peru	Electricity transmission	61.73%	511 KM network

Notes:

1 In addition to the assets set out in the table below, the GDF SUEZ Energy International Division holds a very small, non-controlling ownership interest in a gas transportation asset in Peru.

Middle East, Asia and Turkey

Power generation assets in operation

Assets	*Country*	*Fuel Type*	*Net Ownership*	*Gross Capacity (MW)*	*Net Capacity (MW)*	*Contractual Position*
Al Ezzel	Bahrain	Natural Gas	45%	954	429	Contracted
Al Hidd (Phase 1 – 2)	Bahrain	Natural Gas	30%	954	286	Contracted
Zhenjiang Hongshun	China	Coal	32.5%	24	6	Merchant
Houay Ho	Laos	Hydro	46.5%	153	71	Contracted
Al-Rusail	Oman	Natural Gas	47.5%	665	316	Contracted
Barka 2	Oman	Natural Gas	47.5%	678	322	Contracted
Sohar	Oman	Natural Gas	45%	585	263	Contracted
Marafiq	Saudi Arabia	Natural Gas	20%	2,012[1]	402	Contracted
Senoko	Singapore	Fuel Oil, Natural Gas	30%	2,550[2]	765	Merchant
Glow (Phase 1)	Thailand	Natural Gas	69%	0[3]	0[3]	N/A
Glow (Phase 2)	Thailand	Natural Gas	69%	281	194	Contracted
Glow (Phase 4)	Thailand	Natural Gas	69%	77	53	Contracted
Glow SPP1	Thailand	Natural Gas	69%	124	86	Contracted
Glow SPP2	Thailand	Natural Gas	69%	213	147	Contracted
Glow SPP3	Thailand	Coal	69%	300	207	Contracted
Glow IPP	Thailand	Natural Gas	66%	713	471	Contracted
Baymina	Turkey	Natural Gas	95%	763	725	Contracted
Taweelah A1	United Arab Emirates	Natural Gas	20%	1,592	318	Contracted

Power generation assets under construction

Assets	*Country*	*Fuel Type*	*Net Ownership*	*Gross Capacity (MW)*	*Net Capacity (MW)*	*Contractual Position*	*Commercial Operations Date ("COD")*
Al Dur	Bahrain	Natural Gas	45%	1,234	555	Contracted	2010
Ras Laffan C	Qatar	Natural Gas	20%	2,730	546	Contracted	2011
Marafiq	Saudi Arabia	Natural Gas	20%	729[1]	146	Contracted	2010
Senoko	Singapore	Natural Gas	30%	860	258	Merchant	2012
Glow – CFB 3	Thailand	Coal	69.1%	85	59	Contracted	2010
Glow – Phase 5	Thailand	Natural Gas	69.1%	342	236	Contracted	2011
Gheco One	Thailand	Coal	45%	660	297	Contracted	2011
Shuweihat S2	United Arab Emirates	Natural Gas	20%	1,510	302	Contracted	2011
Barka 3	Oman	Natural Gas	46%	744	342	Contracted	2013
Sohar 2	Oman	Natural Gas	46%	744	342	Contracted	2013
Riyadh PP11	Saudi Arabia	Natural Gas	20%	1,730	346	Contracted	2013

Non-power generation activities

Assets	*Country*	*Activity*	*Net Ownership*	*Network Length*
PTTNGD	Thailand	Gas transportation / distribution	40%	128 KM network
Izgaz	Turkey	Gas transportation / distribution	90%	2,270 KM network

Notes:

1 Marafiq 2 and 3 have been operational since March 2010.

2 Three units (of 250MW each) closed for re-powering in 2010.

3 There is no gross or net electrical capacity in MW attributable to this asset because it is a steam generating asset.

United Kingdom

Power generation assets in operation

Assets	*Country*	*Fuel Type*	*Net Ownership*	*Gross Capacity (MW)*	*Net Capacity (MW)*	*Contractual Position*
Teesside	UK	Natural Gas	100%	1,875	1875	Merchant
Scotia	UK	Wind	100%	20	20	Merchant
Shotton	UK	Natural Gas	100%	210	210	Merchant

PART 4

PRINCIPAL TERMS OF THE TRANSACTION

1. Introduction

On 10 August 2010, International Power announced that it had reached agreement with GDF SUEZ on the terms of the proposed Combination of International Power and GDF SUEZ Energy International. As GDF SUEZ and certain members of the GDF SUEZ Group were required to undertake consultation processes with certain of their employee representative bodies prior to entering into any definitive agreements in respect of the Combination, the MOU was entered into at that time.

Following the completion of those consultation processes, on 13 October 2010 International Power and members of the GDF SUEZ Group entered into the Merger Deed and the other Principal Transaction Agreements in relation to the Combination. The Combination is to be implemented by the acquisition by International Power of the GDF SUEZ Energy International Holding Companies (which, immediately prior to Closing, will hold interests in the legal entities which carry on the business of GDF SUEZ Energy International) in consideration for the issue of 3,554,347,956 new Ordinary Shares in International Power to subsidiaries of GDF SUEZ, in order to create Enlarged International Power. Following Closing, Existing Shareholders will own approximately 30 per cent. of Enlarged International Power and GDF SUEZ will own approximately 70 per cent.. Shareholders (other than members of the Wider GDF SUEZ Group) will also become entitled to a cash payment of 92 pence per Existing Ordinary Share following Closing by way of the Special Dividend.

The terms of the Combination and the ongoing relationship between the Enlarged International Power Group and the Wider GDF SUEZ Group are governed by the Merger Deed and the Relationship Agreement, respectively. In accordance with the terms of the Merger Deed, the provisions of the MOU were terminated on 13 October 2010.

A summary of the key terms of the Principal Transaction Agreements is set out below.

2. GDF SUEZ Energy International Reorganisation

The GDF SUEZ Energy International business comprises a part of the business of the GDF SUEZ Group.

In order to be able to effect the sale of GDF SUEZ Energy International to International Power by means of the acquisition of the entire issued share capital of SUEZ-TRACTEBEL, GDF SUEZ Energy ATSA, GSIP and GDF SUEZ Energy International Invest S.à r.l. (together the "**GDF SUEZ Energy International Holding Companies**"), GDF SUEZ is in the process of reorganising certain parts of the GDF SUEZ Group corporate structure in order to combine the assets and businesses which comprise GDF SUEZ Energy International and which are to be acquired by International Power. These entities will be combined beneath the GDF SUEZ Energy International Holding Companies and separated from the assets, businesses and entities which will form part of the Wider GDF SUEZ Group following Closing. The GDF SUEZ Energy International Reorganisation will take place prior to Closing.

The GDF SUEZ Energy International Reorganisation is to be effected by the GDF SUEZ Group in accordance with the terms of the Merger Deed. The Merger Deed contains provisions to ensure that any assets which International Power has not agreed to acquire, but which remain in the entities directly or indirectly acquired by International Power at Closing, can be transferred back to the Wider GDF SUEZ Group. Conversely, the Merger Deed also contains provisions to ensure that any assets which International Power has agreed to acquire, but which remain outside the entities directly or indirectly acquired by International Power at Closing, can be transferred to Enlarged International Power after Closing.

3. Principal terms of the Merger Deed

The Merger Deed regulates the parties' rights and obligations in relation to the implementation of the Transaction and provides certain assurances and confirmations between them as described below.

Acquisition of the GDF SUEZ Energy International Division and issue of New Ordinary Shares

The Merger Deed sets out the steps for implementation of the Transaction, whereby International Power will issue the New Ordinary Shares to the Sellers and Electrabel (a wholly-owned subsidiary of GDF SUEZ) will procure the transfer of the GDF SUEZ Energy International Holding Companies,

together with their respective interests in other members of the GDF SUEZ Energy International Division, to International Power upon Closing of the Transaction.

Conditions to Closing

Closing is conditional upon and will not take place until Admission. Accordingly, Admission is the final Condition. Closing is also subject to the satisfaction or, where permitted, waiver of a number of other Conditions prior to Admission including:

- the affirmative vote in favour of the Resolutions by Shareholders who together represent a simple majority of the Ordinary Shares being voted (whether in person or by proxy) at the General Meeting;
- anti-trust clearance from the European Commission;
- authorisation from the US Federal Energy Regulatory Commission;
- clearance from the Committee on Foreign Investment in the United States. Clearance was granted on 27 October 2010;
- authorisation from the Public Service Commission of the State of New York pursuant to New York Public Service Law Section 70;
- the approval of the Public Utility Commission of Texas pursuant to the Texas Public Utility Regulatory Act;
- in respect of the GDF SUEZ Energy International Division's shareholdings in listed companies in Brazil and Thailand, confirmations from the relevant regulators that the Transaction will not trigger any obligation to make a mandatory bid for the shares in such companies not held by the GDF SUEZ Energy International Division;
- the Treasurer of the Commonwealth of Australia stating that there are no objections to the Transaction under the foreign investment rules applicable in Australia or the Treasurer becoming precluded from making an order in respect of the Transaction under such rules. On 10 November 2010, the Treasurer of the Commonwealth of Australia stated that there are no objections to the Transaction under the foreign investment rules applicable in Australia; and
- the Victorian Essential Services Commission making a determination in favour of the Transaction under applicable legislation. On 11 November 2010, the Australian Competition & Consumer Commission confirmed that it does not propose to review the matter pursuant to section 50 of the Trade Practices Act. The Transaction will now be referred to the Victorian Essential Services Commission for its consideration.

These Conditions may be waived, in whole or in part, if mutually agreed by International Power and Electrabel, to the extent legally permissible.

Closing is also conditional on:

- the GDF SUEZ Energy International Reorganisation having been implemented by the GDF SUEZ Group in accordance with the Merger Deed:
- GDF SUEZ and Electrabel having taken certain steps required in connection with the payment of the Special Dividend, including making the Cash Injection; and
- obtaining the consents required for the Transaction or the GDF SUEZ Energy International Reorganisation in order to avoid certain consequences arising under the documentation relating to the ownership, financing or operation of the Senoko Power Station or the GDF SUEZ Energy International Division's interest in the Senoko Power Station, where such consequences would be material in the context of the Transaction;

These conditions (the "**GDF SUEZ Conditions**") may, however, be waived, in whole or in part, by International Power at its discretion.

On 4 October 2010, early termination of the waiting period under the US Hart-Scott-Rodino Act was granted in respect of the Combination.

It is currently expected that Closing will occur by the end of 2010 or early 2011.

Termination rights

The Merger Deed may be terminated in the following circumstances:

- by mutual consent of the parties;

- by International Power or Electrabel if, prior to Closing, an event occurs or has occurred which has or is reasonably likely to have a particular material adverse effect on, respectively, the GDF SUEZ Energy International Division or the International Power Group taken as a whole (excluding general changes in markets or the business, economic, political, social or regulatory conditions in a jurisdiction). This termination right would only be triggered if the relevant event would, or would be reasonably likely to, decrease the consolidated net asset value of the GDF SUEZ Energy International Division or the International Power Group (as the case may be) by more than 20 per cent.; or the relevant event is the expropriation by a government or other authority of an asset of the relevant group which would be material to the Enlarged International Power Group as a whole;
- by either International Power or Electrabel if all of the Conditions have not been satisfied or, where permitted, waived by 30 June 2011 or Shareholders do not approve the Resolutions at the General Meeting or if any of the other conditions to Closing become incapable of satisfaction (provided that International Power alone has a right to terminate for failure of Electrabel to satisfy the GDF SUEZ Conditions). However, if the Merger Deed is terminated in these circumstances (but other than where International Power has exercised its sole right of termination) the parties must for a period of 3 months following termination, negotiate in good faith with a view to reaching agreement on the terms of any alternative means of completing the Transaction or a transaction economically equivalent to the Transaction; or
- by Electrabel if an event occurs for which International Power is liable to pay the €60 million break fee to Electrabel (see below for details regarding the circumstances in which this €60 million break fee is payable) or if the International Power Directors withdraw or adversely modify or qualify their recommendation of the Transaction before the Resolutions are passed at the General Meeting.

Warranties and indemnities

Each of Electrabel and International Power have given warranties in relation to the business and affairs of the GDF SUEZ Energy International Division and the International Power Group, respectively. Certain significant warranties (such as the warranties regarding title to the shares in the members of the GDF SUEZ Energy International Division) will be repeated immediately before Closing.

In addition, each of Electrabel and International Power have given warranties to the other regarding the information relating to GDF SUEZ Energy International and the International Power Group, respectively, disclosed in the Prospectus and this Circular. These warranties will be given as at the date of publication of the Prospectus or posting of this Circular (as relevant). Electrabel has also agreed to indemnify the International Power Group, directors of members of the International Power Group and certain officers and managers of International Power against losses incurred in connection with or arising (directly or indirectly) out of a breach of the warranties provided by Electrabel in relation to the Prospectus and this Circular.

Electrabel has also provided indemnities in respect of the GDZ SUEZ Energy International Reorganisation and in respect of certain tax matters relating to the GDF SUEZ Energy International Reorganisation and certain other liabilities in respect of taxation. One of the entities in the GDF SUEZ Energy International Division owns certain tax assets which arose before Closing. In certain limited circumstances, if a member of the Enlarged International Power Group utilises these assets and realises a saving of tax, then it will be required to make a payment to Electrabel equivalent to the amount of the saving.

Claims under most of the warranties are subject to significant financial limits including a requirement that any individual claim must be greater than £15 million and a requirement that the relevant party will not be liable for any warranty claim unless the aggregate of all warranty claims by the relevant party exceeds £375 million. Claims under the indemnities in respect of the GDF SUEZ Energy International Reorganisation are subject to a requirement that Electrabel will not be liable for any indemnity claim unless the aggregate of all such indemnity claims exceeds £15 million. Different thresholds and limits apply in respect of the tax warranties and the tax indemnities (including the indemnity in respect of certain tax matters relating to the GDF SUEZ Energy International Reorganisation).

There is a cap of £3 billion on the aggregate liability of GDF SUEZ and Electrabel under the Merger Deed and a cap of £1.5 billion on the aggregate liability of International Power. The cap does not,

however, apply to certain fundamental warranties, such as the warranties regarding title to the shares in the members of the GDF SUEZ Energy International Division.

The warranties and indemnities provided by International Power and Electrabel respectively under the Merger Deed are also subject to certain other customary limitations.

Financial covenant

The Merger Deed includes a warranty and covenant that no dividends, payments or other benefits have been or will be made, paid or provided by members of the GDF SUEZ Energy International Division to members of the GDF SUEZ Group (other than members of the GDF SUEZ Energy International Division) after 30 June 2010 (being the date of the combined interim accounts of GDF SUEZ Energy International for the six-month period ended on 30 June 2010) and a covenant by Electrabel to pay International Power an amount equal to any such dividends, payments or other benefits made, paid or provided up to (and including) Closing. The parties have agreed a limited number of exceptions to this covenant, for example, to permit Electrabel to complete the GDF SUEZ Energy International Reorganisation.

Conduct of business

The Merger Deed includes restrictions regarding the conduct of the business of the GDF SUEZ Energy International Division and the business of the International Power Group pending Closing, including a requirement to carry on business, in all material respects, in the ordinary course and consistent with past practice. The Merger Deed also imposes restrictions on the GDF SUEZ Energy International Division and the International Power Group taking certain actions, without the consent of the other party.

Recommendation

The International Power Directors have resolved to unanimously and unqualifiedly recommend the Transaction to Shareholders. If the International Power Directors withdraw or adversely modify, suspend or qualify their recommendation of the Transaction as set out in this Circular before the resolutions to approve the Transaction are passed at the General Meeting, GDF SUEZ and Electrabel would be permitted to terminate the Merger Deed and the Transaction and, except in the circumstances referred to below in the paragraph entitled "*Break fee*", Electrabel would be entitled to receive a break fee of €60 million.

Further details of the break fee arrangements are set out below.

Non-solicitation covenants and deal protection provisions

International Power has undertaken, amongst other things, not to solicit, initiate, encourage, negotiate, discuss or entertain any approach from any third party with a view to a Competing Proposal being made. However, International Power may respond to an unsolicited Competing Proposal to the extent that the International Power Directors conclude, having taken appropriate legal and financial advice, that not to do so would, or would reasonably be likely to be, inconsistent with their duties as directors. International Power must, however, notify Electrabel if any approach is made to International Power with respect to a Competing Proposal.

International Power is also subject to certain restrictions on the information it may provide to a third party in connection with a potential Competing Proposal.

No further inducement fees

International Power has undertaken not to offer or commit to pay any work fee, inducement fee, break fee or other arrangement having a similar effect (including any arrangement giving costs coverage) to any person other than Electrabel.

Matching rights

If a Competing Proposal is made in respect of International Power and the International Power Directors determine that the Competing Proposal offers superior value to Shareholders when compared to the Transaction, or a Competing Proposal is to be put to a meeting of the International Power Directors with a view to the directors recommending it to Shareholders, Electrabel has a right to match or better the Competing Proposal within four business days of being notified of the Competing Proposal. If Electrabel exercises its matching rights under the Merger Deed by confirming to the International Power Directors that it will make an offer or proposal that provides equal or superior value to Shareholders in comparison to the Competing Proposal (taking into account all financial and other aspects of the offer or proposal) and announcing its improved offer or proposal

within four business days of being notified of the Competing Proposal, the International Power Directors must recommend Electrabel's improved offer or proposal and must not recommend the Competing Proposal.

Break fee

International Power has agreed to pay Electrabel a break fee of €60 million (inclusive of any applicable value added tax or its equivalent) if:

- a Competing Proposal is announced prior to Closing and the Competing Proposal referred to in the announcement (or any other Competing Proposal announced within six months of the announcement of the first Competing Proposal) becomes or is declared unconditional in all respects or is completed;
- the International Power Directors withdraw, adversely modify, suspend or qualify their recommendation of the Transaction or withdraw the proposal to implement the Transaction or if the holding of the General Meeting is deferred or such meeting is adjourned, in either case, as a result of any action or inaction of the International Power Directors. However the break fee is not payable in these circumstances if the International Power Directors withdraw, adversely modify, suspend or qualify their recommendation of the Transaction after a Competing Proposal (which is superior in value to the Transaction) is made and Electrabel has not exercised its rights to match or better the Completing Proposal; or
- International Power is in material breach of its obligations to implement the Transaction or the non-solicitation covenants and deal protection provisions of the Merger Deed and does not remedy the breach within five Business Days.

The €60 million break fee is not payable if:

- either Electrabel or International Power exercises a right to terminate the Merger Deed upon a material adverse event in respect of the other party's group (for further details regarding this termination right see above); or
- Closing of the Transaction occurs.

Further, the €60 million break fee is not payable if the Merger Deed terminates in accordance with its terms prior to the event that would otherwise trigger the obligation to pay the break fee.

GDF SUEZ guarantee

GDF SUEZ guarantees to International Power the performance by Electrabel of its obligations (including the warranties and indemnities given by Electrabel) under the Merger Deed.

4. Principal terms of the Relationship Agreement

On Admission, members of the Wider GDF SUEZ Group will hold approximately 70 per cent. of Enlarged International Power's issued share capital. To enable Enlarged International Power to operate as an independent listed company, Electrabel, GDF SUEZ and International Power have entered into the Relationship Agreement, which records the terms of the proposed relationship between the Wider GDF SUEZ Group and the Enlarged International Power Group and the governance of Enlarged International Power.

The Relationship Agreement prescribes the structure of the Enlarged International Power Board and provides certain appointment rights to Electrabel. The Relationship Agreement also imposes certain restrictions on the Wider GDF SUEZ Group's ability to deal in Ordinary Shares for a prescribed period post-Admission. These provisions are described in more detail below.

GDF SUEZ and International Power have agreed under the Relationship Agreement that:

- subject to certain exceptions, the Enlarged International Power Group will have exclusive responsibility over and activity in power generation activities in all markets except Continental Europe, thereby giving the Enlarged International Power Group access to the fast growing markets of Latin America, Middle East and Asia Pacific, as well as Australia, the USA and UK for power generation, and exclusive responsibility over and activity in downstream LNG activities in Chile and the USA;
- subject to the activity of International Power's existing assets in Continental Europe, the Wider GDF SUEZ Group will have exclusive responsibility over and activity in all businesses in Continental Europe, including Russia (but excluding Turkey); and
- the Wider GDF SUEZ Group will have exclusive responsibility over and activity in nuclear power generation and certain defined energy services in all markets.

Independence and related party transactions

The Relationship Agreement provides that Electrabel and each member of the Wider GDF SUEZ Group shall not take any action which precludes or inhibits any member of the Enlarged International Power Group from carrying on its business independently of Electrabel and the Wider GDF SUEZ Group in a manner inconsistent with the Listing Rules. All transactions and relationships entered into between any member of the Enlarged International Power Group and any member of the Wider GDF SUEZ Group are required to be entered into or conducted on arm's length terms. The Relationship Agreement does not, however, prevent Electrabel from accepting a takeover offer or, subject to the restrictions referred to below, making a takeover offer and de-listing Enlarged International Power after such a takeover.

Any related party transaction between any member of the Enlarged International Power Group and any member of the Wider GDF SUEZ Group as the related party are to be approved by a simple majority of the Enlarged International Power Board, including at least three Independent Non-Executive Directors and otherwise in accordance with applicable law. Members of the Wider GDF SUEZ Group are required to abstain from voting on any resolution of Shareholders to approve such a related party transaction. There are no restrictions on how members of the Wider GDF SUEZ Group who hold Ordinary Shares may vote in general meetings of International Power on resolutions in relation to which they are entitled to vote.

Anti-dilution, standstill and disposals

Except as described below, members of the Wider GDF SUEZ Group and their actual concert parties are not permitted to acquire any Ordinary Shares at any time following Admission without the approval of the Enlarged International Power Board acting by simple majority (excluding the votes of the GDF SUEZ Appointed Directors and the Executive Directors). However, members of the Wider GDF SUEZ Group and their actual concert parties are permitted to make market purchases of Ordinary Shares so as to maintain the Wider GDF SUEZ Group's aggregate shareholding in Enlarged International Power at a level up to 70 per cent. of the issued ordinary share capital of Enlarged International Power from time to time.

In the event that Enlarged International Power undertakes a share buy-back, Electrabel is required either to procure that the Wider GDF SUEZ Group sells a pro-rata proportion of its shareholding pursuant to the share buy-back or, to the extent that the Wider GDF SUEZ Group's shareholding in Enlarged International Power exceeds 70 per cent. following the conclusion of such share buy-back, to procure that the Wider GDF SUEZ Group disposes of such number of Ordinary Shares such that the aggregate shareholding of the Wider GDF SUEZ Group falls to 70 per cent. or less of the issued ordinary share capital of Enlarged International Power at such time.

For a period of 18 months following Admission, members of the Wider GDF SUEZ Group and their actual concert parties are generally restricted from making a takeover offer (by way of a general offer or by way of a scheme of arrangement) for all (or any) of the outstanding Ordinary Shares, or from de-listing Enlarged International Power after such a takeover offer has become wholly unconditional or, in the case of a scheme, after it has become effective. Following the expiry of this period (or earlier with the consent of all of the Independent Non-Executive Directors), members of the Wider GDF SUEZ Group and their actual concert parties would not be restricted from making a takeover offer (by way of a general offer or by way of a scheme of arrangement) for all of the outstanding Ordinary Shares or from de-listing Enlarged International Power following any such offer.

If, following Admission, Electrabel or any member of the Wider GDF SUEZ Group proposes to dispose of its interest in any Ordinary Shares, Electrabel must consult with the Enlarged International Power Board such that any disposal is conducted so as to minimise any disruption to the share price of the Ordinary Shares.

Composition of Enlarged International Power Board and quorum

For the duration of the Relationship Agreement the Enlarged International Power Board shall have 13 members comprising three executive directors (the "**Executive Directors**"), a non-executive chairman appointed by the Wider GDF SUEZ Group, six independent non-executive directors (the "**Independent Non-Executive Directors**") and three additional non-executive directors appointed by the Wider GDF SUEZ Group (together with the chairman, the "**GDF SUEZ Appointed Directors**").

The quorum for meetings of the Enlarged International Power Board shall comprise any four Enlarged International Power Directors, of which at least two shall be Independent Non-Executive Directors and at least two shall be GDF SUEZ Appointed Directors. In accordance with

International Power's articles of association, the chairman will be entitled to a second or casting vote in the event of an equality of votes on a particular matter.

Details of the proposed composition of the Enlarged International Power Board at Admission are set out in paragraph 10 entitled "*Board and Management Team*" of Part 1 (*Letter from Sir Neville Simms, Chairman of International Power plc*) of this Circular.

Appointment and removal of Enlarged International Power Directors

The Wider GDF SUEZ Group will be entitled to appoint the non-executive chairman of Enlarged International Power and appoint three additional non-executive directors. The Wider GDF SUEZ Group will be entitled to remove and replace these GDF SUEZ Appointed Directors.

Independent Non-Executive Directors may be appointed by the Enlarged International Power Board approving by a simple majority a candidate nominated by the Appointments Committee. Only candidates who satisfy the independence criteria of the Combined Code or who the Enlarged International Power Board determines by simple majority to be sufficiently independent shall be eligible for appointment as Independent Non-Executive Directors. Independent Non-Executive Directors may be removed by a unanimous decision of the Enlarged International Power Board.

Executive Directors may be appointed by the Enlarged International Power Board approving by a simple majority (excluding the votes of Executive Directors) a candidate nominated by the Appointments Committee. The Wider GDF SUEZ Group will have the ability to veto any candidate proposed to be nominated by the Appointments Committee. If the Wider GDF SUEZ Group exercises its veto right at least twice in respect of candidates proposed to be appointed to the same position, the Wider GDF SUEZ Group will be permitted to nominate a candidate directly to the Enlarged International Power Board. Executive Directors may be removed by a simple majority decision of the Enlarged International Power Board (excluding the votes of Executive Directors and including the votes of at least two GDF SUEZ Appointed Directors).

In addition to the ability of the Enlarged International Power Board to appoint and remove Enlarged International Power Directors in the manner described above, Shareholders may by ordinary resolution appoint or remove any of the Enlarged International Power Directors.

Board committees

For the duration of the Relationship Agreement:

- the Appointments Committee shall comprise five Enlarged International Power Directors comprising two GDF SUEZ Appointed Directors and three Independent Non-Executive Directors (with the chairman of the committee being an Independent Non-Executive Director);
- the Audit Committee shall comprise four Enlarged International Power Directors comprising three Independent Non-Executive Directors and one GDF SUEZ Appointed Director (with the chairman of the committee being an Independent Non-Executive Director);
- the Remuneration Committee shall comprise five Enlarged International Power Directors comprising three Independent Non-Executive Directors and two GDF SUEZ Appointed Directors (with the chairman of the committee being an Independendant Non-Executive Director); and
- the Health, Safety and Environment Committee shall comprise three Enlarged International Power Directors comprising one Independent Non-Executive Director, one GDF SUEZ Appointed Director and one Enlarged International Power Director selected by the Enlarged International Power Board (with the chairman of the committee being an Independent Non-Executive Director).

Reserved matters

For the duration of the Relationship Agreement, each of the following matters will require the approval of a simple majority of the Enlarged International Power Board, including the approval of at least two of the GDF SUEZ Appointed Directors:

- the approval of all annual budgets and business plans of the Enlarged International Power Group;
- save for any matters undertaken in compliance with the MOU or the Merger Deed and committed to on or prior to the date of Admission, the approval of any strategic transaction or the incurring by any member of the Enlarged International Power Group of any item of capital expenditure, in each case, for a value of over €50 million (exclusive of VAT);

- save for any matters undertaken in compliance with the MOU or the Merger Deed and committed to on or prior to the date of Admission, any member of the Enlarged International Power Group entering into any loan or advance of over €50 million or entering into any financing transaction involving over €50 million, other than the making of a loan or advance to, or the entry into of a transaction with, another member of the Enlarged International Power Group in the ordinary course of business and at arm's length; and
- any issue of shares by Enlarged International Power, other than pursuant to (i) its annual disapplication of pre-emption rights in accordance with Section 570 of the Act; or (ii) certain management and employee share schemes that have previously been approved by the International Power Board.

Name and logo

For the duration of the Relationship Agreement, International Power shall be known as "International Power plc, a member of the GDF SUEZ Group" with typeface and logo designed accordingly.

Termination

The Relationship Agreement will continue in force until terminated upon the earlier to occur of (i) GDF SUEZ ceasing to hold a direct or indirect interest in the voting shares of Enlarged International Power of at least 50 per cent.; (ii) the Ordinary Shares ceasing to be listed on the Official List and traded on the London Stock Exchange's Main Market; or (iii) the making of a winding-up order by the courts or the passing of a resolution by the Shareholders that Enlarged International Power be wound up.

5. Principal terms of the Electrabel Services Agreement

Under the Electrabel Services Agreement, certain services will be provided, on an exclusive basis, by members of the Wider GDF SUEZ Group to the Enlarged International Power Group. These services will consist of professional support services in the following areas: strategy, communication, HR, finance, audit and risk, purchasing, research and innovation, health, safety and management systems, information systems, legal and ethics, and corporate support.

The services will be provided for an initial term of 5 years from Admission. Following the end of the initial term, the term shall be automatically renewed for one year periods, except in the case of either party giving one year's notice to terminate the agreement. The services will be charged at a rate of €30 million in respect of the 12 month period from Admission and at a rate of €27 million (indexed annually in accordance with the consumer price index published by the Belgian Directorate General for Statistics and Economic Information) in respect of each subsequent 12 month period of the term.

Electrabel has an obligation to provide the services with at least the same degree of care, accuracy, quality and responsiveness used in performing the same or similar services to itself or members of the Wider GDF SUEZ Group, and, in respect of the services provided to that part of the Enlarged International Power Group which formerly comprised GDF SUEZ Energy International, to a standard that is at least as high as was achieved in respect of the equivalent services in the 12 month period prior to Admission.

Neither International Power nor Electrabel is liable to the other under the Electrabel Services Agreement in respect of loss of profit, loss of revenue or indirect or consequential loss. In addition, the liability of Electrabel under the Electrabel Services Agreement in each year is limited to the aggregate amount of charges payable or expected to be payable under the Electrabel Services Agreement in respect of that year.

International Power or Electrabel may terminate the Electrabel Services Agreement if the other party suffers an insolvency event or is in material breach of the terms of the agreement. International Power may also terminate the Electrabel Services Agreement if the Wider GDF SUEZ Group ceases to have an interest in 50 per cent. or more of the Ordinary Shares.

6. Principal terms of the International Power Services Agreement

Under the International Power Services Agreement, certain, more limited, services will be provided by members of the Enlarged International Power Group to the Wider GDF SUEZ Group. These services will consist of professional support services in the following areas: strategy, legal and ethics, operations and business development oversight.

The services will be provided for an initial term of 5 years from Admission. Following the end of the initial term, the term shall be automatically renewed for one year periods, except in the case of either party giving one year's notice to terminate the agreement. The charge for the services in respect of the first and second years of the service term will be agreed between the parties as part of the integration planning process on an arm's length basis recognising the costs to International Power of providing the services. The charges for the second year of the service term will be indexed annually in accordance with the consumer price index for the UK published by the UK Office for National Statistics in respect of each subsequent year of the service term.

Neither International Power nor Electrabel is liable to the other under the International Power Services Agreement in respect of loss of profit, loss of revenue or indirect or consequential loss. In addition, the liability of International Power under the International Power Services Agreement in each year is limited to the aggregate amount of charges payable or expected to be payable under the International Power Services Agreement in respect of that year.

International Power or Electrabel may terminate the International Power Services Agreement if the other party suffers an insolvency event or is in material breach of the terms of the agreement. International Power may also terminate the International Power Services Agreement if the Wider GDF SUEZ Group ceases to have an interest in 50 per cent. or more of the Ordinary Shares. The International Power Services Agreement will terminate automatically upon termination of the Electrabel Services Agreement.

7. Principal terms of the Expatriates Services Agreement

Under the Expatriates Services Agreement, members of the Wider GDF SUEZ Group will provide expatriate management services to International Power. The key terms of the Expatriates Services Agreement are similar to those of the Services Agreement, and differ only in respect of the charges for the services, the nature of the services to be provided and the inclusion of an indemnity from Electrabel to International Power in respect of Electrabel failing to pay or make available, as part of the services, to an expatriate (on time and in accordance with the expatriate's terms of employment) any salary or other related benefit to which the expatriate is entitled.

The services will be provided for an initial term of 5 years from Admission. Following the end of the initial term, the term shall be automatically renewed for one year periods, except in the case of either party giving one year's notice to terminate the agreement. The services will be charged at a rate of actual cost plus 5 per cent.

Electrabel has an obligation to provide the services with at least the same degree of care, accuracy, quality and responsiveness used in performing the same or similar services to itself or members of the Wider GDF SUEZ Group, and, in respect of the services provided to that part of the Enlarged International Power Group which formerly comprised GDF SUEZ Energy International, to a standard that is at least as high as was achieved in respect of the equivalent services in the 12 month period prior to Admission.

Neither International Power nor Electrabel is liable to the other under the Expatriates Services Agreement in respect of loss of profit, loss of revenue or indirect or consequential loss. In addition, the liability of Electrabel under the Expatriates Services Agreement each year is limited to the aggregate amount of charges payable or expected to be payable under the Expatriates Services Agreement in respect of that year.

International Power or Electrabel may terminate the Expatriates Services Agreement if the other party suffers an insolvency event or is in material breach of the terms of the agreement. International Power may also terminate if the Wider GDF Suez Group ceases to have an interest in 50 per cent. or more of the Ordinary Shares.

8. Principal terms of the Financing Framework Agreement

The Financing Framework Agreement sets out the principal terms and conditions of the financing arrangements that are to be put in place between Electrabel, GDF SUEZ and the Enlarged International Power Group (other than publicly listed subsidiaries). Under the Financing Framework Agreement, Electrabel will commit to provide (or to procure that other members of the GDF SUEZ Group will provide) financing to the Enlarged International Power Group, with an undertaking provided by GDF SUEZ that it will procure that Electrabel complies with its obligations thereunder and that if Electrabel fails to pay or deliver or procure the payment or delivery of any of its commitments thereunder GDF SUEZ will itself make payment or delivery of such commitments.

The financing to be provided pursuant to the Financing Framework Agreement will consist of loans that will meet Enlarged International Power's annual financing requirements, loans that will replace certain project financing within the Enlarged International Power Group, a guarantee facility that will help to meet the operational requirements of the Enlarged International Power Group and a cash pooling facility that will provide the Enlarged International Power Group with liquidity.

Loans and guarantees

The Financing Framework Agreement divides the loans (the "**Loans**") and guarantees (the "**Guarantees**") to be granted thereunder into four tranches (the "**Tranches**") as follows:

(a) Tranche A

Amount

A maximum annual amount equal to the aggregate financing needs of the Enlarged International Power Group as set out in the annual budget of Enlarged International Power for each financial year of Enlarged International Power and approved by the Enlarged International Power Board. The first annual budget for this purpose shall be the 2011 annual budget as approved by the Enlarged International Power Board following Closing.

Purpose

General corporate purposes (including acquisitions) and the extension of credit support to Enlarged International Power's project financed subsidiaries.

Availability

From Closing until 31 December 2013 (the "**Initial Commitment Period**"), extended automatically by one year and each year thereafter (an "**Additional Commitment Period**") unless Electrabel, in its sole discretion, gives fifteen months notice prior to the expiry of the Initial Commitment Period or the relevant Additional Commitment Period that no such extension shall take place.

(b) Tranche B

Amount

£955,000,000

Purpose

The financing of the early redemption or reimbursement, on or shortly after Closing, of certain project finance indebtedness and subordinated indebtedness of the Enlarged International Power Group as specified in the Financing Framework Agreement.

Availability

For a period of six months commencing on Closing.

(c) Tranche C

Amount

£1,197,000,000

Purpose

The financing of the redemption or reimbursement, on or shortly prior to its maturity, of certain project finance indebtedness of the Enlarged International Power Group as specified in the Financing Framework Agreement.

Availability

For a period commencing on or shortly prior to the earliest maturity date of the indebtedness to be repaid under Tranche C and ending on the latest maturity date of such indebtedness.

(d) Tranche D

Amount

£550,000,000, by way of Guarantees to be issued by Electrabel, directly or indirectly through any other member of the Wider GDF SUEZ Group (the "**Guarantor**") provided that, if Enlarged International Power informs Eletrabel that the beneficiary of such proposed Guarantee requires that the Guarantor be an entity with a certain minimum credit rating as a condition to entering into the transaction in respect of which the Guarantee is to be granted, Electrabel shall use its reasonable efforts to procure that the Guarantor is an entity so rated by Standard & Poor's, Moody's or Fitch Ratings.

Indemnity

The Guarantees under Tranche D are to be made available to the Enlarged International Power Group, other than any publicly listed subsidiaries (each an "**Account Party**"), provided the relevant Account Party shall enter into an indemnity agreement with the relevant Guarantor.

Availability

From Closing for each Initial Commitment Period and each Additional Commitment Period thereafter unless Electrabel, in its sole discretion, gives fifteen months notice prior to the expiry of the Initial Commitment Period or the relevant Additional Commitment Period that no extension shall take place.

Any request for a Loan shall be delivered to Electrabel at least forty-five days prior to the date on which the funds are to be made available on the basis that, if the amount to be financed and the date on which funds are to be made available cannot be specified at that stage, Enlarged International Power shall provide its best estimate of such amount and indicate the earliest date on which the funds are to be required, with the exact amount (which shall not significantly exceed the estimated amount) to be specified at least seven days prior to the final date on which the funds must be made available.

Any request for a Guarantee shall be delivered to Electrabel at least fifteen days prior to the date on which the Guarantee is to be delivered, on the basis that Electrabel shall make reasonable efforts to deliver the Guarantee prior to such date if Enlarged International Power informs Electrabel that the Guarantee is urgently required in the context of the transaction in question.

Loans made under Tranches A, B and C shall bear interest at the applicable reference rate (being EURIBOR for any Loan in euros or any other applicable interbank rate in the case of Loans in any other currency) plus an applicable margin. The applicable margin shall be determined on a case by case basis between the lending entity and the borrowing entity, and shall be no higher than the market rate applicable for a comparable Loan based on Enlarged International Power's credit rating on the understanding that, if Enlarged International Power's credit rating falls below BBB- (Standard and Poor's) or Baa3 (Moody's) the margin will be determined as if Enlarged International Power's credit rating was equal to BBB- (Standard and Poor's) or Baa3 (Moody's).

Fees shall be payable by the Account Party in respect of any Guarantee, in an amount to be agreed on a case by case basis between the Account Party and the relevant Guarantor.

Each Loan and Guarantee request shall be processed in accordance with the GDF SUEZ Group financing or guaranteeing policy through the relevant GDF SUEZ corporate financing department, and that department shall establish the most appropriate means of structuring the resulting Loan or Guarantee by determining whether such Loan or Guarantee should be procured externally or within the GDF SUEZ Group. This shall be without prejudice to the committed nature of the financing.

GDF SUEZ CC (a limited liability cooperative company incorporated in Belgium) ("**GDF SUEZ CC**") is, within the GDF SUEZ group, a company commonly used for the granting of intragroup loans to GDF SUEZ affiliates.

Enlarged International Power wishes to have the flexibility to take advantage of this GDF SUEZ financing company so that members of the Enlarged International Power Group may ask GDF SUEZ CC to lend amounts within the Enlarged International Power Group (including any amounts received under a Financing Framework Agreement loan).

To that end, a member of the Enlarged International Power Group will hold shares in GDF SUEZ CC, either directly or through Compagnie Européenne de Financement S.A. (a company incorporated in Luxembourg) ("**CEF**").

In light of the fact that following Closing members of the Wider GDF SUEZ Group will be related parties of Enlarged International Power and the desire of the Enlarged International Power Group to be able to utilise GDF SUEZ CC and/or CEF for the future financing needs of the Enlarged International Power Group, the Financing Framework Agreement sets out the following agreed basis upon which GDF SUEZ CC or CEF may be used to effect lending within the Enlarged International Power Group:

- A member of the Enlarged International Power Group will (i) subscribe for B shares in CEF or GDF SUEZ CC and/or (ii) grant a loan to, or procure that a loan is granted to, CEF or GDF SUEZ CC equal to, in aggregate, the full amount to be received by the ultimate beneficiary of such intercompany lending (the "**Relevant Amount**"); and

- International Power will procure that the ultimate beneficiary of the intercompany lending enters into a loan agreement (as borrower) with GDF SUEZ CC or CEF (as lender) for the Relevant Amount (less any transaction costs arising as a consequence of the use of GDF SUEZ CC or CEF).

Certain GDF SUEZ guarantees are currently in place in respect of the assets that will be transferred to the Enlarged International Power Group as part of the Transaction. The terms of the Financing Framework Agreement provide that GDF SUEZ will maintain such guarantees for a period of eighteen calendar months following Closing (the "**Relevant Period**"). The Financing Framework Agreement also provides that, during the Relevant Period, in the event that certain existing guarantees provided by members of the Enlarged International Power Group which, prior to Closing, were members of the GDF SUEZ Group no longer meet their requirements as a direct consequence of the Transaction, Electrabel or another member of the GDF SUEZ Group shall enter into negotiations with the relevant beneficiary for the replacement of such guarantees. The Relevant Period shall be extended automatically by one year and each year thereafter unless Electrabel provides International Power with fifteen months notice that no such extension shall take place.

Cash pooling

Pursuant to the Financing Framework Agreement, those members of the Enlarged International Power Group with average annual net negative or positive balances of at least £5,000,000 (each a "**Participant Company**" and together the "**Participant Companies**") shall enter into cash pooling arrangements with Electrabel or another financial vehicle or entity of the Wider GDF SUEZ Group (the "**Centralising Entity**"), pursuant to which they will agree to contribute all of their cash to the cash pool, in excess of a minimum balance which may be agreed on a case by case basis.

The cash pooling arrangements will provide short term liquidity to the Participant Companies up to an amount of £250,000,000 for short term working capital requirements ("**Tranche 1**") and up to £150,000,000 for margin calls related to trading activities ("**Tranche 2**").

The Participant Companies will open one or more current accounts in the books of the relevant Centralising Entity through which the cash pool will take effect. Interest shall be payable by the Participant Company to the Centralising Entity in respect of any negative balance (the "**Debit Margin**") and from the Centralising Entity to the Participant Company in respect of any positive balance (the "**Credit Margin**"), calculated by reference to the EONIA rate for EUR, SONIA rate for GBP or other applicable rate depending on currency, and the applicable margin. The Debit Margin shall be determined (i) for Tranche 1, in accordance with the standard cash pooling terms within the Wider GDF SUEZ Group, and (ii) for Tranche 2, on annual basis between Enlarged International Power and Electrabel, to be no higher than the market rate applicable to similar facilities based on Enlarged International Power's credit rating on the understanding that, if Enlarged International Power's credit rating falls below BBB- (Standard and Poor's) or Baa3 (Moody's) the margin will be determined as if Enlarged International Power's credit rating was equal to BBB- (Standard and Poor's) or Baa3 (Moody's). The Credit Margin shall be determined in accordance with the standard cash pooling terms within the wider GDF SUEZ Group.

The cash pooling arrangements shall continue until 31 December 2013 (the "**Initial Cash Pooling Period**") and extended automatically by one year and each year thereafter (an "**Additional Cash Pooling Period**") unless otherwise notified by a party thereunder to the other party 15 months prior to the expiry of the Initial Cash Pooling Period or the Additional Cash Pooling Period that no such extension shall take place.

General provisions

The Financing Framework Agreement contains a guarantee to be given by Enlarged International Power in respect of the obligations of its subsidiaries under the Financing Framework Agreement and the documents to be entered into pursuant to the Financing Framework Agreement (the "**Finance Documents**").

The Financing Framework Agreement contains undertakings, representations, warranties and events of default that are customary for investment grade borrowers. Certain events of default do not apply to those members of the Enlarged International Power that are project financed.

A clean-up period of one hundred and eighty days is included during which Enlarged International Power will have the opportunity to rectify any problems in the assets it has acquired as a result of the Transaction that might otherwise cause an event of default under the Financing Framework Agreement, subject to customary exceptions.

The Financing Framework Agreement shall terminate on the date on which all of the commitment periods relating to the Loans and Guarantees have expired without renewal, the obligations of the members of the Enlarged International Power Group under the Finance Documents have been discharged and the obligations, commitments or undertakings of Electrabel, GDF SUEZ and each lender, guarantor and Centralising Entity under the Finance Documents have expired or have been fully cancelled and terminated in accordance with their terms.

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PART 5

HISTORICAL FINANCIAL INFORMATION RELATING TO GDF SUEZ ENERGY INTERNATIONAL

(A) Introduction

This Part 5 (*Historical Financial Information relating to GDF SUEZ Energy International*) of this Circular sets out financial information relating to GDF SUEZ Energy International as follows:

- Part 5(B) contains audited financial information of GDF SUEZ Energy International for each of the three financial years ended 31 December 2007, 2008 and 2009.
- Part 5(C) contains an unqualified audit report on the historical combined financial information relating to GDF SUEZ Energy International for each of the three financial years ended 31 December 2007, 2008, and 2009 prepared by Deloitte & Associés.
- Part 5(D) contains audited financial information of GDF SUEZ Energy International for the 6 month period ended 30 June 2010.
- Part 5(E) contains an unqualified audit report on the historical combined financial information relating to GDF SUEZ Energy International for the 6 month period ended 30 June 2010 prepared by Deloitte & Associés.

(B) Audited historical combined financial information relating to GDF SUEZ Energy International for the financial years ended 31 December 2007, 2008 and 2009

COMBINED STATEMENT OF FINANCIAL POSITION[(1)]

	Note	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2007
		In millions of euros		
NON-CURRENT ASSETS				
Intangible assets, net	10	428.2	309.7	171.2
Goodwill	9	1,258.2	1,071.8	476.1
Property, plant and equipment, net	11	12,241.7	9,950.7	6,486.3
Available-for-sale securities	14	68.8	56.9	39.3
Loans and receivables carried at amortized cost	14	516.4	426.3	347.4
Derivative instruments	14	269.9	424.2	209.2
Investments in associates	12	290.3	218.5	41.8
Other non-current assets	14	121.9	104.5	92.8
Deferred tax assets	7	347.7	312.1	278.8
TOTAL NON-CURRENT ASSETS		**15,543.0**	**12,874.6**	**8,143.0**
CURRENT ASSETS				
Loans and receivables carried at amortized cost	14	320.9	379.5	33.3
Derivative instruments	14	339.6	262.4	465.3
Trade and other receivables	14	1,290.3	1,364.0	933.2
Inventories		272.4	316.5	210.6
Other current assets	14	407.0	284.5	187.8
Financial assets at fair value through income	14	2.5	4.6	385.0
Cash and cash equivalents	14	2,948.5	2,315.5	889.6
TOTAL CURRENT ASSETS		**5,581.3**	**4,927.1**	**3,104.8**
TOTAL ASSETS		**21,124.3**	**17,801.7**	**11,247.9**
Shareholders' equity		4,208.0	3,050.6	1,454.2
Minority interests		896.7	686.0	755.1
TOTAL EQUITY	**16**	**5,104.7**	**3,736.6**	**2,209.3**
NON-CURRENT LIABILITIES				
Provisions	17	219.0	228.6	189.9
Long-term borrowings	14	7,726.7	6,343.8	2,808.2
Derivative instruments	14	498.9	606.7	349.2
Other financial liabilities	14	1.4	0.0	0.0
Other non-current liabilities		588.1	352.0	244.9
Deferred tax liabilities	7	608.5	553.1	417.6
TOTAL NON-CURRENT LIABILITIES		**9,642.6**	**8,084.2**	**4,009.8**
CURRENT LIABILITIES				
Provisions	17	125.0	104.0	64.9
Short-term borrowings	14	4,144.0	3,664.0	3,578.5
Derivative instruments	14	460.0	701.3	249.2
Trade and other payables	14	1,013.0	1,026.5	569.2
Other current liabilities		635.0	485.0	567.0
TOTAL CURRENT LIABILITIES		**6,377.0**	**5,980.8**	**5,028.8**
TOTAL EQUITY AND LIABILITIES		**21,124.3**	**17,801.7**	**11,247.9**

(1) The present Combined Financial Information comprises the combination of GDF SUEZ Energy International Business Areas together with entities in the United Kingdom and in Turkey (together "**GDF SUEZ Energy International Division**" or "**the Group**"). The scope of combination is presented in note 28.

Amounts in tables are generally expressed in millions of euros. In certain cases, rounding may cause slight discrepancies in the lines and columns showing totals and changes.

COMBINED INCOME STATEMENTS[1]

	Note	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2007
		In millions of euros		
Revenues		9,322.0	9,026.5	6,593.2
Purchases		(6,562,6)	(6,528,0)	(4,444.0)
Personnel costs		(381.4)	(311.2)	(264.5)
Depreciation, amortization and provisions		(546.2)	(402.4)	(355.3)
Other operating income and expenses, net		(409,5)	(404,5)	(311.0)
CURRENT OPERATING INCOME	**4**	**1,422.4**	**1,380.3**	**1,218.3**
Mark-to-market on commodity contracts other than trading instruments		(57.9)	(12.6)	34.1
Impairment of property, plant and equipment, intangible assets and financial assets		(42.9)	(139.7)	(83.3)
Restructuring costs		(8.9)	0.0	0.0
Disposals of assets, net		(19.9)	38.5	(76.1)
INCOME FROM OPERATING ACTIVITIES	**5**	**1,292.7**	**1,266.6**	**1,093.0**
Financial expenses		(477.3)	(553.3)	(442.7)
Financial income		143.7	205.6	171.2
Net financial loss	**6**	**(333.6)**	**(347.7)**	**(271.5)**
Income tax expense	7	(328.7)	(373.1)	(251.8)
Share in net income of associates	12	17.5	15.8	19.0
NET INCOME		**647.8**	**561.6**	**588.7**
Net income Group share		476.6	382.3	399.5
Minority interests		171.2	179.3	189.2
Earnings per share (euros)		0.23	0.21	0.25
Diluted earnings per share (euros)		0.23	0.21	0.25

(1) The present Combined Financial Information comprises the combination of GDF SUEZ Energy International Business Areas together with entities in the United Kingdom and in Turkey (together "**GDF SUEZ Energy International Division**" or "**the Group**"). The scope of combination is presented in note 28.

The financial information above may not be representative of future results, for example the historical capital structure does not reflect the future capital structure.

Future interest income and expense, certain operating costs, tax charges and dividends may be significantly different from those that arose from being wholly owned by GDF SUEZ.

COMBINED STATEMENT OF COMPREHENSIVE INCOME[1]

	Dec. 31, 2009	*Dec. 31, 2008*	*Dec. 31, 2007*
	In millions of euros		
NET INCOME	647.8	561.6	588.7
Available-for-sale financial assets			
Net investment hedges	30.8	(13.9)	(1.6)
Cash flow hedges (excl, commodity instruments)	183.0	(226.7)	(31.5)
Commodity cash flow hedges	(12.7)	(365.1)	252.0
Actuarial gains and losses	82.7	(12.5)	1.4
Translation adjustments	406.0	(397.2)	(149.6)
Deferred taxes	(48.5)	191.5	(86.5)
Share in other comprehensive income (expense) of associates	65.3	(95.6)	(20.6)
Other comprehensive income (expense)	**706.5**	**(919.5)**	**(36.4)**
TOTAL COMPREHENSIVE INCOME	**1,354.3**	**(357.9)**	**552.4**
Group share	1,022.0	(410.5)	369.8
Minority interests	332.3	52.6	182.6

(1) The present Combined Financial Information comprises the combination of GDF SUEZ Energy International Business Areas together with entities in the United Kingdom and in Turkey (together "**GDF SUEZ Energy International Division**" or "**the Group**"). The scope of combination is presented in note 28.

COMBINED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY[1]

	Paid-in capital and consolidated reserves[2]	*Fair value adjustments and other*	*Treasury stock*	*Cumulative translation adjustment*	*Shareholders' equity*	*Minority interests*	*Total*
				In millions of euros			
Equity at December 31, 2006	**1,401.3**	**14.7**	**0.0**	**107.4**	**1,523.4**	**728.6**	**2,252.0**
Income and expense recognized directly in equity		121.9		(151.7)	(29.7)	(6.6)	(36.4)
Net income	399.5				399.5	189.2	588.7
Total recognized income and expense	**399.5**	**121.9**		**(151.7)**	**369.8**	**182.6**	**552.4**
Employee share issues and share-based payment	6.3				6.3		6.3
Distribution [3]	(445.3)				(445.3)	(159.9)	(605.2)
Contribution [4]	0.0				0.0	3.7	3.7
Equity at December 31, 2007	**1,361.8**	**136.6**	**0.0**	**(44.2)**	**1,454.2**	**755.1**	**2,209.3**
Income and expense recognized directly in equity		(465.0)		(327.8)	(792.8)	(126.7)	(919.4)
Net income	382.3				382.3	179.3	561.6
Total recognized income and expense	**382.3**	**(465.0)**		**(327.8)**	**(410.5)**	**52.7**	**(357.9)**
Employee share issues and share-based payment	9.2				9.2		9.2
Distribution [3]	(31.5)				(31.5)	(192.3)	(223.8)
Contribution [4]	2,029.2				2,029.2	70.6	2,099.8
Equity at December 31, 2008	**3,751.0**	**(328.4)**	**0.0**	**(372.0)**	**3,050.6**	**686.0**	**3,736.6**
Income and expense recognized directly in equity		244.6		300.8	545.5	161.1	706.6
Net income	476.6				476.6	171.2	647.8
Total recognized income and expense	**476.6**	**244.6**		**300.8**	**1,022.2**	**332.3**	**1,354.4**
Employee share issues and share-based payment	9.1				9.1		9.1
Distribution [3]	(146.8)				(146.8)	(114.1)	(260.9)
Contribution [4]	272.9				272.9	(7.4)	265.4
Equity at December 31, 2009	**4,362.9**	**(83.8)**	**0.0**	**(71.1)**	**4,208.0**	**896.7**	**5,104.7**

(1) The present Combined Financial Information comprises the combination of GDF SUEZ Energy International Business Areas together with entities in the United Kingdom and in Turkey (together "**GDF SUEZ Energy International Division**" or "**the Group**"). The scope of combination is presented in note 28.

(2) Refer to note 1.1.1 'Base of combination' for a description of its content

(3) Refer to note 16.3 'Distribution' for a description of its content

(4) Refer to note 16.4 'Contribution' for a description of its content

COMBINED CASH FLOW STATEMENTS [1]

	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2007
	In millions of euros		
Net income	**647.8**	**561.6**	**588.7**
- Share in net income of associates	(17.5)	(15.8)	(19.0)
+ Dividends received from associates	32.8	24.6	25.5
- Net depreciation, amortization and provisions	571.7	529.3	437.0
- Net capital gains on disposals (incl. reversals of provisions)	19.9	(38.6)	76.1
- Mark-to-market on commodity contracts other than trading instruments	57.9	12.6	(34.1)
- Other items with no cash impact	9.1	9.2	6.3
- Income tax expense	328.7	373.1	251.8
- Net financial loss	333.6	347.7	271.5
Cash generated from operations before income tax and working capital requirements	**1,984.3**	**1,803.8**	**1,603.8**
+ Tax paid	(289.9)	(292.1)	(157.1)
Change in working capital requirements	(152.2)	(293.4)	83.9
Cash flow from operating activities	**1,542.2**	**1,218.3**	**1,530.6**
Acquisitions of property, plant and equipment and intangible assets	(2,151.8)	(1,446.8)	(521.1)
Acquisitions of entities net of cash and cash equivalents acquired	(157.6)	(1,571.4)	(138.4)
Acquisitions of available-for-sale securities	(17.7)	(24.5)	(21.3)
Disposals of property, plant and equipment and intangible assets	10.7	4.7	10.2
Disposals of entities net of cash and cash equivalents sold	84.5	213.1	59.2
Disposals of available-for-sale securities	9.4	0.9	(5.7)
Interest received on non-current financial assets	32.8	32.6	13.2
Dividends received on non-current financial assets	1.6	1.9	2.6
Change in loans and receivables originated by the Group and other	100.3	(172.3)	(100.5)
Cash flow used in investing activities	**(2,087.9)**	**(2,961.8)**	**(701.8)**
Distribution	(260.9)	(223.8)	(605.2)
Repayment of borrowings and debt	(1,500.4)	(1,976.4)	(784.1)
Change in financial assets at fair value through income	2.2	87.0	(46.4)
Interest paid	(324.4)	(394.6)	(400.0)
Interest received on cash and cash equivalents	44.4	69.7	12.3
Increase in borrowings and debt	2,943.6	3,938.8	1,224.1
Contribution	281.6	1,226.9	2.4
Treasury stock movements	0.0	0.0	0.0
Cash flow from (used in) financing activities	**1,186.2**	**2,727.6**	**(596.9)**
Effect of changes in consolidation method, exchange rates and other	(7.5)	441.9	(125.4)
TOTAL CASH FLOW FOR THE PERIOD	**633.0**	**1,425.9**	**106.5**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**2,315.5**	**889.6**	**783.1**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**2,948.5**	**2,315.5**	**889.6**

(1) The present Combined Financial Information comprises the combination of GDF SUEZ Energy International Business Areas together with entities in the United Kingdom and in Turkey (together "**GDF SUEZ Energy International Division**" or "**the Group**"). The scope of combination is presented in note 28.

The Combined Financial Information presented here has been prepared on 19 November 2010 under the responsibility of the Chief Executive Officer and the President of GDF SUEZ and as described in

paragraph 1 of Part 9 (*Additional Information*) of the Circular, under the responsibility of International Power plc directors for the purpose of the Circular, in the context of the proposed combination of "**GDF SUEZ Energy International Division**" (as defined below) and International Power plc ("**International Power**").

International Power announced that it had signed on August 10, 2010 a memorandum of understanding with GDF SUEZ in relation to a proposed combination of International Power and GDF SUEZ Energy International Division and a definitive Merger Deed in respect of the combination on October 13, 2010.

The combination will take the form of a contribution by Electrabel, a wholly-owned subsidiary of GDF SUEZ, of GDF SUEZ Energy International Division to International Power in exchange for the issue of new ordinary shares in International Power in order to create an Enlarged International Power (hereafter "the Transaction"). Following the closing of the Transaction, GDF SUEZ Group will hold the majority of the capital of Enlarged International Power.

GDF SUEZ Energy International Division comprises GDF SUEZ Energy North America, Energy Latin America and Energy Middle East, Asia & Africa entities ("**Energy International Business Areas**") together with entities in the United Kingdom and in the distribution activities in Turkey part of GDF SUEZ Energy Europe (together "the Group"; see note 3). The Group has not in the past formed a separate legal group.

Since July 20, 2009, the Energy International business areas, together with Energy Benelux & Germany and Energy Europe business areas, form the Energy Europe & International Division ("**Energy Europe & International Division**"). These five Business Areas of Energy Europe & International Division are operating segments of GDF SUEZ Group as of December 31, 2009.

In 2008 and 2007, the Energy International Business areas were managed within GDF SUEZ International Division which was an operating segment of GDF SUEZ. These business areas were managed by the GDF SUEZ Energy International General Management Committee. After the 2009, reorganization, the above mentioned five business areas – including Energy International business areas – are managed by Energy Europe and International Division General Management Committee.

The Energy International Business Areas of GDF SUEZ are responsible for the Group's activities outside Europe and Russia, in particular the electricity and energy supply activities. Its mission is to develop and to manage electricity and gas projects and to offer tailor-made energy solutions to industry and commercial customers.

Electricity and natural gas are the core businesses of these business areas with activities in electricity production, trading, marketing and sales, and on the gas side, transport, distribution, marketing and sales, including LNG regasification terminals.

The main activities of GDF SUEZ entities in the UK included in the combination are the production of electricity and the sale of energy, whereas GDF SUEZ entities in Turkey distribute and market natural gas.

The Combined Financial Information presented here reflects the entities, assets and liabilities that will be carved out from GDF SUEZ and has been prepared in accordance with the basis of preparation set out below.

Because of the conventions used to prepare the Combined Financial Information as described below, these Combined Financial Information are not necessary identical to consolidated financial statements that would have been issued if the carve-out had taken place in the past.

Further, they do not take into account potential consequences of the Transaction, such as any potential tax consequences of any future financial transaction or potential parent company equity contribution.

Energy Europe & International Division's headquarters are located in Belgium at 1 Place du Trône – 1000 Brussels.

The ultimate parent company of the Group is GDF SUEZ, a listed company on the Paris, Brussels and Luxembourg stock exchanges.

NOTE – 1 Summary of significant accounting policies

1.1 Basis of preparation

The Combined Financial Information presented is for the years ended December, 31 2007, 2008 and 2009 of those businesses that will form the Group. The Combined Financial Information therefore incorporates financial information previously included in the financial statements of GDF SUEZ.

This combined financial information has been prepared for inclusion in the circular and in accordance with this basis of preparation.

The present basis of preparation describes how International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) have been applied in preparing the Combined Financial Information.

IFRSs as adopted by the EU do not provide for the preparation of Combined Financial Information, and accordingly in preparing the combined financial information the Group developed combination accounting policies referring to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, as described in the following basis of combination.

Some of these accounting policies can be considered as departure from IFRS as adopted by EU and are described below; in the other respects International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) have been applied in preparing the Combined Financial Information:

- The Group has not in the past formed a legal Group, as a result the Combined Financial Information has been prepared by aggregating the applicable financial information that was prepared for the purposes of the GDF SUEZ consolidation, which is not contemplated by IAS 27- Consolidated and Separate Financial Statements.
- Certain assets and liabilities of the reporting entity will be retained by GDF SUEZ after the contribution of the Group to International Power, those assets and liabilities not contributed to International Power Plc have not been included in the combined financial information.
- As described above, STSA SEI, the Group reporting entity, had no statutory capital; therefore, the computation of earnings per share could not be based on an actual number of issued shares. The number of shares for the computation of earnings per share has been determined as described in the following basis of combination.
- The Group has not previously been required to prepare standalone consolidated Financial Information and hence no such Financial Information has previously been presented. The Combined Financial Information for the years ended December 31, 2009, 2008 and 2007 prepared was the first IFRS financial information issued by the Group and IFRS 1 *First-time Adoption International Financial Reporting Standards* was applied despite the fact that the Group does not make an explicit and unreserved statement of compliance with IFRS as contemplated by IAS1.

The accounting standards applied in the combined financial information for the year ended December 31, 2009 are consistent with those used to prepare the combined financial information for the years ended December 31, 2008 and 2007 except for those described in section 1.1.2 below.

1.1.1. Basis of combination

The following summarizes the principles applied in preparing the Combined Financial Information:

- As the Group was adopting IFRS after its parent GDF SUEZ, the Group decided to measure its assets and liabilities according to the option in IFRS 1.D16(a) at the carrying amounts that were included in GDF SUEZ's consolidated financial statements, based on GDF SUEZ's date of transition to IFRSs (namely 1st January 2004). The principal accounting policies of GDF SUEZ have been applied to the Combined Financial Information and are described below.
- The Group has not in the past formed a legal Group, as a result, the Combined Financial Information has been prepared by aggregating the applicable financial information that was prepared for the purposes of the GDF SUEZ consolidation. Internal transactions within the Group have been eliminated in preparing the combination.
- The legal parent company of the Energy International Business Areas, Suez Tractebel SA, was for management and Group reporting purposes divided into three reporting units:
    - Suez Tractebel Energy International
    - Suez Tractebel Head Quarters and Finance
    - Suez Tractebel Engineering

  During the first semester 2009, Suez Tractebel Engineering was carved out into a legal separate entity and is no longer part of Suez Tractebel SA.

  As part of the Transaction GDF SUEZ will launch Suez Tractebel SA spin off and accordingly Suez Tractebel Energy International reporting unit will form a separate legal entity that will be immediately contributed to International Power.

Therefore, for the purposes of the Combined Financial Information it is assumed that Suez Tractebel Energy International reporting unit as it was historically managed by GDF SUEZ is the reporting entity (hereafter "**STSA SEI**") of the Group.

STSA SEI equity represents the historical allocation of Suez Tractebel SA net assets by GDF SUEZ management. Accordingly the capital structure presented in the Combined Financial Information does not reflect the capital structure that would have been reported had the Group been an independent group nor the situation that may prevail in the future.

- As the Group has not in the past formed a separate legal group, it is not possible to show share capital or an analysis of reserves for the Group. The net assets of the Group are represented by the cumulative investment of GDF SUEZ in the Group (shown as "**paid-in capital and consolidated reserves**").

  All cash and other movements in capital amounts, being shares cancelled, dividends and other distributions made from the Group companies to GDF SUEZ and other GDF SUEZ companies have been reflected in the Combined Statement of cash flows and in the Combined Statement of changes in equity as "Distributions".

  All cash and other movements in capital amounts, being shares issues or GDF SUEZ contributions have been reflected in the Combined Statement of Cash Flows and in the Combined Statement of Changes in Equity as "Contributions".

- As described above, STSA SEI, the Group reporting entity, had no statutory capital; therefore, the computation of earnings per share could not be based on an actual number of issued shares. Instead, the group determined the number of shares by analogy to the guidance in paragraphs B26 and B27 of IFRS 3 relating to the computation of earnings per share in the context of a reverse acquisition. In this respect, the number of shares of the group is derived from the exchange ratio and corresponds to the number of ordinary shares that will be issued by International Power in exchange to contribution by GDF SUEZ of the Group assets and liabilities excluding additional cash contributions. This number is adjusted for each comparative period presented to reflect the Group equity contributions movements in each period. All computations are prepared based on the exchange ratio as determined on August 9, 2010, date of approval by GDF-Suez and International Power respective Board of directors of the terms of the Transaction.

- Subsidiary undertakings and associates that are part of the Group and were acquired directly or indirectly by the Group have been included in the Combined Financial Information from the date control was obtained.

  Subsidiaries that are part of the Group and were acquired by GDF SUEZ through entities other than STSA SEI and its subsidiaries, have been included in the Combined Financial Information from the date control was obtained by GDF SUEZ and as if the acquisition has been performed by the Group and funded by capital contribution from GDF SUEZ.

  Subsidiaries of the Group scope that were disposed of by the Group during the periods presented have been included in the Combined Financial Information up to the date control was lost.

  Legal subsidiaries of the Group entities that do not form part of the Group scope have been excluded from the Combined Financial Information since the beginning of the period presented. All cash movements relating to the disposal of those entities by the Group and/or equity contributions to those entities during the periods presented have been classified as contributions/ distributions from/to GDF SUEZ.

- For disclosures purposes, it is assumed that GDF SUEZ Energy International General Management Committee and Energy Europe & International Division General Management Committee constitute the management of the Group for the periods ended December 2008/2007 and December 2009, respectively.

- STSA SEI employees are part of the carved out businesses and the related expenses are included in the Combined Financial Information. GDF SUEZ had historically recharged corporate head office costs comprising administration and other services including, but not limited to, management information, accounting and financial reporting, treasury, taxation, cash management, employee benefit administration, investor relations and professional services to its underlying businesses.

Therefore for the purposes of the preparation of the Combined Financial Information no additional allocation has been made. The costs recharged by GDF SUEZ were affected by the arrangements that existed in GDF SUEZ and are not necessarily representative of the position that may prevail in the future.

- GDF SUEZ has historically assessed the financial requirements for the future and managed the hedging arrangements at the level of the business areas or entities and documented also at this level its assessments and arrangements, both at hedge inception and on an ongoing basis, whether the derivative instruments are hedged items. The derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. Therefore, the hedging relationships have been maintained as in the GDF SUEZ financial statements. Starting 2009, GDF SUEZ manages and hedges centrally a part of GDF SUEZ Group's currency and interest rate risks exposure. Therefore, the related hedging transactions were not taken into account in the Combined Financial Statements.
- GDF SUEZ has historically managed its financing needs and cash flow surpluses for GDF SUEZ Group through its financing vehicles (long term and short term) and its cash pooling vehicles. For the purposes of preparation of the Combined Financial Information, such centrally managed financing and cash pooling has been allocated to the Group and reflected in the Combined Financial Information in line with existing balances within GDF SUEZ consolidated financial statements at the end of each period presented. The interest income and expense recorded in the Combined Income Statement have been affected by the financing arrangements within GDF SUEZ and are not necessarily representative of the interest charges that would have been reported had the Group been an independent group. They are not necessarily representative of the interest charges that may arise in the future.
- Tax charges in this Combined Financial Information have been determined based on the tax charges recorded by the Group companies in their local statutory accounts as well as certain adjustments made for GDF SUEZ consolidation purposes. The tax charges recorded in the Combined Income Statement have been affected by the taxation arrangements within GDF SUEZ and are not necessarily representative of the tax charges that would have been reported had the Group been an independent group. Also, they are not necessarily representative of the tax charges that may arise in the future.

  For the purposes of reconciliation between the theoretical and actual income tax expenses, the statutory income tax rate applicable in France has been used in the absence of legal parent company.
- All trade balances between the Group and other GDF SUEZ companies have been presented as either trade receivables or trade payables.

  All loans and debt balances between the Group and other GDF SUEZ companies have been presented as financial assets or liabilities in the Combined Statement of Financial Position.

1.1.2. IFRS standards, amendments and IFRIC interpretations applicable to the 2009 annual financial statements

- Amendments to IFRIC 9 and IAS 39 – Reassessment of embedded derivatives;
- Amendments to IFRS 1 and IAS 27 – Cost of an investment in a subsidiary, jointly controlled entity or associate;
- Amendment to IFRS 2 – Vesting Conditions and Cancellations;
- Amendments to IAS 32 and IAS 1- Puttable Instruments and Obligations Arising on Liquidation;
- IFRIC 13 – Customer Loyalty Programmes;
- IFRIC 15 – Agreements for the Construction of Real Estate [(1)];
- IFRIC 16 – Hedges of a Net Investment in a Foreign Operation [(1)];
- IFRIC 18 – Transfers of assets from customers [(1)];
- 2008 Improvements to IFRS [(2)]

(1) Endorsed by European Union in 2009 but with a mandatory application date postponed to 2010

(2) Except the amendment to IFRS5 applicable to annual periods beginning on or after July 1st 2009

These amendments and interpretations above have no material impact on the Group's Combined Financial Information.

- **Amendment to IFRS 7 – Improving disclosures about financial instruments**

  This amendment requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a new three level fair value hierarchy, by class, depending if the financial instrument is quoted on an active market (level 1), if inputs for fair value measurement are observable (level 2) or if inputs are not based on observable market data (level 3). The amendment also clarifies the requirement for liquidity risk disclosures with respect to derivatives and assets used for liquidity risk management. The fair value measurement informations by class of financial instruments and the liquidity risk disclosures are presented in Note 15.

- **IAS 1 – Presentation of financial statements (revised 2007)**

  The revised standard introduces in particular the statement of comprehensive income which presents all items of recognized income and expense in the period, either in one single statement, or in two statements: the income statement, displaying components of profit or loss and the statement of comprehensive income, displaying components of other comprehensive income. The Group has elected to present two statements.

  The Group decided to early apply IFRS 8 in 2008 and IFRIC 12 in 2006. Whereas, IAS 23 revised, applicable in 2009, has no impact on the Combined Financial Information as the Group has always applied the allowed alternative treatment whereby borrowing costs attributable to the construction of a qualifying assets are capitalized in the cost of that asset.

1.1.3. IFRS standards and IFRIC interpretations effective after 2009 that the Group has elected not to early adopt in 2009

- IFRS 9 – Financial instruments: classification and measurement;
- IFRS 3 revised – Business combinations;
- Amendment to IAS 32 – Classification on rights issues;
- Amendments to IAS 39 -Eligible hedged items;
- IAS 24 revised – Related party disclosures;
- IAS 27 revised – Consolidated and separate financial statements;
- IFRIC 17 – Distributions of non-cash assets to owners;
- IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments;
- Amendment to IFRIC 14 – Prepayments of a minimum funding requirement;
- 2009 Improvements to IFRS;
- Amendment to IFRS 2 – Group Cash-settled Share-based Payment Transactions

The impact resulting from the application of these standards and interpretations is currently being assessed.

1.1.4. Reminder of GDF SUEZ and the Group IFRS 1 transition options

GDF SUEZ and the Group used some of the options available under IFRS 1 for its transition to IFRS in 2005. The options that continue to have an effect on the Combined Financial Information are:

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

1.2 Measurement basis

The Combined Financial Information have been prepared using the historical cost convention, except for financial instruments that are accounted for according to the financial instrument categories defined by IAS 39.

1.3 Use of Judgments and estimates

The crisis which has been raging across financial markets over the last 2 years has prompted GDF SUEZ and the Group to step up its risk oversight procedures and include an assessment of risk – particularly counterparty risk – in pricing its financial instruments. The Group's estimates, business

plans and discount rates used for impairment tests and for calculating provisions take into account the crisis conditions and the resulting extreme market volatility.

1.3.1. Estimates

The preparation of Combined Financial Information requires the use of estimates and assumptions to determine the value of assets and liabilities, and contingent assets and liabilities at the statement of financial position date, and revenues and expenses reported during the period.

Due to uncertainties inherent in the estimation process, the Group regularly revises its estimates in light of currently available information. Final outcomes could differ from those estimates.

The main estimates used in preparing the Group's Combined Financial Information relate chiefly to:

- measurement of the fair value of assets acquired and liabilities assumed as part of business combinations;
- measurement of the recoverable amount of goodwill, property, plant and equipment and intangible assets (see section 1.4.4 and 1.4.5);
- measurement of provisions such as provision for disputes (see section 1.4.13);
- financial instruments (see section 1.4.10);
- measurement of tax loss carry-forwards assets.

1.3.1.1. Measurement of the fair value of assets acquired and liabilities assumed as part of business combinations

The key assumptions used to measure the fair value of assets acquired and liabilities assumed as part of business combinations notably include estimated future electricity and gas prices, replacement costs for property plant and equipment, the market outlook for the measurement of future cash flows, and the applicable discount rate.

These assumptions reflect Management's best estimates.

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

The recoverable amount of goodwill, intangible assets and property, plant and equipment is based on estimates and assumptions regarding in particular the expected market outlook and future cash flows associated with the assets. Any changes in these assumptions may have a material impact on the measurement of the recoverable amount and could result in adjustments to the impairment expenses already booked.

1.3.1.3. Estimates of provisions

Parameters having a significant influence on the amount of provisions, include the timing of expenditure and the discount rate applied to cash flows, as well as the actual level of expenditure. These parameters are based on information and estimates deemed to be appropriate by the Group at the current time.

To the Group's best knowledge, there is no information suggesting that the parameters used taken as a whole are not appropriate. Further, the Group is not aware of any developments that are likely to have a material impact on the provisions booked.

1.3.1.4. Financial instruments

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

1.3.1.5. Measurement of tax loss carry-forward assets

Deferred tax assets are recognized on tax loss carry-forwards when it is probable that taxable profit will be available against which the tax loss carry-forwards can be utilized. Estimates of taxable profits and utilizations of tax loss carry-forwards were prepared on the basis of profit and loss forecasts as included in the medium-term business plan.

1.3.2. Judgments

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

In particular, the Group exercised its judgment in determining, the accounting treatment applicable to concession contracts, the classification of arrangements which contain a lease, and the identification of commodity purchase and sale ''own use'' contracts as defined by IAS 39 .

In accordance with IAS 1, the Group's current and non-current assets and liabilities are shown separately on the Combined Statement of Financial Position. For most of the Group's activities, the breakdown into current and non-current items is based on when assets are expected to be realized, or liabilities extinguished. Assets expected to be realized or liabilities extinguished within 12 months of the statement of financial position date are classified as current, while all other items are classified as non-current.

1.4 Significant accounting policies

1.4.1. Scope and methods of combination

The combination methods used by the Group consist of the following:

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

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

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

A list of the main fully and proportionately combined companies, together with investments accounted for by the equity method, is presented in the notes to the Combined Financial Information.

1.4.2. Foreign currency translation methods

1.4.2.1. Presentation currency of the Combined Financial Information

The Group's Combined Financial Information is presented in Euros (€), which is its reporting currency.

1.4.2.2. Functional currency

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

1.4.2.3. Foreign currency transactions

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

- monetary assets and liabilities denominated in foreign currencies are translated at year-end exchange rates. The related translation gains and losses are recorded in the combined statement of income for the year to which they relate;
- non-monetary assets and liabilities denominated in foreign currencies are recognized at the historical cost applicable at the date of the transaction.

1.4.2.4. Translation of the financial statements of subsidiaries with a functional currency other than the euro (the presentation currency)

The statements of financial position, of these subsidiaries are translated into euros at the official year-end exchange rates. Income statement and cash flow statement items are translated using the average exchange rate for the year. Any differences arising from the translation of the financial statements of these subsidiaries are recorded under ''Cumulative translation differences'' as Other Comprehensive Income.

Goodwill and fair value adjustments arising on the acquisition of foreign entities are classified as assets and liabilities of those foreign entities and are therefore denominated in the functional currencies of the entities and translated at the year-end exchange rate.

Translation differences previously recorded as Other Comprehensive Income are taken to the Combined Income Statement on the disposal of a foreign entity.

1.4.3. Business combinations

For business combinations carried out since January 1, 2004, the Group applies the purchase method as defined in IFRS 3, which consists in recognizing the acquiree's identifiable assets, liabilities and contingent liabilities at their fair values at the acquisition date.

The cost of a business combination is the aggregate of the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree; plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the Group includes the amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

The Group may recognize any adjustments to provisional values as a result of completing the initial accounting of a business combination within 12 months of the acquisition date.

1.4.4. Intangible assets

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

1.4.4.1. Goodwill

Recognition of goodwill

Goodwill represents the excess of the cost of a business combination (acquisition price of shares plus any costs directly attributable to the business combination) over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities recognized at the acquisition date (except if the business combination is achieved in stages).

For a business combination achieved in stages – i.e., where the Group acquires a subsidiary through successive share purchases – the amount of goodwill is determined for each exchange transaction separately based on the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities at the date of each exchange transaction. Any difference arising from the application of these fair values to the Group's existing interest and to minority interests is a revaluation and is therefore recognized in equity.

In the absence of specific IFRS guidance addressing acquisitions of minority interests, the Group continues not to recognize any additional fair value adjustments to identifiable assets and liabilities when it acquires additional shares in a subsidiary that is already fully consolidated. In such a case, the additional goodwill corresponds to the excess of the acquisition price of the additional shares purchased over the Group's additional interest in the net assets of the company concerned.

If the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired exceeds the cost of the business combination, the excess is recognized immediately in the consolidated income statement.

Goodwill relating to associate companies is recorded under ''Investments in associates''.

Measurement of goodwill

Goodwill is not amortized but tested for impairment each year, or more frequently where an indication of impairment is identified. Impairment tests are carried out at the level of cash-generating units (CGUs) or group of CGUs which constitute groups of assets generating cash inflows that are largely independent of the cash inflows from other cash-generating units.

The methods used to carry out these impairment tests are described in section 1.4.7 ''Impairment of property, plant and equipment and intangible assets''.

Impairment losses in relation to goodwill cannot be reversed and are shown under ''Impairment'' in the Combined Income Statement.

Impairment losses on goodwill relating to associate companies are reported under ''Share in net income of associates''.

1.4.4.2. Other intangible assets

Development costs

Research costs are expensed as incurred.

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

Other intangible assets

Other intangible assets include mainly commodity contracts acquired as part of business combinations and amounts paid or payable as consideration for rights relating to concession contracts.

The Group's intangible assets are amortized on a straight line basis with a range from 5 to 30 years, or are matched with the related expected units of production.

1.4.5. Property, plant and equipment

1.4.5.1. Initial recognition and subsequent measurement

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

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

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

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

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

The Group applies IAS 23 as amended, whereby borrowing costs that are directly attributable to the construction of the qualifying asset are capitalized as part of the cost of that asset.

1.4.5.2. Depreciation

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

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

Main depreciation periods (years)	*Minimum*	*Maximum*
Plant and equipment		
– Generating plants and equipments		
Coal, gas, power plants	4	50
Hydraulic plans and equipments	28	40
Wind farms	20	25
– LNG equipments	20	50
Transports – distributions	20	35
Other property, plant and equipment	2	30

The range of useful lives is due to the diversity of the assets in each category. The minimum periods relate to smaller equipment and furniture, while the maximum periods concern network infrastructures.

Fixtures and fittings relating to the hydro plant operated by the Group are depreciated over the shorter of the contract term and useful life of the assets, taking into account the renewal of the concession period if such renewal is considered to be reasonably certain.

1.4.6. Concession Arrangements

SIC 29, Disclosure – Service Concession Arrangements was published in May 2001 and prescribes the information that should be disclosed in the notes to the financial statements of a concession grantor and a concession operator.

Treatment of concessions under IFRIC 12

On November 30, 2006, the IFRIC published IFRIC 12 – Service Concession Arrangements, which deals with the accounting treatment to be applied by the concession operator in respect of certain concession arrangements.

These interpretations set out the common features of concession arrangements:

- concession arrangements involve the provision of a public service and the management of associated infrastructure, together with specific capital renewal and replacement obligations;
- the grantor is contractually obliged to offer these services to the public (this criteria must be met for the arrangement to qualify as a concession);
- the operator is responsible for at least some of the management of the infrastructure and does not merely act as an agent on behalf of the grantor;
- the contract sets the initial prices to be levied by the operator and regulates price revisions over the concession period.

For a concession arrangement to fall within the scope of IFRIC 12, usage of the infrastructure must be controlled by the concession grantor. This requirement is met when:

- the grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and
- the grantor controls the infrastructure, i.e., retains the right to take back the infrastructure at the end of the concession.

Under IFRIC 12, the operator's rights over infrastructure operated under concession arrangements should be accounted for based on the party responsible for payment; Accordingly:

- the ''intangible asset'' model is applied when the concession operator has the right to charge for use of the public sector asset, and when users have primary responsibility to pay the operator for the services;
- and the ''financial asset'' model is applied when the concession operator has an unconditional right to receive cash or another financial asset, either directly from the grantor or indirectly by means of a guarantee provided by the grantor for amounts receivable from users of the public sector asset (for example, via a contractually guaranteed internal rate of return), or in other words, when the grantor is primarily responsible for payment.

  ''Primary responsibility'' signifies that while the identity of the payer of the services is not an essential criterion, the person ultimately responsible for payment should be identified.

  In cases where the local authority pays the Group but merely acts as an intermediary fee collector and does not guarantee the amounts receivable (''pass through arrangement''), the intangible asset model should be used to account for the concession since the users are, in substance, primarily responsible for payment.

However, where the users pay the Group, but the local authority guarantees the amounts that will be paid over the term of the contract (e.g., via a guaranteed internal rate of return), the financial asset model should be used to account for the concession infrastructure, since the local authority is, in substance, primarily responsible for payment.

Pursuant to these principles:

- Infrastructure to which the operator is given access by the grantor of the concession at no consideration is not recognized in the Combined Statement of Financial Position.
- Start-up capital expenditure is recognized as follows:
  - under the intangible asset model, the fair value of construction and other work on the infrastructure represents the cost of the intangible asset and should be recognized when the infrastructure is built **provided that** this work is expected to generate future economic benefits (e.g., the case of work carried out to extend the network). Where no such economic benefits are expected, the present value of commitments in respect of construction and other work on the infrastructure is recognized from the outset, with a corresponding adjustment to concession liabilities;
  - under the financial asset model, the amount receivable from the grantor is recognized at the time the infrastructure is built, at the fair value of the construction and other work carried out;

- when the grantor has a payment obligation for only part of the investment, the cost is recognized in financial assets for the amount guaranteed by the grantor, with the balance included in intangible assets (“**mixed model**”).

Renewal costs consist of obligations under concession arrangements with potentially different terms and conditions (obligation to restore the site, renewal plan, tracking account, etc.).

Renewal costs are recognized as either (i) intangible or financial assets depending on the applicable model when the costs are expected to generate future economic benefits (i.e., they bring about an improvement); or (ii) expenses, where no such benefits are expected to be generated (i.e., the infrastructure is restored to its original condition).

Costs incurred to restore the asset to its original condition are recognized as a renewal asset or liability when there is a timing difference between the contractual obligation calculated on a time proportion basis, and its realization.

The costs are calculated on a case-by-case basis based on the obligations associated with each arrangement.

Other concessions

Concession infrastructures that does not meet the requirements of IFRIC 12 are presented as property, plant and equipment.

1.4.7. Impairment of property, plant and equipment and intangible assets

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

Impairment indicators

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

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

- External sources of information:
  - significant changes in the economic, technological, political or market environment in which the entity operates or to which an asset is dedicated;
  - fall in demand;
  - changes in energy prices and US dollar exchange rates;
- Internal sources of information:
  - evidence of obsolescence or physical damage not budgeted for in the depreciation/amortization schedule;
  - worse-than-expected performance.

Impairment

Items of property, plant and equipment and intangible assets are tested for impairment at the level of the individual asset or cash-generating unit (CGU) as appropriate, determined in accordance with IAS 36. If the recoverable amount of an asset is lower than its carrying amount, the carrying amount is written down to the recoverable amount by recording an impairment loss. Upon recognition of an impairment loss, the depreciable amount – and possibly the useful life – of the assets concerned is revised.

Impairment losses recorded in relation to property, plant and equipment or intangible assets may be subsequently reversed if the recoverable amount of the assets is once again higher than their carrying value. The increased carrying amount of an item of property, plant or equipment attributable to a reversal of an impairment loss may not exceed the carrying amount that would have been determined (net of depreciation/amortization) had no impairment loss been recognized in prior periods.

Measurement of recoverable amount

In order to review the recoverable amount of property, plant and equipment and intangible assets, the assets are grouped, where appropriate, into cash-generating units (CGUs) and the carrying amount of each unit is compared with its recoverable amount.

For operating entities which the Group intends to hold on a long-term and going concern basis, the recoverable amount of an asset corresponds to the higher of its fair value less costs to sell and its value in use. Value in use is primarily determined based on the present value of future operating cash flows and a terminal value. Standard valuation techniques are used based on the following main economic data:

- discount rates based on the specific characteristics of the operating entities concerned;
- terminal values in line with the available market data specific to the operating segments concerned and growth rates associated with these terminal values, not to exceed the inflation rate.

Discount rates are determined on a post-tax basis and applied to post-tax cash flows. The recoverable amounts calculated on the basis of these discount rates are the same as the amounts obtained by applying the pre-tax discount rates to cash flows estimated on a pre-tax basis, as required by IAS 36.

For operating entities which the Group has decided to sell, the related carrying amount of the assets concerned is written down to estimated market value less costs of disposal. Where negotiations are ongoing, this value is determined based on the best estimate of their outcome as of the statement of financial position date.

In the event of a decline in value, the impairment loss is recorded in the Combined Income Statement under "Impairment".

1.4.8. Leases

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

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

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

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

1.4.8.1. Accounting for finance leases

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

1.4.8.2. Accounting for operating leases

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

1.4.8.3. Accounting for arrangements that contain a lease

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

The Group is concerned by this interpretation mainly with respect to some energy purchase and sale contracts, particularly where the contract conveys to the purchaser of the energy an exclusive right to use a production asset.

1.4.9. Inventories

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

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

An impairment loss is recognized when the net realizable value of inventories is lower than their weighted average cost.

1.4.10. Financial instruments

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

1.4.10.1. Financial assets

Financial assets comprise available-for-sale securities, loans and receivables carried at amortized cost including trade and other receivables, and financial assets measured at fair value through income, including derivative financial instruments.

Available-for-sale securities

"Available-for-sale securities" include the Group's investments in non-consolidated companies and equity or debt instruments that do not satisfy the criteria for classification in another category (see below).

These items are measured at fair value on initial recognition, which generally corresponds to the acquisition cost plus transaction costs.

At each statement of financial position date, available-for-sale securities are measured at fair value. For listed companies, fair value is determined based on the quoted market price at the statement of financial position date. For unlisted companies, fair value is measured based on standard valuation techniques (reference to similar recent transactions, discounted future cash flows, etc.).

Changes in fair value are recorded directly in Other Comprehensive Income, except when the decline in the value of the investment below its historical acquisition cost is judged significant or prolonged enough to require an impairment if needed. In this case, the loss is recognized in income under "Impairment". Only impairment losses recognized on debt instruments (debt securities/ bonds) may be reversed through income.

Loans and receivables at amortized cost

This item primarily includes loans and advances to associates or non-consolidated companies, and guarantee deposits.

On initial recognition, these loans and receivables are recorded at fair value plus transaction costs. At each statement of financial position date, they are measured at amortized cost using the effective interest rate method.

On initial recognition, trade and other receivables are recorded at fair value, which generally corresponds to their nominal value. Impairment losses are recorded based on the estimated risk of non-recovery.

Financial assets at fair value through income

These financial assets meet the qualification or designation criteria set out in IAS 39.

This item mainly includes trading securities and short-term investments which do not meet the criteria for classification as cash or cash equivalents (see section 1.4.11). The financial assets are measured at fair value at the statement of financial position date and changes in fair value are recorded in the Combined Income Statement.

1.4.10.2. Financial liabilities

Financial liabilities include borrowings, trade and other payables, derivative financial instruments, capital renewal and replacement obligations and other financial liabilities.

Financial liabilities are broken down into current and non-current liabilities in the Combined Statement of Financial Position. Current financial liabilities primarily comprise:

- financial liabilities with a settlement or maturity date within 12 months of the statement of financial position date;

- financial liabilities in respect of which the Group does not have an unconditional right to defer settlement for at least 12 months after the statement of financial position date;
- financial liabilities held primarily for trading purposes;
- derivative financial instruments qualifying as fair value hedges where the underlying is classified as a current item;
- all commodity trading derivatives not qualifying as hedges.

Measurement of borrowings and other financial liabilities

Borrowings and other financial liabilities are measured at amortized cost using the effective interest rate method.

On initial recognition, any issue or redemption premiums and discounts and issuing costs are added to/deducted from the nominal value of the borrowings concerned. These items are taken into account when calculating the effective interest rate and are therefore recorded in the consolidated income statement over the life of the borrowings using the amortized cost method.

As regards structured debt instruments that do not have an equity component, the Group may be required to separate an ''embedded'' derivative instrument from its host contract. The conditions under which these instruments must be separated are detailed below. When an embedded derivative is separated from its host contract, the initial carrying amount of the structured instrument is broken down into an embedded derivative component, corresponding to the fair value of the embedded derivative, and a financial liability component, corresponding to the difference between the amount of the issue and the fair value of the embedded derivative. The separation of components upon initial recognition does not give rise to any gains or losses.

The debt is subsequently recorded at amortized cost using the effective interest method, while the derivative is measured at fair value, with changes in fair value taken to income.

1.4.10.3. Derivatives and hedge accounting

The Group uses financial instruments to manage and reduce its exposure to market risks arising from fluctuations in interest rates, foreign currency exchange rates and commodity prices, mainly for gas and electricity. Use of derivative instruments is governed by a Group policy for managing interest rate, currency and commodity risks.

Definition and scope of derivative financial instruments

Derivative financial instruments are contracts: (i) whose value changes in response to the change in one or more observable variables; (ii) that do not require any material initial net investment; and (iii) that are settled at a future date.

Derivative instruments therefore include swaps, options, futures and swaptions, as well as forward commitments to purchase or sell listed and unlisted securities, and firm commitments or options to purchase or sell non-financial assets that involve physical delivery of the underlying.

For purchases and sales of electricity and natural gas, the Group systematically analyzes whether the contract was entered into in the ''normal'' course of operations and therefore falls outside the scope of IAS 39. This analysis consists firstly of demonstrating that the contract is entered into and held for the purpose of making or taking physical delivery of the commodity in accordance with the Group's expected purchase, sale or usage requirements.

The second step is to demonstrate that:

- the Group has no practice of settling similar contracts on a net basis. In particular, forward purchases or sales with physical delivery of the underlying that are carried out with the sole purpose of balancing Group energy volumes are not considered by the Group as contracts that are settled net;
- the contract is not negotiated with the aim of realizing financial arbitration;
- the contract is not equivalent to a written option. In particular, in the case of electricity sales allowing the buyer a certain degree of flexibility concerning the volumes delivered, the Group distinguishes between contracts that are equivalent to capacity sales – considered as transactions falling within the scope of ordinary operations – and those that are equivalent to written financial options, which are accounted for as derivative financial instruments.

Only contracts that meet all of the above conditions are considered as falling outside the scope of IAS 39. Adequate specific documentation is compiled to support this analysis.

Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

The main Group contracts that may contain embedded derivatives are contracts with clauses or options affecting the contract price, volume or maturity. This is the case primarily with contracts for the purchase or sale of non-financial assets, whose price is revised based on an index, the exchange rate of a foreign currency or the price of an asset other than the contract's underlying.

Embedded derivatives are separated from the host contract and accounted for as derivatives when:

- the host contract is not a financial instrument measured at fair value through income;
- if separated from the host contract, the embedded derivative fulfills the criteria for classification as a derivative instrument (existence of an underlying, no material initial net investment, settlement at a future date); and
- its characteristics are not closely related to those of the host contract. The analysis of whether or not the characteristics of the derivative are "closely related" to the host contract is made when the contract is signed.

Embedded derivatives that are separated from the host contract are recognized in the Combined Statement of Financial Position at fair value, with changes in fair value recognized in income (except when the embedded derivative is part of a designated hedging relationship).

Hedging instruments: recognition and presentation

Derivative instruments qualifying as hedging instruments are recognized in the Combined Statement of Financial Position and measured at fair value. However, their accounting treatment varies according to whether they are classified as:

- a fair value hedge of an asset or liability;
- a cash flow hedge;
- a hedge of a net investment in a foreign operation.

Fair value hedges

A fair value hedge is defined as a hedge of the exposure to changes in fair value of a recognized asset or liability, such as a fixed-rate loan or borrowing, or of assets, liabilities or an unrecognized firm commitment denominated in a foreign currency.

The gain or loss from remeasuring the hedging instrument at fair value is recognized in income. The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is also recognized in income even if the hedged item is in a category in respect of which changes in fair value are recognized through Other Comprehensive Income. These two adjustments are presented net in the Combined Income Statement, with the net effect corresponding to the ineffective portion of the hedge.

Cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows that could affect the Group's income. The hedged cash flows may be attributable to a particular risk associated with a recognized financial or non-financial asset or a highly probable forecast transaction.

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in Other Comprehensive Income, net of tax, while the ineffective portion is recognized in the Combined Income Statement. The gains or losses accumulated in Other Comprehensive Income are reclassified to the Combined Income Statement, under the same caption as the loss or gain on the hedged item – i.e., current operating income for operating cash flows and financial income or expenses for other cash flows – in the same periods in which the hedged cash flows affect income.

If the hedging relationship is discontinued, in particular because the hedge is no longer considered effective, the cumulative gain or loss on the hedging instrument remains separately recognized in equity until the forecast transaction occurs. However, if a forecast transaction is no longer probable, the cumulative gain or loss on the hedging instrument is recognized in income.

Hedge of a net investment in a foreign operation

In the same way as for a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge of the currency risk is recognized directly in Other Comprehensive Income, net of tax, while the ineffective portion is recognized in the Combined Income Statement. The gains or losses accumulated in Other Comprehensive Income are transferred to the Combined Income Statement when the investment is sold.

Identification and documentation of hedging relationships

The hedging instruments and hedged items are designated at the inception of the hedging relationship. The hedging relationship is formally documented in each case, specifying the hedging strategy, the hedged risk and the method used to assess hedge effectiveness. Only derivative contracts entered into with external counterparties are considered as being eligible for hedge accounting.

Hedge effectiveness is assessed and documented at the inception of the hedging relationship and on an ongoing basis throughout the periods for which the hedge was designated. Hedges are considered to be effective when changes in fair value or cash flows between the hedging instrument and the hedged item are offset within a range of 80%-125%.

Hedge effectiveness is demonstrated both prospectively and retrospectively using various methods, based mainly on a comparison between changes in the fair value or cash flows between the hedging instrument and the hedged item. Methods based on an analysis of statistical correlations between historical price data are also used.

1.4.10.4. Derivative instruments not qualifying for hedge accounting: recognition and presentation

These items mainly concern derivative financial instruments used in economic hedges that have not been – or are no longer – documented as hedging relationships for accounting purposes.

When a derivative financial instrument does not qualify or no longer qualifies for hedge accounting, changes in fair value are recognized directly in income, under "Mark-to-market" or "Mark-to-market on commodity contracts other than trading instruments" in current operating income for derivative instruments with non-financial assets as the underlying, and in financial income or expenses for currency, interest rate and equity derivatives.

Derivative instruments used by the Group in connection with proprietary energy trading activities and energy trading on behalf of customers and other derivatives expiring in less than 12 months are recognized in the Combined Statement of Financial Position in current assets and liabilities, while derivatives expiring after this period are classified as non-current items.

Fair value measurement

The fair value of instruments listed on an active market is determined by reference to the market price. In that case, these instruments are presented in level 1 of the fair value hierarchy.

The fair value of unlisted financial instruments for which there is no active market and for which observable market data exists is determined based on valuation techniques such as option pricing models or the discounted cash flow method.

Models used to evaluate these instruments take into account assumptions based on market inputs:

- the fair value of interest rate swaps is calculated based on the present value of future cash flows;
- the fair value of forward foreign exchange contracts and currency swaps is calculated by reference to current prices for contracts with similar maturities by discounting the future cash flow spread (difference between the forward exchange rate under the contract and the forward exchange rate recalculated in line with the new market conditions applicable to the nominal amount);
- the fair value of currency and interest rate options is calculated using option pricing models;
- commodity derivatives contracts are valued by reference to listed market prices based on the present value of future cash flows (commodity swaps or commodity forwards) or option pricing models (options), which may factor in market price volatility. Contracts with maturities exceeding the depth of transactions for which prices are observable, or which are particularly complex, may be valued based on internal assumptions;
- exceptionally, for complex contracts negotiated with independent financial institutions, the Group uses the values established by its counterparties.

These instruments are presented in level 2 of the fair value hierarchy except when the valuation is based mainly on data that are not observable; in that case they are presented in level 3 of the fair value hierarchy. Most often, this is the case for derivatives which maturity exceeds the time of observable market data of the underlying or when some underlying data are not observable.

1.4.11. Cash and cash equivalents

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

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

1.4.12. Share-based payment

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

Share-based payments may involve equity-settled or cash-settled instruments.

These share based arrangements have been concluded by GDF SUEZ. However as the Group receive services from employees who are beneficiaries of these arrangements, an employee benefit expense is recognized in the combined financial statements in accordance with IFRS 2 requirement.

Equity-settled instruments

1.4.12.1. Stock option plans

Options granted by GDF SUEZ to its employees are measured at the grant date using a binomial pricing model for options with no performance conditions or using a Monte Carlo pricing model for options with performance conditions. These models take into account the characteristics of the plan concerned (exercise price, exercise period, performance conditions if any), market data at the time of grant (risk-free rate, share price, volatility, expected dividends), and a behavioral assumption in relation to beneficiaries. The value determined is recorded in personnel costs over the vesting period, offset through equity.

1.4.12.2. Shares granted to employees

The fair value of shares granted by GDF SUEZ to employees plans is estimated by reference to the GDF SUEZ share price at the grant date, taking into account the fact that no dividends are payable over the vesting period, and based on the estimated turnover rate for the employees concerned and the probability that GDF SUEZ will meet its performance targets. The fair value measurement also takes into account the non-transferability period associated with these instruments. The cost of shares granted to employees is expensed over the vesting period of the rights and offset against equity.

1.4.12.3. Employee share purchase plans

The GDF SUEZ corporate savings plans enable employees to subscribe to shares at a lower-than-market price. The fair value of instruments awarded under employee share purchase plans is estimated at the grant date based on this discount awarded to employees and non-transferability period applicable to the shares subscribed. The cost of employee share purchase plans is recognized in full and offset against equity.

1.4.13. Provisions

1.4.13.1. Provisions for post-employment benefit obligations and other long-term employee benefits

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

The Group's obligations in relation to pensions and other employee benefits are recognized and measured in compliance with IAS 19. Accordingly:

- the cost of defined contribution plans is expensed based on the amount of contributions payable in the period;
- the Group's obligations concerning pensions and other employee benefits payable under defined benefit plans are assessed on an actuarial basis using the projected unit credit method. These calculations are based on assumptions relating to mortality, staff turnover and estimated future

salary increases, as well as the economic conditions specific to each country or subsidiary of the Group. Discount rates are determined by reference to the yield, at the measurement date, on high-quality corporate bonds in the related geographical area (or on government bonds in countries where no representative market for such corporate bonds exists).

Provisions are recorded when commitments under these plans less the unrecognized past service cost exceed the fair value of plan assets. Where the value of plan assets (capped where appropriate) is greater than the related commitments, the surplus is recorded as an asset under "Other current assets" or "Other non-current assets".

As regards post-employment benefit obligations, the Group has elected in 2006 to use the option available under IAS 19 and to discontinue the corridor method.

Actuarial gains and losses resulting from changes in actuarial assumptions and experience adjustments are henceforth recognized directly in Other Comprehensive Income. Where appropriate, adjustments resulting from applying the asset ceiling to net assets relating to overfunded plans are treated in a similar way.

However, actuarial gains and losses on other long-term benefits such as long-service awards, continue to be recognized immediately in the Combined Income Statement.

The interest cost in respect of pensions and other employee benefit obligations and the expected return on related plan assets are presented as a financial expense.

1.4.13.2. Other provisions

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

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

Provisions with a maturity of over 12 months are discounted when the effect of discounting is material. The discount rate (or rates) used reflect current market assessments of the time value of money and the risks specific to the liability concerned. Expenses corresponding to the reversal of discounting adjustments to long-term provisions are recorded under other financial income and expenses.

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

1.4.14. Revenues

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

- energy sales;
- lease contracts.

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

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

1.4.14.1. Energy sales

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

They are recognized when a formal contract is signed with the other party to the transaction.

Part of the price received by the Group under certain long-term energy sales contracts is fixed, rather than being based on volumes. The fixed amount changes over the term of the contract. In accordance with IAS 18, revenues from these contracts are recognized on a straight-line basis because, in substance, the fair value of the services rendered does not vary from one period to the next.

In accordance with IAS 1 and IAS 18, both proprietary energy trading transactions and energy trading carried out on behalf of customers are recorded within ''Revenues'' after netting off sales and purchases. Under the same principle, when sale contracts are offset by similar purchase contracts, or if the sale contracts are entered into as part of an offset strategy, the contribution of operational energy trading activities (wholesale or arbitrage) relating to assets, aimed at optimizing production assets and fuel purchase/energy sale portfolios, is recognized in revenues based on the net amount.

1.4.14.2. Lease contracts

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

1.4.15. Current operating income

Current operating income is an indicator used by the Group to present ''a level of operational performance that can be used as part of an approach to forecast recurring performance''. (This complies with CNC (National French Accounting Committee) Recommendation 2009-R03 on the format of financial statements of entities applying IFRSs). Current operating income is a sub-total which helps management to better understand the Group's performance because it excludes elements which are inherently difficult to predict due to their unusual, irregular or non-recurring nature. For the Group, such elements relate to asset impairments and disposals, restructuring costs and mark-to-market on commodity contracts other than trading instruments, which are defined as follows:

- impairment includes impairment losses on non-current assets;
- disposals of assets include capital gains and losses on disposals of non-current assets, consolidated companies and available-for-sale securities;
- restructuring costs concern costs corresponding to a restructuring program planned and controlled by management that materially changes either the scope of a business undertaken by the entity, or the manner in which that business is conducted, based on the criteria set out in IAS 37;
- mark-to-market on commodity contracts other than trading instruments corresponds to changes in the fair value (mark-to-market) of financial instruments relating to commodities, gas and electricity, which do not qualify as either trading or hedging instruments. These contracts are used in economic hedges of operating transactions in the energy sector. Since changes in the fair value of these instruments – which must be recognized through income in IAS 39 – can be material and difficult to predict, they are presented on a separate line of the Combined Income Statement.

1.4.16. Combined cash flow statement

The Combined Cash Flow Statement is prepared using the indirect method starting from net income.

''Interest received on non-current financial assets'' is classified within investing activities because it represents a return on investments. ''Interest received on cash and cash equivalents'' is shown as a component of financing activities because the interest can be used to reduce borrowing costs. This classification is consistent with the GDF SUEZ internal organization, where debt and cash are managed centrally by the treasury department.

As impairment losses of current assets are considered to be definitive losses, changes in current assets are presented net of impairment.

Cash flows relating to the payment of taxes are presented on a separate line of the Combined Cash Flow Statement.

1.4.17. Income tax expense

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

In accordance with IAS 12, deferred taxes are recognized according to the liability method on temporary differences between the carrying amounts of assets and liabilities in the Combined Financial Statements and their tax bases, using tax rates that have been enacted or substantively enacted by the statement of financial position date. However, under the provisions of IAS 12, no

deferred taxes are recognized for temporary differences arising from goodwill for which impairment losses are not deductible for tax purposes, or from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting income nor taxable income. In addition, deferred tax assets are only recognized to the extent that it is probable that taxable income will be available against which the deductible temporary difference can be utilized.

Temporary differences arising on restatements of finance leases result in the recognition of deferred taxes.

A deferred tax liability is recognized for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures, except if the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Net balances of deferred tax are calculated based on the tax position of each company or on the total income of companies included within the consolidated tax group, and are presented in assets or liabilities for their net amount per tax entity.

Deferred taxes are reviewed at each statement of financial position date to take into account factors including the impact of changes in tax laws and the prospects of recovering deferred tax assets arising from deductible temporary differences.

Deferred tax assets and liabilities are not discounted.

NOTE – 2 Main changes in Group structure

2.1 Significant events in 2009

2.1.1. Acquisition of Izgaz in Turkey

On January 21, 2009 the Group closed the acquisition of 90% of Izgaz from the municipality of Izmir. Izgaz is the third gas distributor of Turkey, which owns and manages a 2,900-km network in the Kocaeli region, one of the most heavily industrialized in the country. In 2008, Izgaz supplied 1.5 Gm3 of natural gas to industry mainly, but also to nearly 200,000 individual clients.

The cost of the business combination amounts to €126.9 million. The purchase price allocation to the assets acquired and liabilities assumed at the acquisition date is presented below.

Izgaz in millions of euros

	Carrying amount in the acquiree's balance sheet	*Fair value*
	Izgaz in millions of euros	
Intangible assets	146.5	135.8
Property, plant and equipment	131.4	1.3
Deferred tax asset	(0.2)	27.9
Other assets	26.7	26.3
Cash	2.6	2.6
Total assets acquired	**307.1**	**193.8**
Provisions	1.3	26.8
Short term borrowings	140.5	139.9
Other liabilities	85.8	85.2
Total liabilities acquired	**227.6**	**251.9**
Minority interests	8.0	(5.8)
Net assets acquired	71.6	(52.3)
Cost of the business combination		126.9
Goodwill		179.2

The contribution of Izgaz to combined net income group share since the acquisition date is €-17.3 million and €158.5 million to revenues.

2.2 Significant events in 2008

2.2.1. Impact on the Group of the merger between Gaz de France and Suez

The merger between Suez and Gaz de France was announced in February 2006 and became effective on July 22, 2008 following the signature of the draft Merger Deed on June 5, 2008, its approval by the extraordinary shareholders' meetings of both groups on July 16, 2008 and the fulfillment of the last conditions precedent provided for in the Merger Deed.

Gaz de France was the owner of different activities among which those in Mexico, Canada and United Kingdom (including a 50% ownership in Teesside, the remaining 50% being held by Suez; see hereafter). Those activities acquired by Suez as part of the merger with Gaz de France were transferred by GDF SUEZ or its subsidiaries for management purposes to the Group as of July 22, 2008. As described in Note 1, this transaction was accounted for as an acquisition of the Group financed through an equity contribution of GDF SUEZ to the Group, as described in note 1 to the Combined Financial Information. Accordingly, this acquisition is a non cash transaction and has no impact on the line "Cash Flows used in investing activities" of the Combined Cash Flow Statement.

The cost of the business combination amounted to €536 million. The purchase price allocation recorded to assets acquired and liabilities assumed at the acquisition date is presented below.

Mexican, Canadian and UK (excl. Teesside) activities of Gaz de France in millions of euros	*Carrying amount in the acquiree's balance sheet*	*Fair value*
Intangible assets	46.3	67.2
Property, plant and equipment	236.4	276.4
Loans and receivables carried at amortized cost	215.7	215.7
Investment in associates	82.7	153.7
Other non current assets	81.7	81.7
Other current assets	303.5	305.5
Cash	60.1	60.1
Total assets acquired	**1,026.4**	**1,160.3**
Long term borrowings	114.6	114.6
Deferred tax liabilities	6.5	25.8
Other non current liabilities	66.2	66.2
Short term borrowings	82.5	82.5
Other current liabilities	379.4	379.4
Total liabilities acquired	**649.2**	**668.5**
Minority interests	26.4	26.4
Net assets acquired	350.8	465.4
Cost of the business combination		536.4
Goodwill		71.0

The contribution of these former Gaz de France entities to the 2008 combined net income group share since the acquisition date was €17.4 million and €912 million to revenues. If the acquisition had taken place on January 1st, 2008, their contribution to the 2008 combined net income group share and revenues would have been respectively €61.8 million and €1,916.6 million.

On February 25, 2008, prior to the merger, Gaz de France and Suez jointly acquired a joint venture, Teesside Power Limited, which operates the electric plant on the Wilton industrial site in Northeast England. This plant has a 1,875 MW installed capacity. The acquisition price was €246 million. Teesside Power Limited is fully combined since the merger between Suez and Gaz de France; its contribution to the Group balance sheet as of December 31, 2008 was as follows:

	Teesside in millions of euros
Property, plant and equipment	346.5
Deferred tax assets	13.4
Other assets	70.4
Cash	24.3
Total assets	**454.6**
Provisions	24.8
Short term borrowings	150.4
Other liabilities	90.3
Deferred tax liabilities	105.8
Total liabilities	**371.3**
Equity	83.3

The contribution of Teesside to the 2008 combined net income group share since the acquisition date was €-122.3 million and €406.7 million to revenues. Due to a sudden and subsequent decline in operating and pricing conditions, an impairment loss has been recorded in the second half of 2008; see note 5 to the Combined Financial Information.

2.2.2. Acquisition of Senoko Power in Singapore

On September 5, 2008, the Group and a consortium of partners signed an agreement with Temasek Holdings to purchase the entire share capital of Senoko Power through a joint venture 30%-held by the Group.

Senoko owns and operates a portfolio of power plants (primarily gas-fired combined cycle facilities) located mainly in the north of Singapore. The facilities have a combined capacity of 3,300 MW. The acquisition was carried out for a price of €521 million and Senoko Power was proportionately combined since the acquisition date. The allocation of the cost of the business combination to the fair value of the assets acquired and liabilities assumed has been finalized and is presented below.

	Carrying amount in the acquiree's balance sheet	*Fair value*
	Senoko in millions of euros	
Intangible assets	0.0	41.6
Property, plant and equipment	124.5	250.5
Other assets	79.1	84.9
Cash	25.4	27.8
Total assets acquired	**229.1**	**404.8**
Deferred tax liabilities	18.0	49.2
Short term borrowings	60.2	60.2
Other liabilities	74.9	77.6
Total liabilities acquired	**153.2**	**187.1**
Net assets acquired	75.9	217.7
Cost of the business combination		521.1
Goodwill		303.5

The contribution of Senoko to the 2008 combined net income group share since the acquisition date was €6.2 million and €143.7 million to revenues. If the acquisition had taken place on January 1st, 2008, its contribution to the 2008 combined net income group share and revenues would have been respectively €11.9 million and €429.4 million.

2.2.3. Acquisition of FirstLight Power Enterprises in the USA

On December 26, 2008, the Group completed its acquisition of 100% of the shares of FirstLight Power Enterprises Inc. from Energy Capital Partners. FirstLight owns and operates a portfolio of 15 electrical power plants and is currently building a natural gas unit. These facilities represent a total capacity of 1,538 MW in Massachusetts and Connecticut.

The acquisition was carried out for a price of €652 million and FirstLight was fully combined with effect from December 31, 2008. The allocation of the cost of the combination to the fair value of the assets acquired and liabilities or contingent liabilities assumed has been finalized.

	Carrying amount in the acquiree's balance sheet	*Fair value*
	FirstLight in millions of euros	
Intangible assets	318.9	0.0
Property, plant and equipment	676.0	1,262.3
Deffered tax assets	81.6	0.0
Other assets	115.6	135.5
Cash	42.2	42.2
Total assets acquired	**1,234.3**	**1,440.0**
Provisions	9.8	19.3
Long term borrowings	686.4	686.4
Deferred tax liabilities	91.7	103.7
Short term borrowings	12.1	12.1
Other liabilities	120.9	130.7
Total liabilities acquired	**920.9**	**952.2**
Net assets acquired	313.4	487.8
Cost of the business combination		651.8
Goodwill		164.0

The contribution of FirstLight to the 2008 combined net income group share since the acquisition date was €0.5 million and €3.6 million to revenues. If the acquisition had taken place on January 1st, 2008, its contribution to the 2008 combined net income group share and revenues would have been respectively €29 million and €306 million.

2.2.4. Acquisition of Econergy International

On October 27, 2008, the Group completed the acquisition of Econergy International for €50 million. Econergy, a US company listed in the UK, is focused on renewable energy projects in Latin America (mainly) and North America. In addition to developing sustainable energy projects, the company is also actively engaged in the carbon credit markets and provides consulting services on renewable energy, energy efficiency and carbon footprint management.

The total installed capacity of Econergy International amounts to 266 MW of small hydro, wind and coalbed methane projects in operation or construction. The company also has a portfolio of approximately 200 MW of projects in various stages of development. The projects are located in Brazil, Bolivia, Costa Rica, the United States, Mexico and Chile.

A gain of €20.3 million has been recognized on this transaction, reflecting the fair value of Econergy, as our offer took advantage of attractive share prices conditions. This gain is included under the line Impairment of the Combined Income Statement (see note 5 to the Combined Financial Information).

2.2.5. Acquisition of hydro-electric plants and wind farms in Brazil

Tractebel Energia has purchased in April 2008 Ponte de Pedra, an existing 176 MW hydro power plant in Brazil (located in the state of Mato Grosso), and made additional investments through 2008, increasing further its capacity by 100 MW in energy from these sources (small hydroelectric power plants and wind farms) for a total amount of €416.7 million. These acquisitions are fully combined since their respective acquisition date; their contribution to the Group balance sheet as of December 31, 2008 was as follows:

	in millions of euros
Intangible assets	0.7
Property, plant and equipment	710.1
Other assets	9.2
Cash	23.8
Total assets	**743.8**
Provisions	5.3
Short term borrowings	220.6
Other liabilities	100.8
Deferred tax liabilities	0.6
Total liabilities	**327.3**
Equity	416.5

2.2.6. Jirau Hydropower concession in Brazil

In May 2008, the Group won a concession to build, own, operate and market a 3.300 MW installed capacity greenfield hydro project (the Jirau Project) on the Madeira river in the north of Brazil.

The Group participated in the auction organised by the Brazilian Regulatory Agency of Electrical Energy through a consortium with Camargo Correo Investimentor em Infra-Estrutura SA (''**Camargo**''), Electrosul Centrais Electricas SA (''**Electrosul**'') and Companhia Hidro Electrica de Sao Francisco (''**CHESF**''). The total investment cost will be around €3.3 billion.

The Jirau Project will be built, operated and marketed through Energia Sustentavel do Brasil SA (ESBR), in which the Group has 50.1 % of ownership, Electrosul 20%, CHESF 20% and Camargo 9.9%. This company is proportionally integrated in the Combined Financial Information based on Group Share.

2.3 Significant events in 2007

2.3.1. Development in wind power in Canada

On September 21, 2007, a subsidiary of SUEZ Energy International acquired 100% of the shares of Canadian wind developer Ventus Energy, Inc. for €101.3 million, generating €81.2 million in goodwill. Ventus Energy has been fully combined in the Group's Combined Financial Information since that date.

At acquisition, Ventus included 25 wind energy development projects for 2,000 MW in six provinces in the East of Canada, and has of 29 MW commissioned and operating capacity in its Norway and Prince Edwards Island facilities.

Ventus contribution to the Group Combined Balance Sheet as of December, 31, 2007 was as follows:

	Ventus in millions euros
Intangible assets	0.2
Goodwill	74.0
Property, plant and equipment	77.3
Other assets	2.1
Cash	5.2
Total assets	**158.8**
Borrowings	103.5
Deferred tax liabilities	9.9
Other liabilities	10.4
Total liabilities	**123.8**
Minority interest	2.0
Equity	33.0

The contribution of Ventus to the 2007 combined net income group share since the acquisition date was €-3.9 million and €1.6 million to combined revenues.

NOTE – 3 Segment information

3.1 Operating segments

The Group early adopted IFRS 8 – Operating Segments in 2008. Operating segments have been identified primarily on the basis of internal reports used by the Group's "chief operating decision maker" to allocate resources to the segments and assess their performance.

In 2008 and 2007, the Energy International Business areas were managed within GDF SUEZ International Division. The Chief operating decision maker was the GDF SUEZ Energy International General Management Committee. Three segments were identified by the Group: Latin America, Middle East, Asia and North America. For the business that was not under GDF SUEZ Energy International management (United Kingdom) and is part of the Group for this Combined Financial Information, a separate operating segment was identified.

The segment information below takes into consideration the new organization effective since July 20, 2009 and described in note 1. As of 2009, all businesses which are part of the Group are under GDF SUEZ Energy Europe & International management. The "Chief operating decision maker" within the meaning of IFRS 8 is the GDF SUEZ Energy Europe & International General Management Committee.

The information presented below for 2008 and 2007 is restated to take into account the new organization. Additionally, for the 2009 reporting period, the Group has adopted a new definition of capital employed to assess the operational performance of its businesses. Reconciliation between the previous and new definition is presented below.

The Group has identified 4 segments:

- Latin America – subsidiaries in this business segment produce electricity, sell electricity and/or natural gas and/or provide electricity transmission and distribution services in Latin America mainly in Brazil, Chile and Peru.
- Middle East, Asia – subsidiaries in this business segment produce and sell electricity and/or provide electricity transmission in Asia (Thailand, Laos and Singapore), in the Arabic peninsula and in Turkey.
- North America – subsidiaries in this business segment produce electricity and sell electricity, natural gas and services to private individuals and business customers and/or provide electricity transmission and distribution services in North America (United States, Canada and Mexico).

- United Kingdom & Turkey gas distribution – these subsidiaries produce and sell electricity, natural gas and/or provide electricity transmission and distribution services in the UK and provide gas distribution services in Turkey*.

The "Other" line presented in the table below includes contributions from corporate holding companies and entities centralizing the Group's financing requirements. It does not include holding companies acting as business line heads, which are allocated to the segment concerned.

The methods used to recognize and measure these segments for internal reporting purposes are the same as those used to prepare the Combined Financial Information. EBITDA and industrial capital employed are reconciled with the Combined Financial Information.

3.2 Key indicators by operating segment

Revenues

	2009			*2008*			*2007*		
	External revenues	*Intra-group revenues*	*Total*	*External revenues*	*Intra-group revenues*	*Total*	*External revenues*	*Intra-group revenues*	*Total*
	In millions of euros								
Latin America	2,011.6		2,011.6	2,066.7		2,066.7	1,725.9		1,725.9
Middle East, Asia	1,510.5		1,510.5	1,346.2		1,346.2	1,084.2		1,084.2
North America	3,922.0		3,922.0	4,386.2		4,386.2	3,783.1		3,783.1
United Kingdom & Turkey gas distribution	1,876.6		1,876.6	1,227.4		1,227.4			
Other Eliminations	1.3		1.3						
Total revenues	**9,322.0**	**0.0**	**9,322.0**	**9,026.5**	**0.0**	**9,026.5**	**6,593.2**	**0.0**	**6,593.2**

EBITDA

	2009	*2008*	*2007*
	In millions of euros		
Latin America	1,025.9	1,007.1	865.4
Middle East, Asia	285.7	267.6	285.6
North America	656.7	556.9	476.5
United Kingdom & Turkey gas distribution	84.6	27.2	0.0
Other	(75.1)	(66.9)	(47.6)
Total EBITDA	**1,977.8**	**1,792.0**	**1,580.0**

Current operating income

	2009	*2008*	*2007*
	In millions of euros		
Latin America	834.9	860.8	730.7
Middle East, Asia	197.4	189.2	206.5
North America	422.8	417.0	335.2
United Kingdom & Turkey gas distribution	50.9	0.3	0.0
Other	(83.5)	(86.9)	(54.1)
Total current operating income	**1,422.4**	**1,380.3**	**1,218.3**

* At the GDF SUEZ Energy Europe & International level, the entities United Kingdom & Turkey gas distribution are included in the operating segment Energy Europe. The other subsidiaries included in this operating segment do not form part of the scope of combination.

Depreciation and amortisation

	2009	2008	2007
	In millions of euros		
Latin America	(186.9)	(143.1)	(131.5)
Middle East, Asia	(89.3)	(81.3)	(73.8)
North America	(233.6)	(148.1)	(155.0)
United Kingdom & Turkey gas distribution	(33.8)	(26.6)	0.0
Other	(0.4)	(0.2)	(0.2)
Total depreciation and amortisation	**(544.0)**	**(399.4)**	**(360.5)**

Income from operating activities

	2009	2008	2007
	In millions of euros		
Latin America	714.0	879.8	744.7
Middle East, Asia	176.0	198.8	199.5
North America	398.0	403.2	202.9
United Kingdom & Turkey gas distribution	69.6	(123.8)	0.0
Other	(64.9)	(91.4)	(54.2)
Total income from operating activities	**1,292.7**	**1,266.6**	**1,093.0**

Industrial capital employed

	2009	2008	2007
	In millions of euros		
Latin America	5,223.8	3,505.8	2,554.3
Middle East, Asia	2,658.6	2,473.4	1,603.3
North America	4,869.3	4,787.9	2,768.9
United Kingdom & Turkey gas distribution	513.8	238.9	0.0
Other	31.5	12.4	(7.0)
Total industrial capital employed	**13,297.0**	**11,018.3**	**6,919.6**

Capital expenditure (CAPEX)

	2009	2008	2007
	In millions of euros		
Latin America	1,405.5	1,189.1	386.6
Middle East, Asia	223.9	1,041.2	54.2
North America	375.7	1,022.4	179.5
United Kingdom & Turkey gas distribution	193.3	24.3	0.0
Other	31.9	58.1	167.1
Total capital expenditure (CAPEX)	**2,230.3**	**3,335.0**	**787.4**

3.3 Reconciliation of EBITDA

Reconciliation of EBITDA with current operating income

	2009	*2008*	*2007*
Current operating income	1,422.4	1,380.3	1,218.3
- Depreciation, amortization and provisions	(546.2)	(402.4)	(355.3)
- Share-based payment (IFRS 2)	(9.1)	(9.2)	(6.3)
- Net disbursements under concession contracts	0.0	0.0	0.0
EBITDA	**1,977.8**	**1,792.0**	**1,580.0**

3.4 Reconciliation with items in the Statement of financial position

Industrial capital employed	*2009*	*2008*	*2007*
(+) Property, plant and equipment and intangible assets	12,669.9	10,260.4	6,657.5
(+) Goodwill, net	1,258.2	1,071.8	476.1
(+) Investments in associates	290.3	218.5	41.8
(+) Trade and other receivables	1,290.3	1,364.0	933.2
(-) Cash collateral commodities assets	57.1	78.3	13.7
(+) Inventories	272.4	316.5	210.6
(+) Other current and non-current assets	528.9	389.0	280.7
(+) Deferred taxes assets	347.7	312.1	278.8
(-) Deferred taxes liabilities	608.5	553.1	417.6
(-) Deferred taxes on changes in fair value	51.0	97.9	(97.7)
(-) Provisions	344.0	332.6	254.8
(-) Provisions – Actuarial gain and losses	72.3	(10.4)	2.1
(-) Trade and other payables	1,013.0	1,026.5	569.2
(+) Cash collateral commodities liabilities	9.7	1.2	12.6
(-) Other current and non-current liabilities	1,223.1	837.0	811.9
(-) Other financial liabilities	1.4	0.0	0.0
Industrial capital employed	**13,297.0**	**11,018.4**	**6,919.6**

3.5 Reconciliation of capital employed with industrial capital employed

	2008	*2007*
Capital employed (old definition)	**11,881.0**	**7,339.6**
(-) Available-for-sale securities	56.9	39.3
(+) changes in fair value and marketable securities	0.0	0.0
(-) Other receivables carried at amortized cost	805.7	380.7
Industrial capital employed	**11,018.3**	**6,919.6**

NOTE – 4 Current operating income

4.1 Revenues

Group revenues break down as follows:

	2009	*2008*	*2007*
		In millions of euros	
Energy sales	8,438.6	8,164.4	5,884.1
Rendering of services	213.8	166.7	39.1
Leasing and construction contracts	669.6	695.3	670.0
REVENUES	**9,322.0**	**9,026.5**	**6,593.2**

Despite the combination of revenues for a full year from entities acquired in 2008, the revenue growth is limited following the unfavorable trends in commodity prices.

4.2 Personnel costs

	2009	2008	2007
	In millions of euros		
Salaries and payroll costs/pension expenses	(372.0)	(301.8)	(258.0)
Share-based payment	(9.5)	(9.4)	(6.5)
TOTAL	**(381.4)**	**(311.2)**	**(264.5)**

Changes in personnel costs in 2009 and 2008 are mainly attributable to the entities acquired by the Group as part of the merger with Gaz de France entities (as of July 22, 2008) and the acquisition of Teesside (since April 2008) and FirstLight (December 2008).

The net costs relating to defined benefit and defined contribution pension plans are presented in Note 18.

Net reversals of provisions for pensions in 2009, 2008 and 2007 amounted to €15.5 million, €11.3 million and 18.1 million, respectively.

Share-based payments are disclosed in Note 22.

4.3 Depreciation, amortization and provisions

Amounts are shown below net of reversals.

	2009	2008	2007
	In millions of euros		
Depreciation and amortization	(544.0)	(399.4)	(360.5)
Write-down of inventories and trade receivables	(1.8)	(1.5)	16.3
Provisions	(0.4)	(1.5)	(11.2)
TOTAL	**(546.2)**	**(402.4)**	**(355.3)**

Depreciation and amortization break down by type of assets is provided in Notes 10 and 11.

NOTE – 5 Income from operating activities

	2009	2008	2007
	In millions of euros		
Current operating income	**1,422.4**	**1,380.3**	**1,218.3**
Mark-to-market on commodity contracts other than trading instruments	(57.9)	(12.6)	34.1
Impairment of property, plant and equipment, intangible assets and financial assets	(42.9)	(139.7)	(83.3)
Restructuring costs	(8.9)	0.0	0.0
Disposal of assets, net	(19.9)	38.5	(76.1)
Income from operating activities	**1,292.7**	**1,266.6**	**1,093.0**

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

The contribution of commodity contracts other than trading instruments to combined income from operating activities can be explained as follows:

- certain Group companies have implemented economic hedging strategies using forward contracts with the aim of reducing the sensitivity of margins to fluctuations in commodity prices. However, as these contracts cover the entities' net exposure to price risk or because of their complexity from an operational standpoint, they are not eligible for hedge accounting and are not designated as hedges under IAS 39. Changes in the fair value of these positions over the period resulted in a net loss of €40 million at December 31, 2009 and €43 million at December 31, 2008, and in a net gain of €47 million at December 31, 2007.

- favorable changes in the fair value of derivatives embedded in commodity contracts, which are required to be accounted for separately under IAS 39, resulted in a negative impact of €4 million at December 31, 2009 and in a positive impact of €5 million at December 31, 2008 and €7 million at December 31, 2007.
- the impact of the ineffective portion of cash flows hedges contracted in respect of non-financial assets, and the discontinuance of hedge accounting for certain instruments hedging commodity risk, resulting in a loss of €1 million at December 31, 2009, a gain of €12.5 million at December 31, 2008 and a loss of €21 million at December 31, 2007.
- some Group companies have implemented economic hedging strategies in order to reduce their exposure to foreign currency risk relating primarily to purchases of equipment which could not be designated as hedges under IAS 39 (a loss of €13.1 million at December 31, 2009, a gain of €7.5 million at December 31, 2008).

5.2 Impairment of property, plant and equipment, intangible assets and financial assets

	2009	*2008*	*2007*
	In millions of euros		
Impairment of assets:			
Goodwill	0.0	(1.9)	0.0
Property, plant and equipment and other intangible assets	(36.4)	(133.3)	(83.2)
Financial assets	(8.1)	(4.5)	(1.2)
Total	**(44.5)**	**(139.7)**	**(84.4)**
Reversals of impairment losses:			
Property, plant and equipment and other intangible assets	1.6	0.0	0.0
Financial assets	0.0	0.0	1.1
Total	**1.6**		**1.1**
Total	**(42.9)**	**(139.7)**	**(83.3)**

The goodwill impairment loss recognized in 2008 include an impairment loss related to Teesside (UK, see here after) amounted to €22.2 million, offset by the recognition of a gain on the acquisition of Econergy for € 20.3 million (see note 2).

In 2009, impairment losses recognized on property, plant and equipment relate mainly to Bahia Las Minas' assets (Panama) owing to less favorable operating conditions and additional delays in the commercial operations date of the coal conversion project. The impairment loss was estimated using a value-in-use approach, based on a discounted cash flows analysis and reflecting management's best estimates. The discount rate was 9%.

In 2008, impairment losses recognized on property, plant and equipment relate mainly to Teesside due to a decline in operating and pricing conditions (€123 million). The total impairment loss recognized on Teesside, which amounts to €145 million, was estimated using a value-in-use approach, based on a discounted cash flows analysis that reflected the management estimates and discount rates within a range of 7.5% to 8.1%, based on the nature of production facilities.

In 2007, impairment losses concerned mainly Suez Energy Marketing North America in the US, amid a persistently unfavorable pricing environment for certain merchant power plants. These impairment losses were estimated using a value-in-use approach, based on a discounted cash flows analysis. This valuation reflects assumptions regarding in particular the expected market outlook and management estimates of future cash flows associated with the assets. The discounts rates were 9% in 2007.

5.2.1. Impairment of goodwill

All goodwill cash-generating units (CGUs) are tested for impairment based on data as of end-June and on a review of events in the second half of the year. The recoverable amount of CGUs is determined using a number of different methods including discounted cash flows and discounted dividends. These methods use cash flow or dividend forecasts covering an explicit period of six years and resulting from the medium-term business plan approved by management. The calculation of the recoverable amount of CGUs takes into account three scenarios (low, medium and high). The

"medium" scenario is usually applied to compare the CGU's recoverable amount with its carrying amount. The recoverable amounts determined under the three abovementioned scenarios are generated by modifying the key assumptions used as inputs for the underlying models, and particularly the discount rates applied.

Based on events that are reasonably likely to occur as of the balance sheet date, the Group considers that no significant goodwill impairment should be recorded and that any changes that are reasonably likely to occur in the key assumptions described below would not result in a carrying amount significantly greater than the recoverable amount.

The discount rates applied are determined on the basis of the weighted average cost of capital adjusted to reflect business, country and currency risks associated with each CGU reviewed. Discount rates are derived from a risk-free market interest rate plus a country risk premium.

The discount rates used in 2009 to calculate the present value of future cash flows in the impairment test ranged from 6.4% to 10.3% (from 6% to 9.9% in 2008 and from 6.4% to 10.6% in 2007).

The CGU's disclosed hereunder represent 90% of total goodwill in 2009, 81% in 2008 and 74% in 2007.

	Dec, 31 2009	*Dec, 31 2008*	*Dec, 31 2007*
	In millions of euros		
North America[1]	630.7	632.9	374.2
USA Power[2]		375.5	186.3
USA Gas		176.4	166.7
Mexico		68.9	21.1
Other		12.2	
Singapore	321.2	320.5	
Turkey-gas distribution	180.1		

(1) In 2009, the former CGU USA Power, USA Gas and Mexico were merged into a new CGU North America following the 2009 reorganisation of GDF SUEZ Energie, Europe and International business line. This CGU includes also the Mexican and Canadian assets acquired as part of the merger between Gaz de France and Suez.

(2) Including the acquisition of FirstLight in the second semester of 2008.

Goodwill allocated to the CGU North America

2009

Following the reorganization in 2009 of the GDF SUEZ Energy Europe & International business line, goodwill formerly allocated to the CGU USA Power, USA Gas and Mexico is monitored by the management at the North America level. Accordingly, these cash generating units were merged into the CGU North America in 2009.

The goodwill allocated to this CGU was €630.7 million at December 31, 2009 (on a comparable basis €632.9 million for 2008 and €374.2 million for 2007). The CGU North America includes activities that form an integrated value chain ranging from LNG importation and regasification, electricity production, to wholesale and retail electricity sales to commercial and industrial customers. The recoverable amount of this CGU was determined based on value-in-use calculations. These calculations used cash flow projections based on the financial forecasts approved by Management covering a six-year period. For the power generation business, the terminal value was obtained through an assessment of the weighted average $/kW multiple of the power plant portfolio. For the power retail business as well as for the gas business, a terminal value has been calculated from the last year of the financial forecasts, based on 1% and zero growth perpetuity respectively.

For 2009, the discounts rates used have ranged from 6.4% to 10.3% (from 6.0% to 9.9% in 2008 and from 6.4% to 10.6% in 2007). Key assumptions used in the calculation include expected trends in long-term prices for electricity, gas and fuel, forecast volumes and the discount rates applied. The values assigned to these assumptions reflect the best estimate of market prices. The discount rates used are consistent with external sources of information.

An increase of 0.5% in the discount rate used would have a negative 32% impact on the excess of the recoverable amount over the carrying amount. However, the recoverable amount would remain above the carrying amount. A decrease of 0.5% in the discount rate used would have a positive 33% impact on this calculation.

2008 and 2007

Goodwill allocated to the CGU USA Power

The goodwill allocated to this CGU was €375.5 million as at December 31, 2008 (€186.3 million for 2007). The CGU USA Power includes activities ranging from electricity production to wholesale and retail electricity sales to commercial and industrial customers.

The recoverable amount of this CGU was determined based on value-in-use calculations. These calculations used cash flow projections based on the financial forecasts approved by Management covering a six-year period. For the power generation business, cash flows beyond this period have been extrapolated till the end of the related purchase power agreement or the estimated useful life of the power plant. A terminal value has been included following either the end of the existing contract terms or the estimated useful life of the power plant. For the retail business, a terminal value has been calculated from the last year of the financial forecasts, based on 1% growth perpetuity.

For 2008, the discounts rates used have ranged from 6.0% to 9.9% in 2008 (from 6.4% to 10.6% in 2007). Key assumptions used in the calculation include expected trends in long-term prices for electricity and fuel, and the discount rates applied. The values assigned to these assumptions reflect the best estimate of market prices. The discount rates used are consistent with external sources of information.

Goodwill allocated to the CGU USA Gas

The goodwill allocated to this CGU was €176.4 million at December 31, 2008 (€166.7 million for 2007). The CGU USA Gas includes activities ranging from LNG importation and regasification to LNG sales in the form of natural gas to electric utilities, wholesalers, and local retailers.

To estimate the value-in-use of this CGU, the Group used cash flow projections based on the financial forecasts approved by Management covering a period of six years, and a discount rate of 7.1% (7.5% in 2007). A terminal value has been calculated from the last year of the financial forecasts, based on zero growth perpetuity.

Key assumptions used in the calculation include expected trends in long-term gas prices, forecast volumes and the discount rate applied. The values assigned to these assumptions reflect the best estimate of market prices, as well as the expected evolution of the markets. The discount rate applied is consistent with available external sources of information.

Goodwill allocated to the CGU Singapore

The goodwill allocated to this CGU was €321.2 million as December 31, 2009 and €320.5 million for 2008. The CGU Singapore includes exclusively the 2008 acquisition of Senoko Power (see note 2.2.2).

The recoverable amount of this CGU was estimated using a value-in-use approach based on a dividend discount model. These calculations took into account the latest view of management on the acquisition business plan as well as a hurdle rate of 9.1% (8.7% in 2008).

Key assumptions used in the calculation include the expected electricity demand, estimated long-term gas and fuel prices, the market outlook for the measurement of future cash flows and the applicable hurdle rate. The values assigned to these assumptions reflect management's best estimate.

An increase of 0.5% in the hurdle rate used would have a negative 25% impact on the excess of the recoverable amount over the carrying amount. However, the recoverable amount would remain above the carrying amount. A decrease of 0.5% in the hurdle rate used would have a positive 28% impact on this calculation.

Goodwill allocated to the CGU Turkey gas distribution

The goodwill allocated to this CGU was €180.1 million as December 31, 2009. The CGU Turkey gas distribution includes exclusively the 2009 acquisition of Izgaz (see note 2.1.1). The recoverable amount of this CGU was estimated using a value-in-use approach. The calculation used cash flow projections based on the latest view of the management on the business plan covering a period up to 2033 (end of the concession) and a terminal value based upon an EBITDA multiple. The discount rate used was 10.0%.

Key assumptions used in the calculation include the expected gas demand and the timing of the expected economic recovery in Turkey, estimated tariffs, and the applicable discount rate. The values assigned to these assumptions reflect management's best estimate. The discount rate applied is consistent with available external sources of information. The results indicated that the recoverable

amount was roughly equal to with the carrying amount of the CGU Turkey gas distribution. Based on an analysis of events that are reasonably likely to occur, the Group considered that no goodwill impairment should be recorded at the balance sheet date.

An increase of 0.5% in the discount rate used would have a negative impact on the excess of the recoverable amount over the carrying amount resulting in a potential goodwill impairment of 10% of the carrying value of goodwill as at December 31, 2009. A decrease of 0.5% in the discount rate used would have a positive impact and result in no goodwill impairment at the closing date.

The table below sets out the assumptions used to review the recoverable amount of the other cash-generating units:

Cash-generating units	*Measurement method*	*Discount rate 2009*	*Discount rate 2008*	*Discount rate 2007*
Thailand	DCF-DDM	7.7%-9.3%	7.8%-9.2%	8.3%-9.9%
Mexico	DCF	NA[1]	7.9%	8.8%

(1) Following the 2009 reorganisation of GDF SUEZ Energie, Europe & International business line and the integration of the Mexican assets acquired as part of the merger between Gaz de France and Suez, the CGU Mexico was merged with the CGU USA Power and CGU Gas as of 2009

5.3 Disposal of assets, net

At December 31, 2009, disposals of assets represented net capital loss of €19.9 million.

At December 31, 2008, disposals of assets mainly reflect the sale of the power plant of Chehalis in the US. A capital gain of €46.7 million was recognized in the Combined Income Statements at December 31, 2008.

At December 31, 2007, disposals of assets represented net capital loss of €76.1 million. The losses include primarily a charge of €85 million related to the agreement signed with AEP to settle the dispute (see note 26). This charge was partially offset with the capital gain of €15.4 million related to the disposal of the Group interest in Calidda.

NOTE – 6 Net financial income/(loss)

	2009			*2008*			*2007*		
	Expenses	*Income*	*Net*	*Expenses*	*Income*	*Net*	*Expenses*	*Income*	*Net*
	In millions of euros								
Net finance costs	(377.6)	88.6	(288.9)	(442.2)	124.5	(317.7)	(372.5)	118.7	(253.7)
Other financial income and expenses	(99.8)	55.1	(44.7)	(111.1)	81.1	(30.0)	(70.2)	52.4	(17.8)
Net financial income/(loss)	**(477.3)**	**143.7**	**(333.6)**	**(553.3)**	**205.6**	**(347.7)**	**(442.7)**	**171.2**	**(271.5)**

6.1 Net finance costs

Net finance costs include mainly interest expenses (calculated using the effective interest rate) on gross borrowings, foreign exchange gains/losses on borrowings and gains/losses on interest rate and currency hedges of gross borrowings, as well as interest income on cash and cash equivalents and changes in the fair value of financial assets at fair value through income.

	2009			*2008*			*2007*		
	Expenses	*Income*	*Net*	*Expenses*	*Income*	*Net*	*Expenses*	*Income*	*Net*
	In millions of euros								
Interest on gross borrowings	(514.6)	—	(514.6)	(451.1)	—	(451.1)	(394.7)	—	(394.7)
Capitalized borrowing cost	137.0		137.0	53.6		53.6	22.2		22.2
Foreign exchange gains/ losses on borrowings and hedges	—	24.9	24.9	—	50.1	50.1	—	51.4	51.4
Gains and losses on hedges of borrowings	—	14.5	14.5	(44.7)	—	(44.7)	—	16.3	16.3
Gains and losses on cash and cash equivalents and financial assets at fair value through income	—	49.2	49.2	—	74.4	74.4	—	51.0	51.0
Net finance costs	**(377.6)**	**88.6**	**(288.9)**	**(442.2)**	**124.5**	**(317.7)**	**(372.5)**	**118.8**	**(253.7)**

The change in net finance costs is essentially attributable to the impact of interest rate fluctuations on net debt, to the change of the net debt and by the impact of interest capitalized according to IAS 23 (see note 11.4.).

The foreign exchange gains/losses on borrowings and hedges are impacted by the redemption of Floating Rate Notes in the Latin America business (€71 million in 2008 versus €51.9 million in 2007).

6.2 Other financial income and expenses

	2009	*2008*	*2007*
	In millions of euros		
Other financial expenses			
Unwinding of discounting adjustments to provisions	(16.1)	(17.2)	(16.6)
Interest on trade and other payables	(39.2)	(51.0)	(39.2)
Exchange losses	(44.3)	(0.0)	(0.9)
Other financial expenses	(0.1)	(42.9)	(13.5)
Total	**(99.8)**	**(111.1)**	**(70.2)**
Other financial income			
Income from available-for-sale securities	1.6	2.4	2.6
Interest income on trade and other receivables	23.0	18.3	33.9
Interest income on loans and receivables carried at amortized cost	5.0	46.4	9.4
Exchange gains	0.0	0.4	0.5
Other financial income	25.5	13.6	6.0
Total	**55.1**	**81.1**	**52.4**
Other financial income and expenses, net	**(44.7)**	**(30.0)**	**(17.8)**

NOTE – 7 Income tax expense

7.1 Analysis of income tax expense recognized in the Combined Income Statement

7.1.1. Breakdown of income tax expense

	2009	*2008*	*2007*
	In millions of euros		
Current income taxes	(304.7)	(345.0)	(255.6)
Deferred taxes	(24.1)	(28.0)	3.8
Total income tax expense recognized in income for the year	**(328.7)**	**(373.1)**	**(251.8)**

7.1.2. Reconciliation between theoretical income tax expense and actual income tax expense

A reconciliation between the theoretical income tax expense and the Group's actual income tax expense is presented below:

	2009	*2008*	*2007*
	In millions of euro		
Net income	**647.8**	**561.6**	**588.7**
- Share in net income of associates	17.5	15.8	19.0
- Income tax	(328.7)	(373.1)	(251.8)
Income before income tax and share in income of associates (a)	**959.1**	**918.9**	**821.5**
Statutory income tax rate in France (b)	34.43%	34.43%	34.43%
Theoretical income tax expense (c) = (a) x (b)	**(330.2)**	**(316.4)**	**(282.8)**
Actual income tax expense			
Difference between normal tax rate applicable in France and normal tax rate in force in jurisdictions outside France	27.9	19.2	25.5
Permanent differences	(28.8)	17.7	(0.7)
Income taxed at a reduced rate or tax-exempt (d)	42.4	36.8	51.6
Additional tax expense	(17.5)	(76.9)	(13.8)
Effect of unrecognized deferred tax assets on tax loss carry-forwards and other tax-deductible temporary differences	(49.8)	(96.2)	(38.2)
Recognition or utilization of tax income on previously unrecognized tax loss carry-forwards and other tax-deductible temporary differences	18.5	42.8	7.5
Impact of changes in tax rates	0.9	(0.7)	(3.2)
Tax credits	8.7	4.4	6.1
Other	(0.7)	(3.8)	(3.7)
Actual income tax expense	**(328.7)**	**(373.1)**	**(251.8)**
Effective tax rate (actual income tax expenses divided by income before income tax and share in net income of associates)	**34.3%**	**40.6%**	**30.7%**

(d) includes mainly the impact of the special tax regimes used for the coordination centres in Belgium and the impact and the impact of tax holiday in Thailand.

7.2 Income tax recorded directly in equity

At December 31, 2009, deferred taxes recognized directly in equity resulting from actuarial gains and losses calculated over the period and the fair value of financial instruments recorded through equity, amount to €54.3 million, and can be analysed as follows:

	2009	*2008*	*2007*
	In millions of euros		
Available-for-sale financial assets	3.5	(0.0)	(7.3)
Actuarial gains and losses	(23.9)	3.4	(0.8)
Net investment hedges	1.4	(0.3)	2.2
Cash flow hedges	69.9	94.9	(91.8)
Total (excluding translation adjustments)	**51.0**	**97.9**	**(97.7)**
Translation adjustments	3.3	7.8	11.8
Total	**54.3**	**105.7**	**(85.9)**

7.3 Deferred tax assets and liabilities

7.3.1. Analysis of the net deferred tax position recognized in the balance sheet (before netting off deferred tax assets and liabilities by tax entity), by type of temporary difference

	Balance sheet position at		
	Dec. 31, 2009	*Dec. 31, 2008*	*Dec. 31, 2007*
	In millions of euros		
Deferred tax assets			
Net operating loss carry-forward and tax credits	87.8	52.2	9.0
Pension obligations	35.1	38.9	41.5
Non-deductible provisions	49.9	40.4	49.6
Measurement of financial instruments at fair value (IAS 32/39)	199.8	213.1	93.7
Difference between the carrying amount of PPE and their tax bases	267.3	243.6	132.4
Other	127.3	146.2	191.5
Total	**767.2**	**734.4**	**517.7**
Deferred tax liabilities			
Difference between the carrying amount of PPE and their tax bases	(785.8)	(735.1)	(339.6)
Tax-driven provisions	(0.2)	5.4	—
Measurement of financial assets and liabilities at fair value (IAS 32/39)	(87.3)	(81.1)	(157.8)
Other	(154.8)	(164.7)	(159.1)
Total	**(1,028.1)**	**(975.5)**	**(656.5)**
Net deferred tax assets/(liabilities)	**(260.8)**	**(241.1)**	**(138.8)**

As of December 31, 2008, the change in temporary differences recorded under the liabilities is mainly related to the acquisition of FirstLight in the United States and the Mexican and Canadian assets of Gaz de France (see Note 2).

	Impacts in the Income Statement		
	Dec 31, 2009	*Dec 31, 2008*	*Dec 31, 2007*
	In millions of euros		
Deferred tax assets			
Net operating loss carry-forwards and tax credits	31.2	31.3	(1.0)
Pension obligations	14.5	2.6	2.3
Non-deductible provisions	(6.4)	(1.7)	(2.3)
Difference between the carrying amount of PPE and their tax bases	24.6	28.4	(10.7)
Measurement of financial instruments at fair value (IAS 32/39)	20.1	(7.8)	14.4
Other	(27.8)	(56.7)	30.5
Total	**56.2**	**(3.9)**	**33.2**
Deferred tax liabilities			
Difference between the carrying amount of PPE and their tax bases	(65.3)	(15.5)	4.7
Tax-driven provisions	(0.2)	—	—
Measurement of financial assets and liabilities at fair value (IAS 32/39)	(31.4)	(22.2)	(22.9)
Other	16.6	13.6	(11.2)
Total	**(80.3)**	**(24.1)**	**(29.4)**
Net deferred tax assets/(liabilities)	**(24.1)**	**(28.0)**	**3.8**

Movements in deferred taxes recorded in the combined balance sheet, after netting off deferred tax assets and liabilities by tax entity, break down as follows:

	Assets	*Liabilities*	*Net position*
	In millions of euros		
At December 31, 2006	**508.6**	**574.9**	**(66.2)**
Impact on net income for the year	33.2	29.3	3.8
Impact of netting by tax entity	(255.4)	(255.4)	—
Other[(1)]	(7.7)	68.7	(76.4)
At December 31, 2007	**278.8**	**417.6**	**(138.8)**
Impact on net income for the year	(3.9)	24.1	(28.0)
Impact of netting by tax entity	(170.2)	(170.2)	—
Other[(1)]	207.4	281.6	(74.3)
At December 31, 2008	**312.1**	**553.1**	**(241.0)**
Impact on net income for the year	56.3	80.3	(24.1)
Impact of netting by tax entity	(10.8)	(10.8)	—
Other[(1)]	(9.8)	(14.1)	4.3
At Dec 31, 2009	**347.7**	**608.6**	**(260.8)**

(1) The line item "other" includes deferred taxes on amounts recorded directly in equity, the impact of currency translation adjustments and changes in the scope of combination.

7.3.2. Deductible temporary differences not recognized in the balance sheet

At December 31, 2009, unused tax loss carry-forwards not recognized by the Group amounted to €140.7 million (€81.5 million and €215.7 million at end-2008 and end-2007 respectively) in respect of ordinary tax losses (unrecognized deferred tax asset effect of €35.6 million at end-2009). The expiration dates for these unrecognized ordinary tax loss carry-forwards are presented below:

	Ordinary Tax Losses		
	2009	*2008*	*2007*
	In millions of euros		
2007	—	—	—
2008	—	—	2.0
2009	—	0.1	0.1
2010	4.0	0.1	0.1
2011	26.2	0.1	0.1
2012 and beyond	22.9	18.4	0.1
2013 and beyond	15.1	8.7	213.5
2014 and beyond	25.9	54.1	—
2015 and beyond	46.6	—	—
Total	**140.7**	**81.5**	**215.7**

Following a decision issued by the European Court of Justice on February 12, 2009 in the Cobelfret case, Belgium was sanctioned for its dividends received deduction (DRD) regime. Dividends received from subsidiaries are now required to be carried forward. As some Group entities are not expected to have sufficient taxable profits over the medium-term to be able to use the DRD, they did not recognize deferred tax assets on these tax loss carry-forwards. Due to a lack of clarity in existing legal and administrative provisions in this area, particularly regarding the fate of tax loss carry-forwards in the event of a merger or spin-off for example, the Group was unable to determine the exact amount of these carry-forwards at the end of the reporting period.

Furthermore the Group has unrecognized State tax loss carry-forwards at reduced rate in the USA. The corresponding tax effect was €36.4 million in 2009, €23.2 million in 2008 and €13.9 million in 2007.

7.3.3. Unrecognized deferred taxes on taxable temporary differences relating to investments in subsidiaries, joint ventures and associates

No deferred tax liabilities are recognized on temporary differences when the Group is able to control the timing of their reversal and it is probable that the temporary difference will not reverse in the foreseeable future. Likewise, no deferred tax liabilities are recognized on temporary differences that do not result in any payment of tax when they reverse (in particular as regards tax-exempt capital gains on disposals of investments in Belgium).

NOTE – 8 Earnings per share

The basis of computation of the earnings per share is presented in Note 1.1.1.

Earnings per share is presented both before exceptional items and after exceptional items and specific IAS 39 mark-to-market movements in order to allow a better understanding of GDF SUEZ Energy International Division's underlying business performance.

Those items that GDF SUEZ Energy International Division presents as exceptional and specific IAS 39 mark-to-market movements are items which are inherently difficult to predict due to their unusual, irregular or non-recurring nature. For GDF SUEZ Energy International Division such items relate to the asset impairments and disposals, restructuring costs and mark-to-market on commodity contracts other than trading instruments presented in Income from operating activities as well as to mark-to-market movements on derivative contracts used in economic hedges of financing transactions and presented in Financial expenses and Financial income and the tax effect on these items if any. To the extent that such items are comprised in share in net income of associates, those items have been isolated for purpose of this calculation.

In absence of any dilutive instruments, the average number of shares outstanding and the diluted average number of shares outstanding are the same.

	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2007
Numerator (in millions of euros):			
Net income Group share	476.6	382.3	399.5
Impact of exceptional items and specific IAS 39 mark-to-market movements	(91.9)	(146.6)	(93.9)
Net income Group share excluding exceptional items and specific IAS 39 mark-to-market movements	568.5	528.9	493.4
Denominator (in millions of shares):			
Average number of shares outstanding	2,028.9	1,825.6	1,616.8
Impact of dilutive instruments:	—	—	—
Diluted average number of shares outstanding	2,028.9	1,825.6	1,616.8
Earnings per share (in euros):			
Earnings per share – Net income Group share	0.23	0.21	0.25
Diluted earnings per share	0.23	0.21	0.25
Earnings per share – Net income Group share excluding exceptional items and specific IAS 39 mark-to-market movements	0.28	0.29	0.31
Diluted earnings per share – Net income Group share excluding exceptional items and specific IAS 39 mark-to-market movements	0.28	0.29	0.31

The table below presents the items of reconciliation between Net income Group share before and after exceptional items and specific IAS 39 mark-to-market movements:

	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2007
Mark-to-market on commodity contracts other than trading instruments	(57.9)	(12.6)	34.1
Impairment of property, plant and equipment, intangible assets and financial assets	(42.9)	(139.7)	(83.3)
Restructuring costs	(8.9)	0.0	0.0
Disposals of assets, net	(19.9)	38.5	(76.1)
Income from operating activities	(129.7)	(113.7)	(125.3)
Financial expenses[1]	—	(44.7)	—
Financial income[1]	14.5	—	16.3
Net financial loss	14.5	(44.7)	16.3
Income tax effect on the above items	5.5	11.8	12.6
Share in net income of associates	—	—	—
Total impact of exceptional items and specific IAS 39 mark-to-market movements recognised in net income	(109.6)	(146.6)	(96.3)
Group share	(91.9)	(146.6)	(93.9)
Minority interests	(17.8)	0.1	(2.4)

(1) Refer to note 6.1 Net finance costs.

NOTE – 9 Goodwill

9.1 Movements in the carrying amount of goodwill

A. Gross amount

At December 31, 2006	**467.1**
Acquisitions	82.3
Disposals	(5.5)
Translation adjustments	(29.8)
Other	0.0
At December 31, 2007	**514.2**
Acquisitions	623.3
Disposals	(7.0)
Translation adjustments	(14.2)
Other	8.1
At December 31, 2008	**1,124.3**
Acquisitions	171.9
Disposals	0.0
Translation adjustments	19.8
Other	0.0
At December 31, 2009	**1,316.1**

B. Impairment

At December 31, 2006	**(38.2)**
Impairment losses	0.0
Disposals	1.0
Translation adjustments	(0.9)
Other	0.0
At December 31, 2007	**(38.1)**
Impairment losses	(22.2)
Disposals	0.0
Translation adjustments	7.8
Other	0.0
At December 31, 2008	**(52.5)**
Impairment losses	0.0
Disposals	0.0
Translation adjustments	(5.4)
Other	0.0
At December 31, 2009	**(57.9)**

C. Carrying amount = A + B

At December 31, 2007	**476.1**
At December 31, 2008	**1,071.8**
At December 31, 2009	**1,258.2**

Additions to goodwill in 2009 relate mainly to the acquisition of Izgaz.

Additions to goodwill in 2008 relate mainly to the acquisition of FirstLight (€164.2 million), Senoko (€303.5 million), Teesside (€24.2 million) and Scotia (€20.9 million) and the acquisition of Mexican and Canadian entities as part of the GDF SUEZ merger (€71 million)

In 2007, goodwill was recognized mainly on the acquisition of Ventus for €81.2 million (North America).

The impairment losses recognized in 2008 is related to Teesside (see note 5.2).

9.2 Goodwill segment information

The carrying amount of goodwill can be analysed as follows by business segment:

	Dec. 31, 2009	*Dec. 31, 2008*	*Dec. 31, 2007*
	In millions of euros		
Latin America	30.5	25.5	29.1
Middle East, Asia	396.0	392.6	72.8
North America	630.7	632.9	374.2
United Kingdom & Turkey – Gas Distribution	201.0	20.9	0.0
Total	**1,258.2**	**1,071.8**	**476.1**

The analysis above is based on the business segments of the acquired entity rather than that of the acquirer.

NOTE – 10 Intangible assets, net

10.1 Movements in intangible assets

	Intangible rights arising on concession contracts	*Other intangible*	*Total*
		In millions of euros	
A. Gross amount			
At December 31, 2006	**0.0**	**454.1**	**454.1**
Acquisitions	0.0	8.5	8.5
Disposals	0.0	(1.0)	(1.0)
Translation adjustments	0.0	(41.4)	(41.4)
Changes in scope of consolidation	0.0	(1.2)	(1.2)
Other	0.0	4.1	4.1
At December 31, 2007	**0.0**	**423.1**	**423.1**
Acquisitions	0.0	76.4	76.4
Disposals	0.0	(1.3)	(1.3)
Translation adjustments	0.0	9.2	9.2
Changes in scope of consolidation	0.0	147.0	147.0
Other	0.0	(33.8)	(33.8)
At December 31, 2008	**0.0**	**620.5**	**620.5**
Acquisitions	4.7	10.7	15.4
Disposals	0.0	(3.8)	(3.8)
Translation adjustments	0.7	(9.3)	(8.6)
Changes in scope of consolidation	135.5	0.3	135.8
Other	0.0	(5.6)	(5.6)
At December 31, 2009	**141.0**	**612.7**	**753.7**
B. Accumulated amortization and impairment			
At December 31, 2006	**0.0**	**(244.6)**	**(244.6)**
Amortization/impairment	0.0	(34.8)	(34.8)
Disposals	0.0	1.0	1.0
Translation adjustments	0.0	26.5	26.5
Changes in scope of consolidation	0.0	0.4	0.4
Other	0.0	(0.2)	(0.2)
At December 31, 2007	**0.0**	**(251.8)**	**(251.8)**
Amortization/impairment	0.0	(32.5)	(32.5)
Disposals	0.0	0.3	0.3
Translation adjustments	0.0	(9.9)	(9.9)
Changes in scope of consolidation	0.0	(27.1)	(27.1)
Other	0.0	10.3	10.3
At December 31, 2008	**0.0**	**(310.8)**	**(310.8)**
Amortization/impairment	(3.0)	(32.3)	(35.3)
Disposals	0.0	3.1	3.1
Translation adjustments	(0.0)	7.3	7.3
Changes in scope of consolidation	0.0	(0.0)	(0.0)
Other	0.0	10.2	10.2
At December 31, 2009	**(3.0)**	**(322.5)**	**(325.5)**
C. Carrying amount = A + B			
At December 31, 2006	0.0	209.4	209.4
At December 31, 2007	0.0	171.2	171.2
At December 31, 2008	0.0	309.7	309.7
At December 31, 2009	**138.0**	**290.2**	**428.2**

10.1.1. Intangible rights arising on concession contracts

Since the acquisition of Izgaz realized in 2009 (see note 2), the Group manages concessions as defined by SIC 29 covering gas distribution. The rights granted to concession operators are accounted for as intangibles.

10.1.2. Other Intangibles

This caption mainly relates to power and gas purchase and sale agreements, and capacity contracts recognized as part of the allocation of the cost of the business combinations to the underlying assets and liabilities.

NOTE – 11 Property, plant and equipment, net

11.1 Movements in property, plant and equipment

	Land	Buildings	Plant and equipment	Assets in progress	Other	Total
			In millions of euros			
A. Gross amount						
At December 31, 2006	**86.0**	**87.6**	**7,860.4**	**369.1**	**95.6**	**8,498.7**
Acquisitions	0.7	2.6	81.3	435.2	10.4	530.3
Disposals	0.0	(0.8)	(28.8)	0.0	(1.2)	(30.7)
Translation adjustments	(0.1)	(10.1)	(417.9)	(34.4)	(10.3)	(472.9)
Changes in scope of consolidation	0.6	13.0	322.1	239.8	(0.9)	574.6
Other	0.1	(0.0)	485.2	(478.4)	2.0	9.0
At December 31, 2007	**87.3**	**92.3**	**8,302.4**	**531.4**	**95.6**	**9,109.1**
Acquisitions	15.3	1.6	222.2	1,175.3	6.7	1,421.2
Disposals	(0.0)	(0.6)	(19.4)	0.0	(1.0)	(21.0)
Translation adjustments	(9.8)	5.6	(449.1)	(78.5)	(9.0)	(540.9)
Changes in scope of consolidation	10.5	30.1	2,813.4	187.3	35.6	3,076.9
Other	(0.7)	1.9	120.1	(64.7)	0.2	56.9
At December 31, 2008	**102.6**	**130.9**	**10,989.7**	**1,750.8**	**128.1**	**13,102.1**
Acquisitions	2.9	1.2	165.9	2,074.1	13.2	2,257.2
Disposals	(0.0)	(0.6)	(76.2)	0.0	(2.6)	(79.4)
Translation adjustments	13.4	(3.9)	692.9	154.9	(2.1)	855.2
Changes in scope of consolidation	(0.3)	0.5	(3.8)	(56.5)	0.7	(59.4)
Other	6.8	11.3	962.9	(989.5)	(4.4)	(12.9)
At December 31, 2009	**125.4**	**139.4**	**12,731.3**	**2,933.9**	**132.8**	**16,062.9**
B. Accumulated depreciation and impairment						
At December 31, 2006	**(5.5)**	**(14.6)**	**(2,197.9)**	**(25.8)**	**(49.2)**	**(2,293.1)**
Depreciation	(1.7)	(3.1)	(314.4)		(6.4)	(325.6)
Impairment losses	0.0	0.0	(83.2)	0.0	0.0	(83.2)
Disposals	0.0	0.1	10.0	0.0	0.7	10.8
Translation adjustments	(0.5)	1.7	128.9	2.2	5.2	137.4
Changes in scope of consolidation	0.0	0.0	(93.3)	0.0	0.7	(92.6)
Other	0.0	0.0	17.0	7.7	(1.2)	23.5
At December 31, 2007	**(7.7)**	**(15.9)**	**(2,533.0)**	**(15.9)**	**(50.3)**	**(2,622.8)**
Depreciation	(1.9)	(4.0)	(365.9)		(5.6)	(377.4)
Impairment losses	(0.6)	0.0	(120.9)	(11.8)	(0.0)	(133.3)
Disposals	0.0	0.2	73.6	0.0	(0.7)	73.0
Translation adjustments	1.8	(1.1)	121.7	(1.6)	3.1	124.0
Changes in scope of consolidation	0.0	(6.8)	(205.6)	0.0	(4.9)	(217.4)
Other	(0.1)	(0.1)	2.4	0.0	0.2	2.3
At December 31, 2008	**(8.4)**	**(27.8)**	**(3,027.7)**	**(29.3)**	**(58.2)**	**(3,151.4)**
Depreciation	(2.2)	(5.5)	(472.2)		(10.5)	(490.4)
Impairment losses	0.0	0.0	(35.7)	(0.0)	(0.0)	(35.7)
Disposals	0.0	0.6	42.2	0.0	2.0	44.8
Translation adjustments	(2.4)	0.9	(181.8)	1.0	2.3	(180.1)
Changes in scope of consolidation	0.0	0.0	(0.0)	0.0	(0.0)	(0.1)
Other	0.3	(0.0)	(9.4)	0.0	0.8	(8.3)
At December 31, 2009	**(12.8)**	**(31.9)**	**(3,684.6)**	**(28.3)**	**(63.6)**	**(3,821.2)**
C. Carrying amount						
At December 31, 2006	80.5	72.9	5,662.5	343.3	46.4	6,205.6
At December 31, 2007	79.6	76.4	5,769.4	515.5	45.4	6,486.3
At December 31, 2008	94.2	103.2	7,961.9	1,721.5	69.9	9,950.7
At December 31, 2009	**112.6**	**107.5**	**9,046.7**	**2,905.6**	**69.3**	**12,241.7**

In 2009, the acquisitions of property, plant and equipment relate notably to the construction of different power plants in Brazil (€917.6 million), Chile (€329.9 million), Thailand (€217.9 million), USA (€228.4 million), and of GNL terminals in USA (€134.4 million) and Chile (€60.9 million).

The main translation gains recorded in relation to the net amount of property, plant and equipment at December 31, 2009 concern the Brazilian real (€790.0 million) and the US dollar (€-170.6 million).

In 2008, the acquisitions of property, plant and equipment relate notably to the construction of different power plants in Brazil (€342 million), Chile (€172.6 million), Panama (€134.7 million), Thailand (€289 million), USA (€132.5 million), and of GNL terminals in Chile (€79.5 million) and USA (€147.2 million). Net changes in the scope of combination mainly reflect the acquisitions by Tractebel Energia in Brazil (€710.1 million, see note 2), the acquisition of Firstlight Power Enterprises in the US (€1,223.1 million), Senoko Power in Singapore (€250.5 million), and Teesside in the UK (€265.4 million), partially offset by the sale of Chehalis in the US (€219.2 million).

The main translation losses recorded in relation to the net amount of property, plant and equipment at December 31, 2008 concern the Brazilian real (€-586.2 million) and the US dollar (€252.4 million).

In 2007, property, plant and equipment acquired are related to the construction of different power plants in Brazil (€ 210.3 million), Chile (€ 60.6 million), Perou (€ 44.4 million), Panama (€61.5 million), Thailand (€ 47.2 million), USA (€ 28.3 million). The main translation losses recorded in relation to the net amount of property, plant and equipment at December 31, 2007 concern the US dollar (€-413.7 million) and the Brazilian real (€139.6 million).

11.2 Pledged and mortgaged assets

Items of property, plant and equipment pledged by the Group to guarantee borrowings and debt amount to €2,139.9 million at December 31, 2009 (€2,066.3 million at December 31, 2008 and €1,899.2 million at December 31, 2007).

11.3 Contractual commitments to purchase property, plant and equipment

In the ordinary course of their operations, some Group companies have also entered into commitments to purchase, and the related third parties to deliver, property, plant and equipment. These commitments relate mainly to orders of equipment, vehicles and material required for the construction of energy production units (power and co-generation plants). The Group also entered into long term maintenance contracts with third parties.

Firm commitments made by the Group in this respect amount to €2,348.8 million at December 31, 2009, compared with €1,661.0 million at December 31, 2008 and €1,110.9 million at December 31, 2007.

In 2009, the increase results from firm commitments in connection with the construction of a new hydro power plant in Jirau and new long term maintenance agreements, offset by commitment consumptions during the period.

In 2008, the increase in this item essentially results from firm commitments to purchase property, plant and equipment in connection with the construction of new coal-fired power plant in Thailand and the repowering project of Senoko, offset by commitment consumptions during the period.

In 2007, the increase essentially results from firm commitments in connection with the construction of a new hydro power plant in Estreito, new project of thermic power plant in Chile and different projects around GNL activities in Chile and USA (Boston).

11.4 Other information

Borrowing costs included in the cost of property, plant and equipment amount to €137.0 million at December 31, 2009 (€53.6 million at December 31, 2008 and €22.2 million at end-2007).

NOTE – 12 Investments in associates

12.1 Breakdown of investments in associates

	Carrying Amount of investments in associates			*Share in net income of associates*		
	Dec. 31, 2009	*Dec. 31, 2008*	*Dec. 31, 2007*	*Dec. 31, 2009*	*Dec. 31, 2008*	*Dec. 31, 2007*
	In millions of euros					
PTT NATURAL GAS DISTRIBUTION	16.4	18.4	17.8	(2.7)	8.0	8.3
UNITED POWER COMPANY	0.0	16.2	27.0	0.2	(8.1)	1.5
Groupe NOVERCO	157.0	144.5	0.0	9.8	(3.6)	0.0
ASTORIA ENERGY LLC	70.6	52.5	0	(2.4)	0.7	0
TOTAL TRACTEBEL EMIRATES	34.9	24.3	6.9	8.5	8.5	2.6
SMN POWER	(17.4)	(32.7)	(6.9)	(3.5)	0.8	(0.5)
HIDD POWER	15.6	(10.4)	0.1	2.5	3.6	1.8
Other	13.2	5.7	(3.0)	5.1	5.8	5.3
Total	**290.3**	**218.5**	**41.8**	**17.5**	**15.8**	**19.0**

In 2009, the Group sold its stake in United Power Company.

The main changes in 2008 arose on the acquisition of 17.56% of Noverco Group as part of the Gaz de France merger with SUEZ and of 14,8% of Astoria in the USA.

Dividends received by the Group from its associates amounted to €32.8 million in 2009 (€24.6 million in 2008 and €25.5 million in 2007).

Goodwill recognized by the Group on acquisitions of associates is also included in this item for a net amount of €17.4 million at end-2009 (€17.8 million at December 31, 2008 and €15.8 million at December 31, 2007).

Some associates show a negative value due to losses related to interest rate swaps to hedge floating rate debt. These hedges are designated as cash flow hedges, and accordingly gains or losses are recognized directly in equity. For Total Tractebel Emirates, Hidd Power and SMN Power it totaled €-43,5 million in 2009, €-97.4 million in 2008 and €-23.1 million in 2007.

12.2 Fair value of investment in listed associates

The net carrying amount of United Power Company was €16.2 million in 2008 compared to €27 million in 2007. The market value of the shares detained by the Group, as published on the Oman Stock exchange, at year-end 2008 was €10.6 million compared to €11.3 million at year-end 2007. A valuation of UPC shares was performed yearly, based on an internal valuation model, the stock price being not representative of the fair value for the Group due to the lack of transactions on these shares. In 2008, as the Group undertook to divest its stake in UPC in order to comply with the regulation of Oman's Authority for Electricity Regulation, an impairment loss was recorded for €9.6 million. In 2009, a capital gain of 1.2 million has been recorded.

12.3 Key financial data of associates

	Latest % interest	Total assets	Liabilities	Equity	Revenues	Net income
			In millions of euros			
At December 31, 2009						
AstoriaEnergy, LLC	14.80%	912.1	908.0	4.1	163.0	63.8
Groupe Noverco	17.56%	3,615.8	2,722.0	893.8	1,422.9	55.0
PTT Natural Gas Distribution	40.00%	57.7	26.5	31.2	87.2	(6.8)
Gulf Total Tractebel Company	20.00%	958.8	902	56.8	157.1	37.0
Rusail Power Company	47.50%	97.6	95.1	2.5	59.6	1.5
SMN Barka Power	47.50%	515.9	507.8	8.1	25.5	(8.1)
Hidd Power Company	30.00%	839	787.1	51.9	167.0	8.3

	Latest % interest	Total assets	Liabilities	Equity	Revenues	Net income
			In millions of euros			
At December 31, 2008						
AstoriaEnergy, LLC	14.80%	571.7	499.3	72.3	210.4	4.9
Groupe Noverco	17.56%	3,191.4	2,399.9	791.5	1.393.0	37.8
PTT Natural Gas Distribution	40.00%	49.4	12.8	36.6	86.1	20.1
United Power Company	32.81%	96.5	27.8	68.7	23.6	4.6
Gulf Total Tractebel Company	20.00%	970.9	975.9	(4.9)	127.3	27.9
Rusail Power Company	47.50%	102.5	105.8	(3.3)	49.1	2.2
SMN Barka Power	47.50%	377.4	434.1	(56.7)	5.4	0.0
Hidd Power Company	30.00%	877.6	912.3	(34.7)	130.2	12.0

	Latest % Interest	Total Assets	Liabilities	Equity	Revenues	Net Income
			In millions of euros			
At December 31, 2007						
PTT Natural Gas Distribution	40.00%	45.1	10.1	35.0	80.5	20.8
United Power Company	32.81%	99.7	28.4	71.3	24.9	4.6
Gulf Total Tractebel Company	20.00%	842.8	797.9	44.9	138.1	33.5
Rusail Power Company	47.50%	100.9	98.4	2.5	47.4	0.8
SMN Barka Power	47.50%	205.8	216.8	(11.0)	0.0	0.0
Hidd Power Company	30.00%	792.0	791.6	0.4	91.1	5.9

The Group accounts for its interest in Astoria Energy and Groupe Noverco under the equity method because it has determined that it has significant influence over the entity.

Specifically the Group has the power to participate in Astoria's financial and operating policy decisions by appointing two of the eight board members and by providing administrative and operation and maintenance services to Astoria.

NOTE – 13 Investments in joint ventures

Contributions of the main joint ventures to the Group's Combined Financial Statements are as follows:

	Country	*Consolidation percentage*	*Current assets*	*Non-current assets*	*Current liabilities*	*Non-current liabilities*	*Revenues*	*Net income*
				In millions of euros				
At December 31, 2009								
Energia Sustentavel do Brasil	Brazil	50.1	120.9	471.9	21.7	363.2	0.0	4.4
Sociedad GNL Mejillones	Chile	50.0	20.0	170.7	143.4	51.2	0.0	(56.2)
North East Energy LP	United States of America	50.0	43.8	202.1	75.9	100.4	92.7	24.9
Senoko	Singapore	30.0	76.9	653.0	34.4	130.7	373.6	6.3
Electroandina	Chile	33.3	45.4	115.5	28.9	6.3	147.9	27.3
At December 31, 2008								
Energia Sustentavel do Brasil	Brazil	50.1	15.2	22.7	0.3	0.0	0.0	(2.4)
Sociedad GNL Mejillones	Chile	50.0	20.4	162.1	3.3	8.4	0.0	1.0
North East Energy LP	United States of America	50.0	64.7	208.0	47.1	100.3	138.8	45.3
Senoko	Singapore	30.0	80.9	650.7	141.1	65.1	143.7	6.2
Electroandina	Chile	33.3	42.3	119.5	54.1	5.5	143.8	(2.0)
At December 31, 2007								
Sociedad GNL Mejillones	Chile	50.0	3.4	13.6	0.0	0.0	0.0	0.0
North East Energy LP	United States of America	50.0	49.8	241.1	45.0	102.7	129.4	33.0
Electroandina	Chile	33.3	24.7	110.5	25.0	27.5	87.9	(2.3)

NOTE – 14 Financial instruments

14.1 Financial assets

The Group's financial assets are broken down into the following categories:

	Dec. 31, 2009			*Dec. 31, 2008*			*Dec. 31, 2007*		
	Non-current	*Current*	*Total*	*Non-current*	*Current*	*Total*	*Non-current*	*Current*	*Total*
				In millions of euros					
Available-for-sale securities	68.8		68.8	56.9		56.9	39.3		39.3
Loans and receivables carried at amortised cost	638.2	2,018.2	2,656.5	530.8	2,028.0	2,558.8	440.2	1,154.3	1,594.8
Loans and receivables carried at amortised cost (excluding trade and other receivables)	516.4	320.9	837.3	426.3	379.5	805.7	347.4	33.3	380.7
Trade and other receivables, net		1,290.3	1,290.3		1,364.0	1,364.0		933.2	933.2
Other assets	121.9	407.0	528.9	104.5	284.5	389.0	92.8	187.8	280.9
Financial assets at fair value through income	269.9	342.1	612.0	424.2	267.0	691.2	209.2	850.4	1,059.6
Derivative instruments	269.9	339.6	609.5	424.2	262.4	686.6	209.2	465.3	674.6
Financial assets at fair value through income (excluding derivatives)		2.5	2.5		4.6	4.6		385	385
Cash and cash equivalents		2,948.5	2,948.5		2,315.5	2,315.5		889.6	889.6
Total	**976.9**	**5,308.8**	**6,285.7**	**1,011.9**	**4,610.5**	**5,622.4**	**688.8**	**2,894.3**	**3,582.8**

14.1.1. Available-for-sale securities

At December 31, 2006	**18.8**
Acquisitions	21.5
Disposals	(0.1)
Changes in fair value recorded in equity	0.0
Changes in fair value recorded in income	(1.2)
Changes in scope of consolidation, foreign currency translation and other changes	0.4
At December 31, 2007	**39.3**
Acquisitions	24.9
Disposals	0.0
Changes in fair value recorded in equity	0.0
Changes in fair value recorded in income	(4.5)
Changes in scope of consolidation, foreign currency translation and other changes	(2.9)
At December 31, 2008	**56.9**
Acquisitions	17.7
Disposals	(0.3)
Changes in fair value recorded in equity	0.0
Changes in fair value recorded in income	(8.3)
Changes in scope of consolidation, foreign currency translation and other changes	2.8
At December 31, 2009	**68.8**

The Group's available for sale assets includes only unlisted securities. The methods used to measure unlisted securities are essentially as follows:

- recent market transactions;
- discounted dividends and/or cash flows;
- net asset value.

The Group reviewed the value of its available-for-sale securities on a case-by-case basis, in order to determine whether, based on all available information and in light of the current market environment, any impairment losses should be recognized.

Gains and losses on available-for-sale securities recognized in equity or income are immaterial for each period presented.

14.1.2. Loans and receivables at amortized cost

	Dec. 31, 2009			*Dec. 31, 2008*			*Dec. 31, 2007*		
	Non-current	*Current*	*Total*	*Non-current*	*Current*	*Total*	*Non-current*	*Current*	*Total*
	In millions of euros								
Loans and receivables carried at amortised cost (excluding trade and other receivables)	516.4	320.9	837.3	426.3	379.5	805.7	347.4	33.3	380.7
Loans granted to affiliated companies	165.8	35.4	201.2	71.0	221.6	292.7	15.8	16.1	31.9
Other receivables carried at amortised cost	150.8	225.4	376.2	45.1	148.9	194.0	179.2	7.1	186.3
Amounts receivable under finance leases	199.8	60.2	259.9	310.1	9.0	319.1	152.5	10.0	162.5
Trade and other receivables, net		1,290.3	1,290.3		1,364.0	1,364.0		933.2	933.2
Other assets	121.9	407.0	528.9	104.5	284.5	389.0	92.8	187.8	280.8
Tax receivables		222.1	222.1		136.1	136.1		94.1	94.1
Other receivables	121.9	184.9	306.8	104.5	148.4	252.9	92.8	93.7	186.7
Total	**638.2**	**2,018.2**	**2,656.5**	**530.8**	**2,028.0**	**2,558.8**	**440.2**	**1,154.3**	**1,594.7**

	Dec. 31, 2009			Dec. 31, 2008			Dec. 31, 2007		
	Gross	Allowance and impairment	Net	Gross	Allowance and impairment	Net	Gross	Allowance and impairment	Net
	In millions of euros								
Loans and receivables carried at amortised cost (excluding trade and other receivables)	843.6	(6.2)	837.3	812.2	(6.5)	805.7	387.5	(6.8)	380.7
Trade and other receivables	1,368.6	(78.3)	1,290.3	1,433.3	(69.2)	1,364.0	1,003.0	(69.8)	933.2
Other assets	530.1	(1.2)	528.9	391.8	(2.7)	389.0	296.8	(16.0)	280.8
Total	**2,742.2**	**(85.8)**	**2,656.5**	**2,637.3**	**(78.5)**	**2,558.8**	**1,687.3**	**(92.6)**	**1,594.7**

In 2008, the increase in trade and other receivables mainly reflects changes in the scope of consolidation with the acquisition of Gaz de France subsidiaries (GDF SUEZ Energy UK retail and Mexican businesses) and the acquisition of Senoko and Teesside.

Income and expenses recognized in the Combined Income Statement with regard to loans and receivables carried at amortized cost break down as follows:

		Remeasurement	
	Interest income	Foreign currency translation	Impairment
	In millions of euros		
At 31-December-2009	28.0	(44.8)	(1.6)
At 31-December-2008	64.6	2.6	(1.4)
At 31-December-2007	43.3	(0.9)	17.5

Loans granted to affiliated companies

RLC Power Holding, a holding company established by the Group together with other partners, granted a loan to its affiliated investment Ras Girtas Power Company for a total of €76 million at December 31, 2009.

Kahrabel, a Group holding company in Middle-East, financed several affiliated projects in the Middle East region (Ras Laffan, Shuweihat and Al Dur) for a total of €171 million at December 31st 2008.

Other receivables carried at amortized cost

The Group deposited cash as collateral for the financing of the group's Chilean and Brazilean activities as well as the US Astoria transaction (€303 million at December 31st 2009).

The Group deposited cash as collateral for the financing of the group's Chilean activities as well as the US Astoria transaction (€141 million at December 31st 2008).

Trade and other receivables

On initial recognition, trade and other receivables are recorded at fair value, which generally corresponds to their nominal value. Impairment losses are recorded based on the estimated risk of non-recovery. The carrying amount of trade and other receivables represents a reasonable estimate of fair value.

14.1.3. Financial assets at fair value through income

	Dec. 31, 2009			Dec. 31, 2008			Dec. 31, 2007		
	Non-current	*Current*	*Total*	*Non-current*	*Current*	*Total*	*Non-current*	*Current*	*Total*
					In millions of euros				
Derivative instruments	**269.9**	**339.6**	**609.5**	**424.2**	**262.4**	**686.6**	**209.2**	**465.3**	**674.5**
Derivatives hedging borrowings	129.4	33.5	162.9	249.7	1.0	250.7	153.4	(0.3)	153.1
Derivatives hedging commodities	140.3	302.7	443.0	167.6	259.7	427.2	55.8	465.6	521.5
Other derivatives	0.1	3.4	3.6	7.0	1.7	8.7	0.0	0.0	(0.1)
Financial assets at fair value through income (excluding derivatives)	0.0	2.5	2.5	0.0	4.6	4.6	0.0	385.0	385.0
Financial assets qualifying as at fair value through income		0.7	0.7		4.6	4.6		385.0	385.0
Financial assets designated as at fair value through income		1.8	1.8		0.0	0.0		0.0	0.0
Total	**269.9**	**342.1**	**612.0**	**424.2**	**267.0**	**691.2**	**209.2**	**850.4**	**1,059.5**

Commodity derivatives and derivatives hedging borrowings and other items are set up as part of the Group's risk management policy and are analysed in Note 15.

As of December 31, 2007, 2008 and 2009, financial assets qualifying as at fair value through income are mainly money market funds held for trading purposes and intended to be sold in the near term. They are included in the calculation of the Group's net debt (see Note 14.3).

Gains on financial assets held for trading purposes amounted to €4.7 million at December 31, 2009 (€4.7 million at December 31, 2008 and €38.7 million at December 31, 2007).

14.1.4. Cash and cash equivalents

The Group's financial risk management policy is described Note 15.

At December 31, 2009, except GDF SUEZ, no counterparty represented a significant part of cash and cash equivalents.

Cash and cash equivalents totalled €2,948.5 million at December 31, 2009, compared with €2,315.5 million at December 31, 2008 and €889.6 million at December 31, 2007.

This caption includes restricted cash of €67.4 million at December 31, 2009 (€131.3 million at December 31, 2008 and €135.1 million at December 31, 2007).

Income recognized in respect of cash and cash equivalents amounted to €44.4 million at December 31, 2009 (€69.7 million at December 31, 2008 and €12.3 million at December 31, 2007).

Financial assets pledged as collateral

	Dec. 31, 2009	*Dec. 31, 2008*	*Dec. 31, 2007*
		In millions of euros	
Financial assets pledged as collateral	1,848.2	1,149.2	880.9

This item includes equity instruments and, to a lesser extent, trade receivables pledged to guarantee borrowings and debt.

14.2 Financial liabilities

Financial liabilities are recognized in:

"Other liabilities carried at amortized cost" (borrowings and debt, trade and other payables);

"Financial liabilities at fair value through income or equity" (derivative instruments).

The Group's financial liabilities are classified under the following categories:

	Dec. 31, 2009			*Dec. 31, 2008*			*Dec. 31, 2007*		
	Non-current	*Current*	*Total*	*Non-current*	*Current*	*Total*	*Non-current*	*Current*	*Total*
				In millions of euros					
Borrowings and debt	7,726.7	4,144.0	11,870.7	6,343.8	3,664.0	10,007.7	2,808.2	3,578.5	6,386.7
Derivative instruments	498.9	460.0	959.0	606.7	701.3	1,308.1	349.2	249.2	598.4
Trade and other payables	—	1,013.0	1,013.0	—	1,026.5	1,026.5	—	569.2	569.2
Other financial liabilities	1.4	—	1.4	0.0	—	0.0	0.0	—	0.0
Total	**8,227.0**	**5,617.0**	**13,844.0**	**6,950.6**	**5,391.8**	**12,342.4**	**3,157.5**	**4,396.9**	**7,554.3**

14.2.1. Borrowings and debt

	Dec. 31, 2009			*Dec. 31, 2008*			*Dec. 31, 2007*		
	Non-current	*Current*	*Total*	*Non-current*	*Current*	*Total*	*Non-current*	*Current*	*Total*
				In millions of euros					
Bond issues	1,168.8	258.6	1,427.4	920.5	113.7	1,034.2	721.1	100.8	821.9
Drawdowns on credit facilities	162.3	0.0	162.3	78.8	61.8	140.5	0.0	0.0	0.0
Liabilities under finance leases	292.3	36.2	328.4	335.8	24.2	360.1	278.5	16.2	294.7
Other bank borrowings	4,151.5	304.0	4,455.5	3,160.3	323.8	3,484.1	1,731.4	220.5	1,952.0
Other borrowings(1)	1,948.0	3,472.1	5,420.2	1,856.7	3,068.9	4,925.7	87.0	3,193.9	3,280.8
Total borrowings	**7,722.9**	**4,070.9**	**11,793.7**	**6,352.0**	**3,592.5**	**9,944.5**	**2,818.1**	**3,531.4**	**6,349.4**
Bank overdrafts and current accounts		29.2	29.2		37.3	37.3		38.6	38.6
Outstanding borrowings	**7,722.9**	**4,100.1**	**11,823.0**	**6,352.0**	**3,629.8**	**9,981.8**	**2,818.1**	**3,570.0**	**6,388.0**
Impact of measurement at amortised cost	3.8	43.9	47.7	(8.3)	34.1	25.9	(9.8)	8.5	(1.3)
Impact of fair value hedge	0.0	0.0	0.1	0.0	0.0	0.1	0.0	0.0	0.0
Borrowings and debt	**7,726.7**	**4,144.0**	**11,870.7**	**6,343.8**	**3,664.0**	**10,007.7**	**2,808.2**	**3,578.5**	**6,386.8**

(1) Other borrowings comprise borrowings towards GDF SUEZ, which amounted to €5,064.4 million at December 31, 2009, €4,523.1 million at December 31, 2008 and €3,260.1 million at December 31, 2007.

The fair value of borrowings and debt amounted to €11,843.0 million at December 31, 2009 compared with a carrying amount of 11,870.7 million (€10,169.3 million at December 31, 2008 compared with a carrying amount of €10,007.7 million and €6,469.5 million at December 31, 2007 compared with a carrying amount of €6,386.8 million).

Gains and losses on borrowings and debt recognized in income (mainly comprising interest) are detailed in Note 6.

Borrowings and debt are analysed in Note 14.3.

14.2.2. Derivative instruments

Derivative instruments recorded in liabilities are measured at fair value and break down as follows:

	Dec. 31, 2009			*Dec. 31, 2008*			*Dec. 31, 2007*		
	Non-current	*Current*	*Total*	*Non-current*	*Current*	*Total*	*Non-current*	*Current*	*Total*
	In millions of euros								
Derivatives hedging borrowings	214.3	52.0	266.4	291.1	206.6	497.8	106.0	4.0	110.0
Derivatives hedging commodities	267.4	407.3	674.7	312.7	446.8	759.5	238.8	245.2	484.0
Other derivatives	17.2	0.7	17.9	2.9	47.9	50.8	4.4	0.0	4.4
Total	**498.9**	**460.0**	**959.0**	**606.7**	**701.3**	**1,308.1**	**349.2**	**249.2**	**598.4**

These instruments are put in place as part of the Group's risk management policy and are analysed in Note 15.

14.2.3. Trade and other payables

	Dec. 31, 2009	*Dec. 31, 2008*	*Dec. 31, 2007*
	In millions of euros		
Trade payables and Advances and down-payments received	898.2	947.0	544.8
Payable on fixed assets	114.8	79.6	24.4
Total	**1,013.0**	**1,026.5**	**569.2**

The carrying amount of trade and other payables represents a reasonable estimate of fair value.

14.3 Net debt

	Dec. 31, 2009			Dec. 31, 2008			Dec. 31, 2007		
	Non-current	*Current*	*Total*	*Non-current*	*Current*	*Total*	*Non-current*	*Current*	*Total*
	In millions of euros								
Outstanding borrowings and debt	7,722.9	4,100.6	11,823.4	6,352.0	3,629.8	9,981.8	2,818.1	3,570.0	6,388.0
Impact of measurement at amortised cost	3.8	43.5	47.2	(8.3)	34.1	25.8	(9.8)	8.5	(1.3)
Impact of fair value hedge[(1)]	0.0	0.0	0.1	0.0	0.0	0.1	0.0	0.0	0.0
Borrowings and debt	**7,726.7**	**4,144.0**	**11,870.7**	**6,343.8**	**3,663.9**	**10,007.7**	**2,808.2**	**3,578.5**	**6,386.7**
Derivative instruments hedging borrowings under liabilities[(2)]	214.3	52.0	266.4	291.1	206.6	497.8	106.0	4.0	110.0
Gross debt	**7,941.0**	**4,196.0**	**12,137.0**	**6,634.9**	**3,870.5**	**10,505.5**	**2,914.3**	**3,582.5**	**6,496.7**
Financial assets at fair value through income	0.0	(2.5)	(2.5)	0.0	(4.6)	(4.6)	0.0	(385.0)	(385.0)
Cash and cash equivalents	0.0	(2,948.5)	(2,948.5)	0.0	(2,315.5)	(2,315.5)	0.0	(889.6)	(889.6)
Derivative instruments hedging borrowings under assets[(2)]	(129.4)	(33.5)	(162.9)	(249.7)	(1.0)	(250.7)	(153.4)	0.3	(153.1)
Net cash	**(129.4)**	**(2,984.5)**	**(3,113.9)**	**(249.7)**	**(2,321.1)**	**(2,570.8)**	**(153.4)**	**(1,274.3)**	**(1,427.7)**
Net debt	**7,811.6**	**1,211.5**	**9,023.2**	**6,385.2**	**1,549.4**	**7,934.7**	**2,760.9**	**2,308.1**	**5,069.0**
Outstanding borrowings and debt	7,722.9	4,100.6	11,823.4	6,352.0	3,629.8	9,981.8	2,818.1	3,570.0	6,388.0
Financial assets at fair value through income	0.0	(2.5)	(2.5)	0.0	(4.6)	(4.6)	0.0	(385.0)	(385.0)
Cash and cash equivalents	0.0	(2,948.5)	(2,948.5)	0.0	(2,315.5)	(2,315.5)	0.0	(889.6)	(889.6)
Net debt excluding the impact of derivative instruments and amortised cost	**7,722.9**	**1,149.5**	**8,872.4**	**6,352.0**	**1,309.7**	**7,661.7**	**2,818.1**	**2,295.4**	**5,113.4**

(1) This item corresponds to the revaluation of the interest rate component of debt in a designated fair value hedging relationship.

(2) This item represents the fair value of debt-related derivatives irrespective of whether or not they are designated as hedges. It also includes instruments designated as net investment hedges (see Notes 14.1.3 and 14.2.2).

14.3.1. Change in gross debt

At December 31, 2009 changes in the scope of consolidation led to an increase of €140.6 million (€1,351.2 million at December 31, 2008 and €425.6 million at December 31, 2007) in gross debt, while foreign currency translation increased gross debt by €269.8 million (€149.7 million at December 31, 2008 and (€(338.7) million at December 31, 2007).

14.3.2. Debtlequity ratio

	Dec. 31, 2009	*Dec. 31, 2008*	*Dec. 31, 2007*
	In millions of euros		
Net debt	9,023.2	7,934.7	5,069.0
Total equity	5,104.7	3,736.6	2,209.3
Debt/equity ratio	**176.8%**	**212.3%**	**229.4%**

NOTE – 15 Management of risks arising from financial instruments

The Group mainly uses derivative instruments to manage its exposure to counterparty and market risks.

15.1 Management of risks arising from financial instruments (excluding commodity instruments)

15.1.1. Fair value of financial instruments (excluding commodity instruments)

15.1.1.1. Financial assets

The table below presents the allocation of financial instruments (excluding commodity derivatives) carried in assets by level of fair value. A definition of the various levels in the fair value hierarchy is provided in Note 1.

	Dec. 31, 2009			
	Total	*Level 1*	*Level 2*	*Level 3*
	In millions of euros			
Available-for-sale securities	68.8			68.8
Derivative instruments	166.4	0.0	166.4	0.0
Derivatives hedging borrowings	162.9		162.9	
Derivatives hedging other items	3.6		3.6	
Financial assets at fair value through income	2.5	0.0	2.5	0.0
Financial assets qualifying as at fair value through income	0.7		0.7	
Financial assets designated as at fair value through income	1.8		1.8	
Total	**237.7**	**0.0**	**169.0**	**68.8**

Available-for-sale securities

Unlisted securities as they are measured using valuation models based primarily on recent market transactions, the present value of dividends and/or cash flows or net asset value, are included in level 3 of the fair value hierarchy.

Derivative instruments

The derivative instruments used by the Group to manage its risk exposure mainly include interest rate and currency swaps and options, cross currency swaps and credit default swaps. The fair value of virtually all of these instruments is determined using internal valuation models based on observable market data. They are therefore included in level 2 of the fair value hierarchy.

Financial assets qualifying and designated as at fair value through income

Financial assets qualifying as at fair value through income for which the Group does not have regular liquid values are included in level 2 of the fair value hierarchy.

Financial assets designated as at fair value through income are included in level 2 of the fair value hierarchy.

The change in level 3 financial assets (excluding commodity derivatives) at December 31, 2009, is presented in Note 14.1.1.

15.1.1.2. Financial liabilities

The table below presents the allocation of financial instruments (excluding commodity derivatives) carried in liabilities. A definition of the various levels in the fair value hierarchy is provided in Note 1.

	Dec. 31, 2009			
	Total	Level 1	Level 2	Level 3
	In millions of euros			
Derivative instruments	284.2	0.0	284.2	0.0
Derivatives hedging borrowings	266.3		266.3	
Derivatives hedging other items	17.9		17.9	
Total	**284.2**	**0.0**	**284.2**	**0.0**

See Note 15.1.1.1 for disclosures on derivative instruments.

15.1.2. Counterparty risk

The Group is exposed to counterparty risk on its operating activities, cash investing activities and interest rate, foreign exchange and commodity derivative instruments.

Counterparty risk is managed according to GDF SUEZ counterparty risk policy.

Operating activities

Counterparty risk is governed by the hedging policies approved by the executive management team of GDF SUEZ Energie Europe & International. These policies were fleshed out and aligned with the GDF SUEZ counterparty risk management policy as approved by its executive management in April 2009, which requires each of the GDF SUEZ group's main energy counterparties to be assigned a credit rating.

The executive management team of GDF SUEZ Energie Europe & International appoints risk control committees per geographical area which are independent from the front office. These committees supervise and control risks and the strategies in place to reduce the business line's exposure to counterparty risk. Compliance with the GDF SUEZ Energie Europe & International's hedging policies is verified on a regular basis. Counterparty risk management is reinforced by second-tier controls carried out by the GDF SUEZ Finance division. The Group's exposure to its main energy counterparties is consolidated and monitored on a quarterly basis within the scope of the GDF SUEZ Energy Market Risk Committee (CRME), which also ensures that the exposure limits set for these counterparties are respected.

Counterparty risk arising on trading and portfolio management activities and industrial customers consuming large quantities of energy (more than 150 GWh/year for gas and 100 GWh/year for electricity), is consolidated by the Group and broken down into two main sources of risk:

- payment risk, corresponding to unpaid physical deliveries of energy (energy delivered but unbilled, energy billed but unpaid, and energy delivered before cut-off);
- replacement risk, corresponding to the cost of replacing a contract in default (mark-to-market).

The credit quality of this portfolio is assessed by analyzing the concentration of counterparties by rating category.

Counterparty risk arising from trade receivables

Past-due trade and other receivables are analysed below:

Trade and other receivables	*Past due assets not impaired at balance sheet date*				*Impaired assets*	*Assets neither impaired nor past due*	
	0-6 months	*6-12 months*	*More than 1 year*	*Total*	*Total*	*Total*	*Total*
				In millions of euros			
At December 31, 2009....	114.0	55.5	10.0	179.4	82.3	1,106.8	1,368.5
At December 31, 2008....	408.3	5.1	23.9	437.3	69.2	926.8	1,433.3
At December 31, 2007....	234.7	11.5	24.3	270.5	69.8	662.7	1,003.0

The age of receivables that are past due but not impaired may vary significantly depending on the type of customer with which the Group does business (private corporations, individuals or public authorities). The Group decides whether to recognize impairment on a case-by-case basis according to the characteristics of the customer concerned. The Group does not consider that it is exposed to any material concentration of risk in respect of receivables.

Financing activities

For its financing activities, GDF SUEZ has put in place procedures for managing and monitoring risk based on (i) the accreditation of counterparties according to external credit ratings, objective market data (credit default swaps, market capitalization) and financial structure, and (ii) risk exposure limits.

GDF SUEZ also draws on a structured legal framework based on master agreements (including netting clauses) and collateralization contracts (margin calls).

The oversight procedure for managing counterparty risk arising from financing activities is managed by a middle office that operates independently of the GDF SUEZ group's Treasury department and reports to the GDF SUEZ Finance division.

The Group's maximum exposure to counterparty risk should be assessed based on the carrying amount of financial assets (excluding available-for-sale securities) and on the fair value of derivatives recognized within assets in its Combined Statement of Financial Position.

Counterparty risk arising from loans and receivables carried at amortized cost (excluding trade and other receivables)

The balance of outstanding past-due loans and receivables carried at amortized cost (excluding trade and other receivables) is analysed below:

Loans and receivables carried at amortized cost (excluding trade and other receivables)	*Past due assets not impaired at balance sheet date*				*Impaired assets*	*Assets neither impaired nor past due*	
	0-6 months	*6-12 months*	*More than 1 year*	*Total*	*Total*	*Total*	*Total*
				In millions of euros			
At December 31, 2009....	4.9	1.6	7.2	13.7	6.2	823.2	**843.2**
At December 31, 2008....	26.9	4.1	40.9	71.8	6.5	729.0	**807.4**
At December 31, 2007....	0.3	0.0	9.3	9.6	6.8	374.9	**391.3**

The balance of outstanding loans and receivables carried at amortized cost (excluding trade and other receivables) presented hereabove, does not include impairment losses and changes in fair value and in amortized cost, which amounted to €(6.2) million, €0 million and €0.4 million at December 31, 2009 (versus €(6.5) million, €0 million and €4.8 million at December 31, 2008, €(6.8) million, €0 million

and €(3.8) million at December 31, 2007, €(7.7) million). Changes in these items are presented in Note 14.1.2 – "*Loans and receivables carried at amortized cost*".

The balance of outstanding loans and receivables carried at amortized cost includes loans granted to affiliated companies amounting to €542.7 million, €465.6 million and €187.0 million and for December 31, 2009, 2008, and 2007 respectively (see Note 14.1.2).

Counterparty risk arising from investing activities

The Group is exposed to credit risk arising from investments of surplus cash (excluding loans to non-combined companies) and from its use of derivative financial instruments. Credit risk reflects the risk that one party to a transaction will cause a financial loss for the other party by failing to discharge a contractual obligation. In the case of financial instruments, counterparty risk arises on instruments with a positive fair value.

Additionally, the cash surplus of the combined entities are managed whenever possible with the cash pooling process organised through the GDF SUEZ financial vehicles. The related cash deposits with entities of GDF SUEZ as of December 31, 2009, 2008 and 2007 amounted to €1,516.7 million, €1,249.3 million and €290.4 million respectively.

At December 31, 2009, total outstandings exposed to credit risk amounted to €3,113.9 million (€2,750.8 million at December 31, 2008). Investment grade counterparties (rated at least BBB- by Standard & Poor's or Baa3 by Moody's) represent 91% (79% at December 31, 2008) of the exposure. The remaining exposure arises on either unrated (7% at December 31, 2009 and 6% at December 31, 2008) or non-investment grade counterparties (2% at December 31, 2009 and 15% at December 31, 2008). The bulk of exposure to unrated or non-investment grade counterparties arises within combined companies comprising minority interests, or within Group companies operating in emerging countries, where cash cannot be pooled and is therefore invested locally.

At December 31, 2009, no counterparty (excluding GDF SUEZ) represented more than 16% of cash investments (6% at December 31, 2008).

Counterparty risk arising from other assets

Other assets, including tax receivables, are neither past due nor impaired. The Group does not consider that it is exposed to any counterparty risk on these assets that mainly include tax receivables and prepaid expenses (see Note 14.1.2).

15.1.3. Liquidity risk

GDF SUEZ liquidity is based on maintaining cash and cash equivalents and access to confirmed credit facilities. These facilities are appropriate for the scale of its operations and for the timing of contractual debt repayments.

The Group's activities are financed through the central financial vehicles owned by GDF SUEZ, according to GDF SUEZ financing policy. This policy is based on:

- centralizing external financing;
- diversifying sources of financing between credit institutions and capital markets;
- achieving a balanced debt repayment profile.

At December 31, 2009, bank loans accounted for 42% of gross debt (excluding overdrafts and the impact of derivatives and amortized cost) (compared to 40% and 35% at December 31, 2008 and 2007 respectively), borrowings towards GDF SUEZ amounted to €5,064.4 million or 43% of gross debt (€4,523.1 million in 2008 and €3,260.1 million in 2007), while the remaining debt was raised on capital markets, that is €1,427.4 million in bonds, or 12 % of gross debt (compared to 10% and 13% at December 31, 2008 and 2007 respectively).

Available cash, comprising cash and cash equivalents, financial assets qualifying and designated as at fair value through income, net of overdrafts, amounted to €2,921.8 million at December 31, 2009, (€2,282.8 million at December 31, 2008 and €1,236.0 million at December 31, 2007). Cash surpluses managed by special-purpose vehicles are pooled as part of GDF SUEZ cash pooling process.

15.1.3.1. Undiscounted contractual payments

Undiscounted contractual payments on outstanding borrowings break down as follows by maturity:

At December 31, 2009	Total	2010	2011	2012	2013	2014	Beyond 5 years
	In millions of euros						
Bond issues	1,427.4	258.6	432.4	102.5	96.3	108.8	428.8
Drawdowns on credit facilities	162.3	(0.0)	0.0	33.8	0.0	63.1	65.4
Liabilities under finance leases	328.4	36.2	37.2	10.8	8.0	8.4	227.8
Other bank borrowings	4,455.5	304.0	382.7	391.0	804.6	361.1	2,212.1
Other borrowings	5,420.5	3,472.5	9.7	0.0	0.0	437.2	1,501.0
Bank overdrafts and current accounts	29.2	29.2	0.0	0.0	0.0	0.0	0.0
Outstanding borrowings	**11,823.4**	**4,100.6**	**862.0**	**538.1**	**909.0**	**978.7**	**4,435.1**
Contractual undiscounted cash flows on interest payments	4,085.5	414.9	405.5	402.1	382.9	335.9	2,144.2
Total	15,908.9	4,515.4	1,267.5	940.2	1,291.9	1,314.5	6,579.3

At December 31, 2008	Total	2009	2010	2011	2012	2013	Beyond 5 years
	In millions of euros						
Bond issues	1,034.2	113.7	247.4	139.6	65.0	48.0	420.5
Drawdowns on credit facilities	140.6	61.8	0.0	0.0	20.5	0.0	58.2
Liabilities under finance leases	360.1	24.2	16.7	15.7	21.8	14.3	267.2
Other bank borrowings	3,484.1	323.8	196.6	354.6	479.5	694.0	1,435.5
Other borrowings	4,925.6	3,068.9	561.8	0.0	0.0	12.3	1,282.6
Bank overdrafts and current accounts	37.3	37.3	0.0	0.0	0.0	0.0	0.0
Outstanding borrowings	**9,981.9**	**3,629.8**	**1,022.5**	**509.9**	**586.9**	**768.7**	**3,464.1**
Contractual undiscounted cash flows on interest payments	2,632.9	349.9	363.2	249.0	238.3	247.3	1,185.1
Total	**12,614.7**	**3,979.7**	**1,385.7**	**758.9**	**825.2**	**1,016.0**	**4,649.3**

At December 31, 2007	Total	2008	2009	2010	2011	2012	Beyond 5 years
	In millions of euros						
Bond issues	821.9	100.8	90.1	244.1	144.1	65.1	177.7
Drawdowns on credit facilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities under finance leases	294.7	16.2	16.4	13.2	12.1	6.9	229.9
Other bank borrowings	1,951.9	220.5	267.8	155.6	291.4	177.5	839.0
Other borrowings	3,280.9	3,193.9	2.5	72.7	0.0	0.0	11.8
Bank overdrafts and current accounts	38.6	38.6	0.0	0.0	0.0	0.0	0.0
Outstanding borrowings	**6,388.0**	**3,570.0**	**376.8**	**485.6**	**447.6**	**249.6**	**1,258.4**
Contractual undiscounted cash flows on interest payments	1,245.0	228.3	165.8	151.9	117.5	94.5	487.1
Total	**7,633.0**	**3,798.3**	**542.5**	**637.5**	**565.1**	**344.1**	**1,745.5**

The maturities of the Group's undrawn credit facility programs are analysed in the table below:

At December 31, 2009	*Total*	*2010*	*2011*	*2012*	*2013*	*2014*	*Beyond 5 years*
				In millions of euros			
Confirmed undrawn credit facility programs	167.8	94.4	0.0	0.0	46.5	18.0	8.9

At December 31, 2008	*Total*	*2009*	*2010*	*2011*	*2012*	*2013*	*Beyond 5 years*
				In millions of euros			
Confirmed undrawn credit facility programs	135.4	29.7	15.0	0.0	0.0	53.9	36.9

At December 31, 2007	*Total*	*2008*	*2009*	*2010*	*2011*	*2012*	*Beyond 5 years*
				In millions of euros			
Confirmed undrawn credit facility programs	5.0	0.0	5.0	0.0	0.0	0.0	0.0

The undrawn credit facility programs mentioned above correspond to those managed locally by the entities or business units. GDF SUEZ manages cash requirements and cash surpluses for the Group through financing vehicles as described under note 15.1.

15.1.4. Market risk

15.1.4.1. Currency risk

The Group is exposed to financial statement translation risk due to the geographical spread of its activities: its Combined Statement of Financial Position and Combined Income Statement are impacted by changes in exchange rates upon consolidation of the financial statements of its foreign subsidiaries outside the eurozone. Exposure to translation risk results essentially from net assets held by the Group in the United States, Brazil, Thailand and the United Kingdom (see Note 3.2).

The Group's hedging policy for translation risk with regard to investments in non-eurozone currencies consists of contracting liabilities denominated in the same currency as the cash flows expected to flow from the hedged assets.

Contracting a liability in the same currency is the most natural form of hedging, although the Group also enters into foreign currency derivatives which allow it to synthetically recreate foreign currency debt. These include cross-currency swaps, currency swaps and currency options.

This policy is not applied, however, when the cost of the hedge (corresponding basically to the interest rate of the foreign currency concerned) is too high. This is the case in Brazil where the Group has opted for a type of insurance against a collapse in the value of the Brazilian real (risk of an abrupt temporary decline in the currency value) because of (i) the excessively high interest rate spread, and (ii) the indexation of local revenues. Since 2005, the Group has purchased protection against sovereign risk in the form of credit default swaps. The nominal amount of this protection was USD 100 million, maturing at the end of 2012 at December 31, 2009 (compared to USD 100 million at December 31, 2008 maturing in 2012 and USD 200 million at December 31, 2007 maturing in 2009 and 2012). The market value of these contracts, which do not meet the hedging documentation requirements under IAS 39, was €0.48 million (including the portion of outstanding premiums) at December 31, 2009 (compared to €5.0 million at December 31, 2008 and €0.25 million at December 31, 2007).

An analysis of market conditions is performed on a monthly basis for the US dollar and the pound sterling, and reviewed as appropriate for emerging countries so that any sudden sharp fall in the value of a currency can be anticipated. The hedging ratio of the assets is periodically reviewed in light of market conditions and whenever assets have been acquired or sold. Management must approve in advance any transaction that may cause this ratio to change significantly.

The Group also uses derivative instruments to hedge its exposure to transaction risk arising on its operating and financial activities (foreign currency loans, borrowings, interest and dividend payments, and foreign currency inflows and disbursements arising from operating activities).

The following tables present a breakdown by currency of gross debt and net debt, before and after hedging:

Analysis of financial instruments by currency

Gross debt

	Dec. 31, 2009		*Dec. 31, 2008*		*Dec. 31, 2007*	
	Before hedging	*After hedging*	*Before hedging*	*After hedging*	*Before hedging*	*After hedging*
EUR zone	37%	20%	43%	28%	35%	30%
USD zone	23%	44%	25%	45%	39%	49%
BRL zone	17%	17%	9%	9%	9%	9%
THB zone	6%	7%	5%	5%	5%	4%
GBP zone	2%	2%	1%	1%	0%	0%
Other currencies	15%	11%	16%	10%	12%	8%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Net debt

	Dec. 31, 2009		*Dec. 31, 2008*		*Dec. 31, 2007*	
	Before hedging	*After hedging*	*Before hedging*	*After hedging*	*Before hedging*	*After hedging*
EUR zone	36%	13%	41%	21%	42%	36%
USD zone	25%	52%	27%	54%	39%	52%
BRL zone	15%	15%	8%	8%	1%	1%
THB zone	6%	7%	5%	5%	5%	3%
GBP zone	0%	0%	1%	1%	0%	0%
Other currencies	18%	12%	19%	12%	13%	8%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Foreign currency derivatives

Derivatives used to hedge currency risk are presented below.

Foreign currency derivatives	*Dec. 31, 2009*		*Dec. 31, 2008*		*Dec. 31, 2007*	
	Market value	*Nominal amount*	*Market value*	*Nominal amount*	*Market value*	*Nominal amount*
			In millions of euros			
Fair values hedges	0.2	102.3	0.0	0.0	0.0	0.0
Cash flow hedges	103.1	915.3	115.6	1,146.6	30.3	586.6
Net investment hedges	(7.6)	1,516.9	81.5	1,484.3	43.6	107.5
Derivative investments not qualifying for hedge accounting	(18.1)	1,250.9	(21.7)	704.9	4.0	605.1
Total	**77.6**	**3,785.3**	**175.4**	**3,335.8**	**77.9**	**1,299.1**

The table presented above does not take into account the foreign currency derivatives with GDF SUEZ. At December 31, 2009 the fair value of these derivatives represented a liability of €48 million (compared to a liability of €116 million at December 31, 2008).

The market values shown in the table above are positive for an asset and negative for a liability.

Cash flow hedges are mainly used to hedge future foreign currency cash flows.

Net investment hedging instruments are mainly cross-currency swaps. They are mainly dedicated to hedge net assets held by the Group in US dollar and Thai Baht.

Non-qualifying derivatives consist of structured instruments which are not eligible for hedge accounting, either because of their nature or because they do not meet the hedge effectiveness criteria set out in IAS 39. These instruments are used as economic hedges of foreign currency commitments. The impact on foreign currency derivatives is almost entirely offset by gains and losses on the hedged items.

The methods used to measure the fair value of derivative instruments are described in the financial instruments section of Note 1.4.10 – ''*Summary of significant accounting policies*''.

15.1.4.2. Interest rate risk

Interest rate risk is managed according to GDF SUEZ Interest rate risk policy.

The Group seeks to reduce financing costs by minimizing the impact of interest rate fluctuations on its Combined Income Statement.

The following tables present a breakdown by type of interest rate of gross debt, net debt and loans granted to affiliated companies, before and after hedging:

Analysis of financial instruments by type of interest rate

Gross debt

	Dec. 31, 2009		*Dec. 31, 2008*		*Dec. 31, 2007*	
	Before hedging	*After hedging*	*Before hedging*	*After hedging*	*Before hedging*	*After hedging*
Floating rate	82%	66%	79%	64%	77%	68%
Fixed rate	18%	34%	21%	36%	23%	32%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Net debt

	Dec. 31, 2009		*Dec. 31, 2008*		*Dec. 31, 2007*	
	Before hedging	*After hedging*	*Before hedging*	*After hedging*	*Before hedging*	*After hedging*
Floating rate	77%	54%	72%	53%	71%	60%
Fixed rate	23%	46%	28%	47%	29%	40%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Loans granted to affiliated companies

	Dec. 31, 2009		*Dec. 31, 2008*		*Dec. 31, 2007*	
	Before hedging	*After hedging*	*Before hedging*	*After hedging*	*Before hedging*	*After hedging*
Floating rate	74%	74%	50%	50%	79%	79%
Fixed rate	26%	26%	50%	50%	21%	21%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Interest rate derivatives

Derivatives used to hedge interest rate risk are presented below.

Interest-rate derivatives	*Dec. 31, 2009*		*Dec. 31, 2008*		*Dec. 31, 2007*	
	Market value	*Nominal amount*	*Market value*	*Nominal amount*	*Market value*	*Nominal amount*
			In millions of euros			
Cash flow hedges	(81.1)	1,814.9	(235.0)	1,913.4	(33.3)	676.9
Derivative investments not qualifying for hedge accounting	(31.1)	423.6	(21.9)	371.2	(4.6)	129.1
Total	**(112.2)**	**2,238.5**	**(256.9)**	**2,284.6**	**(38.0)**	**805.9**

The table presented above does not take into account the interest rate derivatives with GDF SUEZ. At December 31, 2009, the fair value of these derivatives represented a liability of €35 million (compared to a liability of €60 million at December 31, 2008).

The market values shown in the table above are positive for an asset and negative for a liability.

Cash flow hedges correspond mainly to hedges of floating-rate debt.

Non-qualifying derivatives represent complex instruments which, although used as economic hedges of borrowings, are not eligible for hedge accounting because of their nature or because they fail to meet the hedge effectiveness criteria set out in IAS 39.

The methods used to measure the fair value of derivative instruments are described in the financial instruments section of Note 1.4.10 – "Summary of significant accounting policies".

15.1.4.3. Specific impact of currency and interest rate hedges

Fair value hedges

The net impact of fair value hedges recognized in the Combined Income Statement was nil as at December 31, 2009, 2008 and 2007.

Cash flow hedges

Foreign currency and interest rate derivatives designated as cash flow hedges can be analysed as follows by maturity:

	Market value by maturity		
	Dec. 31, 2009	*Dec. 31, 2008*	*Dec. 31, 2007*
		In millions of euros	
2008			(13.8)
2009		(42.7)	(17.7)
2010	(21.9)	(31.5)	14.8
2011	(32.8)	(38.1)	(3.7)
2012	13.0	(20.2)	1.6
2013	37.7	13.9	
2014	2.8		
Beyond 5 years	23.2	(0.7)	15.8
Total	**22.0**	**(119.4)**	**(3.0)**

Gains and losses taken to equity in the period totalled €248.4 million at December 31, 2009, (€318.2) million at December 31, 2008, and €(52.5) million at December 31, 2007 (these amounts include the impacts before tax recorded on equity-accounted associates and translation adjustments).

The amount reclassified from equity to income for the period was not material.

The ineffective portion of cash flow hedges recognized in income represented €(3.0) million at December 31, 2009, €(3.7) million at December 31, 2008, and €3.0 million at December 31, 2007.

Net investment hedges

The ineffective portion of net investment hedges recognized in income was represented €1.6 million at December 31, 2009, €(7.3) million at December 31, 2008, €23.6 million at December 31, 2007.

15.1.4.4. Sensitivity analysis: foreign currency and interest rate instruments

Sensitivity was analysed based on the Group's debt position (including the impact of interest rate and foreign currency derivatives) at the balance sheet date.

For currency risk, sensitivity corresponds to a +/- 10% change in exchange rates compared to closing rates.

Impact on income

Changes in exchange rates against the euro only affect income via gains and losses on liabilities denominated in a currency other than the reporting currency of companies carrying the liabilities on their balance sheets, and when the liabilities in question do not qualify as net investment hedges. The impact of a uniform increase (or decrease) of 10% in foreign currencies against the euro would be a net gain (or loss) of €32.1 million.

Impact on equity

For financial liabilities (debt and derivatives) designated as net investment hedges, a uniform adverse change of 10% in foreign currencies against the euro would have a positive impact of €109.2 million on equity. This impact is countered by the offsetting change in the net investment hedged item.

For interest rate risk, sensitivity corresponds to a +/- 1% change in the yield curve compared with year-end interest rates.

Impact on income

A uniform rise of 1% in short-term interest rates (across all currencies) on the nominal amount of floating-rate net debt and the floating-rate component of derivatives, would have an impact of €12 million on net interest expense. A fall of 1% in short-term interest rates would reduce net interest expense by €33.5 million.

In the Combined Income Statement, a uniform change of 1% in interest rates (across all currencies) would result in a gain or a loss of €46.4 million attributable to changes in the fair value of derivatives not documented or designated as net investment hedges.

Impact on equity

A uniform change of +/- 1% in interest rates (across all currencies) would have a positive or negative impact of €70.4 million on equity, attributable to changes in the fair value of derivative instruments designated as cash flow hedges.

15.2 Management of risks arising from commodity instruments

15.2.1. Strategy and objectives

To guarantee its short- and long-term supplies and optimize its production and sales structure, the Group carries out transactions on natural gas, electricity, oil and coal markets. The Group is also active on the European greenhouse gas emission trading rights market. These transactions expose the Group to the risk of changes in commodity prices and could create significant volatility in earnings, equity and cash flows from one period to the next. The Group therefore uses commodity derivatives in line with a variety of strategies in order to eliminate or mitigate these risks.

The use of these derivatives is governed by hedging and trading policies approved by the executive management team of GDF SUEZ Energie Europe & International, while any key policy decisions are validated by the GDF SUEZ Energy Market Risk Committee (CRME). Trading and portfolio management teams manage market and counterparty risks in accordance with the objectives and exposure limits set by the executive management teams. These policies were fleshed out and aligned with the GDF SUEZ market and counterparty risk management strategy as approved by its executive management in April 2009.

The executive management of GDF SUEZ Energie Europe & International appoints risks control committees per geographical area which are independent from trading and portfolio management teams. These committees supervise and control risks and strategies in place in order to reduce exposure to changes in commodity prices and to counterparty risk. They verify that positions taken comply with hedging policies on a regular basis. For trading activities, these departments verify

compliance on a daily basis. The departments are also responsible for calculating fair value and, market and counterparty risk exposure. The risks control departments produce daily reports on the performance and exposure resulting from hedging and trading activities. To ensure that market risks are being managed and monitored appropriately by GDF SUEZ Energie Europe & International, a second-tier control has been set up by the GDF SUEZ Finance division.

15.2.1.1. Trading activities

A US subsidiary of the Group engages in trading activities. These transactions are carried out in compliance with strict risk policies. In this context, the spot or forward transactions concern natural gas, electricity and various oil-based products and are contracted either over-the-counter or on organised markets. They may also offer their clients risk management services. These transactions are executed in the United States using various instruments, including (a) futures contracts involving physical delivery of an energy commodity; (b) swaps providing for payments to or by counterparties of an amount corresponding to the difference between a fixed and variable price for the commodity; and (c) options and other contracts.

Revenues from trading activities amounted to €10.1 million in 2009 (€10.0 million in 2008 and €(0.8) million in 2007).

15.2.1.2. Portfolio management activities

Portfolio management seeks to optimize the market value of assets (power plants, gas supply contracts, energy sales and gas storage) over various timeframes (short-, medium- and long-term). Market value is optimized by:

- guaranteeing supply and ensuring the balance between needs and physical resources;
- managing market risks (price, volume);
- unlocking optimum value from portfolios within a specific risk framework;
- where appropriate, structuring products designed for companies engaged in selling activities.

Risk management framework aims to smooth out and safeguard the Group's financial resources over periods of one month to three or five years, depending on the maturity of each market. As a consequence portfolio managers often take out economic hedges which can lead to volatility in earnings when the derivatives used do not qualify for hedge accounting as defined by IAS 39.

Hedging transactions

The Group enters into cash flow hedges and fair value hedges as defined by IAS 39, using derivative instruments (futures and options) contracted over-the-counter or on organised markets. These instruments may be settled net or involve physical delivery of the underlying. Cash flow hedges are used to protect the Group against unfavorable changes in market prices affecting procurement costs or margins on highly probable future sale transactions. Fair value hedges are used to protect the Group against adverse changes in market prices that may affect the fair value of firm procurement or sale commitments.

Other commodity derivatives

Other commodity derivatives relate mainly to contracts used by the US entities that are (i) used to manage their overall exposure to certain market risks; (ii) entered into for the purpose of taking advantage of differences in market prices in order to increase Group margins; (iii) contracts qualified as written options under IAS 39; or (iv) contracts that the Group has the practice of settling net.

The Group also holds certain purchase and sale contracts providing for the physical delivery of the underlying, which are documented as being purchases and sales taking place in the ordinary course of business but which include clauses qualifying as embedded derivatives under IAS 39. For some of the contracts, these clauses are recognized and measured separately from the host contract, with changes in fair value taken to income. Specifically, certain embedded derivatives have been recognized separately from host contracts containing (i) price clauses that link the contract price to changes in an index or the price of a different commodity from the one that is being delivered; (ii) indexation clauses based on foreign exchange rates that are not considered as being closely linked to the host contract; or (iii) other clauses.

15.2.2. Fair value of commodity derivatives

The fair values of commodity derivatives at December 31, 2009, 2008 and 2007 are indicated in the table below:

	Dec. 31, 2009				*Dec. 31, 2008*				*Dec. 31, 2007*			
	Assets		*Liabilities*		*Assets*		*Liabilities*		*Assets*		*Liabilities*	
	Current	*Non-Current*	*Current*	*Non-Current*	*Current*	*Non-Current*	*Current*	*Non-Current*	*Current*	*Non-Current*	*Current*	*Non-Current*
	In millions of euros											
Cash flow Hedges	59.7	35.4	205.6	86.2	132.5	68.6	286.2	202.0	410.3	43.0	150.7	146.6
Fair Value Hedges	163.6	56.3	163.6	56.3	68.6	64.7	68.6	64.7	0.0	0.0	0.0	0.0
Derivative instruments used in energy trading activities and other derivative instruments	79.4	48.6	38.1	124.9	58.6	34.3	91.9	45.9	55.3	12.8	94.5	92.2
Total	**302.7**	**140.3**	**407.3**	**267.4**	**259.7**	**167.6**	**446.8**	**312.7**	**465.6**	**55.8**	**245.2**	**238.8**

The fair values of cash flow hedges by type of commodity are as follows:

	Dec. 31, 2009				*Dec. 31, 2008*				*Dec. 31, 2007*			
	Assets		*Liabilities*		*Assets*		*Liabilities*		*Assets*		*Liabilities*	
	Current	*Non-Current*	*Current*	*Non-Current*	*Current*	*Non-Current*	*Current*	*Non-Current*	*Current*	*Non-Current*	*Current*	*Non-Current*
	In millions of euros											
Natural gas	30.7	25.5	67.4	10.9	88.6	9.6	60.0	71.0	24.8	4.3	28.6	122.0
Swaps	25.0	25.2	43.9	7.3	86.8	9.6	41.3	70.8	24.2	4.2	27.7	121.9
Options	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.0	0.0	0.0	0.0	0.1
Forwards/Futures	5.7	0.3	23.5	3.6	1.8	0.0	18.3	0.3	0.6	0.1	0.9	0.0
Electricity	27.3	7.5	129.9	71.0	32.7	5.7	209.4	131.0	21.7	35.3	33.3	16.5
Swaps	0.5	0.2	57.5	27.9	2.1	0.5	111.6	59.9	13.0	10.1	21.3	4.8
Options	0.8	0.0	0.5	0.0	0.0	0.0	1.0	0.0	0.0	0.0	0.4	0.0
Forwards/Futures	25.9	7.3	71.9	43.0	30.6	5.2	96.7	71.1	8.7	25.2	11.6	11.7
Oil	0.0	0.0	0.0	0.0	0.0	53.3	0.5	0.0	284.2	0.0	0.0	0.0
Swaps	0.0	0.0	0.0	0.0	0.0	53.3	0.0	0.0	284.2	0.0	0.0	0.0
Options	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Forwards/Futures	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.0	0.0	0.0	0.0	0.0
Other	1.8	2.4	8.3	4.4	11.2	0.0	16.3	0.0	79.6	3.4	88.8	8.1
Swaps	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	79.6	3.4	88.8	8.1
Options	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Forwards/Futures	1.8	2.4	8.3	4.4	11.2	0.0	16.3	0.0	0.0	0.0	0.0	0.0
Total	**59.7**	**35.4**	**205.6**	**86.2**	**132.5**	**68.6**	**286.2**	**202.0**	**410.3**	**43.0**	**150.7**	**146.6**

The fair values of fair value hedges by type of commodity are as follows:

	Dec. 31, 2009				*Dec. 31, 2008*			
	Assets		*Liabilities*		*Assets*		*Liabilities*	
	Current	*Non-Current*	*Current*	*Non-Current*	*Current*	*Non-Current*	*Current*	*Non-Current*
	In millions of euros							
Natural gas	20.5	5.2	20.5	5.2	0.0	0.0	0.0	0.0
Forwards/Futures	20.5	5.2	20.5	5.2	0.0	0.0	0.0	0.0
Electricity	143.1	51.1	143.1	51.1	68.6	64.7	68.6	64.7
Forwards/Futures	143.1	51.1	143.1	51.1	68.6	64.7	68.6	64.7
Total	**163.6**	**56.3**	**163.6**	**56.3**	**68.6**	**64.7**	**68.6**	**64.7**

See also Notes 14.1.3 and 14.2.2.

The fair values shown in the table above reflect the amounts for which assets could be exchanged, or liabilities settled, at the balance sheet date. They are not representative of expected future cash flows insofar as positions (i) are sensitive to changes in prices; (ii) can be modified by subsequent transactions; and (iii) can be offset by future cash flows arising on the underlying transactions.

Cash flow hedges

Notional amounts and maturities of cash flow hedges are as follows:

	Notional amounts (net[1])						
	2010	*2011*	*2012*	*2013*	*2014*	*Beyond 2015*	*Total*
	In GWh at Dec. 31, 2009						
Natural gas, electricity and coal	19,283	4,052	3,422				26,757
Oil-based products							
Other	(3,496)	(4,190)	(2,797)				(10,483)
Total	**15,787**	**(138)**	**625**				**16,274**

(1) Long position/(short position)

	Notional amounts (net[1])						
	2010	*2011*	*2012*	*2013*	*2014*	*Beyond 2015*	*Total*
	In thousands of tons at Dec. 31, 2009						
Greenhouse gas emission rights	540	580					1,120
Other							
Total	**540**	**580**					**1,120**

(1) Long position/(short position)

	Notional amounts (net[1])						
	2009	*2010*	*2011*	*2012*	*2013*	*Beyond 2014*	*Total*
	In GWh at Dec. 31, 2008						
Natural gas, electricity and coal	523	375	3,070	3,831	300		8,099
Oil-based products	6,650						6,650
Total	**7,173**	**375**	**3,070**	**3,831**	**300**		**14,749**

(1) Long position/(short position)

	Notional amounts (net[1])						
	2009	*2010*	*2011*	*2012*	*2013*	*Beyond 2014*	*Total*
	In thousands of tons at Dec. 31, 2008						
Greenhouse gas emission rights	3,580						3,580
Total	**3,580**						**3,580**

(1) Long position/(short position)

	Notional amounts (net[1])						
	2008	*2009*	*2010*	*2011*	*2012*	*Beyond 2013*	*Total*
				In GWh at Dec. 31, 2007			
Natural gas, electricity and coal	(56,900)	(22,400)	(5,500)	(800)			(85,600)
Oil-based products	13,800	7,000					20,800
Total	**(43,100)**	**(15,400)**	**(5,500)**	**(800)**			**(64,800)**

(1) Long position/(short position)

At December 31, 2009, a loss of €9.5 million was recognized in equity in respect of cash flow hedges versus a loss of €76.0 at end-2008 and a gain of €277.5 million at end-2007 (these amounts include translation adjustments). A gain of €6.6 million was reclassified from equity to income in 2009, compared with a gain of €298.3 million in 2008 and €25.4 million in 2007.

Gains and losses arising on the ineffective portion of hedges are taken to income. A loss of €0.9 million was recognized in income in 2009, compared with a gain of €12.5 million in 2008 and a loss of €20.7 million in 2007.

Fair value hedges

In accordance with IAS 39, changes in the fair value of a derivative instrument and the item hedged are recognized simultaneously in income for the period.

At December 31, 2009, a loss of €317.1 million was recognized in income (loss of €61.3 million in 2008) in respect of the hedging instrument, and a gain of €317.1 million in respect of the item hedged (€61.3 million in 2008).

15.2.3. Financial risks arising from the use of commodity derivatives

15.2.3.1. Market risk

Trading activities

Market risk arising from commodity derivative instruments relating to trading activities is assessed, estimated and managed on a daily basis using Value-at-Risk (VaR) techniques, together with other market risk exposure limits. The use of VaR to quantify market risk provides a transversal measure of risk taking all markets and products into account. Use of these techniques requires the determination of key assumptions, notably the selection of a confidence interval and a holding period.

Value-at-Risk represents the potential loss on a portfolio of assets due to price fluctuations over a specified holding period based on a given confidence interval. It is not an indication of expected results. The Group uses a 1-day holding period and a 95% confidence interval.

The table below shows the VaR of trading.

	Value-at-risk				
	Dec. 31, 2009	*2009 average[1]*	*2008 average[1]*	*2009 maximum[2]*	*2009 minimum[2]*
			In millions of euros		
Trading activities	0.03	0.62	0.72	1.74	0.03
	Dec. 31, 2008	*2008 average[1]*	*2007 average[1]*	*2008 maximum[2]*	*2008 minimum[2]*
Trading activities	0.72	0.72	0.52	2.87	0.14
	Dec. 31, 2007	*2007 average[1]*	*2006 average[1]*	*2007 maximum[2]*	*2007 minimum[2]*
Trading activities	0.34	0.52	0.66	1.58	0.02

(1) Average daily VaR.

(2) Based on month-end highs and lows observed in the period.

Portfolio Management Activities

As of 2009, market risk arising from commodity derivative instruments in the portfolio management activity is assessed, measured and managed using sensitivity analyses, together with other market risk exposure indicators. These sensitivity analyses are calculated based on a fixed portfolio at a given date and may not be necessarily representative of future changes in income and equity of the Group. The analyses are determined excluding the impact of commodity purchase and sale contracts entered into within the ordinary course of business.

Sensitivity of income to market risk arises mainly on economic hedges not eligible for hedge accounting under IFRS.

Due to the low proportion of options contracts in the Group's derivative portfolios, the sensitivity analysis is symmetrical for price increases and decreases.

	Dec. 31, 2009		
Sensitivity analysis	*Price movements*	*Pre-tax impact on income*	*Pre-tax impact on equity*
		In millions of euros	
Oil-based products	+10.00 USD/bbl	(48.0)	6.6
Natural gas	+3.00 €/MWh	74.0	(186.4)
Electricity	+5.00 €/MWh	22.0	122.0
Greenhouse gas emission rights	+2.00 €/ton	(27.2)	(5.3)
EUR/USD	+10.00%	6.8	5.7
EUR/GBP	+10.00%	(0.7)	(1.9)

At December 31, 2008 and 2007, market risk arising from commodity derivative instruments in the portfolio management activity were assessed, estimated and managed using a VaR. The December 2008 and 2007 VaR on hedging instruments and other commodity derivatives stood at €14 million and €5.7 million respectively.

15.2.3.2. Liquidity risk

See Note 15.1.3 for details of the Group's liquidity risk management policy.

The table below provides an analysis of undiscounted fair values due and receivable in respect of commodity derivatives recorded in assets and liabilities at the balance sheet date.

Liquidity Risk	*Due within 1 year*	*Due between 1 and 2 years*	*Due between 2 and 3 years*	*Due between 3 and 4 years*	*Due between 4 and 5 years*	*Beyond 5 years*	*Total*
				In millions of euros			
Derivative instruments carried in liabilities							
Relating to portfolio management activities	(390.4)	(153.3)	(67.4)	(21.1)	(12.7)	(22.7)	(667.6)
Relating to trading activities	(40.7)						(40.7)
Derivative instruments carried in assets							
Relating to portfolio management activities	263.8	108.9	32.3	4.8	2.8	10.6	423.2
Relating to trading activities	47.5						47.5
Total at December 31, 2009	**(119.8)**	**(44.4)**	**(35.1)**	**(16.3)**	**(9.9)**	**(12.1)**	**(237.6)**
Derivative instruments carried in liabilities	(433.0)	(193.9)	(80.2)	(32.9)	(7.2)	(3.6)	(750.8)
Derivative instruments carried in assets	251.3	0.7	59.0	22.6	2.9	2.9	339.3
Total at December 31, 2008	**(181.6)**	**(193.3)**	**(21.2)**	**(10.4)**	**(4.3)**	**(0.7)**	**(411.5)**
Derivative instruments carried in liabilities	(110.8)	(75.9)	(63.3)	(11.2)	(1.5)	(2.6)	(265.2)
Derivative instruments carried in assets	344.2	17.1	8.9	4.8	0.7	1.6	377.3
Total at December 31, 2007	**233.4**	**(58.8)**	**(54.3)**	**(6.5)**	**(0.8)**	**(1.0)**	**112.0**

At December 31, 2009, the Group provides an analysis of residual contractual maturities of commodity derivative instruments included in its portfolio management activities. Derivative instruments relating to trading activities are considered to be liquid in less than one year, and are presented under current items in the balance sheet.

15.2.3.3. Counterparty risk

See note 15.1.2 for details of the Group's counterparty risk management policy.

The procedure for managing counterparty risk arising from operating activities has been reinforced by second-tier controls carried out by the GDF SUEZ Finance division.

The Group is exposed to counterparty risk on its operating and financing activities. Counterparty risk reflects the risk that one party to a transaction will cause a financial loss for the other by failing to discharge a contractual obligation. In the case of derivatives, counterparty risk arises from instruments with a positive fair value, including trade receivables. Counterparty risk is taken into account for the calculation of the fair value of the instruments.

	Dec. 31, 2009		*Dec. 31, 2008*		*Dec. 31, 2007*	
Counterparty risk[1]	*Investment grade*[2]	*Total*	*Investment grade*[2]	*Total*	*Investment grade*[2]	*Total*
			In millions of euros			
Counterparties						
Gross exposure	792.3	824.9	595.2	631.1	422.3	511.7
Net exposure[3]	710.0	740.5	547.8	580.8	414.1	502.8
% exposure to investment grade counterparties	*95.9%*		*94.3%*		*82.4%*	

(1) Excluding positions with a negative fair value.

(2) "Investment grade" corresponds to transactions with counterparties related at least BBB- by Standard & Poor's, Baa3 by Moody's, or an equivalent by Dun & Bradstreet. Counterparties are also qualified as investment grade based on publicly available credit ratings, taking into account collateral, letters of credit and parent company guarantees.

(3) After taking into account collateral netting agreements and other credit enhancement.

15.2.4. Commitments relating to commodity purchase and sale contracts entered into within the ordinary course of business

In the ordinary course of their activities, some Group operating companies enter into long-term contracts, some of which include "take-or-pay" clauses. These consist of firm commitments to purchase (sell) specified quantities of gas, electricity and steam and related services, in exchange for a firm commitment from the other party to deliver (purchase) said quantities and services. These contracts were documented as falling outside the scope of IAS 39. The table below shows the main future commitments arising from contracts entered into by the Group.

In TWh	*Dec. 31, 2009*	*Within 1 year*	*1 to 5 years*	*More than 5 years*
Firm purchases of commodities, fuel and services	1,291.5	188.3	493.4	609.8
Total commitments given	**1,291.5**	**188.3**	**493.4**	**609.8**
Firm sales of gas, electricity, steam, oil and services	1,081.9	147.6	276.8	657.6
Total commitments received	**1,081.9**	**147.6**	**276.8**	**657.6**

In TWh	*Dec. 31, 2008*	*Within 1 year*	*1 to 5 years*	*More than 5 years*
Firm purchases of commodities, fuel and services	1,173.5	165.1	440.1	568.3
Total commitments given	**1,173.5**	**165.1**	**440.1**	**568.3**
Firm sales of gas, electricity, steam, oil and services	1,234.9	138.2	258.6	838.1
Total commitments received	**1,234.9**	**138.2**	**258.6**	**838.1**

In TWh	*Dec. 31, 2007*	*Within 1 year*	*1 to 5 years*	*More than 5 years*
Firm purchases of commodities, fuel and services	1,039.7	na	na	na
Total commitments given	**1,039.7**	**na**	**na**	**na**
Firm sales of gas, electricity, steam, oil and services	714.4	na	na	na
Total commitments received	**714.4**	**na**	**na**	**na**

The Group is also committed to purchasing and selling future services in connection with the performance of long-term contracts.

NOTE – 16 Equity

As described in Note 1, the Group has not in the past formed a separate legal group and therefore it is not possible to show share capital or an analysis of reserves for the Group. The net assets of the Group are represented by the cumulative investment of GDF SUEZ in the Group (shown as "paid-in capital and consolidated reserves").

For the purposes of the combined financial information we assumed that Suez Tractebel Energy International Reporting Unit (STSA SEI) as it was historically managed by GDF SUEZ is the parent company of the Group.

STSA SEI equity represents the historical allocation of Suez Tractebel SA net assets by GDF SUEZ management. Accordingly the capital structure presented in the combined financial information does not reflect the capital structure that would have been reported, had the Group been an independent group, nor the situation that may prevail in the future.

16.1 Instruments providing a right to subscribe for new shares of GDF SUEZ

Stock subscription options

The Group GDF SUEZ has granted stock subscription options to its employees as part of stock option plans. These plans are described in Note 22.

16.2 Total income and expense recognized directly in Group share equity

	Dec. 31, 2006	*Change*	*Dec. 31, 2007*	*Change*	*Dec. 31, 2008*	*Change*	*Dec. 31, 2009*
				In millions of euros			
Available-for-sale financial assets..........	0.0	0.0	0.0	(11.3)	(11.3)	3.1	(8.2)
Net investment hedges..........................	10.1	(1.6)	8.5	(13.9)	(5.3)	30.8	25.5
Cash flow hedges..................................	(55.2)	(42.0)	(97.1)	(253.9)	(351.1)	199.5	(151.6)
Commodity cash flow hedges...............	70.4	252.0	322.4	(367.0)	(44.6)	(10.7)	(55.3)
Actuarial gains and losses....................	0.5	0.9	1.4	(8.6)	(7.3)	57.6	50.3
Deferred taxes.......................................	(11.0)	(87.5)	(98.5)	189.7	91.2	(35.7)	55.4
Translation adjustments on items above	(12.9)	(7.9)	(20.8)	(28.0)	(48.8)	7.6	(41.2)
Sub-total	**1.9**	**114.0**	**115.8**	**(493.0)**	**(377.2)**	**252.2**	**(125.0)**
Translation adjustments on other items	120.3	(143.7)	(23.4)	(299.8)	(323.2)	293.2	(30.0)
Total	**122.2**	**(29.7)**	**92.4**	**(792.8)**	**(700.4)**	**545.3**	**(155.0)**

16.3 Distributions

Distributions represent mainly dividends transferred by STSA SEI to its parent company. These dividends do not mirror dividends paid by STSA (the legal company) to its parent Company. They represent the distributions decided by the Group Management Committee for STSA SEI.

Distributions also include capital contributions to entities that are outside the Group perimeter and dividends paid by the Group companies to minority interests.

16.4 Contributions

Contributions represent mainly acquisition price of entities within the carved out businesses that were acquired during the periods presented by GDF SUEZ or by GDF SUEZ subsidiaries that are not part of the carved out businesses. The acquisition of these entities has been accounted for in the combined financial information as if the acquisition was performed by the Group and funded by capital contribution from GDF SUEZ.

In order to maintain the level of net debt as it was historically managed, the cash received by the Group companies from GDF SUEZ companies as part of internal reorganizations, have been presented as capital contribution from GDF SUEZ. These transactions represent mainly the transfer of:

- Entities that were managed by the Group and not included in the carved out businesses. These entities have been excluded from the Combined Financial Information since the beginning of the periods presented. The cash received when these entities were transferred by the Group to GDF SUEZ have been considered as a contribution from GDF SUEZ ;
- Entities that are part of the carved out businesses and were transferred by the Group to GDF SUEZ or its subsidiaries that are not owned by the Group during the periods presented.

The gain or loss on disposal of these entities have been eliminated in the Combined Financial Information. The cash received at the disposal date have been considered as a contribution from GDF SUEZ.

NOTE – 17 Provisions

2007

	Dec. 31, 2006	Allocations	Reversals (utilisations)	Reversals (surplus provisions)	Changes in scope of consolidation	Impact of unwinding discount adjustments	Translation adjustments	Other	Dec. 31, 2007
	In millions of euros								
Pensions and other employee benefit obligations	165.9	0.3	(17.8)	(0.6)	0.0	16.6	13.0	(3.0)	174.5
Dismantling of plant and equipment	4.9	0.2	0.0	0.0	0.0	0.0	(0.5)	(0.1)	4.6
Disputes, claims and tax risks	155.8	7.0	(109.9)	(0.7)	(0.0)	0.0	(2.2)	(0.1)	49.9
Others	16.8	8.7	(0.9)	0.0	(0.6)	0.0	0.4	1.4	25.8
Total provisions	**343.4**	**16.3**	**(128.6)**	**(1.3)**	**(0.6)**	**16.6**	**10.8**	**(1.7)**	**254.8**

Allocations, reversals and changes relating to unwinding discount adjustments are presented as follows in the combined income statement:

	Net allocations (reversals)
	In millions of euros
Income from operating activities	(114.0)
Other financial income and expenses	16.6
Income tax expense	0.3
Total	**(97.0)**

2008

	Dec. 31, 2007	Allocations	Reversals (utilisations)	Reversals (surplus provisions)	Changes in scope of consolidation	Impact of unwinding discount adjustments	Translation adjustments	Other	Dec. 31, 2008
	In millions of euros								
Pensions and other employee benefit obligations	174.5	2.0	(13.1)	(0.2)	9.6	16.2	(37.2)	12.3	164.1
Dismantling of plant and equipment	4.6	0.5	(0.0)	0.0	41.8	1.0	(4.4)	(2.0)	41.5
Disputes, claims and tax risks	49.9	52.9	(10.5)	(5.4)	12.6	0.0	(6.1)	0.0	93.4
Others	25.8	14.6	(5.4)	0.0	1.6	0.0	(3.0)	(0.0)	33.6
Total provisions	**254.8**	**69.9**	**(29.0)**	**(5.6)**	**65.6**	**17.2**	**(50.6)**	**10.3**	**332.6**

Changes in scope of combination result primarily from the acquisition of First light in the USA and Teesside in the UK.

Allocations, reversals and changes relating to unwinding discount adjustments are presented as follows in the combined income statement:

	Net allocations (reversals)
	In millions of euros
Income from operating activities	(9.8)
Other financial income and expenses	17.2
Income tax expense	45.1
Total	**52.5**

2009

	Dec. 31, 2008	*Allocations*	*Reversals (utilisations)*	*Reversals (surplus provisions)*	*Changes in scope of consolidation*	*Impact of unwinding discount adjustments*	*Translation adjustments*	*Other*	*Dec. 31, 2009*
	In millions of euros								
Pensions and other employee benefit obligations	164.1	1.1	(11.5)	(5.1)	3.1	24.8	38.6	(82.1)	132.9
Dismantling of plant and equipment	41.5	0.4	(0.1)	0.0	0.0	1.4	1.5	10.2	54.9
Disputes, claims and tax risks	93.4	13.1	(2.8)	(2.2)	0.0	0.0	9.7	1.2	112.5
Others	33.6	3.0	(5.6)	(5.9)	25.9	(10.1)	4.1	(1.2)	43.7
Total provisions	**332.6**	**17.5**	**(20.0)**	**(13.2)**	**29.0**	**16.1**	**53.9**	**(72.0)**	**344.0**

The other movement of pensions and other employee benefit obligations represents mainly actuarial gains and losses recognized in equity.

Changes in scope of combination result primarily from the acquisition of Izgaz in Turkey.

Allocations, reversals and changes relating to unwinding discount adjustments are presented as follows in the combined income statement:

	Net allocations (reversals)
	In millions of euros
Income from operating activities	(14.9)
Other financial income and expenses	16.1
Income tax expense	(0.8)
Total	**0.5**

The different types of provisions and the calculation principles applied are described hereafter.

17.1 Employee benefit obligations

See Note 18.

17.2 Dismantling obligations arising on other plant and equipment

Certain plant and equipment, including conventional power stations, transmission and distribution pipelines, storage, have to be dismantled at the end of their operational lives. This obligation is the result of prevailing environmental regulations in the countries concerned, contractual agreements, or an implicit Group commitment.

The related liability is calculated using the most appropriate technical and budget estimates. Payments to be made over the long-term are discounted.

Upon initial recognition, the Group books a provision for the present value of the obligation at the commissioning date and recognizes a "dismantling" asset as the matching entry for the provision. This asset is included within the appropriate line of property, plant and equipment and is depreciated over the useful life of the facilities.

The amount of the provision is adjusted each year to reflect the impact of unwinding the discount.

17.3 Provisions for disputes, claims and tax risks

See Note 26.

17.4 Others

Other risks mainly include provisions for miscellaneous employee-related litigation, environmental risks and various business risks.

NOTE – 18 Post-employment benefits and other long-term benefits

18.1 Description of the main pension plans

The main Group's defined benefits plans relate to Tractebel Energia, an electricity producer in Brazil

According to the terms of the Gerasul privatisation act (renamed Tractebel Energia), the buyer is responsible for the payment of the pension and survivor annuities of its retirees and for those of retirees and beneficiaries from the former state company Eletrosul.

In October 2002, Tractebel Energia obtained the concerned ministry's permission to create its own pension fund (Previg) with the same statuses, benefits and administrative structure as the original fund. Liabilities and assets were transferred to Previg for Tractebel Energia employees and for employees who had retired since privatization (23/12/1997). Liabilities and assets for fund retirees at the time of privatization stayed with the former pension plan.

The pension benefits provided by Tractebel Energia are financed through both personal and employer contributions. These benefits are payable as a life annuity indexed monthly. These life annuities are reversible in the event of the retiree's death

For participants meeting the conditions below, the annuity provided is 100% of base salary minus amounts paid to social security. The employee must:

- Have contributed to social security for at least 35 years for men and 30 years for women
- Be at least 55 years old at the time of retirement
- Have contributed to the pension plan for at least 10 years.

Deductions are made if these three conditions are not met.

At the end of 2004, Tractebel Energia received authorisation from the concerned authorities to create a defined contribution plan within the Previg fund. This new plan is called PrevFlex and has been offered to all new hires since 1/1/2005.

The Previg defined benefit plan has been closed to new members effective 1/1/2005. Tractebel Energia employees could choose to remain in the defined benefit plan or to transfer to a defined contribution plan through transfer of their acquired rights in the old plan to their personal account in the defined contribution plan. However certain participants, under specific conditions could choose to maintain the rights they acquired in the old plan while migrating in the defined contribution plan.

Employees in the company for at least 10 years received a special contribution to make up for the potential reduction in capital at the end which might result from migration to the defined contribution plan. This leveled contribution, presented as a percentage of salary, will be paid until the date of retirement.

The option was closed in August 2005. Ninety-four percent of participants migrated to the defined contribution plan. Of these, 90% migrated with their acquired rights to a pure defined contribution plan.

The financing of PrevFlex is split equally between employer and personal contributions. Each of employer and personal contributions amount to 1% of salary limited to a BRL 2,166 ceiling (€798), increased by 3%, 5% or 7% of the balance of the salary above the ceiling. Participants are free to choose the percentage they contribute above the ceiling and the employer matches the employee's choice. In addition to basic financing, employees can make additional contributions up to 15% of

salary, without, however, receiving employer-matching contributions on these. Contributions are paid into an account under the participant's name.

The liabilities related to these plans represented 95% of total pension obligations and related liabilities at December 31, 2009 (94% as of December 31, 2008 and 100% as of December 31, 2007)

Employees of Suez Energy Brazil, Suez Energy South America and of the Previg pension fund are also affiliated to PrevFlex.

18.2 Defined benefit plans

18.2.1. Change in projected benefit obligation

			Dec. 31, 2009			Dec. 31, 2008			Dec. 31, 2007	
		Pension benefit obligations[1]	*Other benefit obligations*[2]	*Total benefit obligations*	*Pension benefit obligations*[1]	*Other benefit obligations*[2]	*Total benefit obligations*	*Pension benefit obligations*[1]	*Other benefit obligations*[2]	*Total benefit obligation*
						In millions of euros				
A – Change in projected benefit obligation										
Projected benefit obligation at January 1		**(412.6)**	**(0.2)**	**(412.8)**	**(480.1)**	**0.0**	**(480.1)**	**(421.5)**	**(6.0)**	**(427.5)**
Service cost		(0.7)	(0.1)	(0.7)	(0.3)		(0.3)	(0.1)		(0.1)
Interest cost		(46.8)	(0.1)	(46.9)	(46.3)		(46.3)	(46.0)		(46.0)
Contributions paid		(0.1)		(0.1)	(0.1)		(0.1)	(0.1)		(0.1)
Amendments		0.0		0.0	0.0		0.0	0.0		0.0
Acquisitions/disposals of subsidiaries		(0.4)	(0.3)	(0.8)	(9.4)	(0.2)	(9.6)	0.0		0.0
Curtailments /settlements		0.1	0.0	0.1	0.0		0.0	0.0		0.0
Special terminations		0.0		0.0	0.0		0.0	0.0		0.0
Actuarial gains and losses		57.7		57.7	(10.1)		(10.1)	(10.5)		(10.5)
Benefits paid		39.1		39.1	35.0		35.1	31.0	6.3	37.4
Other (translation adjustments)		(115.2)		(115.2)	98.6		98.6	(32.9)	(0.3)	(33.2)
Projected benefit obligation at December 31	**A**	**(478.8)**	**(0.6)**	**(479.5)**	**(412.6)**	**(0.2)**	**(412.8)**	**(480.1)**	**0.0**	**(480.1)**
B – Change in fair value of plan assets										
Fair value of plan assets at January 1		**248.8**	**0.0**	**248.8**	**305.6**	**0.0**	**305.6**	**261.6**	**0.0**	**261.6**
Expected return on plan assets		22.1		22.1	30.1		30.1	29.4		29.4
Actuarial gains and losses		22.4		22.4	(2.2)		(2.2)	12.1		12.1
Contributions received		11.5		11.5	11.6		11.6	11.8		11.8
Acquisitions/disposals of subsidiaries		0.0		0.0	0.1		0.1	0.0		0.0
Settlements		0.0		0.0	0.0		0.0	0.0		0.0
Benefits paid		(34.1)		(34.1)	(35.0)		(35.0)	(30.7)		(30.7)
Other (translation adjustments)		76.0		76.0	(61.4)		(61.4)	21.4		21.4
Fair value of plan assets at December 31	**B**	**346.7**	**0.0**	**346.7**	**248.8**	**0.0**	**248.8**	**305.6**	**0.0**	**305.6**
C – Funded status	**A+B**	**(132.1)**	**(0.6)**	**(132.7)**	**(163.8)**	**(0.2)**	**(164.0)**	**(174.5)**	**0.0**	**(174.5)**
Unrecognized past service cost				0.0			0.0			0.0
Asset ceiling				0.0			0.0			0.0
Net benefit obligation	**A+B**	**(132.1)**	**(0.6)**	**(132.7)**	**(163.8)**	**(0.2)**	**(164.0)**	**(174.5)**	**0.0**	**(174.5)**
Accrued benefit liability		**(132.3)**	**(0.6)**	**(132.9)**	**(163.9)**	**(0.2)**	**(164.1)**	**(174.5)**	**0.0**	**(174.5)**
Prepaid benefit cost		**0.2**		**0.2**	**0.1**		**0.1**			**0.0**

(1) Pensions and retirement bonuses.

(2) Length-of-service awards, healthcare and other post-employment benefits.

18.2.2. Actuarial gains and losses recognized in equity

Net actuarial gains recognized in equity amounted to €79.2 million at December 31, 2009 compared to net actuarial losses of €8.2 million at end-2008 and net gain of €2.3 million at end-2007

	2009	*2008*	*2007*
		In millions of euros	
At January 1	8.2	(2.3)	(0.7)
Actuarial (gains)/losses generated during the year	(87.4)	10.5	(1.6)
At December 31	**(79.2)**	**8.2**	**(2.3)**

These amounts include minority interest share, and are before deferred taxes.

Actuarial gains and losses presented in the above table include translation adjustments. In the statement of recognized income and expense, translation adjustments are shown separately.

18.2.3. Reconciliation with provisions carried in the balance sheet

The table below shows the reconciliation of pension liabilities with provisions carried in the balance sheet:

	Dec. 31, 2009	*Dec. 31, 2008*	*Dec. 31, 2007*
	In millions of euros		
Provision for pensions	132.3	163.9	174.5
Provision for other post-employment and long-term benefits	0.6	0.2	0.0
Total provision	**132.9**	**164.1**	**174.5**

The yearly changes in pension liabilities and prepaid costs carried in the balance sheet can be broken down as follows:

	Liabilities	*Assets*
	In millions of euros	
Balance at December 31, 2006	**(165.9)**	**0.0**
Exchange rate differences	(11.9)	
Changes in scope of consolidation and other	0.0	
Actuarial gains and losses	1.6	
Period pension cost	(16.8)	
Contributions	18.5	
Balance at December 31, 2007	**(174.5)**	**0.0**
Exchange rate differences	37.0	
Changes in scope of consolidation and other	(9.4)	0.1
Actuarial gains and losses	(12.3)	
Period pension cost	(16.5)	
Contributions/Benefits paid	11.6	
Balance at December 31, 2008	**(164.1)**	**0.1**
Exchange rate differences	(39.2)	
Changes in scope of consolidation and other	(0.8)	
Actuarial gains and losses	80.1	0.1
Period pension cost	(25.3)	
Contributions/Benefits paid	16.4	
Balance at December 31, 2009	**(132.9)**	**0.2**

18.2.4. Components of the net periodic pension cost

The net periodic cost recognized in respect of defined benefit obligations for the years ended December 31, 2009, 2008 and 2007 breaks down as follows:

	2009	*2008*	*2007*
	In millions of euros		
Current service cost	(0.6)	(0.3)	(0.1)
Interest cost	(46.8)	(46.3)	(46.0)
Expected return on plan assets	22.1	30.1	29.4
Total	**(25.3)**	**(16.5)**	**(16.7)**
o/w recorded in current operating income	(0.6)	(0.3)	(0.1)
o/w recorded in net financial income/(loss)	(24.7)	(16.2)	(16.6)

18.2.5. Funding policy and strategy

When defined benefit plans are funded, the related plan assets are invested in pension funds and/or with insurance companies, depending on the investment practices specific to the country concerned. The investment strategies underlying these defined benefit plans are aimed at striking the right balance between return on investment and acceptable levels of risk.

The objectives of these strategies are to maintain sufficient income streams and liquidity to cover pension and other benefit payments, and as part of risk management, to achieve a long-term rate of return higher than the discount rate or where appropriate, at least equal to future required returns.

When plan assets are invested in pension funds, investment decisions and the allocation of plan assets are the responsibility of the fund manager concerned.

The funding of these obligations at December 31 for each of the periods presented can be analysed as follows:

	Projected benefit obligation	*Fair value of plan assets*	*Unrecognized past service cost*	*Total net obligations*
Underfunded plans	(474.3)	346.7		(127.6)
Overfunded plans				0.0
Unfunded plans	(5.3)			(5.3)
Total at December 31, 2009	**(479.6)**	**346.7**	**0.0**	**(132.9)**
Underfunded plans	(402.8)	248.8		(154.0)
Overfunded plans				0.0
Unfunded plans	(10.0)			(10.0)
Total at December 31, 2008	**(412.8)**	**248.8**	**0.0**	**(164.0)**
Underfunded plans	(479.8)	305.6		(174.2)
Overfunded plans				0.0
Unfunded plans	(0.3)			(0.3)
Total at December 31, 2007	**(480.1)**	**305.6**	**0.0**	**(174.5)**

The allocation of plan assets by principal asset category can be analysed as follows:

	2009	*2008*	*2007*
Equities	6%	6%	7%
Bonds	88%	88%	87%
Real estate	2%	2%	2%
Other (including money market securities)	4%	4%	4%
Total	**100%**	**100%**	**100%**

18.2.6. Actuarial assumptions

Actuarial assumptions are determined individually per country and company in association with independent actuaries. Assumptions used in the assessment of Tractebel Energia's obligations (the main group's defined benefits plan) are presented below:

	Pension benefit obligations		
	2009	*2008*	*2007*
Discount rate	10,5%	10,3%	10,3%
Estimated future increase in salaries	4,5%	5,0%	5,0%
Expected return on plan assets	11,3%	10,5%	10,5%
Average remaining working lives of participating employees	8 years	8 years	8 years

18.2.6.1. Discount rate

The discount rate applied is determined based on the yield, at the date of the calculation, on top-rated corporate bonds with maturities mirroring the likely maturity of the plan.

18.2.6.2. Expected return on plan assets

To calculate the expected return on plan assets, the portfolio is divided into sub-groups of homogenous components sorted by major asset class and geographic area, based on the composition of the benchmark indexes and volumes in each fund at December 31 of the previous year.

An expected rate of return is assigned to each sub-group for the period, based on information published by a third party. The fund's overall performance in terms of absolute value is then compiled and compared with the value of the portfolio at the beginning of the period.

The expected return on plan assets is calculated in light of market conditions and based on a risk premium. The risk premium is calculated by reference to the supposedly risk-free rate on government bonds, for each major asset class and geographical area.

18.2.7. Experience adjustments

The breakdown of experience adjustments giving rise to actuarial gains and losses is as follows:

	Dec. 31, 2009		*Dec. 31, 2008*		*Dec. 31, 2007*	
	Pension benefit obligations	*Other benefit obligations*	*Pension benefit obligations*	*Other benefit obligations*	*Pension benefit obligations*	*Other benefit obligations*
	In millions of euros					
Projected benefit obligation	(479.4)	(0.5)	(412.6)	(0.2)	(480.1)	0.0
Fair value of plan assets	346.7	0.0	248.8	0.0	305.6	0.0
Surplus/deficit	(132.7)	(0.5)	(163.8)	(0.2)	(174.5)	0.0
Experience adjustments to projected benefit obligation	(57.7)		10.1			
Experience adjustments to fair value of plan assets	(22.4)		2.2			

18.2.8. Payments due in 2010

The Group expects to pay around € 12.3 million in recurring contributions into its defined benefit plans in 2010.

18.3 Defined contribution plans

In 2009, the Group recorded a € 10.3 million charge in respect of amounts paid into Group defined contribution plans (a € 8.3 million in 2008 and € 6.1 million in 2007).

These contributions are recorded under "Personnel costs" in the combined income statement.

NOTE – 19 Finance leases

19.1 Finance leases for which the Group acts as lessee

The carrying amounts of property, plant and equipment held under finance leases are broken down into different asset categories depending on their type.

The main finance lease agreements entered into by the Group primarily concern the Choctaw power station in the United States.

The present values of future minimum lease payments break down as follows:

	Future Minimum Lease Payments at Dec. 31, 2009		*Future Minimum Lease Payments at Dec. 31, 2008*		*Future Minimum Lease Payments at Dec. 31, 2007*	
	Undiscounted Value	*Present Value*	*Undiscounted Value*	*Present Value*	*Undiscounted Value*	*Present Value*
	In millions of euros					
Year 1	24.7	24.1	28.4	27.1	27.1	25.7
Years 2 to 5 inclusive	93.1	85.5	107.0	90.2	104.4	87.0
Beyond year 5	389.9	202.1	427.1	177.2	457.7	207.4
Total future minimum lease payments	**507.6**	**311.6**	**562.5**	**294.5**	**589.2**	**320.2**

The following table provides a reconciliation of maturities of liabilities under finance leases as reported in Note 14.2.1 with the maturities of undiscounted future minimum lease payments:

	Total at Dec. 31, 2009	*Year 1*	*Years 2 to 5 Inclusive*	*Beyond Year 5*
	In millions of euros			
Liabilities under finance leases	328.4	36.2	64.5	227.8
Impact of discounting future repayments of principal and interest	179.2	(11.5)	28.6	162.1
Undiscounted future minimum lease payments	507.6	24.7	93.1	389.9

	Total at Dec. 31, 2008	*Year 1*	*Years 2 to 5 Inclusive*	*Beyond Year 5*
	In millions of euros			
Liabilities under finance leases	360.1	24.2	68.6	267.2
Impact of discounting future repayments of principal and interest	202.4	4.2	38.4	159.8
Undiscounted future minimum lease payments	562.5	28.4	107.0	427.1

	Total at Dec. 31, 2007	*Year 1*	*Years 2 to 5 Inclusive*	*Beyond Year 5*
	In millions of euros			
Liabilities under finance leases	294.7	16.2	48.7	229.9
Impact of discounting future repayments of principal and interest	294.5	10.9	55.7	227.9
Undiscounted future minimum lease payments	589.2	27.1	104.4	457.7

19.2 Finance leases for which The Group acts as lessor

These leases fall mainly within the scope of IFRIC 4 guidance on the interpretation of IAS 17. They concern (i) energy purchase and sale contracts where the contract conveys an exclusive right to use a production asset; and (ii) certain contracts with industrial customers relating to assets held by the Group.

The Group has recognized finance lease receivables for Glow IPP (Thailand) in relation with co-generation plants. It has also recognized finance lease receivables on the sale of transmission capacities in Mexico.

	Dec. 31, 2009	*Dec. 31, 2008*	*Dec. 31, 2007*
		In millions of euros	
Undiscounted future minimum lease payments	429.2	468.3	302.4
Unguaranteed residual value accruing to the lessor	21.8	21.3	21.8
Total gross investment in the lease	**450.9**	**489.6**	**324.1**
Unearned financial income	**91.3**	**108.9**	**115.6**
Net investment in the lease	**359.7**	**380.8**	**208.4**
o/w present value of future minimum lease payments	349.9	373.3	199.8
o/w present value of unguaranteed residual value	9.7	7.5	8.6

Amounts recognized in the combined balance sheet in connection with finance leases are detailed in Note 14.1.2 ''Loans and receivables carried at amortized cost''.

Undiscounted future minimum lease payments receivable under finance leases can be analyzed as follows:

	Dec. 31, 2009	*Dec. 31, 2008*	*Dec. 31, 2007*
		In millions of euros	
Year 1	84.0	81.7	23.6
Years 2 to 5 inclusive	196.5	219.4	100.0
Beyond year 5	148.6	167.2	178.6
Total	**429.2**	**468.3**	**302.4**

NOTE – 20 Operating leases

20.1 Operating leases for which the Group acts as lessee

The Group has entered into operating leases mainly in connection with LNG tankers, and miscellaneous buildings and fittings.

Operating lease income and expense for 2009, 2008 and 2007 can be analysed as follows:

	2009	*2008*	*2007*
		In millions of euros	
Minimum lease payments	(54.5)	(69.9)	(55.8)
Sub-letting expenses	(0.1)	0.0	(0.6)
Other operating lease expenses	(2.6)	(2.8)	(3.3)
Total	**(57.2)**	**(72.7)**	**(59.7)**

Future minimum lease payments under non-cancellable operating leases can be analysed as follows:

	Dec. 31, 2009	*Dec. 31, 2008*	*Dec. 31, 2007*
	In millions of euros		
Year 1	56.8	41.0	26.5
Years 2 to 5 inclusive	210.4	121.6	82.1
Beyond year 5	322.6	94.6	114.7
Total	**589.8**	**257.1**	**223.3**

The increase of future minimum lease payments in 2009 compared to 2008 is due to a new 20-year ''bare-boat'' charter agreement for a LNG carrier ship.

20.2 Operating leases for which the Group acts as lessor

These leases fall mainly within the scope of IFRIC 4 guidance on the interpretation of IAS 17. They concern primarily the HHPC plant in Thailand, the BAYMINA plant in Turkey, and the HOPEWELL and RED HILLS plants in the United States. Operating lease income for 2009, 2008 and 2007 can be analysed as follows:

	2009	*2008*	*2007*
	In millions of euros		
Minimum lease payments	670.5	695.3	670.0
Total	**670.5**	**695.3**	**670.0**

Future minimum lease payments receivables under non-cancellable operating leases can be analysed as follows:

	Dec. 31, 2009	*Dec. 31, 2008*	*Dec. 31, 2007*
	In millions of euros		
Year 1	478.5	549.3	421.1
Years 2 to 5 inclusive	1,877.1	1,999.9	1,462.4
Beyond year 5	2,111.5	2,186.4	2,084.7
Total	**4,467.1**	**4,735.6**	**3,968.2**

NOTE – 21 Cash flows

21.1 Reconciliation with income tax expense in the combined income statement

	Tax cash flows (income tax expense)		
	2009	*2008*	*2007*
	In millions of euros		
Impact in the income statement	(328.7)	(373.1)	(251.8)
Provisions for income taxes	(0.8)	45.1	0.3
Deferred tax	24.1	28.0	(3.8)
Other	15.6	7.8	98.2
Impact in the cash flow statement	**(289.9)**	**(292.1)**	**(157.1)**

21.2 Reconciliation with net financial income/(loss) in the combined income statement

	Financial cash flows (net financial income/loss)		
	2009	*2008*	*2007*
	In millions of euros		
Impact in the income statement	**(333.6)**	**(347.7)**	**(271.5)**
Changes in amortised cost	75.4	49.1	(10.6)
Foreign currency translation and changed in fair value	5.3	(8.0)	(66.9)
Unwinding of discounting adjustments to provisions	16.1	17.2	16.6
Other	(4.1)	3.8	(0.8)
Impact in the cash flow statement	**(240.9)**	**(285.6)**	**(333.2)**
Breakdown of the impact statement of cash flows			
Interest received on non-current financial assets	32.8	32.6	13.2
Dividends received on non-current financial assets	1.6	1.9	2.6
Interest paid	(324.4)	(394.6)	(400.0)
Interest received on cash and cash equivalents	44.4	69.7	12.3
Change in financial assets at fair value through income	2.2	87.0	(46.4)
Total impact in the statement of cash flows	**(243.4)**	**(203.5)**	**(418.3)**
– Change in the statement of financial position of financial assets at fair value	*2.5*	*(82.3)*	*85.1*
Impact in the statement of cash flows adjusted for balance sheet changes	**(240.9)**	**(285.8)**	**(333.2)**

21.3 Reconciliation with contribution in the combined statement of changes in shareholders' equity

The difference between contribution in the combined statements of changes in shareholder's equity and the contribution in the combined cash flow statements is mainly in 2009 related to the entry in the scope of combination of Izgaz. For 2008, it is related to the entry in the scope of combination of the Mexican and UK entities following the cashless merger between Gaz de France and Suez.

NOTE – 22 Share-based payment

Managers and employees of the combined entities are eligible for the benefits offered to employees of the GDF SUEZ Group. Expenses recognized in respect of share-based payment break down as follows:

		Expenses for the year		
	Notes	*2009*	*2008*	*2007*
		In millions of euros		
Stock option plans	22.1	4.6	4.5	3.6
Bonus/performance share plans	22.2	4.8	4.8	2.7
Exceptional bonus	22.3	0.1	0.1	0.2
		9.5	**9.4**	**6.5**

22.1 Stock option plans

22.1.1. Stock option policy

GDF SUEZ's stock option policy aims to closely involve executive and senior management, as well as high-potential managers, in the future development of the GDF SUEZ Group and in creating shareholder value.

The award of stock purchase or subscription options is also a means of retaining employee loyalty, both in terms of adhesion to GDF SUEZ values and commitment to strategic policies. Conditions for the award of options and the list of beneficiaries are approved by the GDF SUEZ's Board of Directors in accordance with authorizations granted at Shareholders' Meetings.

In 2007, SUEZ's Executive Management reaffirmed its wish to maintain a growing base of beneficiaries, so as to preserve the coherence of SUEZ's policy in this area. The decision taken in 2000 not to apply a discount when determining the option price was renewed in 2009.

Since the SUEZ Board of Directors' decision in 2005, the number of options awarded has been reduced and partly replaced by an award of bonus SUEZ shares, made available to more employees than were previously eligible for stock options.

In 2009, awards of bonus shares are in line with these principles.

Furthermore, the SUEZ Board of Directors decided that the exercise of a portion of options awarded would be subject to certain conditions, provided for in the conditional system for the SUEZ's senior managers and in the enhanced conditional system for members of the SUEZ's Executive Committee. Pursuant to the initial rules governing the plans and the SUEZ Board of Directors' decision of October 18, 2006, the objectives defined as performance conditions applicable to stock option plans (described below) were lowered as a result of the merger with Gaz de France by applying a coefficient of 0.80.

At the GDF SUEZ Shareholder's Meeting in 2009, members of the GDF SUEZ Executive Committee announced their joint decision to waive any stock-option grants for 2009. However, they reiterated their commitment to long-term performance-based incentive strategies. In this respect, the Group's Board of Directors resolved to grant 5.2 million new stock purchase options on November 10, 2009. For 700 executive managers, half of the options awarded are subject to a performance condition described here-after.

In connection with the US delisting procedure, stock options granted to employees of Group companies in the US were replaced in 2007 by a Share Appreciation Rights scheme, which entitles beneficiaries to a cash payment equal to the profit they would make on exercising their options and immediately selling the underlying shares.

Conditional system

2003 plan

As the performance conditions were satisfied at November 17, 2007, the stock subscription options granted to the SUEZ's senior managers and members of the SUEZ Executive Committee may be exercised.

2004 plan and plans for subsequent years

The exercise of half of the stock subscription options granted to the GDF SUEZ's senior managers and half of the options awarded to members of the GDF SUEZ Executive Committee (after deduction of approximately 10% of their options, which are subject to the enhanced conditional system), is subject to a number of performance conditions.

These conditions are described below.

2004 plan: options may be exercised under this plan if, during the period from November 17, 2008 to November 16, 2012, the SUEZ share price is equal to or greater than the exercise price of €18.14, adjusted for the change in the Eurostoxx Utilities Index observed over the period from November 17, 2004 to November 17, 2008.

2005 plan: The options subject to this performance condition may be exercised if, during the period from December 8, 2009 to December 7, 2013, the SUEZ share price is equal to or greater than the exercise price of €24.20, adjusted for the change in the Eurostoxx Utilities Index observed over the period from December 8, 2005 to December 8, 2009.

2006/2007 plan: These options may be exercised if, during the period from January 17, 2011 to January 16, 2015 inclusive, the SUEZ share price is equal to or greater than the exercise price of €38.89, adjusted for the change in the Eurostoxx Utilities Index observed over the period from January 16, 2007 to January 16, 2011.

November 2007 plan: These options may be exercised if, during the period from November 13, 2011 to November 13, 2015 inclusive, the SUEZ share price is equal to or greater than the exercise price of €44.37, adjusted for the change in the Eurostoxx Utilities Index observed over the period from November 13, 2007 to November 13, 2011.

2008 plan: options under this plan may be exercised if, during the period from November 9, 2012 to November 11, 2016, the GDF SUEZ share price reaches at least on one occasion a price equal to the option exercise price (€32.74) adjusted for the change in the Eurostoxx Utilities index observed over the period from November 11, 2008 to November 9, 2012.

2009 plan : the options may be exercised if, at the end of the lock-up period, the GDF SUEZ share price is equal to or higher than the exercise price, adjusted to reflect the performance of the Eurostoxx Utilities index over the period from November 9, 2009 to November 8, 2013 inclusive.

Enhanced conditional system

Approximately 10% of the stock subscription options granted to members of the GDF SUEZ Executive Committee are subject to a more demanding performance condition. After deduction of this 10% portion, half of the remaining options are subject to the conditional system above, and the other half are free from performance conditions. If the conditions described below are met, then the associated options may be exercised; failing this, the options are irrevocably forfeited.

2004 plan: the performance conditions were met as of November 17, 2008 and the options may therefore be exercised.

2005 plan: the 10% of options subject to this enhanced performance condition may be exercised if the SUEZ share price on December 8, 2009 (as measured by the arithmetic mean of the share price during the previous 20 trading days) is equal to or greater than the exercise price of the options, adjusted for the change in the Eurostoxx Utilities Index observed over the period from December 8, 2005 to December 8, 2009, plus 1% per annum.

2006/2007 plan: the 10% of options subject to this enhanced performance condition may be exercised if the SUEZ share price on January 17, 2011 (as measured by the arithmetic mean of the share price during the previous 20 trading days) is equal to or greater than the change in the Eurostoxx Utilities Index observed over the period from January 16, 2007 to January 16, 2011, plus 4%.

November 2007 plan: the 10% of options subject to this enhanced performance condition may be exercised if the SUEZ share price on November 14, 2011 (as measured by the arithmetic mean of the share price during the previous 20 trading days) is equal to or greater than the change in the Eurostoxx Utilities Index observed over the period from November 13, 2007 to November 13, 2011, plus 4%.

2008 plan: the 10% of options subject to this enhanced performance condition may be exercised if the GDF SUEZ share price on November 12, 2012 (as measured by the arithmetic mean of the share price during the previous 20 trading days) is equal to or greater than the change in the Eurostoxx Utilities Index observed over the period from November 11, 2008 to November 9, 2012, plus 4%.

22.1.2. Number of stock options awarded

The number of stock options awarded by each plan to Group management personnel is as follows:

Plan	*Date of authorising AGM*	*Vesting date*	*Initial exercise price*	*Adjusted exercise price*[2]	*Number of shares*[2]	*Number of shares to be subscribed by the General Management Committee*[2]
Nov 20, 2002[1]	May 04, 2001	Nov 20, 2006	16.69	15.71	517,220	168,195
Nov 19, 2003[1]	May 04, 2001	Nov 19, 2007	13.16	12.39	636,600	302,900
Nov 17, 2004[1]	Apr 27, 2004	Nov 17, 2008	17.88	16.84	713,700	343,500
Dec 09, 2005[1]	Apr 27, 2004	Dec 09, 2009	24.2	22.79	506,230	297,140
Jan 17, 2007	Apr 27, 2004	Jan 16, 2011	38.89	36.62	503,000	275,900
Nov 14, 2007	May 04, 2007	Nov 13, 2011	44.37	41.78	323,210	232,250
Nov 12, 2008	Jul 16, 2008	Nov 12, 2012	32.74	32.74	375,510	248,900
Nov 10, 2009	May 04, 2009	Nov 10, 2013	29.44	29.44	311,260	224,100
Total					**3,886,730**	**2,092,885**

(1) Exercisable plans as of December 31, 2008

(2) After the merger between Suez and Gaz de France on July 22, 2008, the exercise price and the number of shares have been changed. The beneficiaries' individual rights have been adjusted to take into account (i) the spin off of 65% of Suez Environment Company to SUEZ shareholders and (ii) the exchange ratio application to the merger. One option Suez was exchanged for approximately 1.06 option GDF SUEZ.

22.1.3. Fair value of stock option plans in force

Stock option plans are mainly valued based on a binomial model using the following assumptions:

	2009 plan	*2008 plan*	*November 2007 plan*	*January 2007 plan*	*2005 plan*	*2004 plan*
Volatility	32.41%	35.16%	33.71%	32.87%	31.25%	29.66%
Risk-free rate	3.13%	3.63%	4.03%	4.00%	3.25%	3.70%
In Euros						
Dividend	1.6	1.39	1.34	1.2	0.8	0.8
Fair value of options at the grant date	6.27	9.33	15.04	12.28	7.24	4.35

In 2009, the fair value of stock options subject to market-based performance conditions was €5.41/ option, calculated using Monte Carlo simulations. Eurostoxx Utilities assumptions used as the basis for the performance condition were defined based on the historical performance of the index over an eight-year period, which mirrors the term of the options :

- Correlation between the GDF SUEZ share and the Eurostoxx Utilities index : 77.3%
- Volatility of the Eurostoxx Utilities index : 18.71%

22.1.4. Accounting impact

Based on a staff turnover assumption of 5%, the expense recorded during the period in relation to stock option plans was as follows:

	Expense for the year		
Grant date	*2009*	*2008*	*2007*
	In millions of euros		
Nov 20, 2002			
Nov 19, 2003			0.4
Nov 17, 2004		0.7	0.7
Dec 09, 2005	0.8	0.9	0.9
Jan 17, 2007	1.5	1.5	1.4
Nov 14, 2007	1.2	1.3	0.19
Nov 12, 2008	1	0.1	
Nov 10, 2009	0.1		
	4.6	**4.5**	**3.6**

As allowed under IFRS 2, an expense has been recognized only for options granted after November 7, 2002 that had not yet vested at January 1, 2005.

Adjustments made to beneficiaries' rights following the merger have no impact on the expense for the period.

22.2 Bonus/performance share plans

As part of a global financial incentive scheme implemented in 2007 to involve employees more closely in the GDF SUEZ's financial performance, each employee received bonus shares in 2007 and 2008, subject to certain performance conditions. As the scheme covers a period of three years, the GDF SUEZ Board of Directors' meeting of July 8, 2009 resolved to award a further 20 bonus shares to each employee for 2009, also subject to certain conditions. At the same time, the Board of Directors of Suez Environment Company decided to award 30 bonus shares to each of its employees, in addition to GDF SUEZ plan under which Suez Environment employees will also receive 8 GDF SUEZ bonus shares.

The Board of Directors' meeting of November 10, 2009 awarded 1,693,840 performance shares, subject to a vesting period of 2 or 4 years, depending on the country concerned. Performance shares are awarded on the basis of several conditions:

- presence in the GDF SUEZ Group (except in the event of retirement, death of disability);
- a performance condition related to the GDF SUEZ EBITDA;
- a mandatory holding period of two years as from the final vesting date (March 15, 2012).

22.2.1. Details of bonus share plans in force

The number of bonus shares awarded by each plan to Group management personnel is as follows:

Grant date	*Number of Shares*	*Number of shares allocated to the General Management Committee*	*Fair value per share*
February 2007 plan (SUEZ)	97,086	22,920	36.0
July 2007 plan (SUEZ)	54,370	238	37.8
August 2007 plan (SUEZ)	19,944	0	32.1
November 2007 plan (SUEZ)	120,228	29,410	42.4
June 2008 plan (SUEZ)	58,254	255	39.0
November 2008 plan (GDF SUEZ)	151,884	32,320	28.5
November 2009 plan (GDF SUEZ)	145,086	29,580	24.8
Balance as at December 31, 2009	**646,852**	**114,723**	**33.2**

22.2.2. Valuation model used

In accordance with IFRS 2, the Group estimated the fair value of goods or services received during the period by reference to the fair value of the equity instruments rewarded as consideration for such goods or services.

Fair value was estimated at the grant date, representing the date the GDF SUEZ Board of Directors approved the award. The fair value of shares awarded corresponds to the market price of the shares at the grant date, adjusted for (i) the estimated loss of dividends during the two-year vesting period, and (ii) the non-transferability period applicable to the shares. The cost of the non-transferability period is not material. The cost of the plan is recognized in personnel costs on a straight-line basis between the grant date and date on which the conditions for the award are fulfilled, and offset directly against equity. The cost may be adjusted for any revisions to assumptions regarding staff turnover rates during the period or compliance with performance conditions. The final figure will be determined based on the number of shares effectively awarded at the end of said period.

22.2.3. Impact on income for the periods

The expense recorded during the period in relation to bonus share plans in force is as follows:

	Expenses for the year		
Grant date	*2009*	*2008*	*2007*
	In millions of euros		
February 2006 plan (SUEZ)		0.2	0.8
February 2007 plan (SUEZ)	0.3	1.6	1.4
June 2007 plan (GDF)			
July 2007 plan (SUEZ)	0.3	0.5	0.2
November 2007 plan (SUEZ)	2.1	2.1	0.3
May 2008 plan (GDF)			
June 2008 plan (SUEZ)	0.5	0.3	
November 2008 plan (GDF SUEZ)	1.2	0.2	
July 2009 plan (GDF SUEZ)	0.3		
July 2009 plan (SUEZ Environnement)			
November 2009 plan (GDF SUEZ)	0.1		
December 2009 plan (SUEZ Environnement)			
	4.8	**4.8**	**2.7**

Adjustments made to beneficiaries' rights following the merger have no impact on the expense for the period.

22.3 SUEZ exceptional bonus

In November 2006, the SUEZ Group introduced a temporary exceptional bonus award scheme aimed at rewarding employee loyalty and involving employees more closely in SUEZ's success. This scheme provides for the payment of an exceptional bonus equal to the value of four SUEZ shares in 2010 and the amount of gross dividends for the period 2005-2009 (including any extraordinary dividends). Since the merger between Gaz de France and SUEZ, the calculation has been based on a basket of shares comprising one GDF SUEZ share and one SUEZ Environment Company share.

Around 4,000 Group employees are eligible for this bonus at December 31, 2009.

The accounting impact of this cash-settled instrument consists in recognizing a payable to the employee over the vesting period of the rights, with the corresponding adjustment recorded in income. The corresponding expense amounted to €0.1 million in 2009 (€0.1 million in 2008 and €0.2 million in 2007) . The estimated fair value of the liability upon expiry of the plan is €0.5 million.

NOTE – 23 Related party transactions

This note describes material transactions between the Group and its related parties.

Compensation payable to key management personnel is disclosed in Note 24.

The Group's main subsidiaries (fully combined companies) are listed in Note 28.

23.1 Relations with the GDF SUEZ Group

The centralization of financing needs and cash flow surpluses for the Group is provided mainly through GDF SUEZ financing and cash pooling vehicles.

The Group's cash deposits with GDF SUEZ entities amounted to €1,516.7 million as of December 31, 2009 (€1,249.3 million as of December 31, 2008 and €290.4 million as of December 31, 2007).

The Group's financial debt with GDF SUEZ entities amounted to €5,064.4 million as of December 31, 2009 (€4,523.1 million as of December 31, 2008 and €3,260.1 million as of December 31, 2007). The debt with GDF SUEZ is mainly held by SUEZ Tractebel Energy International reporting unit (€4,150.4 million as of December 31, 2009).

Finance costs incurred by the Group on borrowings from GDF SUEZ entities during 2009, 2008, and 2007 were respectively €42 million, €205 million and €199 million. Financial income recognized by the Group during 2009, 2008 and 2007 amounted to €13 million, €25 million and €25 million respectively.

In addition, several subsidiaries of the Group benefit from GDF SUEZ financial guarantees. The outstanding amount of the guarantees related to financial debt of the Group as of December 31, 2009 and 2008 and 2007 were respectively €1,325 million, €641 million and €482 million. The subsidiaries of the Group also benefit from GDF SUEZ guarantees to support the collateral requirements on commodities activities (portfolio management, risk management and trading), the related outstanding amount as of December, 31 2009 and 2008 and 2007 were respectively €1,759 million, €1,624 million and €1,715 million.

Expenses incurred during 2009, 2008 and 2007 related to these guarantees were respectively €11.8 million, €10.5 million and €7.6 million.

The group's operational transactions with GDF SUEZ entities consist mainly of sales and purchases of energy. The Group sells gas to GDF SUEZ subsidiaries and recognized revenues of €83.6 million in 2009, €321.8 million in 2008 and €165 million in 2007, essentially SUEZ LNG North America (€45.4 million in 2009).

The Group purchases gas from GDF SUEZ subsidiaries. Expenses incurred by the Group during 2009 and 2008 were €715.9 million and €454 million respectively (essentially GDF Energy UK retail for €439.3 million during 2009 and €350 million during 2008).

The Group also sells electricity to GDF SUEZ entities and recognized revenues of €280 million in 2009, €132 million in 2008 and €12 million in 2007. The subsidiaries of the Group purchase electricity from GDF SUEZ, mainly in the United Kingdom; expenses incurred by the Group entities amounted to €437.4 million in 2009, €238 million in 2008 and to €2.6 million during 2007.

Furthermore, the Group is under long-term charters with a GDF SUEZ subsidiary. Due to operational reasons no base charter expenses were incurred for the year ended December 31, 2009 (€6.0 million for the year ended December 31, 2008 and €7.9 million for the year ended December 31, 2007) (see note 20).

In addition, SUEZ Tractebel SA (STSA) and GDF SUEZ have entered into shared services framework agreements renewable tacitly each year. The companies agreed to cooperate mainly in the areas of strategy, internal control, audit and risk, finance, tax policy, IT services, human resources and communication. In this context, SUEZ Tractebel SA (and notably STSA SEI reporting unit) benefits from the centralized services provided by GDF SUEZ.

Expenses incurred by the Group for these services were €20.6 million, €10.4 million and €7.1 million in 2009, 2008 and 2007 respectively.

23.2 Transactions with investments in associates and investments in joint ventures

23.2.1. Joint ventures

Electroandina, jointly controlled by the Group, has been funded by the Group through a company loan of €16.4 million as of December 31, 2009; €19.8 million as of December 31, 2008 and €9.5 million as of December 31, 2007.

Gasoducto Norandino, a subsidiary of the Group, sells gas transportation services to the joint ventures Electroandina and Edelnor. Revenue recognized by Gasoducto Norandino during 2009, 2008 and 2007 were €46.7 million, €43.3 million and €45.9 million in 2007.

In 2008 the Group, together with other partners, established Energia Sustentavel do Brasil SA and subscribed for a share capital of €385.1 million, of which €38.5 million was paid immediately (see note 2.1.6). As of December 31, 2009, the residual capital not yet paid amounted to €293.9 million,

the decrease being explained by a second payment of €141.0 million, partially offset by the impact of the evolution of the Brasilian Real exchange rate against the Euro.

During the year 2009, the Brazilian development bank BNDES (Banco Nacional de Desenvolvimento Econômico e Social) approved a 20-year loan of BRL 7.2 billion (approximately €2.44 billion) for the Energia Sustentavel do Brasil consortium to finance the Jirau project, a new 3,300 MW hydroelectric power station. The loan covers 68.5% of the €3.3 billion investment required for the new plant.

Each partner is required to provide corporate guarantees to BNDES proportionally to its stake. The Group has a 50.1% interest in Energia Sustentavel do Brasil consortium

23.2.2. Associates

The Group manages the operations of different power plants in the Arabian Peninsula, in which the interest held by the Group is accounted for under the equity method. O&M fees were paid by the various associates to the Group for an amount of €33 million in 2009 (respectively €29 million in 2008 and €23 million in 2007). In addition, the Group received success fees from these associates in case of contract won for €40 million in 2009 (respectively €17 million in 2008 and €28 million in 2007).

NOTE – 24 Executive compensation

As described in note 1, in 2008 and 2007, the Energy International Business areas were managed by GDF SUEZ International Division, which was an operating segment of GDF SUEZ, under the supervision of the GDF SUEZ Energy International General Management Committee. Since July 20 2009 reorganization, the Energy Europe and International Division manages five GDF SUEZ's business areas including Energy International business areas. These five business areas are managed by Energy Europe and International Division General Management Committee.

The key management personnel comprise :

- The members of GDF SUEZ Energy International General Management Committee for 2008 and 2007, and for the period starting January 1st and ending July 19th, 2009 ;
- The members of Energy Europe & International Division General Management Committee since July 20th, 2009.

The Energy Europe & International Division General Management Committee compensation included in the amounts presented below was not adjusted to reflect the amount attributable to the carve out business as there is no rational and consistent method to allocate the Management Committee members' compensation to each of the five business areas managed by Energy Europe and International Division.

Their compensation breaks down as follows:

	2009	*2008*	*2007*
	In millions of euros		
Short-term benefits	7.8	7.1	6.4
Post-employment benefits	0.9	0.5	0.6
Share-based payment	2.7	2.5	1.9
Termination benefits		0.1	
Total	**11.4**	**10.2**	**8.9**

NOTE – 25 Contingent assets and liabilities

Other than those described in Note 26, the Group has not identified any material contingent liabilities likely to give rise to an outflow of economic benefits.

NOTE – 26 Legal and arbitration proceedings

The Group is party to a number of legal and arbitration proceedings with third parties or with the tax authorities of certain countries in the normal course of its business. Provisions are recorded for these proceedings when (i) a legal, contractual, or constructive obligation exists at the balance sheet date with respect to a third party; (ii) it is probable that an outflow of resources embodying economic benefits will be required in order to settle the obligation with no consideration in return; and (iii) a reliable estimate can be made of this obligation. Provisions recorded in respect of these legal and

arbitration proceedings totaled €112.5 million as of December 31, 2009, €93.4 million as of December 31, 2008 and €49.9 million as of December 31, 2007.

26.1 Legal proceedings

26.1.1. Claim by the US tax authorities (IRS) (2008-2009)

The US subsidiary of the Group was recently subject to a tax audit by the IRS, who rejected the deduction of interest on loans taken out with Group subsidiaries and banks. An adjustment of USD260 million was notified in respect of 2004 and 2005. Revised adjustments totaling USD44 million were notified in May and July 2009. A provision was recorded at December 31, 2008 subject to all reservations and without prejudicial acknowledgement. The Group contests both the adjustment and its amount, and has filed an appeal with the IRS Appeal Division.

26.1.2. AEP dispute (2006-2007)

In the United States, SUEZ Energy Marketing North American (SEMNA, formerly TEMI) was involved in a dispute with AEP (AEP Power Marketing Inc.) concerning a long-term Power Purchase and Sale Agreement within the scope of which SEMNA was to buy electricity to be produced by the owner (AEP) of a power station located in Plaquemine in Louisiana.

At the US District Court for the Southern District of New York (First Circuit), SEMNA claimed damages in excess of USD17 million on the grounds that, due to failure by the parties to agree on one of the essential elements of the agreement (operational protocols), the agreement was not capable of enforcement. AEP made a counterclaim for damages in excess of USD643 million mainly on the grounds of the termination of the agreement by SEMNA and to a lesser extent for unpaid bills.

On August 8, 2005, the District Court awarded damages in the amount of USD122 million to AEP (the portion of the claim relating to unpaid bills), to be increased by prejudgment interest. SEMNA firstly appealed the decision before the United States Court of Appeal (Second Circuit) and secondly filed an appeal before the District Court requesting reconsideration of the damages awarded to AEP. AEP filed a counter-appeal requesting total damages of more than USD500 million.

On January 20, 2006, the District Court rejected SEMNA's appeal and partially rejected AEP's claim. In the amendment to the Opinion and Order, SEMNA was required to pay a further USD50 million to AEP pursuant to the guarantee provided by SUEZ-TRACTEBEL SA (STSA). SEMNA requested a review of this decision on the grounds that this amount is not owed directly by SEMNA, but by STSA, assuming that SEMNA did not pay the full amount owed to AEP. The District Court acceded to SEMNA's request for a review of this decision.

On May 22, 2007, the Court of Appeal rendered its decision confirming the decision of the District Court regarding (i) the enforceability of the contract, (ii) AEP's good faith in its relations with SEMNA, and (iii) the substantial efforts made by AEP to obtain QF certification. The Court of Appeal vacated the District Court's decisions to (i) award AEP damages of USD116.5 million with respect to Replacement Products; and (ii) deny the payment of damages to AEP pursuant to the termination payment provisions of the contract. The Court of Appeal remanded the case to the District Court for further proceedings regarding the vacated portions of the District Court decision.

On June 5, 2007, AEP filed a petition for panel rehearing to the Court of Appeal, requesting that the court restore the USD50.7 million capacity award (which is part of the aforementioned vacated award of USD116.5 million for Replacement Products) against SEMNA in AEP's favor. On July 24, 2007, the Court of Appeal dismissed AEP's petition.

On September 25, 2007, SEMNA filed a Motion for Summary Judgment with the District Court, seeking the dismissal of AEP's counterclaim for damages.

The proceedings before the District Court resumed. The case was due to be heard in late January 2008 (as regards the Motion for Summary Judgment) and in early February 2008 as regards the other issues.

In January 2008, all outstanding legal claims were settled for USD255 million. At December 31, 2007 the Group's Combined Financial Information reflects a liability of €183 million (USD255 million) for the case and a cash outflow of €173 million (USD255 million) was recorded in January 2008.

26.1.3. Dispute with Gas Natural (2005-2009)

In the United States, SUEZ LNG North America (SLNGNA) has medium-term LNG supply agreements with Gas Natural Aprovisionamientos SDG, S.A. (GN) (Trains 1 and 2) and Sociedad de Gas de Euskadi, S.A. (GdE) (Train 3), all of which expired on March 31, 2009. In 2005, GN and

GdE's supplier, Atlantic LNG Company of Trinidad and Tobago (ALNG), initiated separate arbitration proceedings against GN and GdE, contending that the contract price under the agreements should be increased in light of recent market developments and the diversion of these LNG supplies away from the primary market in Spain. The contract prices paid by SLNGNA under its medium-term supply agreements with GN and GdE are calculated by reference to the contract prices paid by GN and GdE under their underlying, long-term supply agreements with ALNG. In 2008, the arbitration proceeding on Train 1 were finalized, and as a result SLNGNA and GN signed a Memorandum of Understanding (MOU), which **provided that** (i) GN would pay SLNGNA USD105 million in equal payments of USD52.5 million on each of December 7, 2009 and December 7, 2010, and (ii) SLNGNA and GN would work toward signing a new LNG supply agreement covering the 21-month period commencing April, 1, 2009. Effective April 1, 2009, SLNGNA and GN executed and LNG Sales Agreement and a Settlement Agreement & General Release embodying the provisions agreed upon in the parties' earlier MOU. In 2009, SLNGNA recorded a gain of USD96.6 million at net present value as of April 1, 2009 as the condition precedent were met. The Train 3 arbitration was also finalized in 2008, which resulted in an increase in the Train 3 contract price effective April 1, 2008, for which SLNGNA has accrued a liability of USD9.9 million. GN notified SLNGNA on June 1, 2009 that the Train 2 arbitration proceeding had also been terminated.

26.1.4. Dispute with Atlantic LNG (2008-2009)

In the United States, SLNGNA also has a long-term Train 1 LNG supply agreement directly with ALNG. In August 2008, ALNG sent a letter notifying SLNGNA of certain disputes relating to various provisions of the contract. SLNGNA has also asserted various contract claims against ALNG under the Train 1 agreement. ALNG has made claims of approximately USD330 million, but the Company believes at least USD110 million of this amount is barred by the applicable statute of limitations and contract notice provisions while SLNGNA's claims against ALNG amounted to at least USD70 million. At December 31, 2008 negotiations were ongoing and were expected to result in a settlement of the parties' differences by a mutual release of their claims for past periods and an amendment to the Train 1 contract going forward. On September 30, 2009, the Group signed an agreement with ALNG which resulted in a full settlement and release of the parties respective historical claims and an amendment of the Train 1 contract effective October 1, 2009.

26.1.5. Claims by the Belgian tax authorities to SUEZ Tractebel SA

The claims described hereafter relate to SUEZ Tractebel SA as a legal and tax entity, and not to one of its three reporting units as described in note 1.1.1. These claims are described for information purposes.

The Special Inspection department of the Belgian tax authorities is claiming €188 million from SUEZ Tractebel SA concerning past investments in Kazakhstan. SUEZ Tractebel SA has filed an appeal with the administrative court against these claims which, based on the advice of legal counsel, it considers unfounded.

The Belgian tax authorities also contested the application of the Belgium-Luxembourg convention for the prevention of double taxation to income generated in Luxembourg by the branche TCMS and the permanent establishments of the partners of *associations en participation* (partnerships governed by the laws of Luxembourg) managed by those branches. They notified a €21 million adjustment in respect of financial years 2003 to 2005. SUEZ Tractebel SA considers that the adjustment is unfounded and the subsidiaries concerned have appealed.

The Group is not aware of any other legal or arbitration proceedings which are likely to have, or have recently had, a material impact on the financial position, results of operations, business or assets of the Group.

NOTE – 27 Subsequent events

27.1 Obtention of effective control on Astoria

On January 7, 2010, GDF SUEZ purchased additional direct or indirect equity interests in Astoria Energy Project Partners LLC from various partners. After purchasing these interests and entering into governance agreements with other partners, the group obtained effective control of Astoria Project Partners LLC, as of January 7, 2010. Astoria owns and operates a 575MW combined cycle power plant in New York through Astoria Energy LLC, a wholly owned subsidiary. On January 7th, the Group paid the sellers €140 million in cash and committed to pay up to €18 million to the sellers in the future.

27.2 Merger in Chile

The Group and Codelco, the world's largest copper producer, have announced on November 9, 2009 the merger of all their electricity assets and gas transport activity in Chile through their subsidiary Edelnor.

Under the term of the merger, the Group will contribute to Edelnor its shares in Gasoducto Norandino (Chili and Argentina), Central Termoelectrica Andina, Electroandina and Mejillones.

The Group will have a 52.4% controlling stake in Edelnor, which will be fully combined in the Combined Financial Information. Codelco will have 40% of the shares and the remaining 7.6% will continue to be traded on the stock exchange.

The merger process is expected to conclude on January 29, 2010. The allocation of the cost of the combination to the fair value of the assets acquired and liabilities or contingent liabilities assumed is currently in progress.

Following the merger, Edelnor will be the leader in electricity generation in Northern Chile. It will have an installed capacity of 1,795 MW in the Northern Chilean Electricity grid (the Sistema Interconectado del Norte Grande – SING), which will increase to 2,125 MW the commissioning of the CTA and CTH power stations in 2010 and 2011.

NOTE – 28 List of the combined entities

Company Name	Corporate Headquarters	*% interest* Dec 2009	Dec 2008	Dec 2007	*% control* Dec 2009	Dec 2008	Dec 2007	*Consolidation method* Dec 2009	Dec 2008	Dec 2007
United Kingdom										
Group GDF SUEZ Energy Ltd (former GAZ DE FRANCE ESS (UK) Ltd)	1 City Walk – LS11 9DX – Leeds – United Kingdom	100.0	100.0	0.0	100.0	100.0	0.0	FC	FC	NC
GDF SUEZ Shotton Ltd	1 City Walk LEEDS LS11 9DX	100.0	100.0	0.0	100.0	100.0	0.0	FC	FC	NC
SCOTIA WIND CRAIGENGELT LIMITED	1 City Walk, West Yorkshire, LS11 9DX Leeds	100.0	100.0	0.0	100.0	100.0	0.0	FC	FC	NC
GDF SUEZ Teesside Ltd (Former Teesside Power Ltd.)	Greystone Road – Grangetown – Middlesbrough TS6 8JF – United Kingdom	100.0	100.0	0.0	100.0	100.0	0.0	FC	FC	NC
Turkey – Gas Distribution										
IZGAZ	Cumhuriyet Mah. Ünes Cad N°2 Plaj Yolu 41100 Izmit / KocaeliTurkey	90.0	0.0	0.0	90.0	0.0	0.0	FC	NC	NC
GazKo (Enerji Ticaret) A.S.		100.0	0.0	0.0	100.0	0.0	0.0	FC	NC	NC
Latin America										
ELECTROANDINA	Av. El Bosque Norte 500 – piso 9 – of. 902 Las Condes – Chile	33.3	33.3	33.3	33.3	33.3	33.3	PC	PC	PC
BAHIA LAS MINAS Corp.	Mezanine – Edificio P.H. Torre de las Americas, Calle Punta Darién and Punta Coronado, Urbanización Punta Pacífica – Panama	51.0	51.0	51.0	51.0	51.0	51.0	FC	FC	FC
ENERSUR	Av. República de Panamá 3490, San Isidro, Lima 27 – Peru	61.7	61.7	61.7	61.7	61.7	61.7	FC	FC	FC
Consorcio Estreito Energia	Rua Transamazônica, 2, parte, centro, Estado de Tocantins, Brazil	27.5	100.0	100.0	40.1	100.0	100.0	PC	FC	FC
SUEZ ENERGIA RENOVAVEL S.A.	Avenida Almirante Barroso, n° 52, 14° Andar, Conjunto 1401, CEP 20031-918 Rio de Janeiro, Brazil	68.7	100.0	0.0	100.0	100.0	0.0	FC	FC	NC
ENERGIA SUSTENTAVEL DO BRASIL S.A.	Avenida Almirante Barroso, n° 52, sala 2802, CEP 20031-000 Rio de Janeiro, Brazil	50.1	50.1	0.0	50.1	50.1	0.0	PC	PC	NC
Group Tractebel Energia	Rua Antônio Dib Mussi, 366 Centro, 88015-110 Florianopolis, Santa Catarina -Brazil	68.7	68.7	68.7	68.7	68.7	68.7	FC	FC	FC
GDF SUEZ ENERGY BRASIL LTDA	Av. Almirante Barroso, 52/sala 1401, 14° andar, 20031-000 Rio de Janeiro – RJ Brazil	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
GDF SUEZ ENERGY LATIN AMERICA Participaçoes LTDA	R. Esteves Júnior 50 – 9° andar – sl.905, 88015-130 Florianópolis, Santa Catarina, Brazil	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
SOCIEDAD DE INVERSIONES ENERGETICAS LTDA	Avenida Isidora Goyenechea, 3365, Piso 7, Las Condes, Santiago, Chile	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
CENTRAL TERMICA BARRANCONESS.A.	Avenida Apoquindo 3721, Las Condes, Santiago, Chile	100.0	100.0	0.0	100.0	100.0	0.0	FC	FC	NC
EOLICA MONTE REDONDO S.A.	Avenida Apoquindo 3721, Piso 8, Las Condes, Santiago, Chile	100.0	100.0	0.0	100.0	100.0	0.0	FC	FC	NC
ELECTROPACIFICO INVERSIONES LTDA	Avenida Isidora Goyenechea, 3365, Piso 7, Las Condes, Santiago, Chile	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
INVERSIONES TOCOPILLA LTDA	Avenida Isidora Goyenechea, 3365, Piso 7, Las Condes, Santiago, Chile	51.0	51.0	51.0	51.0	51.0	51.0	PC	PC	PC
INVERSIONES MEJILLONESS.A.	Huérfanos 835, Piso 18, Región Metropolitana, Santiago, Chile	33.3	33.3	33.3	33.3	33.3	33.3	PC	PC	PC
ENERPAC Ltda	Avenida Apoquindo 3721, Oficina 81, Las Condes, Santiago, Chile	27.4	27.4	27.4	27.4	27.4	27.4	PC	PC	PC
EDELNOR S.A.	Av. El Bosque Norte 500 – piso 9 – of. 902, Las Condes, Santiago, Chile	27.4	27.4	27.4	27.4	27.4	27.4	PC	PC	PC

Company Name	Corporate Headquarters	% interest Dec 2009	% interest Dec 2008	% interest Dec 2007	% control Dec 2009	% control Dec 2008	% control Dec 2007	Consolidation method Dec 2009	Consolidation method Dec 2008	Consolidation method Dec 2007
CENTRAL TERMOELECTRICA ANDINA S.A.	Avenida Apoquindo 3721, Las Condes, Santiago, Chile	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
INVERSIONES HORNITOS S.A.	Avenida Apoquindo 3721, Oficina 81, Las Condes, Santiago, Chile	60.0	100.0	0.0	60.0	100.0	0.0	PC	FC	NC
SUEZ ENERGY ANDINO S.A.	Av. Apoquindo 3721 – Piso 8, Las Condes, Santiago, Chile	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
SUEZ ENERGY ANDINO INVESTMENTS S.A.	Av. Apoquindo 3721 – Piso 8, Las Condes, Santiago, Chile	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
INVERSIONES ELECTRICAS CAPRICORNIO	DISSOLVED ON 05-01-2010	100.0	100.0	0.0	100.0	100.0	0.0	FC	FC	NC
GASODUCTO NOR ANDINO S.A.	Av. Apoquindo 3721 – Piso 8, Las Condes, Santiago, Chile	84.7	84.7	84.7	78.9	78.9	78.9	FC	FC	FC
GASODUCTO NOR ANDINOARGENTINA	Talcahuano 833, piso 5 – of. D, C1013AAQ Buenos Aires, Argentina	84.7	84.7	84.7	78.9	78.9	78.9	FC	FC	FC
DISTRINOR	Avenida Isidora Goyenechea, 3365, Piso 7, Las Condes, Santiago, Chile	33.3	33.3	33.3	33.3	33.3	33.3	PC	PC	PC
TIBSA	Talachuano 833, Piso 3, Departamento C, Ciudad Autónoma de B.A., Buenos Aires, Argentina	70.0	70.0	70.0	70.0	70.0	70.0	FC	FC	FC
LITORAL GAS	Mitre 621, 2000 Rosario, Santa Fe, Argentina	64.2	64.2	64.2	91.7	91.7	91.7	FC	FC	FC
ENERGY CONSULT. SERV.	Talcahuano 833, piso 5 – of. D, C1013AAQBuenos Aires, Argentina	46.7	46.7	46.7	46.7	46.7	46.7	EM	EM	EM
SUEZENERGYPERU	Av. República de Panamá 3490, San Isidro, Lima 27, Peru	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
SUEZ PROYECTOS ANDINOS S.A.	Avenida Chacaya 3910, Barrio Industrial, Mejillones 131 00 00, Antofagasta, Chile	100.0	100.0	0.0	100.0	100.0	0.0	FC	FC	NC
INVERSIONES Y DESARROLLOS BALBOA SA	C/O Patton, Moreno & Asvat, Edificio del Banco HSBC, 6to Piso, Avenida Samuel Lewis, Panamá City, Panamá	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
SUEZENERGY INTERNATIONAL Luxembourg	Avenue de la Liberté, 76, Luxembourg 1930, Luxembourg	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
SUEZ ENERGY CENTRAL AMERICA SA	Mezanine – Edificio P.H. Torre de las Americas, Calle Punta Darién and Punta Coronado, Urbanización Punta Pacífica, Panamá City, Panamá	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
SOCIEDAD GNL MEJILLONES SA	Rosario Norte 530, Piso 16, Of. 1601, Las Condes, Santiago, Chile	50.0	50.0	50.0	50.0	50.0	50.0	PC	PC	PC
ALTENERGY (DOS MARES)	Panamá City, Panamá	100.0	100.0	0.0	100.0	100.0	0.0	FC	FC	NC
BONTEX (DOS MARES)	Panamá City, Panamá	100.0	100.0	0.0	100.0	100.0	0.0	FC	FC	NC
DOS MARES INVESTMENT II	C/O Patton, Moreno & Asvat, Edificio del Banco HSBC, 6to Piso, Avenida Samuel Lewis, Panamá City , Panamá	100.0	100.0	0.0	100.0	100.0	0.0	FC	FC	NC
DOS MARES INVESTMENT III	C/O Patton, Moreno & Asvat, Edificio del Banco HSBC, 6to Piso, Avenida Samuel Lewis, Panamá City, Panamá	100.0	100.0	0.0	100.0	100.0	0.0	FC	FC	NC
ENERWINDS DECOSTA RICA	San José Snata Ana, Centrao Empresarial via Lindora, Cuarto Piso, Radial Santa Ana, San Antonio De Belen, Kilometro Tres, Costa Rica	100.0	100.0	0.0	100.0	100.0	0.0	FC	FC	NC
PLANTA EOLICA GUANACASTE (PEG)	San Jose Calle Veintiuno, Avenidas Seis y Ocho, Numero Seiscientos Treinta, San Jose	90.0	90.0	0.0	90.0	90.0	0.0	FC	FC	NC
PLANTA EOLICA GUANACASTE OPERACIONES (PEGO)	San Jose Calle Veintiuno, Avenidas Consorcio Estreito Energia Seis y Ocho, Numero Seiscientos Treinta, San Jose	90.0	90.0	0.0	100.0	100.0	0.0	FC	FC	NC
ECONERGY BERMUDA HOLDING CY LTD	Codan Services Limited, Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda	100.0	100.0	0.0	100.0	100.0	0.0	FC	FC	NC

Company Name	Corporate Headquarters	% interest Dec 2009	% interest Dec 2008	% interest Dec 2007	% control Dec 2009	% control Dec 2008	% control Dec 2007	Consolidation method Dec 2009	Consolidation method Dec 2008	Consolidation method Dec 2007
EMPRESA ECONERGY CORANI	Av. Oquendo N-0654, Las Torres Sofer – 1st floor, of 9, Cochabamba, Bolivia	50.0	50.0	0.0	50.0	50.0	0.0	FC	FC	NC
CALIDDA	Av. República de Panamá 3490, San Isidro, Lima 27 – Peru	0.0	0.0	0.0	0.0	0.0	0.0	NC	NC	NC
Middle East, Asia										
SOHAR POWER COMPANY	PB 147, PC 134, Jawharat Al Shatti Muscat – Sultanate of Oman	45.0	45.0	55.0	45.0	45.0	55.0	FC	FC	FC
UNITED POWER COMPANY	PO Box 147, Area Jawharat Al Shatti Postal Code 134 – Sultanate of Oman	0.0	32.8	32.8	0.0	32.8	32.8	NC	EM	EM
GROUP SENOKO POWER LIMITED	111 Somerset Road- #05-06, Tripleone Somerset Building – 238164 Singapore	30.0	30.0	0.0	30.0	30.0	0.0	PC	PC	NC
BAYMINA ENERJI A.S.	AnkaraDogal Gaz Santrali, Ankara Eskisehir Yolu 40.Km, Maliöy Mevkii, 06900 Polatki/ Ankara – Turkey	95.0	95.0	95.0	95.0	95.0	95.0	FC	FC	FC
HOUAY HO POWER COMPANY LIMITED	P.O. Box 5464, Nong Bon Road, Bane Fai, Xaysettha District, Vientiane,Laos	46.5	69.8	69.8	55	69.8	69.8	FC	FC	FC
Group GLOW ENERGY PUBLIC CO. LTD.	195 Empire Tower, 38th Floor – Park Wing, South Sathorn Road, Yannawa, Sathorn, Bangkok 10120, Thailand	69.1	69.1	69.1	69.1	69.1	69.1	FC	FC	FC
STOPPER BV	Dokter Stolteweg 92, Zwolle 8025 AZ, Netherlands	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
HOUAY HO THAI COMPANY LIMITED	No, 10/190-193 The Trendy Building 26th Floor, Soi Sikhunvit, 13 Sukhunvit Road, Khong Tai Nue, Khet Wattana, Bangkok Metropolis, Thailand	33.9	49.0	49.0	49.0	49.0	49.0	EM	EM	EM
PTT NATURAL GAS DISTRIBUTION	23rd Floor, Rasa Tower, 555 Phaholyothin Road, Lardyao, Chatuchak, Bangkok 10900, Thailand	40.0	40.0	40.0	40.0	40.0	40.0	EM	EM	EM
TWMB HOLDINGS B.V.	Dokter Stolteweg 92, Zwolle 8025 AZ, Netherlands	100.0	100.0	0.0	100.0	100.0	0.0	FC	FC	NC
GDF SUEZ ENERGY ASIA COMPANY LIMITED	29/F Q House Lumpini, 1 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
SUEZ-TRACTEBEL ENERGY HOLDINGS COOPERATIEVE U.A.	Dokter Stolteweg 92, Zwolle 8025 AZ, Netherlands	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
GDF SUEZ ENERGY (THAILAND) CO. LTD	29/F Q House Lumpini, 1 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
GULF TOTAL TRACTEBEL POWER COMPANY	Sheikha Mariam bin Rashid Al Otaiha Bld, Al Salam St.,P.O.Box 25862 , Abu Dhabi, United Arab Emirates	20.0	20.0	20.0	20.0	20.0	20.0	EM	EM	EM
AL EZZEL POWER COMPANY B.S.C.	Flat 121, 12th Floor Orchid Business Center Bldg. No. 2795, Road 2835, Al Seef District 428 P.O. Box 11753 Manama – Kingdom of Bahrain	45.0	45.0	45.0	45.0	45.0	45.0	EM	EM	EM
HIDD POWER COMPANY B.S.C.	P.O. Box 50710, Hidd, Kingdom of Bahrain	30.0	30.0	30.0	30.0	30.0	30.0	EM	EM	EM
SMN BARKA POWER COMPANY S.A.O.C.	P.O. Box 121, Jawaharat Al Shatti, Postal Code 134, Sultanate of Oman	47.5	47.5	47.5	47.5	47.5	47.5	EM	EM	EM
RUSAIL POWER COMPANY S.A.O.C.	P.O. Box 121, Jawaharat Al Shatti, Postal Code 134, Sultanate of Oman	47.5	47.5	47.5	47.5	47.5	47.5	EM	EM	EM
PRIMEROFIN B.V.	Dokter Stolteweg 92, Zwolle 8025 AZ, Netherlands	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC

Company Name	Corporate Headquarters	% interest Dec 2009	% interest Dec 2008	% interest Dec 2007	% control Dec 2009	% control Dec 2008	% control Dec 2007	Consolidation method Dec 2009	Consolidation method Dec 2008	Consolidation method Dec 2007
SMN POWER HOLDING COMPANY LTD	C/O Ince Al Jallaf & Co., Gulf Towers, B-2 Suite 503, P.O. Box 15952, Dubai, United Arab Emirates	47.5	47.5	47.5	47.5	47.5	47.5	EM	EM	EM
STSA SEI – Dubaï Branch	Place du Trône, 1 – 1000 – Brussels – Belgium	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
TOTAL TRACTEBEL EMIRATES POWER COMPANY S.A.	2, Place Jean Miller, La Défense 6, 92400 Courbevoie, France	50.0	50.0	50.0	50.0	50.0	50.0	EM	EM	EM
TRACTEBEL BAHRAIN W.L.L.	Building N° 722, A Salam Tower, Road N° 1708, Block 317, Diplomatic Area, Manama, Kingdom of Bahrain	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
SOHAR OPERATION & MAINTENANCE COMPANY L.L.C.	Jawaharat Al Shatti, P.O. Box 147, Sultanate of Oman	70.0	50.0	50.0	70.0	50.0	50.0	FC	PC	PC
AL EZZEL OPERATION & MAINTENANCE COMPANY W.L.L.	P.O. Box 11734, Flat 3, Building 285, Road 1505, Hidd Town 115, Manama, Kingdom of Bahrain	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
KAHRABEL FZE	P.O. Box 54760, Dubai Arport Free Zone, Dubai, United Arab Emirates	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
SUEZ-TRACTEBEL OPERATION & MAINTENANCE (OMAN) L.L.C.	Jawaharat Al Shatti, P.O. Box 147, Sultanate of Oman	70.0	70.0	70.0	70.0	70.0	70.0	FC	FC	FC
TOTAL TRACTEBEL EMIRATES O&M COMPANY S.A.	2, Place Jean Miller, La Défense 6, 92400 Courbevoie, France	50.0	50.0	50.0	50.0	50.0	50.0	EM	EM	EM
SOHAR GLOBAL CONTRACTING & CONSTRUCTION COMPANY L.L.C.	Jawaharat Al Shatti, P.O. Box 121, Sultanate of Oman	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
TOTAL TRACTEBEL EMIRATES EPC COMPANY S.A.	2, Place Jean Miller, La Défense 6, 92400 Courbevoie, France	50.0	50.0	50.0	50.0	50.0	50.0	EM	EM	EM
Al Dur Power Holding Cy	Bahrain	45.0	0.0	0.0	45.0	0.0	0.0	EM	NC	NC
SUEZ Nomac Holding	Bahrain	60.0	0.0	0.0	60.0	0.0	0.0	FC	NC	NC
SGA Marafiq Holdings WLL	Bahrain	33.3	0.0	0.0	33.3	0.0	0.0	EM	NC	NC
Jubail Operations Holding	Bahrain	60.0	0.0	0.0	60.0	0.0	0.0	FC	NC	NC
Jubail OM Cy	Saudi Arabia	60.0	0.0	0.0	100.0	0.0	0.0	FC	NC	NC
SUEZ Services Saudi	Saudi Arabia	100.0	0.0	0.0	100.0	0.0	0.0	FC	NC	NC
RLC Power Holding Cy Ltd	United Arab Emirates	50.0	0.0	0.0	50.0	0.0	0.0	PC	NC	NC
Shuweihat 2 Holding	United Arab Emirates	50.0	0.0	0.0	50.0	0.0	0.0	PC	NC	NC
North America										
Group GDF SUEZ ENERGY GENERATION NORTH AMERICA	1990 Post Oak Boulevard, Suite 1900 Houston, TX 77056-4499-United States	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
Group SUEZ LNGAMERICA	One Liberty Square, Boston, MA 02109-United States	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
Group GDF SUEZ ENERGY MARKETING NORTH AMERICA	1990 Post Oak Boulevard, Suite 1900 Houston, TX 77056-4499-United States	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
Group GDF SUEZ ENERGY RESOURCES NORTH AMERICA	1990 Post Oak Boulevard, Suite 1900 Houston, TX 77056-4499-United States	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
Group FIRSTLIGHT POWER RESOURCES	20 Church Street- 16th Floor Hartford, CT 06103 – United States	100.0	100.0	0.0	100.0	100.0	0.0	FC	FC	NC
Group GDF SUEZ RENEWABLE ENERGY NORTH AMERICA	1990 Post Oak Boulevard, Suite 1900 Houston, TX 77056-3831-United States	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
TRACTEBEL ENERGIA DE MONTERREY HOLDINGS B.V.	Dokter Stolteweg 92, Zwolle 8025 AZ, Netherlands	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC

Company Name	Corporate Headquarters	% interest Dec 2009	% interest Dec 2008	% interest Dec 2007	% control Dec 2009	% control Dec 2008	% control Dec 2007	Consolidation method Dec 2009	Consolidation method Dec 2008	Consolidation method Dec 2007
TRACTEBEL ENERGIA DE MONTERREY S. RL CV	Carretera a Villa de García, Kilómetro 9, Villa de García-Nuevo Léon, CP 66000, México	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
Groupe GDF Québec	750, boul. Marcel-Laurin Bureau 390, Saint-Laurent, Québec H4M 2M4	100.0	100.0	0.0	100.0	100.0	0.0	FC	FC	NC
LAURENTIDES Investissements	2, rue Curnonsky 75017 PARIS	100.0	100.0	0.0	100.0	100.0	0.0	FC	FC	NC
Groupe NOVERCO	Centre CDP Capital 1000 Place Jean-Paul Riopel MONTREAL, QUEBEC H2Z 2B3	17.6	17.6	0.0	17.6	17.6	0.0	EM	EM	NC
GDF SUEZ ENERGY NORTH AMERICA, INC.	1990 Post Oak Boulevard, Suite 1900 Houston, TX770-4499, United States	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
CONSORCIO MEXIGAS	Blvd M. Ávila Camacho 36 Piso 16 Lomas de Chapultepec México City, D.F.C.P. 11000 Mexico	100.0	100.0	0.0	100.0	100.0	0.0	FC	FC	NC
GAS DEL SUR	France	0.0	100.0	0.0	0.0	100.0	0.0	NC	FC	NC
Natgasmex	Boulevard Manuel Avila Camacho 36 Piso 17, Col.Lomas de Chapultepec CP 11000 MEXICO DF	100.0	100.0	0.0	100.0	100.0	0.0	FC	FC	NC
Tamauligas	Boulevard Manuel Avila Camacho 36 Piso 17, Col.Lomas de Chapultepec CP 11000 MEXICO DF	100.0	100.0	0.0	100.0	100.0	0.0	FC	FC	NC
TRACTEBEL DIGAQRO S.A. DE C.V.	Acceso 3, N° 107, Parque Industrial Benito Juarez, Esq. Tecnologico, Local 11 y 12, C.P. 76120 Querétaro, México	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
TRACTEBEL GNP S.A. DE C.V.	Prolongación Avenida Hidalgo 6505, Colonia Nuevo Aeropuerto, Tampico, Tamaulipas C.P. 89337, México	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
TRACTEBEL DGJ S.A. DE C.V.	Alberta 2288 4 B, Los Colomos Esquina Avenida Patria, Guadalajara Galisco 44660, México	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
MI del BAJIO Marketing	Eleanor Rooseveltlaan 3,2719 AB ZOETERMEER PO BOX 474	100.0	100.0	0.0	100.0	100.0	0.0	FC	FC	NC
Gasoductos del Bajio	Blvd. Manuel Avila Camacho #36 piso 16, Col. Lomas de Chapultepec Del M. Hidalgo MEXICO, D.F. 11000	100.0	100.0	0.0	100.0	100.0	0.0	FC	FC	NC
Energia Mayakan	Prolongacion Montejo num 310 5 to POR 1C Y 6D Col. Gonzalo Guerrero C.P 97118 MERIDA, YUCATAN	67.5	67.5	0.0	100.0	100.0	0.0	FC	FC	NC
MAYAKAN PIPELINE	Teleportboulevard 140 1043 EJAMSTERDAM	67.5	67.5	0.0	100.0	100.0	0.0	FC	FC	NC
MERIDAHOLDING	Chancery House-High Street, BRIDGETOWN	67.5	67.5	0.0	67.5	67.5	0.0	FC	FC	NC
MERIDAPIPELINE	Teleportboulevard 140 1043 EJAMSTERDAM	67.5	67.5	0.0	100.0	100.0	0.0	FC	FC	NC
MI Comercializadora	Blvd. Manuel Avila Camacho #36 piso 16, Col. Lomas de Chapultepec Del M. Hidalgo MEXICO , D.F. 11000	100.0	100.0	0.0	100.0	100.0	0.0	FC	FC	NC
Transnatural	Blvd. Manuel Avila Camacho #36 piso 16, Col. Lomas de Chapultepec Del M. Hidalgo MEXICO, D.F. 11000	50.0	50.0	0.0	50.0	50.0	0.0	PC	PC	NC
Tractebel Energia de Monterrey Holding BV1.5)	Pays-Bas	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
GDF SUEZ ENERGÍA DE MÉXICO S.A. DE C.V.	Avenida de Las Palmas 830-402, Lomas de Chapultepec, Del. Miguel Hidalgo, México – Distrito Federal 11000, México	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
TRACTEBEL SERVICIOS S.A. DE C.V.	Avenida de Las Palmas 830-402, Lomas de Chapultepec, Del. Miguel Hidalgo, México – Distrito Federal 11000, México	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
TRACTEBEL COMERCIALIZACION S.A. de C.V.	Mexique	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
ENERSUR NEDERLAND HOLDING B.V	Pays-Bas	100.0	0.0	0.0	100.0	0.0	0.0	FC	NC	NC

Company Name	Corporate Headquarters	% interest			% control			Consolidation method		
		Dec 2009	Dec 2008	Dec 2007	Dec 2009	Dec 2008	Dec 2007	Dec 2009	Dec 2008	Dec 2007
Other										
STSA SEI	Place du Trône, 1 – 1000 – Brussels – Belgium	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
GDF SUEZ CC (formerly Cosutrel)	Place du Trône, 1 – 1000 Brussels – Belgium	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
TRACTEBEL PACIFIC LIMITED	Gloucester Road, 77-79, Belgian Bank Tower, 11/F, Fairmont House	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
BELGELECTRIC FINANCE B.V.	Dokter Stolteweg 92, Zwolle 8025 AZ, Netherlands	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
POWERCONTRACTING	Place du Trône, 1, 1000 Brussels, Belgium	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
ECONERGY ENERGY GENERATION LIMITED	Arthur Cox Building Earlsfort Terrace, Dublin 2, Ireland	100.0	100.0	0.0	100.0	100.0	0.0	FC	FC	NC
ECONERGY INTERNATIONAL PLC (ISLE OF MAN)	33-37, Athol Street, Douglas IM1 1LB, Isle of Man	100.0	100.0	0.0	100.0	100.0	0.0	FC	FC	NC
ECONERGY HOLDINGS LIMITED	33-37, Athol Street, Douglas IM1 1LB, Isle of Man	100.0	100.0	0.0	100.0	100.0	0.0	FC	FC	NC
ECONERGY INTERNATIONAL CORPORATION	1990 Post Oak Blvd 1990, Houston TX, 77056 – 3831, USA	100.0	100.0	0.0	100.0	100.0	0.0	FC	FC	NC
ECONERGY IRELAND LTD	Arthur Cox Building, Ealsfort Terrace, Dublin, Ireland	100.0	100.0	0.0	100.0	100.0	0.0	FC	FC	NC

FC: Full combined (subsidiaries)
PC: Proportionate combined (joint ventures)
EM: Equity method (associates)
NC: Not combined

(C) Audit report on the historical combined financial information of GDF SUEZ Energy International for the three years ended 31 December 2007, 2008 and 2009

Deloitte.

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19 November 2010

To

The Chief Executive Officer and the President of GDF SUEZ,
T1 Tower at 1 place Samuel de Champlain
92400
Courbevoie, Paris

The Directors of International Power plc
International Power plc
Senator House
85 Queen Victoria Street
London
EC4V 4DP

Morgan Stanley & Co. Limited
25 Cabot Square
London
E14 4QA

J.P. Morgan plc
125 London Wall
London
EC2Y 5AJ

Nomura International plc
One Angel Lane
London
EC4R 3AB

Dear Sirs

In our capacity as statutory auditor of GDF SUEZ and in accordance with the request of GDF SUEZ, and our engagement letter dated 18 November 2010, we report to you on the combined financial information of GDF SUEZ Energy International Business Areas and the combined entities as described in note 28 to the combined financial information (together "**GDF SUEZ Energy International Division**" or the "**Group**") for each of the three years ended 31 December 2009, 2008 and 2007 as set out in Part 5(B) (*Audited Historical Combined Financial Information relating to GDF SUEZ Energy International*) in the Circular of International Power plc dated 19 November 2010 (the "**Circular**"). This combined financial information has been prepared for inclusion in the Circular, on the basis of the accounting policies set out in note 1.1 to the combined financial information.

Responsibilities

The Chief Executive Officer and the President of GDF SUEZ are responsible for preparing the combined financial information on the basis of preparation set out in note 1.1 to the combined financial information and as described in paragraph 1 of Part 9 of the Circular, the directors of International Power, for the purpose of the Circular are also responsible for preparing that combined financial information. It is our responsibility to form an opinion as to whether the combined financial information gives a true and fair view for the purposes of the Circular, of the assets and liabilities and of the financial position of the Group as at 31 December 2009, 2008 and 2007 and of its profit and loss, cash flows, comprehensive income and change in equity for the years then ended, and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial information is free of material misstatement. An audit includes examining, using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the combined financial information. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the combined financial information referred to above gives, for the purposes of the Circular, a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2009, 2008 and 2007 and of its profit and loss, cash flows, comprehensive income and change in equity for the years then ended in accordance with the basis of preparation set out in note 1.1 to the combined financial information.

Declaration

This report is addressed to your attention in the context described above and is not to be used, circulated, quoted or otherwise referred to for any other purpose.

Yours faithfully

Deloitte & Associés

Jean-Paul Picard Pascal Pincemin

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(D) Audited historical combined financial information relating to GDF SUEZ Energy International for the 6 month period ended 30 June 2010

INTERIM COMBINED STATEMENT OF FINANCIAL POSITION FOR THE SIX MONTHS PERIOD ENDED JUNE 30 2010[1]

	Notes	*30 June 2010*	*31 Dec. 2009*
		In millions of euros	
NON-CURRENT ASSETS			
Intangible assets, net	8	863.4	428.2
Goodwill	7	1,336.5	1,258.2
Property, plant and equipment, net	9	16,544.9	12,241.7
Available-for-sale securities	14	54.2	68.8
Loans and receivables carried at amortized cost	14	694.4	516.4
Derivative instruments	14	297.5	269.9
Investments in associates	12	292.9	290.3
Other non-current assets	14	138.1	121.9
Deferred tax assets	7	139.0	347.7
TOTAL NON-CURRENT ASSETS		**20,360.9**	**15,543.0**
CURRENT ASSETS			
Loans and receivables carried at amortized cost	14	244.5	320.9
Derivative instruments	14	296.6	339.6
Trade and other receivables	14	1,496.4	1,290.3
Inventories		327.1	272.4
Other current assets	14	576.9	407.0
Financial assets at fair value through income	14	18.1	2.5
Cash and cash equivalents	14	3,444.7	2,948.5
TOTAL CURRENT ASSETS		**6,404.1**	**5,581.3**
TOTAL ASSETS		**26,765.0**	**21,124.3**
Shareholders' equity		5,355.7	4,208.0
Non controlling interests		1,803.9	896.7
TOTAL EQUITY	16	**7,159.6**	**5,104.7**
NON-CURRENT LIABILITIES			
Provisions	17	246.6	219.0
Long-term borrowings	14	9,198.5	7,726.7
Derivative instruments	14	841.0	498.9
Other financial liabilities	14	1.6	1.4
Other non-current liabilities		711.7	588.1
Deferred tax liabilities	7	545.2	608.5
TOTAL NON-CURRENT LIABILITIES		**11,544.6**	**9,642.6**
CURRENT LIABILITIES			
Provisions	17	124.4	125.0
Short-term borrowings	14	5,433.1	4,144.0
Derivative instruments	14	512.8	460.0
Trade and other payables	14	1,386.0	1,013.0
Other current liabilities		604.5	635.0
TOTAL CURRENT LIABILITIES		**8,060.8**	**6,377.0**
TOTAL EQUITY AND LIABILITIES		**26,765.0**	**21,124.3**

(1) The present Interim Combined Financial Information comprises the combination of GDF SUEZ Energy International Business Areas together with entities in the United Kingdom and in Turkey (together "GDF SUEZ Energy International Division" or "the Group"). The scope of combination is presented in note 28.

Amounts in tables are generally expressed in millions of euros. In certain cases, rounding may cause slight discrepancies in the lines and columns showing totals and changes.

INTERIM COMBINED INCOME STATEMENT FOR THE SIX MONTHS PERIOD ENDED JUNE 30 2010[1]

	Notes	June 2010	June 2009 Unaudited
		In millions of euros	
Revenues		5,377.1	4,909.5
Purchases		(3,725.7)	(3,562.0)
Personnel costs		(218.1)	(197.8)
Depreciation, amortization and provisions		(368.3)	(270.8)
Other operating income and expenses, net		(247.6)	(156.7)
CURRENT OPERATING INCOME	4	**817.4**	**722.1**
Mark-to-market on commodity contracts other than trading instruments		(23.8)	(75.8)
Impairment of property, plant and equipment, intangible assets and financial assets		(133.5)	(3.2)
Restructuring costs		(0.5)	0.0
Changes in scope of combination		184.0	0.9
Other disposal gains and losses and non recurring items		(0.9)	1.9
INCOME FROM OPERATING ACTIVITIES	5	**842.6**	**646.0**
Financial expenses		(356.3)	(315.7)
Financial income		139.7	158.3
NET FINANCIAL LOSS	6	**(216.6)**	**(157.4)**
Income tax expense	7	(153.1)	(183.4)
Share in net income of associates	12	23.7	14.7
NET INCOME		**496.5**	**319.8**
Net income Group share		395.6	238.3
Non-Controlling interests		100.9	81.5
Earnings per share (euros)		0.19	0.12
Diluted earnings per share (euros)		0.19	0.12

(1) The present Interim Financial Information comprises the combination of GDF SUEZ Energy International Business Areas together with entities in the United Kingdom and in Turkey (together "**GDF SUEZ Energy International Division**" or "**the Group**"). The scope of combination is presented in note 28.

The financial information above may not be representative of future results, for example the historical capital structure does not reflect the future capital structure. Future interest income and expense, certain operating costs, tax charges and dividends may be significantly different from those that arose from being wholly owned by GDF SUEZ.

INTERIM COMBINED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2010[1]

	30 June 2010	*30 June 2009 Unaudited*
	In millions of euros	
NET INCOME	**496.5**	**319.8**
Available-for-sale financial assets	0.0	(0.0)
Net investment hedges	(202.2)	17.8
Cash flow hedges (excl. Commodity instruments)	(115.7)	178.5
Commodity cash flow hedges	28.3	(190.3)
Actuarial gains and losses	0.9	0.7
Translation adjustments	1,186.7	251.1
Deferred Taxes	10.1	42.0
Share in other comprehensive income (expense) of associates	6.5	44.0
OTHER COMPREHENSIVE INCOME (EXPENSE)	**914.5**	**343.8**
TOTAL COMPREHENSIVE INCOME	**1,411.0**	**663.6**
Net income Group share	1,142.7	477.6
Non-controlling interests	268.4	186.0

(1) The present Interim Financial Information comprises the combination of GDF SUEZ Energy International Business Areas together with entities in the United Kingdom and in Turkey (together "**GDF SUEZ Energy International Division**" or "**the Group**"). The scope of combination is presented in note 28.

INTERIM COMBINED CASH FLOW STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2010[1]

	June 30, 2010	*June 30, 2009 Unaudited*
	In millions of euros	
NET INCOME	**496.5**	**319.8**
- Share in net income of associates	(23.7)	(14.7)
+ Dividends received from associates	8.6	7.3
- Net depreciation, amortization and provisions	478.4	262.0
- Net capital gains on disposals (incl. reversals of provisions)	(183.0)	(2.8)
- Mark-to-market on commodity contracts other than trading instruments	23.8	75.8
- Other items with no cash impact	1.4	4.6
- Income tax expense	153.1	183.4
- Net financial loss	216.6	157.4
CASH GENERATED FROM OPERATIONS BEFORE INCOME TAX AND WORKING CAPITAL REQUIREMENTS	**1,171.7**	**992.8**
+ Tax paid	(248.1)	(195.4)
Change in working capital requirements	64.1	(374.5)
CASH FLOW FROM OPERATING ACTIVITIES	**987.6**	**422.9**
Acquisitions of property, plant and equipment and intangible assets	(1,083.7)	(921.9)
Gain of control of subsidiaries net of cash and cash equivalents acquired[2]	(157.6)	(122.8)
Acquisitions of investments in associates and joint ventures[2]	0.0	(7.4)
Acquisitions of available-for-sale securities	(1.9)	(3.2)
Disposals of property, plant and equipment and intangible assets	4.5	16.3
Loss of control of subsidiaries net of cash and cash equivalents acquired[2]	(0.3)	21.6
Disposals of investments in associates and joint ventures[2]	0.0	1.2
Disposals of available-for-sale securities	5.1	7.0
Interest received on non-current financial assets	25.4	27.2
Dividends received on non-current financial assets	1.7	1.6
Change in loans and receivables	25.8	(190.8)
CASH FLOW USED IN INVESTING ACTIVITIES	**(1,181.1)**	**(1,171.4)**
Distribution	(133.5)	(174.7)
Repayment of borrowings and debt	(1,059.5)	(770.5)
Change in financial assets at fair value through income	(15.1)	(0.0)
Interest paid	(177.7)	(169.3)
Interest received on cash and cash equivalents	25.6	27.5
Increase in borrowings and debt	1,711.9	1,651.4
Contribution	66.4	(4.0)
Changes in ownership interests in controlled entities[2]	30.7	7.6
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES	**448.7**	**567.9**
Effect of changes in exchange rates and other	240.9	(35.4)
TOTAL CASH FLOW FOR THE PERIOD	**496.2**	**(215.9)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**2,948.5**	**2,315.5**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**3,444.7**	**2,099.6**

(1) The present Interim Combined Financial Information comprises the combination of GDF SUEZ Energy International Business Areas together with entities in the United Kingdom and in Turkey (together "**GDF SUEZ Energy International Division**" or "**the Group**"). The scope of combination is presented in note 28.

(2) In accordance with revised IAS 27, cash flows resulting from changes in ownership interests in controlled entities are now accounted for in ''Cash flow from (used in) financing activities'' in the statement of cash flows. In this context, the Group has reviewed the presentation of acquisitions and disposals of consolidated entities in the statement of cash flows. Up to December 31, 2009, the items ''Acquisitions of entities net of cash and cash equivalents acquired'' and ''Disposals of entities net of cash and cash equivalents sold'' included the cash impacts resulting from acquisitions/disposals of controlled entities or entities over which the Group has joint control, acquisitions/disposals of associates and changes in ownership interest in controlled entities or entities over which the Group has joint control. As of January 1, 2010, changes in ownership interest in controlled entities are shown under ''Changes in ownership interests in controlled entities'' within ''Cash flow from (used in) financing activities''. Acquisitions and disposals of associates and joint ventures are presented separately from cash flows resulting from acquisitions/disposals of subsidiaries. Cash flows resulting from acquisitions and disposals of subsidiaries are shown under ''Gain of control net of cash and cash equivalents acquired'' and ''Loss of control of subsidiaries net of cash and cash equivalents sold'' respectively. Comparative data for first-half 2009 have been restated in order to present the cash flows concerned in accordance with this new presentation.

INTERIM COMBINED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE SIX MONTHS PERIOD ENDED JUNE 30 2009[(1)]

	Paid-in Capital and Consolidated Reserves[(2)]	*Fair Value Adjustments and Other*	*Treasury Stock*	*Cumulative Translation Adjustment*	*Shareholders' Equity*	*Non Controlling Interests*	*Total*
EQUITY UNDER IFRS AT DECEMBER 31, 2008	**3,751.0**	**(328.4)**	**0.0**	**(372.0)**	**3,050.6**	**686.0**	**3,736.6**
Income and expense recognized directly in equity		52.7		186.6	239.3	104.5	343.8
Net income	238.3				238.3	81.5	319.8
TOTAL RECOGNIZED INCOME AND EXPENSE	**238.3**	**52.7**		**186.6**	**477.6**	**186.0**	**663.6**
Employee share issues and share-based payment	4.6				4.6		4.6
Distribution	(137.0)				(137.0)	(37.7)	(174.7)
Contribution	0.6				0.6	(5.6)	(5.0)
EQUITY UNDER IFRS AT JUNE 30, 2009 – UNAUDITED	**3,857.6**	**(275.7)**	**0.0**	**(185.4)**	**3,396.5**	**828.7**	**4,225.2**

(1) The present Interim Financial Information comprises the combination of GDF SUEZ Energy International Business Areas together with entities in the United Kingdom and in Turkey (together ''**GDF SUEZ Energy International Division**'' or ''**the Group**''). The scope of combination is presented in note 28.

(2) Refer to note 1.1.1 Basis of combination for a description of its content.

INTERIM COMBINED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE SIX MONTHS PERIOD ENDED JUNE 30 2010[1]

	Paid-in Capital and Consolidated Reserves[2]	*Fair Value Adjustments and Other*	*Treasury Stock*	*Cumulative Translation Adjustment*	*Shareholders' Equity*	*Non Controlling Interests*	*Total*
EQUITY AT DECEMBER 31, 2009	**4,362.9**	**(83.8)**	**0.0**	**(71.1)**	**4,208.0**	**896.7**	**5,104.7**
Income and expense recognized directly in equity		(235.7)		982.9	747.2	167.5	914.7
Net income	395.6				395.6	100.9	496.5
TOTAL RECOGNIZED INCOME AND EXPENSE	**395.6**	**(235.7)**		**982.9**	**1,142.8**	**268.3**	**1,411.2**
Employee share issues and share-based payment	1.4				1.4		1.4
Distribution	(65.4)				(65.4)	(68.0)	(133.5)
Contribution	40.4				40.4	26.1	66.4
Operations with NCI	28.6				28.6	680.8	709.5
EQUITY AT JUNE 30, 2010	**4,763.5**	**(319.6)**	**0.0**	**911.8**	**5,355.8**	**1,803.9**	**7,159.7**

(1) The present Interim Financial Information comprises the combination of GDF SUEZ Energy International Business Areas together with entities in the United Kingdom and in Turkey (together the "**GDF SUEZ Energy International Division**" or "**the Group**"). The scope of combination is presented in note 28.

(2) Refer to note 1.1.1 Basis of combination for a description of its content.

The Interim Combined Financial Information presented here has been prepared on 19 November 2010 under the responsibility of the Chief Executive Officer and the President of GDF SUEZ and as described in Part 9 Section 1 of the Circular, under the responsibility of International Power plc directors for the purpose of the Circular, in the context of the proposed combination of "GDF SUEZ Energy International Division" (as defined below) and International Power Plc ("International Power").

International Power announced that it had signed on August 10, 2010 a memorandum of understanding with GDF SUEZ in relation to a proposed combination of International Power and GDF SUEZ Energy International Division and a definitive Merger Deed in respect of the combination on October 13, 2010.

The combination will take the form of a contribution by Electrabel, a wholly-owned subsidiary of GDF SUEZ, of GDF SUEZ Energy International Division to International Power in exchange for the issue of new ordinary shares in International Power in order to create an Enlarged International Power (hereafter "**the Transaction**"). Following the closing of the Transaction, GDF SUEZ Group will hold the majority of the capital of Enlarged International Power.

GDF SUEZ Energy International Division comprises GDF SUEZ Energy North America, Energy Latin America and Energy Middle East, Asia & Africa entities ("**Energy International Business Areas**") together with entities in the United Kingdom and in the distribution activities in Turkey part of GDF SUEZ Energy Europe (together "**the Group**"; see note 3). The Group has not in the past formed a separate legal group.

Since July 20, 2009, the Energy International business areas, together with Energy Benelux & Germany and Energy Europe business areas, form the Energy Europe & International Division ("**Energy Europe & International Division**"), These five Business Areas of Energy Europe & International Division are operating segments of GDF SUEZ Group as of December 31, 2009.

Before this date, the Energy International Business areas were managed within GDF SUEZ International Division which was an operating segment of GDF SUEZ. These business areas were managed by the GDF SUEZ Energy International General Management Committee. After the 2009,

reorganization, the above mentioned five business areas – including Energy International business areas – are managed by Energy Europe and International Division General Management Committee.

The Energy International Business Areas of GDF SUEZ are responsible for the Group's activities outside Europe and Russia, in particular the electricity and energy supply activities. Its mission is to develop and to manage electricity and gas projects and to offer tailor-made energy solutions to industry and commercial customers.

Electricity and natural gas are the core businesses of these business areas with activities in electricity production, trading, marketing and sales, and on the gas side, transport, distribution, marketing and sales, including LNG regasification terminals.

The main activities of GDF SUEZ entities in the UK included in the combination are the production of electricity and the sale of energy, whereas GDF SUEZ entities in Turkey distribute and market natural gas.

The Interim Combined Financial Information presented here reflects the entities, assets and liabilities that will be carved out from GDF SUEZ and has been prepared in accordance with the basis of preparation set out below.

Because of the conventions used to prepare the Interim Combined Financial Information as described below, these Interim Combined Financial Information are not necessarily identical to interim consolidated financial statements that would have been issued if the carve-out had taken place in the past.

Further, they do not take into account potential consequences of the Transaction, such as any potential tax consequences of any future financial transaction or potential parent company equity contribution.

Energy Europe & International Division's headquarters are located in Belgium at 1 Place du Trône – 1000 Brussels.

The ultimate parent company of the Group is GDF SUEZ, a listed company on the Paris, Brussels and Luxembourg stock exchanges.

NOTE – 1 Summary of significant accounting policies

1.1 Basis of preparation

The Interim Combined Financial Information presented is for six-month periods ended June 30, 2010 of those businesses that will form the Group. The Interim Combined Financial Information therefore incorporates financial information previously included in the financial statements of GDF SUEZ.

This combined financial information has been prepared for inclusion in the Circular and in accordance with this basis of preparation.

The present basis of preparation describes how International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and IAS 34 – Interim Financial reporting have been applied in preparing the Combined Financial Information.

IFRSs as adopted by the EU do not provide for the preparation of Combined Financial Information, and accordingly in preparing the combined financial information the Group developed combination accounting policies referring to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, as described in the following basis of combination.

Some of these accounting policies can be considered as departure from IFRS as adopted by EU and are described below; in the other respects International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and IAS 34 – Interim Financial reporting have been applied in preparing the Combined Financial Information:

- The Group has not in the past formed a legal Group, as a result the Combined Financial Information has been prepared by aggregating the applicable financial information that was prepared for the purposes of the GDF SUEZ consolidation, which is not contemplated by IAS 27- Consolidated and Separate Financial Statements.
- Certain assets and liabilities of the reporting entity will be retained by GDF SUEZ after the contribution of the Group to International Power, those assets and liabilities not contributed to International Power Plc have not been included in the combined financial information.

- As described above, STSA SEI, the Group reporting entity, had no statutory capital; therefore, the computation of earnings per share could not be based on an actual number of issued shares. The number of shares for the computation of earnings per share has been determined as described in the following basis of combination.
- The Group has not previously been required to prepare standalone consolidated Financial Information and hence no such Financial Information has previously been presented. The Combined Financial Information for the years ended December 31, 2009, 2008 and 2007 prepared was the first IFRS financial information issued by the Group and IFRS 1 *First-time Adoption International Financial Reporting Standards* was applied despite the fact that the Group does not make an explicit and unreserved statement of compliance with IFRS as contemplated by IAS1.

The accounting standards applied in the Interim Combined Financial Information for the six-month period ended June 30, 2010 are consistent with those used to prepare the Combined Financial Information for the years ended December 31, 2009, 2008 and 2007 except for those described in section 1.1.2 below.

1.1.1. Basis of combination

The following summarizes the principles applied in preparing the Interim Combined Financial Information:

- As the Group was adopting IFRS after its parent GDF SUEZ, the Group decided to measure its assets and liabilities according to the option in IFRS 1.D16(a) at the carrying amounts that were included in GDF SUEZ's consolidated financial statements, based on GDF SUEZ's date of transition to IFRSs (namely 1st January 2004). The principal accounting policies of GDF SUEZ have been applied to the Interim Combined Financial Information and are described below.
- The Group has not in the past formed a legal Group, as a result the Combined Financial Information has been prepared by aggregating the applicable financial information that was prepared for the purposes of the GDF SUEZ consolidation. Internal transactions within the Group have been eliminated in preparing the combination.
- The legal parent company of the main entities of Energy International Business Areas, Suez Tractebel SA, was for management and Group reporting purposes divided into three reporting units:
    - Suez Tractebel Energy International
    - Suez Tractebel Head Quarters and Finance
    - Suez Tractebel Engineering

  During the first semester 2009, Suez Tractebel Engineering was carved out into a legal separate entity and is no longer part of Suez Tractebel SA.

  As part of the Transaction GDF SUEZ will launch Suez Tractebel SA spin off and accordingly Suez Tractebel Energy International reporting unit will form a separate legal entity that will be immediately contributed to International Power.

  Therefore, for the purposes of the Interim Combined Financial Information it is assumed that Suez Tractebel Energy International reporting unit as it was historically managed by GDF SUEZ is the reporting entity (hereafter "**STSA SEI**") of the Group.

  STSA SEI equity represents the historical allocation of Suez Tractebel SA net assets by GDF SUEZ management. Accordingly the capital structure presented in the Combined Financial Information does not reflect the capital structure that would have been reported had the Group been an independent group nor the situation that may prevail in the future.
- As the Group has not in the past formed a separate legal group, it is not possible to show share capital or an analysis of reserves for the Group. The net assets of the Group are represented by the cumulative investment of GDF SUEZ in the Group (shown as "paid-in capital and consolidated reserves"). All cash and other movements in capital amounts, being shares cancelled, dividends and other distributions made from the Group companies to GDF SUEZ and other GDF SUEZ companies have been reflected in the Interim Combined Statement of Cash Flows and in the Interim Combined Statement of Changes in Equity as

"Distributions". All cash and other movements in capital amounts, being shares issues or GDF SUEZ contributions have been reflected in the Interim Combined Statement of Cash Flows and in the Interim Combined Statement of Changes in Equity as "Contributions".

- As described above, STSA SEI, the Group reporting entity, had no statutory capital; therefore, the computation of earnings per share could not be based on an actual number of issued shares. Instead, the group determined the number of shares by analogy to the guidance in paragraphs B26 and B27 of IFRS 3 relating to the computation of earnings per share in the context of a reverse acquisition. In this respect, the number of shares of the group is derived from the exchange ratio and corresponds to the number of ordinary shares that will be issued by International Power in exchange to contribution by GDF SUEZ of the Group assets and liabilities excluding additional cash contributions. This number is adjusted for each comparative period presented to reflect the Group equity contributions movements in each period. All computations are prepared based on the exchange ratio as determined on August 9, 2010, date of approval by GDF SUEZ and International Power respective Board of directors of the terms of the Transaction.

- Subsidiary undertakings and associates that are part of the Group and were acquired directly or indirectly by the Group have been included in the Interim Combined Financial Information from the date control was obtained. Subsidiaries that are part of the Group and were acquired by GDF SUEZ through entities other than STSA SEI and its subsidiaries, have been included in the Interim Combined Financial Information from the date control was obtained by GDF SUEZ and as if the acquisition has been performed by the Group and funded by capital contribution from GDF SUEZ.

  Subsidiaries of the Group scope that were disposed of by the Group during the periods presented have been included in the Interim Combined Financial Information up to the date control was lost

  Legal subsidiaries of the Group entities that do not form part of the Group scope have been excluded from the Interim Combined Financial Information since the beginning of the period presented. All cash movements relating to the disposal of those entities by the Group and/or equity contributions to those entities during the periods presented have been classified as contributions/distributions from/to GDF SUEZ.

- For disclosures purposes, it is assumed that GDF SUEZ Energy International General Management Committee and Energy Europe & International Division General Management Committee constitute the management of the Group for the period ended June 30, 2010,

- STSA SEI employees are part of the carved out businesses and the related expenses are included in the Interim Combined Financial Information. GDF SUEZ had historically recharged corporate head office costs comprising administration and other services including, but not limited to, management information, accounting and financial reporting, treasury, taxation, cash management, employee benefit administration, investor relations and professional services to its underlying businesses.

  Therefore for the purposes of the preparation of the Combined Financial Information as of December 31. 2009, 2008 and 2007 no additional allocation has been made.

  Following the above-mentioned reorganization of Energy International Business areas, corporate costs, including employee costs, for the six months period ending June 30, 20010 have been adjusted to reflect the prior year costs structure attributable to Energy International Business areas.

- The costs recharged by GDF SUEZ were affected by the arrangements that existed in GDF SUEZ and are not necessarily representative of the position that may prevail in the future.

- GDF SUEZ has historically assessed the financial requirements for the future and managed the hedging arrangements at the level of the business areas or entities and documented also at this level its assessments and arrangements, both at hedge inception and on an ongoing basis, whether the derivative instruments are hedged items. The derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. Therefore, the hedging relationships have been maintained as in the GDF SUEZ financial statements. Starting 2009, GDF SUEZ manages and hedges centrally a part of GDF SUEZ Group's currency and interest rate risks exposure. Therefore, the related hedging transactions were not taken into account in the Interim Combined Financial Statements.

- GDF SUEZ has historically managed its financing needs and cash flow surpluses for GDF SUEZ Group through its financing vehicles (long term and short term) and its cash pooling vehicles. For the purposes of preparation of the Interim Combined Financial Information, such centrally managed financing and cash pooling has been allocated to the Group and reflected in the Interim Combined Financial Information in line with existing balances within GDF SUEZ consolidated financial statements at the end of each period presented. The interest income and expense recorded in the Interim Combined Income Statement have been affected by the financing arrangements within GDF SUEZ and are not necessarily representative of the interest charges that would have been reported had the Group been an independent group. They are not necessarily representative of the interest charges that may arise in the future.
- Tax charges in this Interim Combined Financial Information have been determined based on the tax charges recorded by the Group companies in their local statutory accounts as well as certain adjustments made for GDF SUEZ consolidation purposes. The tax charges recorded in the Interim Combined Income Statement have been affected by the taxation arrangements within GDF SUEZ and are not necessarily representative of the tax charges that would have been reported had the Group been an independent group. Also, they are not necessarily representative of the tax charges that may arise in the future.

  For the purposes of reconciliation between the theoretical and actual income tax expenses, the statutory income tax rate applicable in France has been used in the absence of legal parent company.
- All trade balances between the Group and other GDF SUEZ companies have been presented as either trade receivables or trade payables.

  All loans and debt balances between the Group and other GDF SUEZ companies have been presented as financial assets or liabilities in the Interim Combined Statement of Financial Position.

1.1.2. IFRS standards, amendments and IFRIC interpretations applicable in 2010

Revised IFRS 3 – Business Combinations, which applies to acquisitions of controlling interests (within the meaning of the revised IAS 27) that take place after January 1, 2010, and revised IAS 27 – Consolidated and Separate Financial Statements.

- Improvements to IFRS 2009
- Amendment to IAS 39 – Eligible Hedged Items
- Amendment to IFRS 2 – Group Cash-settled Share-based Payment Transactions
- Amendment to IFRS 5 – (Improvements to IFRS 2008) – Non-current Assets Held for Sale and Discontinued Operations
- IFRIC 17 – Distributions of Non-cash Assets to Owners

These amendments and interpretations do not have a material impact on the Group's Interim Combined Financial Information for the six months ended June 30, 2010 except for the revised IFRS 3 and IAS 27.

IFRS 3 revised introduces changes to the Group's accounting policies applicable to business combinations occurring after January 1, 2010.

The main changes that have an impact on the Group's Interim Combined Financial Information compared to the accounting policies explained in note 1.4.3, "Business Combinations" and note 1.4.4.1, "Recognition of Goodwill" and applied for the preparation of the Combined Financial Information for 2009, 2008 and 2007 are as follows:

- Costs related to acquisitions of controlling interests are expensed as incurred.
- In the event of a business combination achieved in stages, previously held equity interest in the acquiree is remeasured at its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss.
- For each business combination, any non-controlling interest in the acquiree is measured either at fair value or at the proportionate share of the acquiree's identifiable net assets. Previously, only the latter option was authorized. The Group will determine on a case by case basis which option it will apply to recognize non-controlling interests.

- Transactions (purchases or sales) of non-controlling interests that do not result in a change of control are recognized as transactions between shareholders. Consequently, any difference between the fair value of consideration paid or received and the carrying amount corresponding to the non-controlling interest is recognized directly in equity.
- In accordance with the revision of IAS 7 in light of the revision of IAS 27, the comparative statement of cash flows has been restated.

The changes introduced by these new standards led the Group to create a "Changes in scope of combination" line in the Interim Combined Income statement which is presented as a non-current item in income from operating activities. The following impacts are recognized under "Changes in scope of combination":

- Costs related to acquisitions of controlling interests;
- In the event of a business combination achieved in stages, impacts of the re-measurement of previously held equity interests in the acquiree at its acquisition-date fair value;
- Subsequent changes in fair value of contingent considerations;
- Gains or losses from disposals of investments which result in a change in combination method, as well as any impact of the re-measurement of retained interests.

The line-item "Other disposal gains or losses and non-recurring items"(1) presented in income from operating activities includes, in particular, capital gains or losses on disposals of non-current assets and available-for-sale securities.

As of January 1, 2010, disposals of non-current assets no longer include the disposal of investments resulting in a change in combination method, which are now presented under "Changes in scope of combination".

1.1.3. IFRS standards and IFRIC interpretations effective after 2010 that the Group has elected not to early adopt in 2010

- IFRS 9 – Financial Instruments(2): Classification and Measurement
- Amendment to IAS 32 – Classification of Rights Issues
- Revised IAS 24 – Related Party Disclosures(1)
- IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments(1)
- Amendment to IFRIC 14 – Prepayments of a Minimum Funding Requirement(1)
- Improvements to IFRS 2010(1)

The impact resulting from the application of these standards and interpretations is currently being assessed.

(1) Formerly "Disposals of assets and other".

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

1.1.4. Reminder of GDF SUEZ and the Group IFRS 1 transition options

GDF SUEZ and the Group used some of the options available under IFRS 1 for its transition to IFRS in 2005. The options that continue to have an effect on the Combined Financial Information are:

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

1.2 Measurement basis

The Interim Combined Financial Information have been prepared using the historical cost convention, except for financial instruments that are accounted for according to the financial instrument categories defined by IAS 39.

1.3 Use of judgments and estimates

The crisis which has been raging across financial markets has prompted GDF SUEZ and the Group to step up its risk oversight procedures and include an assessment of risk – particularly counterparty risk – in measuring its financial instruments. The Group's estimates used in business plans and

determination of discount rates used for impairment tests and for calculating provisions take into account the crisis situation and the resulting extreme market volatility.

1.3.1. Estimates

The preparation of Interim Combined Financial Information requires the use of estimates and assumptions to determine the value of assets and liabilities, and contingent assets and liabilities at the statement of financial position reporting date, as well as revenues and expenses reported during the period.

Due to uncertainties inherent in the estimation process, the Group regularly revises its estimates in light of currently available information. Final outcomes could differ from those estimates.

- The main estimates used in preparing the Group's Interim Combined Financial Information relate mainly to:
- measurement of the fair value of assets acquired and liabilities assumed as part of business combinations;
- measurement of the recoverable amount of goodwill, property, plant and equipment and intangible assets;
- measurement of provisions such as provision for disputes;
- financial instruments;
- measurement of recognized tax loss carry-forwards.

1.3.1.1. Measurement of the fair value of assets acquired and liabilities assumed as part of business combinations

The key assumptions used to measure the fair value of assets acquired and liabilities assumed as part of business combinations notably include estimated future electricity and gas prices, replacement costs for property plant and equipment, the market outlook for the measurement of future cash flows, and the applicable discount rate.

These assumptions reflect Management's best estimates.

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

The recoverable amount of goodwill, intangible assets and property, plant and equipment is based on estimates and assumptions regarding in particular the expected market outlook and future cash flows associated with the assets. Any changes in these assumptions may have a material impact on the measurement of the recoverable amount and could result in adjustments to the impairment expenses already booked.

1.3.1.3. Estimates of provisions

Parameters having a significant influence on the amount of provisions include the timing of expenditure and the discount rate applied to cash flows, as well as the actual level of expenditure. These parameters are based on information and estimates deemed to be appropriate by the Group at the current time.

To the Group's best knowledge, there is no information suggesting that the parameters used taken as a whole are not appropriate. Further, the Group is not aware of any developments that are likely to have a material impact on the provisions booked.

1.3.1.4. Financial instruments

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

1.3.1.5. Measurement of tax loss carry-forward assets

Deferred tax assets are recognized on tax loss carry-forwards when it is probable that taxable profit will be available against which the tax loss carry-forwards can be utilized. Estimates of taxable profits and utilizations of tax loss carry-forwards were prepared on the basis of profit and loss forecasts as included in the medium-term business plan.

1.3.2. Judgments

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

In particular, the Group exercised judgment in determining the accounting treatment applicable to concession contracts, the classification of arrangements which contain a lease, and the identification of "own use" commodity purchase and sale contracts as defined by IAS 39.

In accordance with IAS 1, the Group's current and non-current assets and liabilities are shown separately on the Interim Combined Statement of Financial Position. For most of the Group's activities, the breakdown into current and non-current items is based on when assets are expected to be realized, or liabilities extinguished. Assets expected to be realized or liabilities extinguished within 12 months of the statement of financial position date are classified as current, while all other items are classified as non-current.

1.4 Interim financial reporting

Seasonality of operations

Although the Group's operations are intrinsically subject to seasonal fluctuations, key performance indicators and income from operating activities are more heavily influenced by changes in climate conditions than by seasonality. Consequently, the interim results for the six months ended June 30, 2010 are not necessarily indicative of those that may be expected for full-year 2010.

Income tax expense

Current and deferred income tax expense for interim periods is computed at the level of each tax entity by applying the average estimated annual effective tax rate for the current year to income for the period.

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 during the period. Furthermore, amounts recognized in the statement of 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 (the benchmark used to determine the discount rate) and the actual return on plan assets.

1.5 Significant accounting policies

1.5.1. Scope and methods of combination

The combination methods used by the Group consist of the following:

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

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

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

A list of the main fully and proportionately combined companies, together with investments accounted for by the equity method, is presented in the notes to the Combined Financial Information.

1.5.2. Foreign currency translation methods

1.5.2.1. Presentation currency of the Combined Financial Information

The Group's Combined Financial Information is presented in Euros (€), which is its reporting currency.

1.5.2.2. Functional currency

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

1.5.2.3. Foreign currency transactions

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

- Monetary assets and liabilities denominated in foreign currencies are translated at year-end exchange rates. The related translation gains and losses are recorded in the combined statement of income for the year to which they relate;
- Non-monetary assets and liabilities denominated in foreign currencies are recognized at the historical cost applicable at the date of the transaction.

1.5.2.4. Translation of the financial statements of subsidiaries with a functional currency other than the euro (the presentation currency)

The statements of financial position, of these subsidiaries are translated into euros at the official year-end exchange rates. Income statement and cash flow statement items are translated using the average exchange rate for the year. Any differences arising from the translation of the financial statements of these subsidiaries are recorded under "Cumulative translation differences" as Other Comprehensive Income.

Goodwill and fair value adjustments arising on the acquisition of foreign entities are classified as assets and liabilities of those foreign entities and are therefore denominated in the functional currencies of the entities and translated at the year-end exchange rate.

Translation differences previously recorded as Other Comprehensive Income are taken to the Combined Income Statement on the disposal of a foreign entity.

1.5.3. Business combinations

For business combinations carried out since January 1, 2004 and prior to January 1, 2010, the Group applies the purchase method as defined in IFRS 3 (issued March 2004), which consists in recognizing the acquiree's identifiable assets, liabilities and contingent liabilities at their fair values at the acquisition date.

The cost of a business combination is the aggregate of the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree; plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the Group includes the amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

The Group may recognize any adjustments to provisional values as a result of completing the initial accounting of a business combination within 12 months of the acquisition date.

1.5.4. Intangible assets

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

1.5.4.1. Goodwill

Recognition of goodwill

Goodwill represents the excess of the cost of a business combination (acquisition price of shares plus any costs directly attributable to the business combination) over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities recognized at the acquisition date (except if the business combination is achieved in stages).

For a business combination achieved in stages prior to January 1, 2010 – i.e., where the Group acquires a subsidiary through successive share purchases – the amount of goodwill is determined for each exchange transaction separately based on the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities at the date of each exchange transaction. Any difference arising

from the application of these fair values to the Group's existing interest and to minority interests is a revaluation and is therefore recognized in equity.

In the absence of specific IFRS guidance addressing acquisitions of minority interests before January 1, 2010, the Group continues not to recognize any additional fair value adjustments to identifiable assets and liabilities when it acquires additional shares in a subsidiary that is already fully combined. In such a case, the additional goodwill corresponds to the excess of the acquisition price of the additional shares purchased over the Group's additional interest in the net assets of the company concerned.

If the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired exceeds the cost of the business combination, the excess is recognized immediately in the combined income statement.

Goodwill relating to associate companies is recorded under "Investments in associates".

Measurement of goodwill

Goodwill is not amortized but tested for impairment each year, or more frequently where an indication of impairment is identified. Impairment tests are carried out at the level of cash-generating units (CGUs) or group of CGUs which constitute groups of assets generating cash inflows that are largely independent of the cash inflows from other cash-generating units.

The methods used to carry out these impairment tests are described in section 1.4.7 "Impairment of property, plant and equipment and intangible assets".

Impairment losses in relation to goodwill cannot be reversed and are shown under "Impairment" in the Combined Income Statement. Impairment losses on goodwill relating to associate companies are reported under "Share in net income of associates".

1.5.4.2. Other intangible assets

Development costs

Research costs are expensed as incurred.

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

Other intangible assets

Other intangible assets include mainly commodity contracts acquired as part of business combinations and amounts paid or payable as consideration for rights relating to concession contracts.

The Group's intangible assets are amortized on a straight line basis with a range from 5 to 30 years, or are matched with the related expected units of production.

1.5.5. Property, plant and equipment

1.5.5.1. Initial recognition and subsequent measurement

Items of property, plant and equipment are recognized at historical cost less any accumulated depreciation and any accumulated impairment losses. The carrying amount of these items is not revalued as the Group has elected not to apply the allowed alternative method, which consists of regularly revaluing one or more categories of property, plant and equipment.

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

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

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

The Group applies IAS 23 as amended, whereby borrowing costs that are directly attributable to the construction of the qualifying asset are capitalized as part of the cost of that asset.

1.5.5.2. Depreciation

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

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

Main Depreciation Periods (years)	*Minimum*	*Maximum*
Plant and equipment		
Generating plants and equipments		
Coal, gas, power plants	4	50
Hydraulic plans and equipments	28	40
Wind farms	20	25
LNG equipments	20	50
Transports – distributions	20	35
Other property, plant and equipment	2	30

The range of useful lives is due to the diversity of the assets in each category. The minimum periods relate to smaller equipment and furniture, while the maximum periods concern network infrastructures.

Fixtures and fittings relating to the hydro plant operated by the Group are depreciated over the shorter of the contract term and useful life of the assets, taking into account the renewal of the concession period if such renewal is considered to be reasonably certain.

1.5.6. Concession Arrangements

SIC 29, Disclosure – Service Concession Arrangements was published in May 2001 and prescribes the information that should be disclosed in the notes to the financial statements of a concession grantor and a concession operator.

Treatment of concessions under IFRIC 12

On November 30, 2006, the IFRIC published IFRIC 12 – Service Concession Arrangements, which deals with the accounting treatment to be applied by the concession operator in respect of certain concession arrangements.

- These interpretations set out the common features of concession arrangements:
  - concession arrangements involve the provision of a public service and the management of associated infrastructure, together with specific capital renewal and replacement obligations;
  - the grantor is contractually obliged to offer these services to the public (this criteria must be met for the arrangement to qualify as a concession);
  - the operator is responsible for at least some of the management of the infrastructure and does not merely act as an agent on behalf of the grantor;
  - the contract sets the initial prices to be levied by the operator and regulates price revisions over the concession period.
- For a concession arrangement to fall within the scope of IFRIC 12, usage of the infrastructure must be controlled by the concession grantor. This requirement is met when:
  - the grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and
  - the grantor controls the infrastructure, i.e., retains the right to take back the infrastructure at the end of the concession.
- Under IFRIC 12, the operator's rights over infrastructure operated under concession arrangements should be accounted for based on the party responsible for payment; Accordingly:
  - the "intangible asset" model is applied when the concession operator has the right to charge for use of the public sector asset, and when users have primary responsibility to pay the operator for the services;

- and the "financial asset" model is applied when the concession operator has an unconditional right to receive cash or another financial asset, either directly from the grantor or indirectly by means of a guarantee provided by the grantor for amounts receivable from users of the public sector asset (for example, via a contractually guaranteed internal rate of return), or in other words, when the grantor is primarily responsible for payment. "Primary responsibility" signifies that while the identity of the payer of the services is not an essential criterion, the person ultimately responsible for payment should be identified. In cases where the local authority pays the Group but merely acts as an intermediary fee collector and does not guarantee the amounts receivable ("pass through arrangement"), the intangible asset model should be used to account for the concession since the users are, in substance, primarily responsible for payment.

However, where the users pay the Group, but the local authority guarantees the amounts that will be paid over the term of the contract (e.g., via a guaranteed internal rate of return), the financial asset model should be used to account for the concession infrastructure, since the local authority is, in substance, primarily responsible for payment.

Pursuant to these principles:

- Infrastructure to which the operator is given access by the grantor of the concession at no consideration is not recognized in the Combined Statement of Financial Position.
- Start-up capital expenditure is recognized as follows:
  - under the intangible asset model, the fair value of construction and other work on the infrastructure represents the cost of the intangible asset and should be recognized when the infrastructure is built provided that this work is expected to generate future economic benefits (e.g., the case of work carried out to extend the network). Where no such economic benefits are expected, the present value of commitments in respect of construction and other work on the infrastructure is recognized from the outset, with a corresponding adjustment to concession liabilities;
  - under the financial asset model, the amount receivable from the grantor is recognized at the time the infrastructure is built, at the fair value of the construction and other work carried out;
  - when the grantor has a payment obligation for only part of the investment, the cost is recognized in financial assets for the amount guaranteed by the grantor, with the balance included in intangible assets ("**mixed model**").

Renewal costs consist of obligations under concession arrangements with potentially different terms and conditions (obligation to restore the site, renewal plan, tracking account, etc.).

Renewal costs are recognized as either (i) intangible or financial assets depending on the applicable model when the costs are expected to generate future economic benefits (i.e., they bring about an improvement); or (ii) expenses, where no such benefits are expected to be generated (i.e., the infrastructure is restored to its original condition).

Costs incurred to restore the asset to its original condition are recognized as a renewal asset or liability when there is a timing difference between the contractual obligation calculated on a time proportion basis, and its realization.

The costs are calculated on a case-by-case basis based on the obligations associated with each arrangement.

Other concessions

Concession infrastructures that does not meet the requirements of IFRIC 12 are presented as property, plant and equipment.

1.5.7. Impairment of property, plant and equipment and intangible assets

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

Impairment indicators

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

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

- External sources of information:
  - significant changes in the economic, technological, political or market environment in which the entity operates or to which an asset is dedicated;
  - fall in demand;
  - changes in energy prices and US dollar exchange rates;
- Internal sources of information:
  - evidence of obsolescence or physical damage not budgeted for in the depreciation/amortization schedule;
  - worse-than-expected performance.

Impairment

Items of property, plant and equipment and intangible assets are tested for impairment at the level of the individual asset or cash-generating unit (CGU) as appropriate, determined in accordance with IAS 36. If the recoverable amount of an asset is lower than its carrying amount, the carrying amount is written down to the recoverable amount by recording an impairment loss. Upon recognition of an impairment loss, the depreciable amount – and possibly the useful life – of the assets concerned is revised.

Impairment losses recorded in relation to property, plant and equipment or intangible assets may be subsequently reversed if the recoverable amount of the assets is once again higher than their carrying value. The increased carrying amount of an item of property, plant or equipment attributable to a reversal of an impairment loss may not exceed the carrying amount that would have been determined (net of depreciation/amortization) had no impairment loss been recognized in prior periods.

Measurement of recoverable amount

In order to review the recoverable amount of property, plant and equipment and intangible assets, the assets are grouped, where appropriate, into cash-generating units (CGUs) and the carrying amount of each unit is compared with its recoverable amount.

For operating entities which the Group intends to hold on a long-term and going concern basis, the recoverable amount of an asset corresponds to the higher of its fair value less costs to sell and its value in use. Value in use is primarily determined based on the present value of future operating cash flows and a terminal value. Standard valuation techniques are used based on the following main economic data:

- discount rates based on the specific characteristics of the operating entities concerned;
- terminal values in line with the available market data specific to the operating segments concerned and growth rates associated with these terminal values, not to exceed the inflation rate.

Discount rates are determined on a post-tax basis and applied to post-tax cash flows. The recoverable amounts calculated on the basis of these discount rates are the same as the amounts obtained by applying the pre-tax discount rates to cash flows estimated on a pre-tax basis, as required by IAS 36.

For operating entities which the Group has decided to sell, the related carrying amount of the assets concerned is written down to estimated market value less costs of disposal. Where negotiations are ongoing, this value is determined based on the best estimate of their outcome as of the statement of financial position date.

In the event of a decline in value, the impairment loss is recorded in the Combined Income Statement under "Impairment".

1.5.8. Leases

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

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

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

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

1.5.8.1. Accounting for finance leases

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

1.5.8.2. Accounting for operating leases

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

1.5.8.3. Accounting for arrangements that contain a lease

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

The Group is concerned by this interpretation mainly with respect to some energy purchase and sale contracts, particularly where the contract conveys to the purchaser of the energy an exclusive right to use a production asset.

1.5.9. Inventories

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

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

An impairment loss is recognized when the net realizable value of inventories is lower than their weighted average cost.

1.5.10. Financial instruments

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

1.5.10.1. Financial assets

Financial assets comprise available-for-sale securities, loans and receivables carried at amortized cost including trade and other receivables, and financial assets measured at fair value through income, including derivative financial instruments.

Available-for-sale securities

"Available-for-sale securities" include the Group's investments in non-combined companies and equity or debt instruments that do not satisfy the criteria for classification in another category (see below).

These items are measured at fair value on initial recognition, which generally corresponds to the acquisition cost plus transaction costs.

At each statement of financial position date, available-for-sale securities are measured at fair value. For listed companies, fair value is determined based on the quoted market price at the statement of

financial position date. For unlisted companies, fair value is measured based on standard valuation techniques (reference to similar recent transactions, discounted future cash flows, etc.).

Changes in fair value are recorded directly in Other Comprehensive Income, except when the decline in the value of the investment below its historical acquisition cost is judged significant or prolonged enough to require an impairment if needed. In this case, the loss is recognized in income under "Impairment". Only impairment losses recognized on debt instruments (debt securities/ bonds) may be reversed through income.

Loans and receivables at amortized cost

This item primarily includes loans and advances to associates or non-combined companies, and guarantee deposits.

On initial recognition, these loans and receivables are recorded at fair value plus transaction costs. At each statement of financial position date, they are measured at amortized cost using the effective interest rate method.

On initial recognition, trade and other receivables are recorded at fair value, which generally corresponds to their nominal value. Impairment losses are recorded based on the estimated risk of non-recovery.

Financial assets at fair value through income

These financial assets meet the qualification or designation criteria set out in IAS 39.

This item mainly includes trading securities and short-term investments which do not meet the criteria for classification as cash or cash equivalents (see section 1.4.11). The financial assets are measured at fair value at the statement of financial position date and changes in fair value are recorded in the Combined Income Statement.

1.5.10.2. Financial liabilities

Financial liabilities include borrowings, trade and other payables, derivative financial instruments, capital renewal and replacement obligations and other financial liabilities.

Financial liabilities are broken down into current and non-current liabilities in the Combined Statement of Financial Position. Current financial liabilities primarily comprise:

- financial liabilities with a settlement or maturity date within 12 months of the statement of financial position date;
- financial liabilities in respect of which the Group does not have an unconditional right to defer settlement for at least 12 months after the statement of financial position date;
- financial liabilities held primarily for trading purposes;
- derivative financial instruments qualifying as fair value hedges where the underlying is classified as a current item;
- all commodity trading derivatives not qualifying as hedges.

Measurement of borrowings and other financial liabilities

Borrowings and other financial liabilities are measured at amortized cost using the effective interest rate method.

On initial recognition, any issue or redemption premiums and discounts and issuing costs are added to/deducted from the nominal value of the borrowings concerned. These items are taken into account when calculating the effective interest rate and are therefore recorded in the combined income statement over the life of the borrowings using the amortized cost method.

As regards structured debt instruments that do not have an equity component, the Group may be required to separate an "embedded" derivative instrument from its host contract. The conditions under which these instruments must be separated are detailed below. When an embedded derivative is separated from its host contract, the initial carrying amount of the structured instrument is broken down into an embedded derivative component, corresponding to the fair value of the embedded derivative, and a financial liability component, corresponding to the difference between the amount of the issue and the fair value of the embedded derivative. The separation of components upon initial recognition does not give rise to any gains or losses.

The debt is subsequently recorded at amortized cost using the effective interest method, while the derivative is measured at fair value, with changes in fair value taken to income.

1.5.10.3. Derivatives and hedge accounting

The Group uses financial instruments to manage and reduce its exposure to market risks arising from fluctuations in interest rates, foreign currency exchange rates and commodity prices, mainly for gas and electricity. Use of derivative instruments is governed by a Group policy for managing interest rate, currency and commodity risks.

Definition and scope of derivative financial instruments

Derivative financial instruments are contracts: (i) whose value changes in response to the change in one or more observable variables; (ii) that do not require any material initial net investment; and (iii) that are settled at a future date.

Derivative instruments therefore include swaps, options, futures and swaptions, as well as forward commitments to purchase or sell listed and unlisted securities, and firm commitments or options to purchase or sell non-financial assets that involve physical delivery of the underlying.

For purchases and sales of electricity and natural gas, the Group systematically analyzes whether the contract was entered into in the "normal" course of operations and therefore falls outside the scope of IAS 39. This analysis consists firstly of demonstrating that the contract is entered into and held for the purpose of making or taking physical delivery of the commodity in accordance with the Group's expected purchase, sale or usage requirements.

The second step is to demonstrate that:

- the Group has no practice of settling similar contracts on a net basis. In particular, forward purchases or sales with physical delivery of the underlying that are carried out with the sole purpose of balancing Group energy volumes are not considered by the Group as contracts that are settled net;
- the contract is not negotiated with the aim of realizing financial arbitration;
- the contract is not equivalent to a written option. In particular, in the case of electricity sales allowing the buyer a certain degree of flexibility concerning the volumes delivered, the Group distinguishes between contracts that are equivalent to capacity sales – considered as transactions falling within the scope of ordinary operations – and those that are equivalent to written financial options, which are accounted for as derivative financial instruments.

Only contracts that meet all of the above conditions are considered as falling outside the scope of IAS 39. Adequate specific documentation is compiled to support this analysis.

Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

The main Group contracts that may contain embedded derivatives are contracts with clauses or options affecting the contract price, volume or maturity. This is the case primarily with contracts for the purchase or sale of non-financial assets, whose price is revised based on an index, the exchange rate of a foreign currency or the price of an asset other than the contract's underlying.

Embedded derivatives are separated from the host contract and accounted for as derivatives when:

- the host contract is not a financial instrument measured at fair value through income;
- if separated from the host contract, the embedded derivative fulfills the criteria for classification as a derivative instrument (existence of an underlying, no material initial net investment, settlement at a future date); and
- its characteristics are not closely related to those of the host contract. The analysis of whether or not the characteristics of the derivative are "closely related" to the host contract is made when the contract is signed.

Embedded derivatives that are separated from the host contract are recognized in the Combined Statement of Financial Position at fair value, with changes in fair value recognized in income (except when the embedded derivative is part of a designated hedging relationship).

Hedging instruments: recognition and presentation

Derivative instruments qualifying as hedging instruments are recognized in the Combined Statement of Financial Position and measured at fair value. However, their accounting treatment varies according to whether they are classified as:

- a fair value hedge of an asset or liability;
- a cash flow hedge;
- a hedge of a net investment in a foreign operation.

Fair value hedges

A fair value hedge is defined as a hedge of the exposure to changes in fair value of a recognized asset or liability, such as a fixed-rate loan or borrowing, or of assets, liabilities or an unrecognized firm commitment denominated in a foreign currency.

The gain or loss from remeasuring the hedging instrument at fair value is recognized in income. The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is also recognized in income even if the hedged item is in a category in respect of which changes in fair value are recognized through Other Comprehensive Income. These two adjustments are presented net in the Combined Income Statement, with the net effect corresponding to the ineffective portion of the hedge.

Cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows that could affect the Group's income. The hedged cash flows may be attributable to a particular risk associated with a recognized financial or non-financial asset or a highly probable forecast transaction.

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in Other Comprehensive Income, net of tax, while the ineffective portion is recognized in the Combined Income Statement. The gains or losses accumulated in Other Comprehensive Income are reclassified to the Combined Income Statement, under the same caption as the loss or gain on the hedged item – i.e., current operating income for operating cash flows and financial income or expenses for other cash flows – in the same periods in which the hedged cash flows affect income.

If the hedging relationship is discontinued, in particular because the hedge is no longer considered effective, the cumulative gain or loss on the hedging instrument remains separately recognized in equity until the forecast transaction occurs. However, if a forecast transaction is no longer probable, the cumulative gain or loss on the hedging instrument is recognized in income.

Hedge of a net investment in a foreign operation

In the same way as for a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge of the currency risk is recognized directly in Other Comprehensive Income, net of tax, while the ineffective portion is recognized in the Combined Income Statement. The gains or losses accumulated in Other Comprehensive Income are transferred to the Combined Income Statement when the investment is sold.

Identification and documentation of hedging relationships

The hedging instruments and hedged items are designated at the inception of the hedging relationship. The hedging relationship is formally documented in each case, specifying the hedging strategy, the hedged risk and the method used to assess hedge effectiveness. Only derivative contracts entered into with external counterparties are considered as being eligible for hedge accounting.

Hedge effectiveness is assessed and documented at the inception of the hedging relationship and on an ongoing basis throughout the periods for which the hedge was designated. Hedges are considered to be effective when changes in fair value or cash flows between the hedging instrument and the hedged item are offset within a range of 80%-125%.

Hedge effectiveness is demonstrated both prospectively and retrospectively using various methods, based mainly on a comparison between changes in the fair value or cash flows between the hedging instrument and the hedged item. Methods based on an analysis of statistical correlations between historical price data are also used.

1.5.10.4. Derivative instruments not qualifying for hedge accounting: recognition and presentation

These items mainly concern derivative financial instruments used in economic hedges that have not been – or are no longer – documented as hedging relationships for accounting purposes.

When a derivative financial instrument does not qualify or no longer qualifies for hedge accounting, changes in fair value are recognized directly in income, under "Mark-to-market" or "Mark-to-market on commodity contracts other than trading instruments" in current operating income for derivative

instruments with non-financial assets as the underlying, and in financial income or expenses for currency, interest rate and equity derivatives.

Derivative instruments used by the Group in connection with proprietary energy trading activities and energy trading on behalf of customers and other derivatives expiring in less than 12 months are recognized in the Combined Statement of Financial Position in current assets and liabilities, while derivatives expiring after this period are classified as non-current items.

Fair value measurement

The fair value of instruments listed on an active market is determined by reference to the market price. In that case, these instruments are presented in level 1 of the fair value hierarchy.

The fair value of unlisted financial instruments for which there is no active market and for which observable market data exists is determined based on valuation techniques such as option pricing models or the discounted cash flow method.

Models used to evaluate these instruments take into account assumptions based on market inputs:

- the fair value of interest rate swaps is calculated based on the present value of future cash flows;
- the fair value of forward foreign exchange contracts and currency swaps is calculated by reference to current prices for contracts with similar maturities by discounting the future cash flow spread (difference between the forward exchange rate under the contract and the forward exchange rate recalculated in line with the new market conditions applicable to the nominal amount);
- the fair value of currency and interest rate options is calculated using option pricing models;
- commodity derivatives contracts are valued by reference to listed market prices based on the present value of future cash flows (commodity swaps or commodity forwards) or option pricing models (options), which may factor in market price volatility. Contracts with maturities exceeding the depth of transactions for which prices are observable, or which are particularly complex, may be valued based on internal assumptions;
- exceptionally, for complex contracts negotiated with independent financial institutions, the Group uses the values established by its counterparties.

These instruments are presented in level 2 of the fair value hierarchy except when the valuation is based mainly on data that are not observable; in that case they are presented in level 3 of the fair value hierarchy. Most often, this is the case for derivatives which maturity exceeds the time of observable market data of the underlying or when some underlying data are not observable.

1.5.11. Cash and cash equivalents

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

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

1.5.12. Share-based payment

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

Share-based payments may involve equity-settled or cash-settled instruments.

These share based arrangements have been concluded by GDF Suez. However as the Group receive services from employees who are beneficiaries of these arrangements, an employee benefit expense is recognized in the combined financial statements in accordance with IFRS 2 requirement.

Equity-settled instruments

1.5.12.1. Stock option plans

Options granted by GDF SUEZ to its employees are measured at the grant date using a binomial pricing model for options with no performance conditions or using a Monte Carlo pricing model for options with performance conditions. These models take into account the characteristics of the plan concerned (exercise price, exercise period, performance conditions if any), market data at the time of grant (risk-free rate, share price, volatility, expected dividends), and a behavioral assumption in

relation to beneficiaries. The value determined is recorded in personnel costs over the vesting period, offset through equity.

1.5.12.2. Shares granted to employees

The fair value of shares granted by GDF SUEZ to employees plans is estimated by reference to the GDF SUEZ share price at the grant date, taking into account the fact that no dividends are payable over the vesting period, and based on the estimated turnover rate for the employees concerned and the probability that GDF SUEZ will meet its performance targets. The fair value measurement also takes into account the non-transferability period associated with these instruments. The cost of shares granted to employees is expensed over the vesting period of the rights and offset against equity.

1.5.12.3. Employee share purchase plans

The GDF SUEZ corporate savings plans enable employees to subscribe to shares at a lower-than-market price. The fair value of instruments awarded under employee share purchase plans is estimated at the grant date based on this discount awarded to employees and non-transferability period applicable to the shares subscribed. The cost of employee share purchase plans is recognized in full and offset against equity.

1.5.13. Provisions

1.5.13.1. Provisions for post-employment benefit obligations and other long-term employee benefits

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

The Group's obligations in relation to pensions and other employee benefits are recognized and measured in compliance with IAS 19. Accordingly:

- the cost of defined contribution plans is expensed based on the amount of contributions payable in the period;
- the Group's obligations concerning pensions and other employee benefits payable under defined benefit plans are assessed on an actuarial basis using the projected unit credit method. These calculations are based on assumptions relating to mortality, staff turnover and estimated future salary increases, as well as the economic conditions specific to each country or subsidiary of the Group. Discount rates are determined by reference to the yield, at the measurement date, on high-quality corporate bonds in the related geographical area (or on government bonds in countries where no representative market for such corporate bonds exists).

Provisions are recorded when commitments under these plans less the unrecognized past service cost exceed the fair value of plan assets. Where the value of plan assets (capped where appropriate) is greater than the related commitments, the surplus is recorded as an asset under "Other current assets" or "Other non-current assets".

As regards post-employment benefit obligations, the Group has elected in 2006 to use the option available under IAS 19 and to discontinue the corridor method.

Actuarial gains and losses resulting from changes in actuarial assumptions and experience adjustments are henceforth recognized directly in Other Comprehensive Income. Where appropriate, adjustments resulting from applying the asset ceiling to net assets relating to overfunded plans are treated in a similar way.

However, actuarial gains and losses on other long-term benefits such as long-service awards, continue to be recognized immediately in the Combined Income Statement.

The interest cost in respect of pensions and other employee benefit obligations and the expected return on related plan assets are presented as a financial expense.

1.5.13.2. Other provisions

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

A provision for restructuring costs is recorded when the general criteria for setting up a provision are met, i.e., when the Group has a detailed formal plan relating to the restructuring and has raised a

valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Provisions with a maturity of over 12 months are discounted when the effect of discounting is material. The discount rate (or rates) used reflect current market assessments of the time value of money and the risks specific to the liability concerned. Expenses corresponding to the reversal of discounting adjustments to long-term provisions are recorded under other financial income and expenses.

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

1.5.14. Revenues

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

- energy sales;
- lease contracts.

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

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

1.5.14.1. Energy sales

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

They are recognized when a formal contract is signed with the other party to the transaction.

Part of the price received by the Group under certain long-term energy sales contracts is fixed, rather than being based on volumes. The fixed amount changes over the term of the contract. In accordance with IAS 18, revenues from these contracts are recognized on a straight-line basis because, in substance, the fair value of the services rendered does not vary from one period to the next.

In accordance with IAS 1 and IAS 18, both proprietary energy trading transactions and energy trading carried out on behalf of customers are recorded within "Revenues" after netting off sales and purchases. Under the same principle, when sale contracts are offset by similar purchase contracts, or if the sale contracts are entered into as part of an offset strategy, the contribution of operational energy trading activities (wholesale or arbitrage) relating to assets, aimed at optimizing production assets and fuel purchase/energy sale portfolios, is recognized in revenues based on the net amount.

1.5.14.2. Lease contracts

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

1.5.15. Current operating income

Current operating income is an indicator used by the Group to present "a level of operational performance that can be used as part of an approach to forecast recurring performance". (This complies with CNC (National French Accounting Committee) Recommendation 2009-R03 on the format of financial statements of entities applying IFRSs). Current operating income is a sub-total which helps management to better understand the Group's performance because it excludes elements which are inherently difficult to predict due to their unusual, irregular or non-recurring nature. For the Group, such elements relate to asset impairments and disposals, restructuring costs and mark-to-market on commodity contracts other than trading instruments, which are defined as follows:

- impairment includes impairment losses on non-current assets;

- disposals of assets include capital gains and losses on disposals of non-current assets, combined companies and available-for-sale securities;
- restructuring costs concern costs corresponding to a restructuring program planned and controlled by management that materially changes either the scope of a business undertaken by the entity, or the manner in which that business is conducted, based on the criteria set out in IAS 37;
- mark-to-market on commodity contracts other than trading instruments corresponds to changes in the fair value (mark-to-market) of financial instruments relating to commodities, gas and electricity, which do not qualify as either trading or hedging instruments. These contracts are used in economic hedges of operating transactions in the energy sector. Since changes in the fair value of these instruments – which must be recognized through income in IAS 39 – can be material and difficult to predict, they are presented on a separate line of the Combined Income Statement.

1.5.16. Combined cash flow statement

The Combined Cash Flow Statement is prepared using the indirect method starting from net income.

"Interest received on non-current financial assets" is classified within investing activities because it represents a return on investments. "Interest received on cash and cash equivalents" is shown as a component of financing activities because the interest can be used to reduce borrowing costs. This classification is consistent with the GDF SUEZ internal organization, where debt and cash are managed centrally by the treasury department.

As impairment losses of current assets are considered to be definitive losses, changes in current assets are presented net of impairment.

Cash flows relating to the payment of taxes are presented on a separate line of the Combined Cash Flow Statement.

1.5.17. Income tax expense

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

In accordance with IAS 12, deferred taxes are recognized according to the liability method on temporary differences between the carrying amounts of assets and liabilities in the Combined Financial Statements and their tax bases, using tax rates that have been enacted or substantively enacted by the statement of financial position date. However, under the provisions of IAS 12, no deferred taxes are recognized for temporary differences arising from goodwill for which impairment losses are not deductible for tax purposes, or from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting income nor taxable income. In addition, deferred tax assets are only recognized to the extent that it is probable that taxable income will be available against which the deductible temporary difference can be utilized.

Temporary differences arising on restatements of finance leases result in the recognition of deferred taxes.

A deferred tax liability is recognized for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures, except if the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Net balances of deferred tax are calculated based on the tax position of each company or on the total income of companies included within the combined tax group, and are presented in assets or liabilities for their net amount per tax entity.

Deferred taxes are reviewed at each statement of financial position date to take into account factors including the impact of changes in tax laws and the prospects of recovering deferred tax assets arising from deductible temporary differences.

Deferred tax assets and liabilities are not discounted

NOTE – 2 Main changes in Group structure and impact of exchange fluctuations

2.1 Main Changes in Group structure

2.1.1. Significant events in 2010

2.1.1.1. Acquisition of Astoria

On January 7, 2010 the Group increased its economic interest up to 65.4% in the 575 MW Astoria Energy I natural gas-fired power plant located in Queens, New York. Following the purchase of these interests the Group obtained effective control of the power plant, which consequently is fully combined in the Combined Financial Information of the Group as of the date of acquisition. Prior to this acquisition, and since May 16, 2008, the Group's interest in the power plant (14.8%) was accounted for under the equity method in its Combined Financial Information.

The Group paid the seller's €147.6 million in cash and committed to pay up an additional contingent consideration in the future dependent upon the performance of Astoria Energy I; the fair value of this additional contingent consideration at the date of acquisition is estimated at €8.3 million.

The provisional fair values of the identifiable assets and liabilities at the date of acquisition are as follows (in millions of euros):

	Fair Value
	In millions of euros
NON-CURRENT ASSETS	
Intangible assets, net	1
Property, plant and equipment, net	750
CURRENT ASSETS	
Trade and receivables, net	19
Inventories	7
Other current assets	5
Cash and cash equivalents	13
NON-CURRENT LIABILITIES	
Provisions	2
Long-term borrowings	444
CURRENT LIABILITIES	
Short-term borrowings	28
Trade and other payables	25
TOTAL NET ASSETS (100%)	**297**
Purchase consideration transferred in cash	148
Contingent purchase consideration	8
Re-measurement of previously held equity interest	38
Non-controlling interests	109
PROVISIONAL GOODWILL	6

As of June 30, 2010, the fair values of the acquired identifiable assets and liabilities are preliminary and will be finalized in the second half 2010. As at the reporting date, the Group chiefly recognized certain items of property, plant and equipment at their fair value. Fair values were primarily determined by applying the method of discounted cash flows.

A provisional goodwill of €6 million has been recognized. None of the goodwill recognized is expected to be deductible for income tax purposes.

The impact of re-measuring the previously held equity interest to fair value is not significant. Transaction costs in the amount of €3 million have been expensed and included in the line-item "Changes in scope of combination" within Combined Income from operating activities (see note 5.3).

The Group decided to measure non-controlling interest at their interest's proportionate share of the Astoria's identifiable net assets.

The increased contribution of Astoria to net combined income group share since the date of acquisition is €-3 million and €86 million to combined revenues.

2.1.1.2. Merger of Chilean activities

On November 6, 2009, the Group GDF SUEZ through its subsidiary SUEZ Energy Andino S.A. (“**SEA**”) and Corporación Nacional del Cobre de Chile (“**Codelco**”) decided to reorganize their respective shareholding participations in certain companies operating in the Chilean Northern Interconnected System (“**SING**”) by signing a merger agreement. The main purposes of the merger operation were to simplify the corporate structure and for GDF SUEZ to secure long term control and to improve the decision-making processes in terms of efficiency and quality.

Following the closing of the merger on January 29, 2010, the entities Gasoducto NorAndino S.A. (“**GNAC**”) and Gasoducto NorAndino Argentina S.A (“**GNAA**”), previously controlled by the Group, and the entities Electroandina S.A. (“**Electroandina**”), Distrinor S.A. (“**Distrinor**”) and Central Termoeléctrica Andina S.A. (“**CTA**”) previously jointly controlled with Codelco, became all subsidiaries of Edelnor S.A. (“**Edelnor**”). The participation of the Group in Inversiones Hornitos S.A. (“**CTH**”), jointly controlled with Amsa Holding, has also been transferred to Edelnor.

All previous existing shareholders’ agreements with Codelco were terminated. The Group through its subsidiary SEA obtained a 52.4% controlling stake in Edelnor formerly combined under the proportionate method (Codelco 40.0% and a free float in the Santiago stock exchange of 7.6%).

As of the business combination date, Edelnor and its subsidiaries are fully combined with the exception of CTH which continues to be combined under the proportionate method.

The valuation for the different companies used in order to calculate the terms of exchange for the Merger were based on discounted cash flows. As a result of acquiring control of Electroandina, Distrinor, CTA and Edelnor and in accordance with guidance provided in IFRS 3 revised, the Group re-measured its previously held equity interest in the aforementioned companies to fair value and recognized the dilution of CTH. As a result of these operations a gain of €164 million was recognized in the Combined Income statement (line-item “Changes in scope of combination” within Combined Income from operating activities; see note 5.3).

The Group decided to measure non-controlling interest at the non-controlling interest’s proportionate share of the acquiree’s identifiable net assets.

The provisional fair values of the identifiable assets and liabilities of Electroandina, Distrinor, Edelnor and CTA as at the date of acquisition (in millions of euros) are as follows:

	Fair Value
	In millions of euros
NON-CURRENT ASSETS	
Intangible assets, net	322
Property, plant and equipment, net	884
Other non-current assets	70
CURRENT ASSETS	
Other current assets	175
Cash and cash equivalents	144
NON-CURRENT LIABILITIES	
Other non-current liabilities	150
Deferred tax liabilities	124
CURRENT LIABILITIES	
Other current liabilities	405
TOTAL NET ASSETS (100%)	**915**
Purchase consideration transferred in cash	173
Re-measurement of previously held equity interest	307
Non-controlling interests	435
PROVISIONAL GOODWILL	0

As of June 30, 2010, the fair value of the acquired identifiable assets and liabilities, and notably the distinction between intangible assets and goodwill, is provisional. As of the reporting date, the Group recognized intangible assets in respect of customer relationships. The amortization charge over the expected life of the related contracts amounted to €4.6 million as of June 30, 2010. These values could be modified in the second half of 2010 based on final valuations.

The total consideration transferred consists of the fair value of the equity interests exchanged of €80 million and an amount of €93 million paid in cash.

Acquisition-related costs amounting to €2 million have been recognized as an expense in the period (line-item "Changes in the scope of combination" within Combined Income from operating activities).

The increased contribution of the former co-controlled entities to combined revenues and net combined income group share since acquisition date amounts to respectively €221 million and €10.8 million.

If the merger had taken place on January 1st 2010 the contribution of the former co-controlled entities to combined revenues and net combined income group share would have been increased by respectively €34.2 million and €2.6 million.

2.1.2. Significant events in 2009

2.1.2.1. Acquisition of Izgaz in Turkey

On January 21, 2009 the Group closed the acquisition of 90% of Izgaz from the municipality of Izmir. Izgaz is the third gas distributor of Turkey, which owns and manages a 2,900-km network in the Kocaeli region, one of the most heavily industrialized in the country. In 2008, Izgaz supplied 1.5 Gm3 of natural gas to industry mainly, but also to nearly 200,000 individual clients.

The cost of the business combination amounted to €126.9 million. The purchase price allocation to the assets acquired and liabilities assumed at the acquisition date has been finalized and is presented below.

	Carrying Amount in the Acquiree's Balance Sheet	*Fair Value*
	In millions of euros	
Intangible assets	146.5	135.8
Property, plant and equipment	131.4	1.3
Deferred tax asset	(0.2)	27.9
Other assets	26.7	26.3
Cash	2.6	2.6
TOTAL ASSETS ACQUIRED	**307.1**	**193.8**
Provisions	1.3	26.8
Short-term borrowings	140.5	139.9
Other liabilities	85.8	85.2
TOTAL LIABILITIES ACQUIRED	**227.6**	**251.9**
MINORITY INTERESTS	**8.0**	**(5.8)**
NET ASSETS ACQUIRED	**71.6**	**(52.3)**
COST OF THE BUSINESS COMBINATION		**126.9**
GOODWILL		**179.2**

The contribution of Izgaz to combined net income group share during the six months period ended June 30, 2009 was a loss of €11.0 million and €91.9 million to revenues.

2.2 Impact of exchange rate fluctuations

As at June 30, 2010 the main impacts of exchange rate fluctuations on the different captions of the Combined Statement of Financial Position chiefly consist of translation gains on the US dollar, the Brazilian real and the Thai baht.

	USD	*BRL*	*THB*
		In millions of euros	
Intangible assets, net	54.0	3.8	2.2
Goodwill	99.0	3.2	15.1
Property, plant and equipment, net	1,308.1	569.4	218.0
Available-for-sale securities	4.0	3.0	0.0
Loans and receivables carried at amortized cost	67.1	27.2	0.5
Derivative instruments	44.3	0.0	0.0
Investments in associates	7.4	0.0	3.8
Deferred tax assets	24.0	20.4	4.9
Trade and other receivables	127.3	26.0	11.3
Inventories	38.0	2.3	6.3
Other assets	44.2	16.1	6.0
Financial assets at fair value through income	0.3	0.1	0.0
Cash and cash equivalents	37.4	78.8	38.7
TOTAL ASSETS	**1,855.2**	**750.4**	**307.0**
Shareholders' equity	485.5	210.6	87.2
Non controlling interests	129.3	70.5	30.0
TOTAL EQUITY	**614.9**	**281.1**	**117.2**
Provisions	12.3	26.5	0.5
Borrowings	923.0	319.1	133.7
Derivative instruments	95.9	0.0	17.7
Deferred tax liabilities	50.9	21.9	14.2
Trade and other payables	80.3	18.6	13.4
Other liabilities	77.9	83.3	10.4
TOTAL LIABILITIES	**1,240.3**	**469.3**	**189.8**
TOTAL EQUITY AND LIABILITIES	**1.855.2**	**750.4**	**307.0**

NOTE – 3 Segment information

3.1 Operating segments

Operating segments have been identified primarily on the basis of internal reports used by the Group's "chief operating decision maker" to allocate resources to the segments and assess their performance.

The segment information below takes into consideration the new organization effective since July 20, 2009 and described in note 1. As of this date, all businesses which are part of the Group are under GDF SUEZ Energy Europe & International management. The "Chief operating decision maker" within the meaning of IFRS 8 is the GDF SUEZ Energy Europe & International General Management Committee.

The information presented below for first-half 2009 is restated to reflect the segments corresponding to the Group's organization at June 30, 2010.

The Group has identified 4 segments:

- Latin America – subsidiaries in this business segment produce electricity, sell electricity and/or natural gas and/or provide electricity transmission and distribution services in Latin America mainly in Brazil, Chile and Peru.
- Middle East, Asia – subsidiaries in this business segment produce and sell electricity and/or provide electricity transmission in Asia (Thailand, Laos and Singapore), in the Arabic peninsula and in Turkey.

- North America – subsidiaries in this business segment produce electricity and sell electricity, natural gas and services to private individuals and business customers and/or provide electricity transmission and distribution services in North America (United States, Canada and Mexico).
- United Kingdom & Turkey gas distribution – these subsidiaries produce and sell electricity, natural gas and/or provide electricity transmission and distribution services in the UK and provide gas distribution services in Turkey.

The "**Other**" line presented in the table below includes contributions from corporate holding companies and entities centralising the Group's financing requirements. It does not include holding companies acting as business line heads, which are allocated to the segment concerned.

The methods used to recognize and measure these segments for internal reporting purposes are the same as those used to prepare the Interim Combined Financial Information. EBITDA and industrial capital employed are reconciled with the Interim Combined Financial Information.

3.2 Key indicators by operating segment

Revenues

	June 30, 2010			*June 30, 2009 Unaudited*		
	External Revenues	*Intra-group Revenues*	*TOTAL*	*External Revenues*	*Intra-group Revenues*	*TOTAL*
			In millions of euros			
Latin America	1,425.9		1,425.9	961.1		961.1
Middle East, Asia	940.9		940.9	809.6		809.6
North America	2,092.5		2,092.5	2,132.9		2,132.9
United Kingdom & Turkey gas distribution	917.8		917.8	1,005.9		1,005.9
Other eliminations	0.0		0.0	0.0		0.0
TOTAL REVENUES	**5,377.1**	**0.0**	**5,377.1**	**4,909.5**	**0.0**	**4,909.5**

EBITDA

	June 30, 2010	*June 30, 2009 Unaudited*
	In millions of euros	
Latin America	648.7	465.5
Middle East, Asia	211.0	138.6
North America	300.8	386.8
United Kingdom & Turkey gas distribution	64.1	41.8
Other	(37.5)	(35.2)
TOTAL EBITDA	**1,187.1**	**997.5**

Current operating income

	June 30, 2010	*June 30, 2009 Unaudited*
	In millions of euros	
Latin America	503.0	377.5
Middle East, Asia	161.2	96.1
North America	144.4	264.3
United Kingdom & Turkey gas distribution	48.0	24.3
Other	(39.2)	(40.0)
TOTAL CURRENT OPERATING INCOME	**817.4**	**722.0**

Depreciation and amortization

	June 30, 2010	June 30, 2009 Unaudited
	In millions of euros	
Latin America	(142.4)	(86.5)
Middle East, Asia	(48.4)	(42.5)
North America	(143.3)	(118.0)
United Kingdom & Turkey gas distribution	(18.8)	(17.2)
Other	(0.2)	(0.2)
TOTAL DEPRECIATION AND AMORTIZATION	**(353.1)**	**(264.4)**

Industrial capital employed

	June 30, 2010	December 31, 2009
	In millions of euros	
Latin America	7,555.4	5,223.8
Middle East, Asia	3,414.9	2,658.6
North America	6,554.5	4,869.3
United Kingdom & Turkey gas distribution	378.5	513.8
Other	60.6	31.5
TOTAL INDUSTRIAL CAPITAL EMPLOYED	**17,964.0**	**13,297.0**

Capital expenditure (CAPEX)

	June 30, 2010	June 30, 2009 Unaudited
	In millions of euros	
Latin America	785.2	576.9
Middle East, Asia	327.7	229.1
North America	205.0	186.0
United Kingdom & Turkey gas distribution	10.4	147.2
Other	(9.1)	103.7
TOTAL CAPITAL EXPENDITURE	**1,319.1**	**1,242.9**

Financial investments included above do not take into consideration the cash and cash equivalents acquired, but include the additional acquisitions of interests in controlled entities which are accounted for in cash flows from financing activities.

3.3 Reconciliation of EBITDA

Reconciliation of EBITDA with current operating income

	June 30, 2010	June 30, 2009 Unaudited
Current operating income	**817.4**	**722.0**
– Depreciation, amortization and provisions	(368.3)	(270.9)
– Share-based payment (IFRS 2)	(1.4)	(4.6)
– Net disbursements under concession contracts	0.0	0.0
EBITDA	**1,187.1**	**997.5**

3.4 Reconciliation with items in the Statement of financial position

Industrial capital employed	*June 30, 2010*	*December 31, 2009*
(+) Property, plant and equipment and intangible assets	17,408.3	12,669.9
(+) Goodwill, net	1,336.5	1,258.2
(+) Investments in associates	292.9	290.3
(+) Trade and other receivables	1,496.4	1,290.3
(-) Cash collateral commodities assets	20.8	57.1
(+) Inventories	327.1	272.4
(+) Other current and non-current assets	714.9	528.9
(+) Deferred taxes assets	139.0	347.7
(-) Deferred taxes liabilities	545.3	608.5
(-) Deferred taxes on changes in fair value	82.0	51.0
(-) Provisions	371.0	344.0
(-) Provisions – Actuarial gain and losses	49.3	72.3
(-) Trade and other payables	1,386.0	1,013.0
(+) Cash collateral commodities liabilities	21.1	9.7
(-) Other current and non-current liabilities	1,316.2	1,223.1
(-) Other financial liabilities	1.6	1.4
INDUSTRIAL CAPITAL EMPLOYED	**17,964.0**	**13,297.0**

NOTE – 4 Current operating income

4.1 Revenues

Group revenues break down as follows:

	June 30, 2010	*June 30, 2009 Unaudited*
	In millions of euros	
Energy sales	4,870.2	4,404.3
Rendering of services	118.3	101.6
Leasing and construction contracts	388.7	403.5
REVENUES	**5,377.1**	**4,909.5**

Combined revenues came in at €5,377.1 million, up €467.6 million compared to June 30, 2009, benefitting from positive exchange rate fluctuations (Brazilian real and the pound sterling essentially) and changes in the Group structure following the acquisition of a controlling interest in the electricity business in Chile and the Astoria 1 power plant in North America (see note 2.1). In addition, the increase in combined revenues was driven by significant sales growth in Latin America and the Middle East Asia regions, partly off-set by a decrease in revenues in North America attributable to the drop in performance of the LNG business and in the UK & Turkey gas segment.

4.2 Personnel costs

	June 30, 2010	*June 30, 2009 Unaudited*
	In millions of euros	
Salaries and payroll costs/pension expenses	(216.4)	(193.2)
Share-based payment	(1.7)	(4.7)
TOTAL	**(218.1)**	**(197.8)**

Personnel costs came in at €218.1 million compared to €197.8 million in first-half 2009; up €20.3 million on a reported basis. Changes in personnel costs are mainly attributable to the entities acquired by the Group in first-half 2010 (see note 2.1) and exchange rate fluctuations (notably the rise of the Brazilian real).

The net costs relating to defined benefit and defined contribution pension plans are presented in note 18.

Net reversals of provisions for pensions at June 30, 2010 and June 30, 2009 amounted to €7.9 million and €6.6 million, respectively.

Share-based payments are disclosed in note 22.

4.3 Depreciation, amortization and provisions

Amounts are shown below net of reversals.

	June 30, 2010	*June 30, 2009 Unaudited*
	In millions of euros	
Depreciation and amortization	(353.1)	(264.4)
Write-down of inventories and trade receivables	(15.4)	(5.3)
Provisions	0.3	(1.1)
TOTAL	**(368.3)**	**(270.8)**

At June 30, 2010, depreciation and amortization stood at €353.1 million, up €88.7 million on a reported basis compared to the same period last year. The increase is mainly due to the commissioning of the Brazilian hydro power plant San Salvador in August 2009 and of the Neptune LNG terminal in the North America (2010), and due to the Group acquiring control of the Astoria I power plant and of the Chilean electricity business in first-half 2010.

A breakdown of the depreciation and amortization by asset is provided in notes 10 and 11.

NOTE – 5 Income from operating activities

	June 30, 2010	*June 30, 2009 Unaudited*
	In millions of euros	
CURRENT OPERATING INCOME	**817.4**	**722.1**
Market-to-market on commodity contracts other than trading instruments	(23.8)	(75.8)
Impairment of property, plant and equipment, intangible assets and financial assets	(133.5)	(3.2)
Restructuring costs	(0.5)	0.0
Changes in scope of combination	184.0	0.9
Other disposal gains and losses and non recurring items	(0.9)	1.9
INCOME FROM OPERATING ACTIVITIES	**842.6**	**646.0**

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

The contribution of commodity contracts other than trading instruments to combined income from operating activities can be explained as follows:

- Certain Group companies have implemented economic hedging strategies using forward contracts with the aim of reducing the sensitivity of margins to fluctuations in commodity prices. However, as these contracts cover the entities' net exposure to price risk or because of their complexity from an operational standpoint, they are not eligible for hedge accounting and are not designated as hedges under IAS 39. Changes in the fair value of these positions over the period resulted in a net loss of €10 million at June 30, 2010 and in a net gain of €1 million at June 30, 2009.
- Favorable changes in the fair value of derivatives embedded in commodity contracts, which are required to be accounted for separately under IAS 39, resulted in a negative impact of €5 million at June 30, 2010 and in a negative impact of €2 million at June 30, 2009.
- The impact of the ineffective portion of cash flows hedges contracted in respect of non-financial assets, and the discontinuance of hedge accounting for certain instruments hedging commodity risk, resulting in a gain of €2 million at June 30, 2010 and a loss of €71 million at June 30, 2009.

- Some Group entities have implemented economic hedging strategies in order to reduce their exposure to foreign currency risk relating primarily to purchases of equipment which could not be designated as hedges under IAS 39 resulting in a loss of €10 million at June 30, 2010 (a loss of €4 million at June 30, 2009).

5.2 Impairment of property, plant and equipment, intangible assets and financial assets

	June 30, 2010	*June 30, 2009 Unaudited*
	In millions of euros	
Impairment of assets:		
Goodwill	(133.0)	0.0
Property, plant and equipment and other intangible assets	(1.2)	(2.3)
Financial assets	(1.0)	(0.8)
Total	**(135.2)**	**(3.2)**
Reversals of impairment losses:		
Property, plant and equipment and other intangible assets	0.0	0.0
Financial assets	1.7	0.0
Total	**1.7**	**0.0**
TOTAL	**(133.5)**	**(3.2)**

Impairment of goodwill

As at June 30, 2010, the on-going difficulties of an industrial client and various signals regarding potential changes in the tariff regulation in Turkey constituted trigger events and as such a valuation of the cash-generating unit (CGU) Turkey gas distribution was carried out. The recoverable amount of the CGU was estimated using a value-in-use approach. The calculation used cash flow projections based on the latest view of the management on the business plan covering a period up to 2016 and a terminal value taking into account the expected future regulatory regime as of 2017. The discount rate used was 9.68%.

Key assumptions used in the calculation include the expected growth of gas demand, the impact of the regulatory regime as of 2017, and the applicable discount rate. The values assigned to these assumptions reflect management's best estimate. The discount rate applied is consistent with available external sources of information. The results indicated that the recoverable amount was below the carrying amount of the CGU Turkey gas distribution. Consequently, the Group recorded a goodwill impairment of €133 million at the reporting date.

5.3 *Changes in the scope of combination*

At June 30, 2010, this line-item includes mainly the impact of re-measuring the interests previously held in the Chilean entities Electroandina, Distrinor, CTA and Edelnor as a result of the Group acquiring control over those entities as well as the recognition of the dilution gain on CTH (€164 million). These transactions are described in further detail in note 2.1 "Significant events".

NOTE – 6 Net financial income/(loss)

	June 2010			*June 2009 Unaudited*		
	Expenses	*Income*	*Net*	*Expenses*	*Income*	*Net*
	In millions of euros					
Net finance costs	(267.0)	27.3	(239.7)	(200.7)	66.4	(134.3)
Other financial income and expenses[1]	(89.3)	112.4	23.1	(115.0)	91.9	(23.1)
NET FINANCIAL INCOME (LOSS)	**(356.3)**	**139.7**	**(216.6)**	**(315.7)**	**158.3**	**(157.4)**

(1) The impact of the "Return on plan assets" was previously included in "Other financial expenses". As of June 30, 2010 the impact is presented in "Other financial income". Comparative data for first-half 2009 have been restated in order to present other financial expenses and income in accordance with this new presentation

6.1 Net finance costs

Net finance costs include mainly interest expenses (calculated using the effective interest rate) on gross borrowings, foreign exchange gains/losses on borrowings and gains/losses on interest rate and currency hedges of gross borrowings, as well as interest income on cash and cash equivalents and changes in the fair value of financial assets at fair value through income.

	June 2010			*June 2009 Unaudited*		
	Expenses	*Income*	*Net*	*Expenses*	*Income*	*Net*
			In millions of euros			
Interest on gross borrowings	(318.8)	—	(318.8)	(263.3)	—	(263.3)
Capitalized borrowing cost	83.8		83.8	62.6		62.6
Foreign exchange gains/losses on borrowings and hedges	—	1.7	1.7	—	23.6	23.6
Gains and losses on hedges of borrowings	(32.0)	—	(32.0)	—	15.3	15.3
Gains and losses on cash and cash equivalents and financial assets at fair value through income	—	25.6	25.6	—	27.5	27.5
NET FINANCE COSTS	**(267.0)**	**27.3**	**(239.7)**	**(200.7)**	**66.4**	**(134.3)**

The change in net finance costs is essentially attributable to the increase in outstanding borrowings and changes in the fair value of economic hedges of borrowings not eligible for hedge accounting resulting in a loss of €32.0 million compared to a gain of €15.3 million as at June 30, 2009, impact partially off-set by the effect of interest rate fluctuations on gross borrowings.

6.2 Other financial income and expenses

	June 2010	*June 2009[1] Unaudited*
	In millions of euros	
Other financial expenses		
Unwinding of discounting adjustments to provisions	(26.4)	(11.7)
Interest on trade and other payables	(10.6)	(31.7)
Exchange losses	(12.1)	(50.0)
Other financial expenses	(40.2)	(21.7)
TOTAL	**(89.3)**	**(115.0)**
Other financial income		
Return on plan assets	19.9	10.4
Income from available-for-sale securities	1.7	1.6
Interest income on trade and other receivables	7.2	14.8
Interest income on loans and receivables carried at amortized cost	13.5	14.3
Exchange gains	53.7	0.0
Other financial income	16.4	50.8
TOTAL	**112.4**	**91.9**
OTHER FINANCIAL INCOME AND EXPENSES, NET	**23.1**	**(23.1)**

(1) Return on plan assets was previously included in the line-item "Unwinding of discounting adjustments to provisions". As of June 30, 2010 the impact is presented in "Other financial income". Comparative data for first-half 2009 have been restated in order to present other financial expenses and income in accordance with this new presentation

NOTE – 7 Income tax expense

7.1 Analysis of income tax expense recognized in the Combined Income Statement

7.1.1. Breakdown of income tax expense

	June 2010	June 2009 Unaudited
	In millions of euros	
Current income taxes	(162.3)	(146.2)
Deferred taxes	9.2	(37.2)
TOTAL INCOME TAX EXPENSE RECOGNIZED IN INCOME FOR THE YEAR	**(153.1)**	**(183.4)**

7.1.2. Reconciliation between theoretical income tax expense and actual income tax expense

A reconciliation between the theoretical income tax expense and the Group's actual income tax expense is presented below:

	June 2010	June 2009 Unaudited
	In millions of euros	
Net income	**496.5**	**319.8**
Share in net income of associates	23.7	14.7
Income tax	(153.1)	(183.4)
Income before income tax and share in net income of associates (A)	**625.9**	**488.6**
Income tax expense	**153.1**	**183.4**
EFFECTIVE TAX RATE	**24.5%**	**37.5%**
Statutory income tax rate in France (B)	34.43%	34.43%
THEORETICAL INCOME TAX EXPENSE (C) = (A) X (B)	**(215.5)**	**(168.2)**
Actual income tax expense		
Difference between normal tax rate applicable in France and normal tax rate in force in jurisdictions outside France	50.1	13.8
Permanent differences	(28.7)	(27.7)
Income taxed at a reduced rate or tax-exempt[1]	57.5	31.0
Additional tax expense	(6.9)	(31.4)
Effect of unrecognized deferred tax assets on tax loss carry-forwards and other tax-deductible temporary differences	(28.1)	(5.9)
Recognition or utilization of tax income on previously unrecognized tax loss carry-forwards and other tax-deductible temporary differences	1.2	5.7
Impact of changes in tax rates	0.9	1.2
Tax credits	23.0	7.6
Other	(6.8)	(9.6)
Actual income tax expense	**(153.1)**	**(183.4)**
EFFECTIVE TAX RATE (ACTUAL INCOME TAX EXPENSE DIVIDED BY INCOME BEFORE INCOME TAX AND SHARE IN NET INCOME OF ASSOCIATES)	**24.5%**	**37.5%**

(1) Includes mainly the impact of the special tax regimes used for the coordination centers in Belgium and the impact of tax holiday in Thailand.

7.2 Income tax recorded directly in equity

At June 30, 2010, deferred taxes recognized directly in equity resulting from actuarial gains and losses calculated over the period and the fair value of financial instruments recorded through equity, amount to €62.3 million, and can be analysed as follows:

	June 30, 2010	*Dec 31, 2009*
	In millions of euros	
Available-for-sale financial assets	7.7	3.5
Actuarial gains and losses	(23.9)	(23.9)
Net investment hedges	1.4	1.4
Cash flow hedges	72.9	69.9
TOTAL (EXCLUDING TRANSLATION ADJUSTMENTS)	**58.1**	**51.0**
Translation adjustments	4.2	3.3
TOTAL	**62.3**	**54.3**

7.3 Deferred tax assets and liabilities

7.3.1. Analysis of the net deferred tax position recognized in the statement of financial position (before netting off deferred tax assets and liabilities by tax entity), by type of temporary difference

	Impact on the combined statement of financial position at	
	June 30, 2010	*Dec 31, 2009*
	In millions of euros	
Deferred tax assets		
Net operating loss carry-forwards and tax credits	125.3	87.8
Pension obligations	36.6	35.1
Non-deductible provisions	66.6	49.9
Measurement of financial instruments at fair value (IAS 32/39)	243.5	199.8
Difference between the carrying amount of PPE and their tax bases	255.2	267.3
Other	151.8	127.3
TOTAL	**879.0**	**767.2**
Deferred tax liabilities		
Difference between the carrying amount of PPE and their tax bases	(1,054.1)	(785.8)
Tax-driven provisions	(0.2)	(0.2)
Measurement of financial assets and liabilities at fair value (IAS 32/39)	(73.3)	(87.3)
Other	(157.8)	(154.8)
TOTAL	**(1,285.5)**	**(1,028.1)**
NET DEFERRED TAX ASSETS / (LIABILITIES)	**(406.5)**	**(260.8)**

	Impact in the combined income statement at	
	June 30, 2010	*June 30, 2009 Unaudited*
	In millions of euros	
Deferred tax assets		
Net operating loss carry-forwards and tax credits	39.9	(0.3)
Pension obligations	(3.3)	2.0
Non-deductible provisions	8.0	(2.5)
Difference between the carrying amount of PPE and their tax bases	(127.7)	(80.6)
Measurement of financial instruments at fair value (IAS 32/39)	39.3	38.6
Other	15.9	(23.3)
TOTAL	**(27.8)**	**(66.1)**
Deferred tax liabilities		
Difference between the carrying amount of PPE and their tax bases	70.0	62.7
Tax-driven provisions	(0.1)	(0.1)
Measurement of financial assets and liabilities at fair value (IAS 32/39)	(13.5)	(17.6)
Other	(19.6)	(16.1)
TOTAL	**36.9**	**28.9**
NET DEFERRED TAX ASSETS/(LIABILITIES)	**9.0**	**(37.2)**

Movements in deferred taxes recorded in the combined statement of financial position, after netting off deferred tax assets and liabilities by tax entity, break down as follows:

	Assets	*Liabilities*	*Net Position*
	In millions of euros		
At December 31, 2009	347.7	608.6	(260.8)
Impact on net income for the year	(27.6)	(36.8)	9.2
Impact of netting by tax entity	(250.5)	(250.5)	—
Other[(1)]	69.4	224.0	(154.6)
AT JUNE 30, 2010	**139.0**	**545.3**	**(406.3)**

(1) The line item "other" includes deferred taxes on amounts recorded directly in equity, the impact of currency translation adjustments and changes in the scope of combination.

7.3.2. Deductible temporary differences not recognized in the combined statement of financial position

At June 30, 2010 unused tax loss carry-forwards not recognized by the Group amounted to €172.9 million (€140.7 million at end-2009) in respect of ordinary tax losses (unrecognized deferred tax asset effect of €54.0 million at June 30, 2010 (€35.6 million at end-2009)). The expiration dates for these unrecognized ordinary tax loss carry-forwards are presented below:

	Ordinary Tax Losses	
	June 30, 2010	*Dec 31, 2009*
	In millions of euros	
2009	—	—
2010	0.1	4.0
2011	27.5	26.2
2012 and beyond	24.5	22.9
2013 and beyond	15.5	15.1
2014 and beyond	27.4	25.9
2015 and beyond	78.0	46.6
TOTAL	**172.9**	**140.7**

Following a decision issued by the European Court of Justice on February 12, 2009 in the Cobelfret case, Belgium was sanctioned for its dividends received deduction (DRD) regime. Dividends received from subsidiaries are now required to be carried forward. As some Group entities are not expected to have sufficient taxable profits over the medium-term to be able to use the DRD, they did not recognize deferred tax assets on these tax loss carry-forwards. Due to a lack of clarity in existing legal and administrative provisions in this area, particularly regarding the fate of tax loss carry-forwards in the event of a merger or spin-off for example, the Group was unable to determine the exact amount of these carry-forwards at the end of the reporting period.

Furthermore the Group has unrecognized State tax loss carry-forwards at reduced rate in the USA. The corresponding tax effect was €46.5 million as at June 30, 2010 (€36.4 million in 2009).

7.3.3. Unrecognized deferred taxes on taxable temporary differences relating to investments in subsidiaries, joint ventures and associates

No deferred tax liabilities are recognized on temporary differences when the Group is able to control the timing of their reversal and it is probable that the temporary difference will not reverse in the foreseeable future. Likewise, no deferred tax liabilities are recognized on temporary differences that do not result in any payment of tax when they reverse (in particular as regards tax-exempt capital gains on disposals of investments in Belgium).

NOTE – 8 Earnings per share

The basis of computation of the earnings per share is presented in note 1.1.1.

Earnings per share is presented both before exceptional items and after exceptional items and specific IAS 39 mark-to-market movements in order to allow a better understanding of GDF SUEZ Energy International Division's underlying business performance

Those items that GDF SUEZ Energy International Division presents as exceptional and specific IAS 39 mark-to-market movements are items which are inherently difficult to predict due to their unusual irregular or non-recurring nature. For GDF SUEZ Energy International Division such items relate to the asset impairments and disposals, items presented on the line "Changes in the scope of combination" (refer to note 1.1.2), restructuring costs and mark-to-market on commodity contracts other than trading instruments presented in Income from operating activities as well as to mark-to-market movements on derivative contracts used in economic hedges of financing transactions and presented in Financial expenses and Financial income and the tax effect on these items if any. To the extent that such items are comprised in Share in net income of associates, those items have been isolated for purpose of this calculation.

In absence of any dilutive instruments, the average number of shares outstanding and the diluted average number of shares outstanding are the same.

	June 30, 2010	*June 30, 2009 Unaudited*
Numerator (In millions of euros)		
Net income Group share	395.6	238.3
Impact of exceptional items and specific IAS 39 mark-to-market movements	16.9	(43.2)
Net income Group share excluding exceptional items and specific IAS 39 mark-to-market movements	378.7	281.5
Denominator (In millions of shares)		
Average number of shares outstanding	2,028.9	2,028.9
IMPACT OF DILUTIVE INSTRUMENTS	—	—
DILUTED AVERAGE NUMBER OF SHARES OUTSTANDING	**2,028.9**	**2,028.9**
Earnings per share (in euros)		
Earnings per share – Net income Group share	0.19	0.12
Diluted earnings per share – Net income Group share	0.19	0.12
Earnings per share – Net income Group share excluding exceptional items and specific IAS 39 mark-to-market movements	0.19	0.14
Diluted earnings per share – Net income Group share excluding exceptional items and specific IAS 39 mark-to-market movements	0.19	0.14

The table below presents the items of reconciliation between Net income Group shares before and after exceptional items and specific IAS 39 mark-to-market movements:

	June 30, 2010	*June 30, 2009 Unaudited*
Mark-to-Market on commodity contracts other than trading instruments	(23.8)	(75.8)
Impairment of property, plant and equipment, intangible assets and financial assets	(133.5)	(3.2)
Restructuring costs	(0.5)	0.0
Changes in the scope of combination	184.0	0.9
Other disposal gains and losses and non recurring items	(0.9)	1.9
Income from operating activities	**25.2**	**(76.1)**
Financial expenses[6]	(32.0)	—
Financial income[7],	—	15.3
Net financial loss	**(32.0)**	**15.3**
Income tax effect on the above items	16.0	12.6
Share in net income of associates	—	—
Total impact of exceptional items and specific IAS 39 mark-to-market movements recognised in net income	**9.2**	**(48.1)**
Group share	16.9	(43.2)
Non-controlling interests	(7.7)	(4.9)

NOTE – 9 Goodwill

9.1 Movements in the carrying amount of goodwill

	In millions of euros
A. Gross amount	
At Dec. 31, 2009	**1,316.1**
Acquisitions	5.7
Disposals	(0.8)
Translation adjustments(1)	221.5
Other	0.0
At June 30, 2010	**1,542.5**
B. Impairment	
At Dec. 31, 2009	**(57.9)**
Impairment losses	(133.0)
Disposals	0.0
Translation adjustments(1)	(15.2)
Other	0.0
At June 30, 2010	**(206.1)**
C. Carrying amount = A + B	
At Dec. 31, 2009	**1,258.2**
At June 30, 2010	**1,336.5**

(1) In addition to the impact of exchange rate fluctuations disclosed in note 2.2, this line-item includes a translation gain on the Singapore dollar of €57 million.

As at June 30, 2010 additions to goodwill relate mainly to the acquisition of Astoria (see note 2.1).

6 Refer to note 6.1 Net finance costs

7 Refer to note 6.1 Net finance costs

The impairment loss recognized during the period relates to Izgaz (see note 5.2).

9.2 Goodwill segment information

The carrying amount of goodwill can be analysed as follows by business segment:

	June 30, 2010	*Dec. 31, 2009*
	In millions of euros	
Latin America	33.9	30.5
Middle East, Asia	468.2	396.0
North America	748.7	630.7
United Kingdom & Turkey – Gas Distribution	85.7	201.0
TOTAL	**1,336.5**	**1,258.2**

The analysis above is based on the business segments of the acquired entity rather than that of the acquirer.

NOTE – 10 Intangible assets, net

10.1 Movements in intangible assets

	Intangible Rights Arising on Concession Contracts	*Other Intangible*	*Total*
		In millions of euros	
A. Gross amount			
At Dec. 31, 2009	**141.0**	**612.7**	**753.7**
Acquisitions	0.5	6.6	7.2
Disposals	0.0	(10.0)	(10.0)
Translation adjustments	15.6	139.9	155.5
Changes in scope of combination	0.0	370.9	370.9
Other	0.0	(2.6)	(2.6)
At June 30, 2010	**157.1**	**1,117.5**	**1,274.6**
B. Accumulated amortization and impairment			
At Dec. 31, 2009	**(3.0)**	**(322.5)**	**(325.5)**
Amortization / impairment	(1.7)	(26.1)	(27.9)
Disposals	0.0	4.3	4.3
Translation adjustments	(0.4)	(58.8)	(59.2)
Changes in scope of combination	0.0	(0.6)	(0.6)
Other	0.0	(2.4)	(2.4)
At June 30, 2010	**(5.1)**	**(406.1)**	**(411.2)**
C. Carrying amount = A + B			
At Dec. 31, 2009	**138.0**	**290.2**	**428.2**
At June 30, 2010	**152.0**	**711.4**	**863.4**

10.1.1. Intangible rights arising on concession contracts

Since the acquisition of Izgaz realized in 2009 (see note 2.1.2.1), the Group manages concessions as defined by IFRIC 12 covering gas distribution. The rights granted to concession operators are accounted for as intangibles.

10.1.2. Other Intangibles

This caption mainly relates to power and gas purchase and sale agreements, capacity contracts and customer relationships recognized at fair value following a business combination. Changes in the scope of combination mainly reflect the preliminary fair values of identified assets acquired in Edelnor and Central Termoeléctrica Andina as part of the Chilean merger (see note 2.1.1.2).

NOTE – 11 Property, plant and equipment, net

11.1 Movements in property, plant and equipment

	Land	*Buildings*	*Plant and Equipment*	*Assets in Progress*	*Other*	*Total*
			In millions of euros			
A. Gross amount						
At Dec. 31, 2009	**125.4**	**139.4**	**12,731.3**	**2,933.9**	**132.8**	**16,062.9**
Acquisitions	3.7	0.4	40.4	1,054.6	3.4	1,102.5
Disposals	(0.1)	0.0	(23.7)	0.0	(1.1)	(25.0)
Translation adjustments	27.1	23.5	2,335.2	522.1	20.0	2,927.9
Changes in scope of combination	40.7	2.4	1,333.6	21.4	2.7	1,400.8
Other	3.4	(17.4)	560.9	(507.8)	1.2	40.3
At June 30, 2010	**200.3**	**148.3**	**16,977.8**	**4,024.2**	**159.0**	**21,509.5**
B. Accumulated depreciation and impairment						
At Dec. 31, 2009	**(12.8)**	**(31.9)**	**(3,684.6)**	**(28.3)**	**(63.6)**	**(3,821.2)**
Depreciation	(1.2)	(3.1)	(307.9)	0.0	(5.8)	(318.0)
Impairment losses	0.0	0.0	0.0	0.0	0.0	0.0
Disposals	0.0	0.0	19.2	0.0	0.7	19.9
Translation adjustments	(1.9)	(5.2)	(664.6)	(4.9)	(10.0)	(686.6)
Changes in scope of combination	0.0	(0.4)	(157.3)	0.0	(1.0)	(158.7)
Other	0.0	8.9	(8.8)	0.0	(0.1)	0.0
At June 30, 2010	**(15.9)**	**(31.7)**	**(4,803.9)**	**(33.2)**	**(79.8)**	**(4,964.6)**
C. Carrying amount						
At Dec. 31, 2009	**112.6**	**107.5**	**9,046.7**	**2,905.6**	**69.3**	**12,241.7**
At June 30, 2010	**184.4**	**116.6**	**12,173.8**	**3,990.9**	**79.1**	**16,544.9**

In first-half 2010, the acquisitions of property, plant and equipment relate notably to the construction in progress of different power plants in Brazil (€453.1 million), Thailand (€333.3 million) and Panama (€86.9 million). The movements in the line-item 'Other' relate mainly to the commissioning in 2010 of a LNG terminal in the USA (Neptune).

Net changes in the scope of combination mainly reflect the acquisition of Astoria (€751.0 million) and the fact that Group acquired control over the Chilean entities (€516.8 million) (see note 2).

11.2 Pledged and mortgaged assets

Items of property, plant and equipment pledged by the Group to guarantee borrowings and debt amount to €2,800.4 million at June 30, 2010 (€2,139.9 million at December 31, 2009).

11.3 Contractual commitments to purchase property, plant and equipment

In the ordinary course of their operations, some Group companies have also entered into commitments to purchase, and the related third parties to deliver, property, plant and equipment. These commitments relate mainly to orders of equipment, vehicles and material required for the construction of energy production units (power and co-generation plants). The Group also entered into long term maintenance contracts with third parties.

Firm commitments made by the Group in this respect amount to €2,903.8 million at June 30, 2010 compared with €2,348.8 million at December 31, 2009.

The increase in first-half 2010 results mainly from firm commitments in connection with the construction of the combined cycle power plant Chilca One in Peru and from firm purchase commitments in connection with several merchant plants in North America.

11.4 Other information

Borrowing costs included in the cost of property, plant and equipment amount to €83.8 million at June 30, 2010 (€62.6 million at June 30, 2009).

NOTE – 12 Investments in associates

12.1 Breakdown of investments in associates

	Carrying Amount of Investments in Associates		*Share in Net Income of Associates*	
	June 30, 2010	*Dec 31, 2009*	*June 30, 2010*	*June 30, 2009 Unaudited*
	In millions of euros			
PTT Natural Gas Distribution	25.1	16.4	4.8	(0.2)
United Power Company	0.0	0.0	0.0	0.2
Group Noverco	220.5	157.0	11.6	10.0
Astoria Energy LLC[1]	22.0	70.6	(0.5)	0.7
Total Tractebel Emirates	34.8	34.9	5.7	4.7
SMN Power	(22.1)	(17.4)	0.3	0.1
HIDD Power Company	0.1	15.6	1.7	(0.1)
Other	12.7	13.2	0.1	(0.7)
TOTAL	**292.9**	**290.3**	**23.7**	**14.7**

(1) The line item "Astoria Energy LLC" includes as at December 31, 2009 Astoria Energy LLC and Astoria Energy II LLC. On January 7, 2010, the Group acquired the control of Astoria Energy LLC which is fully combined as of this date (see note 2.1.1.1.).

In first-half 2010, the Group increased its interest in the Astoria Energy I power plant. After purchasing these interests, the Group obtained control of Astoria Energy LLC which consequently is fully combined in the Combined Financial Information of the Group as of the acquisition date.

The Group sold its stake in United Power Company in first-half 2009.

Dividends received by the Group from its associates amounted to €8.6 million in first-half 2010 (€7.1 million in first-half 2009).

Goodwill recognized by the Group on acquisitions of associates is also included in this item for a net amount of 20.6 million at June 30, 2010 (€17.4 million at end-2009).

The total unrecognized share of losses in associates, including other comprehensive expenses, amounted to €71.7 million as at June 30, 2010.

12.2 Key financial data of associates

	Latest % Interest	*Total Assets*	*Liabilities*	*Equity*	*Revenues*	*Net Income*
	In millions of euros					
At 30 June, 2010						
Astoria Energy, II LLC	30.00%	656.2	732.1	75.8	0.0	(6.7)
Group Noverco	17.56%	3,820.8	2,701.1	1,119.6	979.1	66.3
PTT Natural Gas Distribution	40.00%	78.1	27.3	51.5	57.1	12.0
Gulf Total Tractebel Company	20.00%	1,117.0	1,082.4	36.4	96.7	30.1
Rusail Power Company	47.50%	120.6	120.2	0.4	32.4	0.7
SMN Barka Power	47.50%	637.7	676.1	(38.4)	41.9	0.8
Hidd Power Company	30.00%	976.5	976.3	0.2	93.9	5.5

	Latest % Interest	Total Assets	Liabilities	Equity	Revenues	Net Income
			In millions of euros			
Statement of Financial Position as at Dec. 31, 2009						
Income Statement as at June 30, 2009 (Unaudited)						
Astoria Energy, LLC	14.80%	912.1	908.0	4.1	90.3	(4.0)
Group Noverco	17.56%	3,615.8	2,722.0	893.8	978.9	56.7
PTT Natural Gas Distribution	40.00%	57.7	26.5	31.2	38.1	(0.4)
Gulf Total Tractebel Company	20.00%	958.8	902.0	56.8	81.3	20.9
Rusail Power Company	47.50%	97.6	95.1	2.5	29.5	0.9
SMN Barka Power	47.50%	515.9	507.8	8.1	0.0	(0.2)
Hidd Power Company	30.00%	839.0	787.1	51.9	82.5	(0.4)

The Group accounts for its interest in Group Noverco under the equity method because it has determined that it has significant influence over the entity.

NOTE – 13 Investments in joint ventures

Contributions of the main joint ventures to the Group's Combined Interim Financial Information are as follows:

	Country	Combi-nation Percentage	Current Assets	Non-current Assets	Current Liabilities	Non-current Liabilities	Revenues	Net Income
				In millions of euros				
At 30 June, 2010								
Energia Sustentavel do Brasil	Brazil	50.1	177.1	862.9	60.7	649.5	0.0	1.0
Sociedad GNL Mejillones	Chile	50.0	65.5	253.3	248.1	82.0	4.9	(5.8)
North East Energy LP	USA	50.0	60.4	215.6	11.5	101.4	50.2	14.6
Senoko	Singapore	30.0	122.6	770.4	80.4	542.3	263.2	4.6
Statement of Financial Position as at December 31, 2009								
Income Statement as at June 30, 2009 – Unaudited								
Energia Sustentavel do Brasil	Brazil	50.1	120.9	471.9	21.7	363.2	0.0	1.3
Sociedad GNL Mejillones	Chile	50.0	20.0	170.7	143.4	51.2	0.0	(32.3)
North East Energy LP	USA	50.0	43.8	202.1	75.9	100.4	46.8	14.3
Senoko	Singapore	30.0	76.9	653.0	34.4	130.7	183.6	2.5
Electroandina	Chile	33.3	45.4	115.5	28.9	6.3	76.4	12.9

NOTE – 14 Financial instruments

14.1 Financial assets

The Group's financial assets are broken down into the following categories:

	June 30, 2010			Dec. 31, 2009		
	Non-current	*Current*	*Total*	*Non-current*	*Current*	*Total*
			In millions of euros			
Available-for-sale securities	54.2		54.2	68.8		68.8
Loans and receivables carried at amortized cost	832.4	2,317.8	3,150.2	638.2	2,018.2	2,656.5
Loans and receivables carried at amortized cost (excluding trade and other receivables)	694.4	244.5	938.8	516.4	320.9	837.3
Trade and other receivables, net		1,496.4	1,496.4		1,290.3	1,290.3
Other assets	138.1	576.9	714.9	121.9	407.0	528.9
Financial assets at fair value through income	297.5	314.6	612.2	269.9	342.1	612.0
Derivative instruments	297.5	296.6	594.1	269.9	339.6	609.5
Financial assets at fair value through income (excluding derivatives)		18.1	18.1		2.5	2.5
Cash and cash equivalents		3,444.7	3,444.7		2,948.5	2,948.5
TOTAL	**1,184.2**	**6,077.1**	**7,261.3**	**976.9**	**5,308.8**	**6,285.7**

14.1.1. Available-for-sale securities

At Dec. 31, 2009	**68.8**
Acquisitions	1.9
Disposals	0.0
Changes in fair value recorded in equity	0.0
Changes in fair value recorded in income	4.2
Changes in scope of consolidation, foreign currency translation and other changes	(20.7)
At June 30, 2010	**54.2**

The Group's available-for-sale assets include only unlisted securities. The Group determines their fair value based on standard valuation techniques including:

- Reference to similar recent market transactions;
- Discounted dividends and/or cash flows, or;
- The net assets value.

The Group reviewed the value of its available-for-sale securities on a case-by-case basis, in order to determine whether, based on all available information and in light of the current market environment, any impairment losses should be recognized.

Gains and losses on available-for-sale securities recognized in equity or income are immaterial for the period presented.

14.1.2. Loans and receivables at amortized cost

	June 30, 2010			Dec. 31, 2009		
	Non-current	*Current*	*Total*	*Non-current*	*Current*	*Total*
	In millions of euros					
Loans and receivables carried at amortized cost (excluding trade and other receivables)	694.4	244.5	938.8	516.4	320.9	837.3
Loans granted to affiliated companies	224.6	10.6	235.3	165.8	35.4	201.2
Other receivables carried at amortized cost	264.9	156.0	420.8	150.8	225.4	376.2
Amounts receivable under finance leases	204.8	77.9	282.7	199.8	60.2	259.9
Trade and other receivables, net		1,496.4	1,496.4		1,290.3	1,290.3
Other assets	138.1	576.9	714.9	121.9	407.0	528.9
Tax receivables		303.8	303.8		222.1	222.1
Other receivables	138.1	273.1	411.2	121.9	184.9	306.8
TOTAL	**832.4**	**2,317.8**	**3,150.2**	**638.2**	**2,018.2**	**2,656.5**

	June 30, 2010			Dec. 31, 2009		
	Gross	*Allowance and Impairment*	*Net*	*Gross*	*Allowance and Impairment*	*Net*
	In millions of euros					
Loans and receivables carried at amortized cost (excluding trade and other receivables)	945.9	(7.1)	938.8	843.6	(6.2)	837.3
Trade and other receivables	1,604.9	(108.5)	1,496.4	1,368.6	(78.3)	1,290.3
Other assets	716.3	(1.3)	714.9	530.1	(1.2)	528.9
TOTAL	3,267.1	(116.9)	3,150.2	2,742.2	(85.8)	2,656.5

Income and expenses recognized in the Interim Combined Income Statement with regard to loans and receivables carried at amortized cost break down as follows:

	Interest Income	*Remeasurement*	
		Foreign Currency Translation	*Impairment*
	In millions of euros		
June 30, 2010	**(19.6)**	**39.5**	**(15.9)**
June 30, 2009 – Unaudited	29.1	(49.8)	(5.1)

Loans granted to affiliated companies

This caption notably includes the loan granted by RLC Power Holding, a holding company established by the Group together with other partners, to its affiliated investment Ras Girtas Power Company for a total of €89 million at June 30, 2010 (€76 million at December 31, 2009). It also includes a long term loan granted by Laurentides Investissements to the affiliated investment Noverco for a total of €77 million at June 30, 2010 (€67 million at December 31, 2009).

Other receivables carried at amortized cost

The Group deposited cash as collateral for the financing of the group's Brazilian activities as well as the US Astoria transaction (€355 million at June 30, 2010 and €283 million at December 31st 2009).

Trade and other receivables

On initial recognition, trade and other receivables are recorded at fair value, which generally corresponds to their nominal value. Impairment losses are recorded based on the estimated risk of non-recovery. The carrying amount of trade and other receivables represents a reasonable estimate of fair value.

14.1.3. Financial assets at fair value through income

	June 30, 2010			*Dec. 31, 2009*		
	Non-current	*Current*	*Total*	*Non-current*	*Current*	*Total*
	In millions of euros					
Derivative instruments	297.5	296.6	594.1	269.9	339.6	609.5
Derivatives hedging borrowings	140.8	6.2	147.0	129.4	33.5	162.9
Derivatives hedging commodities	156.7	288.7	445.4	140.3	302.7	443.0
Other derivatives	0.0	1.7	1.7	0.1	3.4	3.6
Financial assets at fair value through income (excluding derivatives)	0.0	18.1	18.1	0.0	2.5	2.5
Financial assets qualifying as at fair value through income		0.5	0.5		0.7	0.7
Financial assets designated as at fair value through income		2.1	2.1		1.8	1.8
Cash collateral on derivatives hedging borrowings		15.5	15.5		0.0	
TOTAL	**297.5**	**314.6**	**612.2**	**269.9**	**342.1**	**612.0**

Commodity derivatives and derivatives hedging borrowings and other items are set up as part of the Group's risk management policy and are analysed in note 15.

As of June 30, 2010 and December 31, 2009, financial assets qualifying as at fair value through income are mainly money market funds held for trading purposes and intended to be sold in the near term. They are included in the calculation of the Group's net debt (see note 14.3).

Gains on financial assets held for trading purposes were not material at June 30, 2010 and nil at June 30, 2009.

14.1.4. Cash and cash equivalents

The Group's financial risk management policy is described in note 15.

At June 30, 2010, except GDF SUEZ, no counterparty represented a significant part of cash and cash equivalents.

Cash and cash equivalents totalled €3,444.7 million at June 30, 2010 (€2,948.5 million at December 31, 2009).

This caption includes restricted cash of €214.7 million at June 30, 2010 (€67.4 million at December 31, 2009).

Income recognized in respect of cash and cash equivalents amounted to € 25.6 million at June 30, 2010 (€27.5 million at June 30, 2009).

Financial assets pledged as collateral

	June 30, 2010	*Dec. 31, 2009*
	In millions of euros	
Financial assets pledged as collateral	1,817.0	1,848.2

This item includes equity instruments and, to a lesser extent, trade receivables pledged to guarantee borrowings and debt.

14.2 Financial liabilities

Financial liabilities are recognized in:

- "Other liabilities carried at amortized cost" (borrowings and debt, trade and other payables);
- "Financial liabilities at fair value through income or equity" (derivative instruments).

The Group's financial liabilities are classified under the following categories:

	June 30, 2010			Dec. 31, 2009		
	Non-current	Current	Total	Non-current	Current	Total
	In millions of euros					
Borrowings and debt	9,198.5	5,433.1	14,631.6	7,726.7	4,144.0	11,870.7
Derivative instruments	841.0	512.8	1,353.8	498.9	460.0	959.0
Trade and other payables	—	1,386.0	1,386.0	—	1,013.0	1,013.0
Other financial liabilities	1.6	—	1.6	1.4	—	1.4
TOTAL	**10,041.1**	**7,331.9**	**17,373.0**	**8,227.0**	**5,617.0**	**13,844.0**

14.2.1. Borrowings and debt

	June 30, 2010			Dec. 31, 2009		
	Non-current	Current	Total	Non-current	Current	Total
	In millions of euros					
Bond issues	1,143.5	504.2	1,647.7	1,168.8	258.6	1,427.4
Drawdowns on credit facilities	561.6	0.8	562.4	162.3	(0.0)	162.3
Liabilities under finance leases	358.3	8.3	366.6	292.3	36.2	328.4
Other bank borrowings	5,536.1	544.9	6,081.0	4,151.5	304.0	4,455.5
Other borrowings[(a)]	1,598.8	4,285.0	5,883.8	1,948.0	3,472.1	5,420.2
Total borrowings	9,198.4	5,343.2	14,541.6	7,722.9	4,070.9	11,793.7
Bank overdrafts and current accounts		10.7	10.7		29.2	29.2
Outstanding borrowings	9,198.4	5,353.9	14,552.2	7,722.9	4,100.1	11,823.0
Impact of measurement at amortized cost	0.1	77.5	77.6	3.8	43.9	47.7
Impact of fair value hedge	0.0	0.0	0.0	0.0	0.0	0.1
Cash collateral		1.8	1.8		0.0	0.1
BORROWINGS AND DEBT	**9,198.5**	**5,433.1**	**14,631.6**	**7,726.7**	**4,144.0**	**11,870.7**

(a) Other borrowings comprise borrowings towards GDF SUEZ, which amounted to €5,717.4 million at June 30, 2010 and €5,064.4 million at December 31, 2009.

The fair value of borrowings and debt amounted to €15,034.0 million at June 30, 2010 compared with a carrying amount of €14,631.6 (€11,843.0 million at December 31, 2009 compared with a carrying amount of 11,870.7 million).

Gains and losses on borrowings and debt recognized in income (mainly comprising interest) are detailed in note 6.

Borrowings and debt are analysed in note 14.3.

14.2.2. Derivative instruments

Derivative instruments recorded in liabilities are measured at fair value and break down as follows:

	June 30, 2010			Dec. 31, 2009		
	Non-current	Current	Total	Non-current	Current	Total
	In millions of euros					
Derivatives hedging borrowings	462.3	95.8	558.1	214.3	52.0	266.4
Derivatives hedging commodities	335.5	415.1	750.6	267.4	407.3	674.7
Other derivatives	43.2	1.9	45.1	17.2	0.7	17.9
TOTAL	**841.0**	**512.8**	**1,353.8**	**498.9**	**460.0**	**959.0**

These instruments are put in place as part of the Group's risk management policy and are analysed in note 15.

14.2.3. Trade and other payables

	June 30, 2010	Dec. 31, 2009
	In millions of euros	
Trade payables and Advances and downpayments received	1,166.6	898.2
Payables on fixed assets	219.4	114.8
TOTAL	**1,386.0**	**1,013.0**

The carrying amount of trade and other payables represents a reasonable estimate of fair value.

14.3 Net debt

	June 30, 2010			Dec. 31, 2009		
	Non-current	Current	Total	Non-current	Current	Total
	In millions of euros					
Outstanding borrowings and debt	9,198.4	5,353.9	14,552.2	7,722.9	4,100.6	11,823.4
Impact of measurement at amortized cost	0.1	77.5	77.6	3.8	43.5	47.2
Impact of fair value hedge[1]	0.0	0.0	0.0	0.0	0.0	0.1
Cash collateral		1.8	1.8			
BORROWINGS AND DEBT	**9,198.5**	**5,433.1**	**14,631.6**	**7,726.7**	**4,144.0**	**11,870.7**
Derivative instruments hedging borrowings under liabilities[2]	462.3	95.8	558.1	214.3	52.0	266.4
GROSS DEBT	**9,660.8**	**5,528.8**	**15,189.7**	**7,941.0**	**4,196.0**	**12,137.0**
Financial assets at fair value through income	0.0	(18.1)	(18.1)	0.0	(2.5)	(2.5)
Cash and cash equivalents	0.0	(3,444.7)	(3,444.7)	0.0	(2,948.5)	(2,948.5)
Derivative instruments hedging borrowings under assets[2]	(140.8)	(6.2)	(147.0)	(129.4)	(33.5)	(162.9)
NET CASH	**(140.8)**	**(3,468.9)**	**(3,609.8)**	**(129.4)**	**(2,984.5)**	**(3,113.9)**
NET DEBT	**9,520.0**	**2,059.9**	**11,579.9**	**7,811.6**	**1,211.5**	**9,023.2**
Outstanding borrowings and debt	9,198.4	5,353.9	14,552.2	7,722.9	4,100.6	11,823.4
Financial assets at fair value through income	0.0	(18.1)	(18.1)	0.0	(2.5)	(2.5)
Cash and cash equivalents	0.0	(3,444.7)	(3,444.7)	0.0	(2,948.5)	(2,948.5)
NET DEBT EXCLUDING THE IMPACT OF DERIVATIVE INSTRUMENTS AND AMORTIZED COST	**9,198.4**	**1,891.1**	**11,089.4**	**7,722.9**	**1,149.5**	**8,872.4**

(1) This item corresponds to the revaluation of the interest rate component of debt in a designated fair value hedging relationship.

(2) This item represents the fair value of debt-related derivatives irrespective of whether or not they are designated as hedges. It also includes instruments designated as net investment hedges (see notes 14.1.3 and 14.2.2).

14.3.1. Change in gross debt

At June 30, 2010 changes in the scope of combination led to an increase of €495.6 million (€140.6 million at December 31, 2009) in gross debt, while foreign currency translation increased gross debt by €1,550.2 million (€269.8 million at December 31, 2009).

14.3.2. Debt / equity ratio

	June 30, 2010	Dec. 31, 2009
	In millions of euros	
Net debt	11,579.9	9,023.2
Total equity	7,159.6	5,104.7
Debt / equity ratio	161.7%	176.8%

NOTE – 15 Management of risks arising from financial instruments

The Group mainly uses derivative instruments to manage its exposure to counterparty and market risks.

15.1 Management of risks arising from financial instruments (excluding commodity instruments)

15.1.1. Fair value of financial instruments (excluding commodity instruments)

15.1.1.1. Financial assets

The table below presents the allocation of financial instruments (excluding commodity derivatives) carried in assets by level of fair value. A definition of the various levels in the fair value hierarchy is provided in note 1.

	June 30, 2010				Dec. 31, 2009			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
	In millions of euros							
Available-for-sale securities	54.2			54.2	68.8			68.8
Derivative instruments	148.7	0.0	148.7	0.0	166.4	0.0	166.4	0.0
Derivatives hedging borrowings	147.0		147.0		162.9		162.9	
Derivatives hedging other items	1.7		1.7		3.6		3.6	
Financial assets at fair value through income	2.6	0.0	2.6	0.0	2.5	0.0	2.5	0.0
Financial assets qualifying as at fair value through income	0.5		0.5		0.7		0.7	
Financial assets designated as at fair value through income	2.1		2.1		1.8		1.8	
TOTAL	**205.5**	**0.0**	**151.3**	**54.2**	**237.7**	**0.0**	**169.0**	**68.8**

Available-for-sale securities

Unlisted securities as they are measured using valuation models based primarily on recent market transactions, the present value of dividends and/or cash flows or net asset value, are included in level 3 of the fair value hierarchy.

Derivative instruments

The derivative instruments used by the Group to manage its risk exposure mainly include interest rate and currency swaps and options, cross currency swaps and credit default swaps. The fair value of virtually all of these instruments is determined using internal valuation models based on observable market data. They are therefore included in level 2 of the fair value hierarchy.

Financial assets qualifying and designated as at fair value through income.

Financial assets qualifying as at fair value through income for which the Group does not have regular liquid values are included in level 2 of the fair value hierarchy.

Financial assets designated as at fair value through income are included in level 2 of the fair value hierarchy.

The change in level 3 financial assets (excluding commodity derivatives) at June 30, 2010, is presented in Note 14.1.1.

15.1.1.2. Financial liabilities

The table below presents the allocation of financial instruments (excluding commodity derivatives) carried in liabilities. A definition of the various levels in the fair value hierarchy is provided in Note 1.

	June 30, 2010				Dec. 31, 2009			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
	In millions of euros							
Derivative instruments	603.1	0.0	603.1	0.0	284.3	0.0	284.3	0.0
Derivatives hedging borrowings	558.1		558.1		266.4		266.4	
Derivatives hedging other items	45.1		45.1		17.9		17.9	
TOTAL	**603.1**	**0.0**	**603.1**	**0.0**	**284.3**	**0.0**	**284.3**	**0.0**

See Note 15.1.1.1 for disclosures on derivative instruments.

15.1.2. Counterparty risk

The Group is exposed to counterparty risk on its operating activities, cash investing activities and interest rate, foreign exchange and commodity derivative instruments.

Counterparty risk is managed according to GDF SUEZ counterparty risk policy.

Operating activities

Counterparty risk is governed by the hedging policies approved by the executive management team of GDF SUEZ Energy Europe & International. These policies were fleshed out and aligned with the GDF SUEZ counterparty risk management policy as approved by its executive management in April 2009, which requires each of the GDF SUEZ group's main energy counterparties to be assigned a credit rating.

The executive management team of GDF SUEZ Energy Europe & International appoints risk control committees per geographical area which are independent from the front office. These committees supervise and control the risks and the strategies in place to reduce the business line's exposure to counterparty risk. Compliance with the GDF SUEZ Energy Europe & International's hedging policies is verified on a regular basis. Counterparty risk management is reinforced by second-tier controls carried out by the GDF SUEZ Finance division. The Group's exposure to its main energy counterparties is consolidated and monitored on a quarterly basis within the scope of the GDF SUEZ Energy Market Risk Committee (EMRC), which also ensures that the exposure limits set for these counterparties are respected.

Counterparty risk arising on trading and portfolio management activities and industrial customers consuming large quantities of energy (more than 150 GWh/year for gas and 100 GWh/year for electricity), is consolidated by the Group and broken down into two main sources of risk:

- payment risk, corresponding to unpaid physical deliveries of energy (energy delivered but unbilled, energy billed but unpaid, and energy delivered before cut-off);
- replacement risk, corresponding to the cost of replacing a contract in default (mark-to-market).

The credit quality of this portfolio is assessed by analyzing the concentration of counterparties by rating category.

Counterparty risk arising from trade receivables

Past-due trade and other receivables are analysed below:

Trade and other receivables	Past due Assets not Impaired at Reporting Date				Impaired Assets	Assets Neither Impaired nor Past Due	
	0-6 Months	6-12 Months	More Than 1 Year	Total	Total	Total	Total
				In millions of euros			
At June 30, 2010	133.2	14.1	37.0	184.3	116.2	1,304.4	1,604.9
At December 31, 2009	114.0	55.5	10.0	179.4	82.3	1,106.8	1,368.5

The balance of outstanding trade and other receivables presented hereabove, does not include allowances which amounted to €(108.5) million at June 30, 2010 (versus €(78.3) million at December 31, 2009). Changes in these items are presented in Note 14.1.1 "Loans and receivables carried at amortized cost".

The age of receivables that are past due but not impaired may vary significantly depending on the type of customer with which the Group does business (private corporations, individuals or public authorities). The Group decides whether to recognize impairment on a case-by-case basis according to the characteristics of the customer concerned. The Group does not consider that it is exposed to any material concentration of risk in respect of receivables.

Financing activities

For its financing activities, GDF SUEZ has put in place procedures for managing and monitoring risk based on (i) the accreditation of counterparties according to external credit ratings, objective market data (credit default swaps, market capitalization) and financial structure, and (ii) risk exposure limits.

GDF SUEZ also draws on a structured legal framework based on master agreements (including netting clauses) and collateralization contracts (margin calls).

The oversight procedure for managing counterparty risk arising from financing activities is managed by a middle office that operates independently of the GDF SUEZ group's Treasury department and reports to the GDF SUEZ Finance division.

The Group's maximum exposure to counterparty risk should be assessed based on the carrying amount of financial assets (excluding available-for-sale securities) and on the fair value of derivatives recognized within assets in its Condensed Interim Combined Statement of Financial Position.

Counterparty risk arising from loans and receivables carried at amortized cost (excluding trade and other receivables)

The balance of outstanding past-due loans and receivables carried at amortized cost (excluding trade and other receivables) is analysed below:

Loans and receivables carried at amortized cost (excluding trade and other receivables)	Past due Assets not Impaired at Reporting Date				Impaired Assets	Assets Neither Impaired nor Past Due	
	0-6 Months	6-12 Months	More Than 1 Year	Total	Total	Total	Total
				In millions of euros			
At June 30, 2010	7.8	5.5	20.3	33.6	7.1	903.1	943.8
At December 31, 2009	4.9	1.6	7.2	13.7	6.2	823.2	843.2

The balance of outstanding loans and receivables carried at amortized cost (excluding trade and other receivables) presented here above, does not include impairment losses and changes in fair value and in amortized cost, which amounted to €(7.1) million, €0 million and €2.1 million at June 30, 2010 (versus €(6.2)million, €0 million and €0.4 million at December 31, 2009). Changes in these items are presented in Note 14.1.1 "Loans and receivables carried at amortized cost".

The balance of outstanding loans and receivables carried at amortized cost includes loans granted to affiliated companies and other receivables carried at amortized cost amounting to €616.8 million and €542.7 million for June 30, 2010 and December 31, 2009 respectively (see Note 14.1.1).

Counterparty risk arising from investing activities

The Group is exposed to credit risk arising from investments of surplus cash (excluding loans to non-combined companies) and from its use of derivative financial instruments. Credit risk reflects the risk that one party to a transaction will cause a financial loss for the other party by failing to discharge a contractual obligation. In the case of financial instruments, counterparty risk arises on instruments with a positive fair value.

Additionally, the cash surplus of the combined entities are managed whenever possible with the cash pooling process organised through the GDF SUEZ financial vehicles. The related cash deposits with entities of GDF SUEZ as of June 30, 2010 amounted to €1,474 million (€1,517 million for December 31, 2009).

At June 30, 2010, total outstandings exposed to credit risk amounted to €3,594 million (€3,114 million at December 31, 2009). Investment grade counterparties (rated at least BBB- by Standard & Poor's or Baa3 by Moody's) represent 93% (91% at December 31, 2009) of the exposure. The remaining exposure arises on either unrated (5% at June 30, 2010 and 7% at December 31, 2009) or non-investment grade counterparties (2% at June 30, 2010 and December 31, 2009). The bulk of exposure to unrated or non-investment grade counterparties arises within combined companies comprising non-controlling interests, or within Group companies operating in emerging countries, where cash cannot be pooled and is therefore invested locally.

At June 30, 2010, no counterparty (excluding GDF SUEZ) represented more than 12% of cash investments (16% at December 31, 2009).

Counterparty risk arising from other assets

Other assets, including tax receivables, are neither past due nor impaired. The Group does not consider that it is exposed to any counterparty risk on these assets that mainly include tax receivables and prepaid expenses (see Note 14.1.2).

15.1.3. Liquidity risk

GDF SUEZ liquidity is based on maintaining cash and cash equivalents and access to confirmed credit facilities. These facilities are appropriate for the scale of its operations and for the timing of contractual debt repayments.

The Group's activities are financed through the central financial vehicles owned by GDF SUEZ, according to GDF SUEZ financing policy. This policy is based on:

- Centralizing external financing;
- Diversifying sources of financing between credit institutions and capital markets;
- Achieving a balanced debt repayment profile.

At June 30, 2010, bank loans accounted for 48% of gross debt (excluding overdrafts and the impact of derivatives and amortized cost) (compared to 42% at December 31, 2009), borrowings towards GDF SUEZ amounted to €5,717.4 million or 39% of gross debt (€5,064.4 million or 43% in 2009), while the remaining debt was raised on capital markets, that is €1,647.7 million in bonds, or 11% of gross debt (compared to 12% at December 31, 2009).

Available cash, comprising cash and cash equivalents, financial assets qualifying and designated as at fair value through income, net of overdrafts, amounted to €3,452.1 million at June 30, 2010 (€2,921.8 million at December 31, 2009). Cash surpluses managed by special-purpose vehicles are pooled as part of GDF SUEZ cash pooling process.

15.1.3.1. Undiscounted contractual payments

Undiscounted contractual payments on outstanding borrowings break down as follows by maturity:

At June 30, 2010	*Total*	*2010*	*2011*	*2012*	*2013*	*2014*	*Beyond 5 Years*
				In millions of euros			
Bond issues	**1,647.7**	113.1	391.1	199.8	114.1	132.0	697.6
Drawdowns on credit facilities	**562.4**	0.8	0.0	75.5	75.5	37.7	372.9
Liabilities under finance leases	**366.6**	1.2	7.1	23.6	20.1	15.1	299.6
Other bank borrowings	**6 081.0**	84.0	460.9	512.5	973.8	469.9	3,580.0
Other borrowings	**5,883.8**	4,189.1	95.9	0.0	0.0	(0.0)	1,598.8
Bank overdrafts and current accounts	**10.7**	10.7	0.0	0.0	0.0	0.0	0.0
OUTSTANDING BORROWINGS	**14,552.2**	**4 398.9**	**955.0**	**811.3**	**1,183.4**	**654.8**	**6,548.8**
Contractual undiscounted cash flows on interest payments	**5,240.6**	248.9	496.9	463.3	456.6	418.8	3,156.1
TOTAL	**19.792,8**	**4.647,8**	**1.451,8**	**1.274,6**	**1.640,0**	**1.073,5**	**9.705,0**

At December 31, 2009	*Total*	*2010*	*2011*	*2012*	*2013*	*2014*	*Beyond 5 Years*
				In millions of euros			
Bond issues	**1,427.4**	258.6	432.4	102.5	96.3	108.8	428.8
Drawdowns on credit facilities	**162.3**	(0.0)	0.0	33.8	0.0	63.1	65.4
Liabilities under finance leases	**328.4**	36.2	37.2	10.8	8.0	8.4	227.8
Other bank borrowings	**4,455.5**	304.0	382.7	391.0	804.6	361.1	2,212.1
Other borrowings	**5,420.5**	3,472.5	9.7	0.0	0.0	437.2	1,501.0
Bank overdrafts and current accounts	**29.2**	29.2	0.0	0.0	0.0	0.0	0.0
OUTSTANDING BORROWINGS	**11,823.4**	**4,100.6**	**862.0**	**538.1**	**909.0**	**978.7**	**4,435.1**
Contractual undiscounted cash flows on interest payments	**4,085.5**	414.9	405.5	402.1	382.9	335.9	2,144.2
TOTAL	**15,908.9**	**4,515.4**	**1,267.5**	**940.2**	**1,291.9**	**1,314.5**	**6,579.3**

The maturities of the Group's undrawn credit facility programs are analysed in the table below:

At June 30, 2010	*Total*	*2010*	*2011*	*2012*	*2013*	*2014*	*Beyond 5 Years*
				In millions of euros			
Confirmed undrawn credit facility programs	**394.6**	**78.0**	**12.5**	**244.5**	**28.5**	**26.2**	**4.9**

At December 31, 2009	*Total*	*2010*	*2011*	*2012*	*2013*	*2014*	*Beyond 5 Years*
				In millions of euros			
Confirmed undrawn credit facility programs	**167.8**	**94.4**	**0.0**	**0.0**	**46.5**	**18.0**	**8.9**

The undrawn credit facility programs mentioned above correspond to those managed locally by the entities or business units. GDF SUEZ manages cash requirements and cash surpluses for the Group through financing vehicles as described under note 15.1.2.

15.1.4. Market risk

15.1.4.1. Currency risk

The Group is exposed to financial statement translation risk due to the geographical spread of its activities: its Condensed Interim Combined Statement of Financial Position and Condensed Interim Combined Income Statement are impacted by changes in exchange rates upon combination of the

financial statements of its foreign subsidiaries outside the euro zone. Exposure to translation risk results essentially from net assets held by the Group in the United States, Brazil, Thailand and the United Kingdom (see note 3.2).

The Group's hedging policy for translation risk with regard to investments in non-euro zone currencies consists of contracting liabilities denominated in the same currency as the cash flows expected to flow from the hedged assets.

Contracting a liability in the same currency is the most natural form of hedging, although the Group also enters into foreign currency derivatives which allow it to synthetically recreate foreign currency debt. These include cross-currency swaps, currency swaps and currency options.

This policy is not applied, however, when the cost of the hedge (corresponding basically to the interest rate of the foreign currency concerned) is too high. This is the case in Brazil where the Group has opted for a type of insurance against a collapse in the value of the Brazilian real (risk of an abrupt temporary decline in the currency value) because of (i) the excessively high interest rate spread, and (ii) the indexation of local revenues. Since 2005, the Group has purchased protection against sovereign risk in the form of credit default swaps.

An analysis of market conditions is performed on a monthly basis for the US dollar and the pound sterling, and reviewed as appropriate for emerging countries so that any sudden sharp fall in the value of a currency can be anticipated. The hedging ratio of the assets is periodically reviewed in light of market conditions and whenever assets have been acquired or sold. Management must approve in advance any transaction that may cause this ratio to change significantly.

The Group also uses derivative instruments to hedge its exposure to transaction risk arising on its operating and financial activities (foreign currency loans, borrowings, interest and dividend payments, and foreign currency inflows and disbursements arising from operating activities).

The following tables present a breakdown by currency of gross debt and net debt, before and after hedging:

Analysis of financial instruments by currency

Gross debt	*June 30, 2010*		*Dec. 31, 2009*	
	Before Hedging	*After Hedging*	*Before Hedging*	*After Hedging*
EUR zone	35%	8%	37%	20%
USD zone	28%	58%	23%	44%
BRL zone	16%	16%	17%	17%
THB zone	8%	7%	6%	7%
GBP zone	1%	1%	2%	2%
Other currencies	12%	10%	15%	11%
TOTAL	**100%**	**100%**	**100%**	**100%**

Net debt	*June 30, 2010*		*Dec. 31, 2009*	
	Before Hedging	*After Hedging*	*Before Hedging*	*After Hedging*
EUR zone	37%	1%	36%	13%
USD zone	29%	69%	25%	52%
BRL zone	16%	16%	15%	15%
THB zone	6%	5%	6%	7%
GBP zone	0%	0%	0%	0%
Other currencies	12%	9%	18%	12%
TOTAL	**100%**	**100%**	**100%**	**100%**

Foreign currency derivatives

Derivatives used to hedge currency risk are presented below.

	June 30, 2010		*Dec. 31, 2009*	
	Market Value	*Nominal Amount*	*Market Value*	*Nominal Amount*
	In millions of euros			
Fair value hedges	0.0	0.0	0.2	102.3
Cash flow hedges	56.7	917.0	103.1	915.3
Net investment hedges	0.8	2,051.9	(7.6)	1,516.9
Derivative instruments not qualifying for hedge accounting	(62.6)	2,141.8	(18.1)	1,250.9
TOTAL	**(5.2)**	**5,110.7**	**77.6**	**3,785.3**

The table presented above does not take into account the foreign currency derivatives with GDF SUEZ. At June 30, 2010 the fair value of these derivatives represented a liability of €143 million (compared to a liability of €48 million at December 31, 2009).

The market values shown in the table above are positive for an asset and negative for a liability.

Cash flow hedges are mainly used to hedge future foreign currency cash flows.

Net investment hedging instruments are mainly cross-currency swaps and dedicated to hedge net assets held by the Group in US dollar and Thai Baht.

Non-qualifying derivatives consist of structured instruments which are not eligible for hedge accounting, either because of their nature or because they do not meet the hedge effectiveness criteria set out in IAS 39. These instruments are used as economic hedges of foreign currency commitments. The impact on foreign currency derivatives is almost entirely offset by gains and losses on the hedged items.

The methods used to measure the fair value of derivative instruments are described in the financial instruments section of note 1.4.10 ‘‘Summary of significant accounting policies’’ to the Combined Financial Information for the year ended December 31, 2009.

15.1.4.2. Interest rate risk

Interest rate risk is managed according to GDF SUEZ Interest rate risk policy.

The Group seeks to reduce financing costs by minimizing the impact of interest rate fluctuations on its Condensed Interim Combined Income Statement.

The following tables present a breakdown by type of interest rate of gross debt, net debt and loans granted to affiliated companies, before and after hedging:

Analysis of financial instruments by type of interest rate

Gross debt	*June 30, 2010*		*Dec. 31, 2009*	
	Before Hedging	*After Hedging*	*Before Hedging*	*After Hedging*
Floating rate	77%	43%	82%	66%
Fixed rate	23%	57%	18%	34%
TOTAL	**100%**	**100%**	**100%**	**100%**

Net debt	*June 30, 2010*		*Dec. 31, 2009*	
	Before Hedging	*After Hedging*	*Before Hedging*	*After Hedging*
Floating rate	71%	44%	77%	54%
Fixed rate	29%	56%	23%	46%
TOTAL	**100%**	**100%**	**100%**	**100%**

Interest rate derivatives

Derivatives used to hedge interest rate risk are presented below.

	June 30, 2010		*Dec. 31, 2009*	
	Market Value	*Nominal Amount*	*Market Value*	*Nominal Amount*
	In millions of euros			
Cash flow hedges	(210.7)	2,626.4	(81.1)	1,814.9
Derivative instruments not qualifying for hedge accounting	(34.3)	489.0	(31.1)	423.6
TOTAL	**(245.0)**	**3,115.3**	**(112.2)**	**2,238.5**

The table presented above does not take into account the interest rate derivatives with GDF SUEZ. At June 30, 2010, the fair value of these derivatives represented a liability of €56 million (compared to a liability of €35 million at December 31, 2009).

The market values shown in the table above are positive for an asset and negative for a liability.

Cash flow hedges correspond mainly to hedges of floating-rate debt.

Non-qualifying derivatives represent complex instruments which, although used as economic hedges of borrowings, are not eligible for hedge accounting because of their nature or because they fail to meet the hedge effectiveness criteria set out in IAS 39.

The methods used to measure the fair value of derivative instruments are described in the financial instruments section of note 1.4.10 ‘‘Summary of significant accounting policies’’ to the Combined Financial Information for the year ended December 31, 2009.

15.1.4.3. Specific impact of currency and interest rate hedges

Fair value hedges

The net impact of fair value hedges recognized in the Condensed Interim Combined Income Statement was nil as at June 30, 2010 and not material as at June 30, 2009.

Cash flow hedges

Foreign currency and interest rate derivatives designated as cash flow hedges can be analysed as follows by maturity:

	June 30, 2010
	Market Value by Maturity
	In millions of euros
2010	(40.9)
2011	(70.9)
2012	(12.7)
2013	17.2
2014	(18.4)
Beyond 5 years	(28.4)
TOTAL	**(154.0)**

	Dec. 31, 2009
	Market Value by Maturity
	In millions of euros
2010	(21.9)
2011	(32.8)
2012	13.0
2013	37.7
2014	2.8
Beyond 5 years	23.2
TOTAL	**22.0**

Gains and losses taken to equity in the period totalled €(145.2) million at June 30, 2010 and €248.4 million at December 31, 2009 (these amounts include the impacts before tax recorded on equity-accounted associates and translation adjustments).

The amount reclassified from equity to income for the period was not material.

The ineffective portion of cash flow hedges recognized in income represented €(10.5) million at June 30, 2010 and €(3.0) million at December 31, 2009.

Net investment hedges

The ineffective portion of net investment hedges recognized in income represented €(10.1) million at June 30, 2010 and €1.6 million at December 31, 2009.

15.1.5. Sensitivity analysis: foreign currency and interest rate instruments

Sensitivity was analysed based on the Group's debt position (including the impact of interest rate and foreign currency derivatives) at the balance sheet date.

For currency risk, sensitivity corresponds to a +/- 10% change in exchange rates compared to closing rates.

Impact on income

Changes in exchange rates against the euro only affect income via gains and losses on liabilities denominated in a currency other than the reporting currency of companies carrying the liabilities on their statement of financial position, and when the liabilities in question do not qualify as net investment hedges. The impact of a uniform increase (or decrease) of 10% in foreign currencies against the euro would be a net gain (or loss) of €17 million.

Impact on equity

For financial liabilities (debt and derivatives) designated as net investment hedges, a uniform adverse change of 10% in foreign currencies against the euro would have a positive impact of €198 million on equity. This impact is countered by the offsetting change in the net investment hedged item.

For interest rate risk, sensitivity corresponds to a +/- 1% change in the yield curve compared with year-end interest rates.

Impact on income

A uniform rise of 1% in short-term interest rates (across all currencies) on the nominal amount of floating-rate net debt and the floating-rate component of derivatives, would have an impact of €20 million on net interest expense. A fall of 1% in short-term interest rates would reduce net interest expense by €41 million.

In the Condensed Interim Combined Income Statement, a uniform change of 1% in interest rates (across all currencies) would result in a gain or a loss of €48 million attributable to changes in the fair value of derivatives not documented or designated as net investment hedges.

Impact on equity

A uniform change of +/- 1% in interest rates (across all currencies) would have a positive or negative impact of €86 million on equity, attributable to changes in the fair value of derivative instruments designated as cash flow hedges.

15.2 Management of risks arising from commodity instruments

15.2.1. Strategy and objectives

To guarantee its short- and long-term supplies and optimize its production and sales structure, the Group carries out transactions on natural gas, electricity, oil and coal markets. The Group is also active on the European greenhouse gas emission trading rights market. These transactions expose the Group to the risk of changes in commodity prices and could create significant volatility in earnings, equity and cash flows from one period to the next. The Group therefore uses commodity derivatives in line with a variety of strategies in order to eliminate or mitigate these risks.

The use of these derivatives is governed by hedging and trading policies approved by the executive management team of GDF SUEZ Energy Europe & International, while any key policy decisions are validated by the GDF SUEZ Energy Market Risk Committee (EMRC). Trading and portfolio management teams manage market and counterparty risks in accordance with the objectives and exposure limits set by the executive management teams. These policies were fleshed out and aligned with the GDF SUEZ market and counterparty risk management strategy as approved by its executive management in April 2009.

The executive management of GDF SUEZ Energy Europe & International appoints risks control committees per geographical area which are independent from trading and portfolio management teams. These committees supervise and control risks and strategies in place in order to reduce exposure to changes in commodity prices and to counterparty risk. They verify that positions taken comply with hedging policies on a regular basis. For trading activities, these departments verify compliance on a daily basis. The departments are also responsible for calculating fair value and, market and counterparty risk exposure. The risks control departments produce daily reports on the performance and exposure resulting from hedging and trading activities. To ensure that market risks are being managed and monitored appropriately by GDF SUEZ Energy Europe & International, a second-tier control has been set up by the GDF SUEZ Finance division.

Trading activities

A US subsidiary of the Group engages in trading activities. These transactions are carried out in compliance with strict risk policies. In this context, the spot or forward transactions concern natural gas and electricity and are contracted either over-the-counter or on organised markets. They may also offer their clients risk management services. These transactions are executed in the United States using various instruments, including (a) futures contracts involving physical delivery of an energy commodity; (b) swaps providing for payments to or by counterparties of an amount corresponding to the difference between a fixed and variable price for the commodity; and (c) options and other contracts.

Revenues from trading activities amounted to €(4.9) million in June 2010 (€12.6 million in June 2009).

Portfolio management activities

Portfolio management seeks to optimize the market value of assets (power plants, gas supply contracts, energy sales and gas storage) over various timeframes (short-, medium- and long-term). Market value is optimized by:

- Guaranteeing supply and ensuring the balance between needs and physical resources;
- Managing market risks (price, volume);
- Unlocking optimum value from portfolios within a specific risk framework;
- Where appropriate, structuring products designed for companies engaged in selling activities.

Risk management framework aims to smooth out and safeguard the Group's financial resources over periods of one month to three or five years, depending on the maturity of each market. As a consequence portfolio managers often take out economic hedges which can lead to volatility in earnings when the derivatives used do not qualify for hedge accounting as defined by IAS 39.

15.2.2. Hedging transactions

The Group enters into cash flow hedges and fair value hedges as defined by IAS 39, using derivative instruments (futures and options) contracted over-the-counter or on organised markets. These instruments may be settled net or involve physical delivery of the underlying. Cash flow hedges are used to protect the Group against unfavorable changes in market prices affecting procurement costs or margins on highly probable future sale transactions. Fair value hedges are used to protect the

Group against adverse changes in market prices that may affect the fair value of firm procurement or sale commitments.

Other commodity derivatives

Other commodity derivatives relate mainly to contracts used by the US entities that are (i) used to manage their overall exposure to certain market risks; (ii) entered into for the purpose of taking advantage of differences in market prices in order to increase Group margins; (iii) contracts qualified as written options under IAS 39; or (iv) contracts that the Group has the practice of settling net.

The Group also holds certain purchase and sale contracts providing for the physical delivery of the underlying, which are documented as being purchases and sales taking place in the ordinary course of business but which include clauses qualifying as embedded derivatives under IAS 39. For some of the contracts, these clauses are recognized and measured separately from the host contract, with changes in fair value taken to income. Specifically, certain embedded derivatives have been recognized separately from host contracts containing (i) price clauses that link the contract price to changes in an index or the price of a different commodity from the one that is being delivered; (ii) indexation clauses based on foreign exchange rates that are not considered as being closely linked to the host contract; or (iii) other clauses.

15.2.3. Fair value of commodity derivatives

The fair values of commodity derivatives at June 30, 2010 and December 31, 2009 are presented in the table below:

	June 30, 2010				Dec. 31, 2009			
	Assets		Liabilities		Assets		Liabilities	
	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
	In millions of euros							
Cash flow hedges	76.3	41.0	188.1	82.3	59.7	35.4	205.6	86.2
Derivative instruments at fair value through income	212.4	115.7	227.0	253.2	243.0	104.9	201.7	181.2
TOTAL	**288.7**	**156.7**	**415.1**	**335.5**	**302.7**	**140.3**	**407.3**	**267.4**

The fair value of cash flow hedges by type of commodity are as follows:

	June 30, 2010				Dec. 31, 2009			
	Assets		Liabilities		Assets		Liabilities	
	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
	In millions of euros							
Natural gas	65.3	35.7	24.0	3.3	30.7	25.5	67.4	10.9
Electricity	7.5	4.9	161.2	77.7	27.3	7.5	129.9	71.0
Other	3.5	0.4	2.9	1.3	1.8	2.4	8.3	4.4
TOTAL	**76.3**	**41.0**	**188.1**	**82.3**	**59.7**	**35.4**	**205.6**	**86.2**

The fair values shown in the table above reflect the amounts for which assets could be exchanged, or liabilities settled, at the reporting date. They are not representative of expected future cash flows insofar as positions (i) are sensitive to changes in prices; (ii) can be modified by subsequent transactions; and (iii) can be offset by future cash flows arising on the underlying transactions.

Notional amounts and maturities of cash flow hedges are as follows:

	Notional Amounts (net)[1]						
In GWh at June 30, 2010	2010	2011	2012	2013	2014	Beyond 2015	Total
Natural gas, electricity and coal	7,631	6,350	(761)	(1,543)	(752)		10,925
TOTAL	**7,631**	**6,350**	**(761)**	**(1,543)**	**(752)**		**10,925**

(1) Long position / (short position).

In thousands of tons at June 30, 2010	Notional Amounts (net)(1) 2010	2011	2012	2013	2014	Beyond 2015	Total
Greenhouse gas emission rights		600	900				1,500
TOTAL		**600**	**900**				**1,500**

(1) Long position / (short position).

In GWh at Dec 31, 2009	Notional Amounts (net)(1) 2010	2011	2012	2013	2014	Beyond 2015	Total
Natural gas, electricity and coal	19,283	4,052	3,422				26,757
Other	(3,496)	(4,190)	(2,797)				(10,483)
TOTAL	**15,787**	**(138)**	**625**				**16,274**

(1) Long position / (short position).

In thousands of tons at Dec 31, 2009	Notional Amounts (net)(1) 2010	2011	2012	2013	2014	Beyond 2015	Total
Greenhouse gas emission rights	540	580					1,120
TOTAL	**540**	**580**					**1,120**

(1) Long position / (short position).

At June 30, 2010, a loss of €48 million was recognized in equity in respect of cash flow hedges (loss of €92 million at June 30, 2009) and a loss of €78 million was reclassified from equity to income in first-half 2010 (gain of €99 million in first-half 2009).

Gains and losses arising on the ineffective portion of hedges are taken to income. A gain of €1.3 million was recognized in income in first-half 2010 compared to a loss of €3.1 million first-half 2009.

15.2.4. Financial risks arising from the use of commodity derivatives

Market risk

Trading activities

Market risk arising from commodity derivative instruments relating to trading activities is assessed, estimated and managed on a daily basis using Value-at-Risk (VaR) techniques, together with other market risk exposure limits. The use of VaR to quantify market risk provides a transversal measure of risk taking all markets and products into account. Use of these techniques requires the determination of key assumptions, notably the selection of a confidence interval and a holding period.

Value-at-Risk represents the potential loss on a portfolio of assets due to price fluctuations over a specified holding period based on a given confidence interval. It is not an indication of expected results. As of 2010, the Group uses a 1-day holding period and a 99% confidence interval (A 95% confidence interval was used in 2009; comparative data for 2009 have been restated in order to present comparable amounts).

The table below shows the VaR of trading:

Value-at-risk	June 30, 2010	2010 Average[(1)]	2009 Average[(1)]	2010 Maximum[(2)]	2010 Minimum[(2)]
			In millions of euros		
Trading activities	0.81	0.33	0.89	0.81	0.08

Value-at-risk	Dec. 31, 2009	2009 Average[(1)]	2008 Average[(1)]	2009 Maximum[(2)]	2009 Minimum[(2)]
			In millions of euros		
Trading activities	0.04	0.89	1.02	2.46	0.04

(1) Average daily VaR.

(2) Based on month-end highs and lows observed in the period.

Portfolio Management Activities

Market risk arising from commodity derivative instruments in the portfolio management activity is assessed, measured and managed using sensitivity analyses, together with other market risk exposure indicators. These sensitivity analyses are calculated based on a fixed portfolio at a given date and may not be necessarily representative of future changes in income and equity of the Group. The analyses are determined excluding the impact of commodity purchase and sale contracts entered into within the ordinary course of business.

Sensitivity of income to market risk arises mainly on economic hedges not eligible for hedge accounting under IFRS.

Due to the low proportion of options contracts in the Group's derivative portfolios, the sensitivity analysis is symmetrical for price increases and decreases.

	June 30, 2010		
Sensitivity analysis	*Price Movements*	*Pre-tax Impact on Income*	*Pre-tax Impact on Equity*
		In millions of euros	
Oil-based products	+10.00 USD/bbl	(53.3)	6.5
Natural gas	+3.00 €/MWh	38.2	(46.9)
Electricity	+5.00 €/MWh	24.0	133.6
Greenhouse gas emission rights	+2.00 €/ton	(7.4)	(2.9)
EUR/USD	+10.00%	(0.3)	3.0
EUR/GBP	+10.00%	1.2	(0.6)
THB/USD	+10.00%	19.0	—

Liquidity risk

The table below provides an analysis of undiscounted fair values due and receivable in respect of commodity derivatives recorded in assets and liabilities at the reporting date.

Liquidity Risk	*2010*	*2011*	*2012*	*2013*	*2014*	*Beyond 5 years*	*Total*
				In millions of euros			
Derivative instruments carried in liabilities							
Relating to portfolio management activities	(308.0)	(241.0)	(95.0)	(29.0)	(17.0)	(34.0)	(724.0)
Relating to trading activities	(45.0)						(45.0)
Derivative instruments carried in assets							
Relating to portfolio management activities	229.0	153.0	42.0	7.0	2.0	12.6	445.6
Relating to trading activities	52.0						52.0
TOTAL AT JUNE 30, 2010	**(72.0)**	**(88.0)**	**(53.0)**	**(22.0)**	**(15.0)**	**(21.4)**	**(271.4)**
Derivative instruments carried in liabilities							
Relating to portfolio management activities	(390.4)	(153.3)	(67.4)	(21.1)	(12.7)	(22.7)	(667.6)
Relating to trading activities	(40.7)						(40.7)
Derivative instruments carried in assets							
Relating to portfolio management activities	263.8	108.9	32.3	4.8	2.8	10.6	423.2
Relating to trading activities	47.5						47.5
TOTAL AT DECEMBER 31, 2009	**(119.8)**	**(44.4)**	**(35.1)**	**(16.3)**	**(9.9)**	**(12.1)**	**(237.6)**

Counterparty risk

The procedure for managing counterparty risk arising from operating activities has been reinforced by second-tier controls carried out by the GDF SUEZ Finance division.

The Group is exposed to counterparty risk on its operating and financing activities. Counterparty risk reflects the risk that one party to a transaction will cause a financial loss for the other by failing to discharge a contractual obligation. In the case of derivatives, counterparty risk arises from instruments with a positive fair value. Counterparty risk is taken into account for the calculation of the fair value of the instruments.

	June 30, 2010	
Counterparty risk[(1)]	*Investment Grade*[(2)]	*Total*
	In millions of euros	
Gross exposure	300.0	312.0
Net exposure[(3)]	300.0	312.0
% exposure to investment grade counterparties	96,2%	

(1) Excluding positions with a negative fair value.

(2) "Investment grade" corresponds to transactions with counterparties rated at least BBB- by Standard & Poor's, Baa3 by Moody's, or an equivalent by Dun & Bradstreet. Counterparties are also qualified as investment grade based on publicly available credit ratings, taking into account collateral, letters of credit and parent company guarantees.

(3) After taking into account collateral netting agreements and other credit enhancement.

15.2.5. Commitments relating to commodity purchase and sale contracts entered into within the ordinary course of business

In the ordinary course of their activities, some Group operating companies enter into long-term contracts, some of which include ''take-or-pay'' clauses. These consist of firm commitments to purchase (sell) specified quantities of gas, electricity and steam and related services, in exchange for a firm commitment from the other party to deliver (purchase) said quantities and services. These contracts were documented as falling outside the scope of IAS 39. The table below shows the main future commitments arising from contracts entered into by the Group.

	June 30, 2010	*Within 1 year*	*1 to 5 years*	*More than 5 years*
		In TWh		
Firm purchases of commodities, fuel and services	1,329.9	267.9	505.8	556.2
TOTAL COMMITMENTS GIVEN	**1,329.9**	**267.9**	**505.8**	**556.2**
Firm sales of gas, electricity, steam, oil and services	1,468.4	195.2	368.0	905.2
TOTAL COMMITMENTS RECEIVED	**1,468.4**	**195.2**	**368.0**	**905.2**

	Dec. 31, 2009	*Within 1 year*	*1 to 5 years*	*More than 5 years*
		In TWh		
Firm purchases of commodities, fuel and services	1,291.5	188.3	493.4	609.8
TOTAL COMMITMENTS GIVEN	**1,291.5**	**188.3**	**493.4**	**609.8**
Firm sales of gas, electricity, steam, oil and services	1,081.9	147.6	276.8	657.6
TOTAL COMMITMENTS RECEIVED	**1,081.9**	**147.6**	**276.8**	**657.6**

The Group is also committed to purchasing and selling future services in connection with the performance of long-term contracts.

NOTE – 16 Equity

As described in note 1, the Group has not in the past formed a separate legal group and therefore it is not possible to show share capital or an analysis of reserves for the Group. The net assets of the Group are represented by the cumulative investment of GDF SUEZ in the Group (shown as ''paid-in capital and consolidated reserves'').

For the purposes of the Interim Combined Financial Information we assumed that Suez Tractebel Energy International Reporting Unit (STSA SEI) as it was historically managed by GDF SUEZ is the parent company of the Group.

STSA SEI equity represents the historical allocation of Suez Tractebel SA net assets by GDF SUEZ management. Accordingly the capital structure presented in the combined financial information does not reflect the capital structure that would have been reported, had the Group been an independent group, nor the situation that may prevail in the future.

16.1 Instruments providing a right to subscribe for new shares of GDF SUEZ

Stock subscription options

The Group GDF SUEZ has granted stock subscription options to its employees as part of stock option plans. These plans are described in note 22.

16.2 Total income and expense recognized directly in Group share equity

	Dec. 31, 2009	Change	June 30, 2010
	In millions of euros		
Available-for-sale financial assets	(8.2)	30.6	22.4
Net investment hedges	25.5	(202.2)	(176.8)
Cash flow hedges	(151.6)	(97.9)	(249.5)
Commodity cash flow hedges	(55.3)	28.3	(27.0)
Actuarial gains and losses	50.3	0.9	51.2
Deferred taxes	55.4	4.7	60.1
Translation adjustments on items above	(41.2)	(46.3)	(87.5)
SUB-TOTAL	**(125.0)**	**(282.1)**	**(407.1)**
Translation adjustments on other items	(30.0)	1.029.8	999.7
TOTAL	**(155.0)**	**747.7**	**592.7**

16.3 Distributions

Distributions represent mainly dividends transferred by STSA SEI to its parent company. These dividends do not mirror dividends paid by STSA (the legal company) to its parent Company. They represent the distributions decided by the Group Management Committee for STSA SEI.

Distributions also include capital contributions to entities that are outside the Group perimeter and dividends paid by the Group companies to minority interests.

16.4 Contributions

Contributions represent mainly acquisition price of entities within the carved out businesses that were acquired during the periods presented by GDF SUEZ or by GDF SUEZ subsidiaries that are not part of the carved out businesses. The acquisition of these entities has been accounted for in the combined financial information as if the acquisition was performed by the Group and funded by capital contribution from GDF SUEZ.

In order to maintain the level of net debt as it was historically managed, the cash received by the Group companies from GDF SUEZ companies as part of internal reorganizations, have been presented as capital contribution from GDF SUEZ. These transactions represent mainly the transfer of:

- Entities that were managed by the Group and not included in the carved out businesses. These entities have been excluded from the Combined Financial Information since the beginning of the periods presented. The cash received when these entities were transferred by the Group to GDF SUEZ have been considered as a contribution from GDF SUEZ;
- Entities that are part of the carved out businesses and were transferred by the Group to GDF SUEZ or its subsidiaries that are not owned by the Group during the periods presented. The gain or loss on disposal of these entities has been eliminated in the Combined Financial Information. The cash received at the disposal date have been considered as a contribution from GDF SUEZ.

NOTE – 17 Provisions

	Dec. 31, 2009	Allocations	Reversals (Utilizations)	Reversals (Surplus Provisions)	Changes in Scope of Consolidation	Impact of Unwinding Discount Adjustments	Translation Adjustments	Other	June 30, 2010
	In millions of euros								
Pensions and other employee benefit obligations	132.9	0.3	(8.2)	(0.0)	(0.2)	5.1	18.0	2.0	149.9
Dismantling of plant and equipment	54.9	0.1	(0.2)	(0.4)	2.0	0.8	7.0	0.6	64.7
Disputes, claims and tax risks	112.5	5.2	(1.1)	(22.1)	0.0	0.0	15.2	(0.1)	109.5
Others	43.7	0.6	(3.0)	(0.3)	0.0	0.5	5.3	0.1	46.9
TOTAL PROVISIONS	**344.0**	**6.2**	**(12.6)**	**(22.9)**	**1.8**	**6.5**	**45.5**	**2.6**	**371.0**

Allocations, reversals and changes relating to unwinding discount adjustments are presented as follows in the Interim Combined Income Statement:

	Net Allocations (reversals)
	In millions of euros
Income from operating activities	(8.2)
Other financial income and expenses	6.5
Income tax expense	(21.0)
TOTAL	**(22.8)**

The different types of provisions and the calculation principles applied are described hereafter.

17.1 Employee benefit obligations

See note 18.

17.2 Dismantling obligations arising on other plant and equipment

Certain plant and equipment, including conventional power stations, transmission and distribution pipelines, storage, have to be dismantled at the end of their operational lives. This obligation is the result of prevailing environmental regulations in the countries concerned, contractual agreements, or an implicit Group commitment.

The related liability is calculated using the most appropriate technical and budget estimates. Payments to be made over the long-term are discounted.

Upon initial recognition, the Group records a provision, based on the present value of the obligation at the commissioning date, and recognizes a "dismantling" asset as the matching entry for the provision. This asset is included within the appropriate line of property, plant and equipment and is depreciated over the useful life of the facilities.

The amount of the provision is adjusted each year to reflect the impact of unwinding the discount.

17.3 Provisions for disputes, claims and tax risks

See note 26.

17.4 Others

Other risks mainly include provisions for miscellaneous employee-related litigation, environmental risks and various business risks.

NOTE – 18 Post-employment benefits and other long-term benefits

18.1 Description of the main pension plans

The main Group's defined benefits plans relate to Tractebel Energia, an electricity producer in Brazil.

According to the terms of the Gerasul privatisation act (renamed Tractebel Energia), the buyer is responsible for the payment of the pension and survivor annuities of its retirees and for those of retirees and beneficiaries from the former state company Eletrosul.

In October 2002, Tractebel Energia obtained the concerned ministry's permission to create its own pension fund (Previg) with the same statuses, benefits and administrative structure as the original fund. Liabilities and assets were transferred to Previg for Tractebel Energia employees and for employees who had retired since privatization (December 23, 1997). Liabilities and assets for fund retirees at the time of privatization stayed with the former pension plan.

The pension benefits provided by Tractebel Energia are financed through both personal and employer contributions. These benefits are payable as a life annuity indexed monthly. These life annuities are reversible in the event of the retiree's death.

For participants meeting the conditions below, the annuity provided is 100% of base salary minus amounts paid to social security. The employee must:

- Have contributed to social security for at least 35 years for men and 30 years for women
- Be at least 55 years old at the time of retirement
- Have contributed to the pension plan for at least 10 years.

Deductions are made if these three conditions are not met.

At the end of 2004, Tractebel Energia received authorisation from the concerned authorities to create a defined contribution plan within the Previg fund. This new plan is called PrevFlex and has been offered to all new hires since 1/1/2005.

The Previg defined benefit plan has been closed to new members effective on January 1, 2005. Tractebel Energia employees could choose to remain in the defined benefit plan or to transfer to a defined contribution plan through transfer of their acquired rights in the old plan to their personal account in the defined contribution plan. However certain participants, under specific conditions could choose to maintain the rights they acquired in the old plan while migrating in the defined contribution plan.

Employees in the company for at least 10 years received a special contribution to make up for the potential reduction in capital at the end which might result from migration to the defined contribution plan. This leveled contribution, presented as a percentage of salary, will be paid until the date of retirement.

The option was closed in August 2005. Ninety-four percent of participants migrated to the defined contribution plan. Of these, 90% migrated with their acquired rights to a pure defined contribution plan.

The financing of PrevFlex is split equally between employer and personal contributions. Each of employer and personal contributions amount to 1% of salary limited to a BRL 2,400 ceiling (€867), increased by 3%, 5% or 7% of the balance of the salary above the ceiling. Participants are free to choose the percentage they contribute above the ceiling and the employer matches the employee's choice. In addition to basic financing, employees can make additional contributions up to 15% of salary, without, however, receiving employer-matching contributions on these. Contributions are paid into an account under the participant's name.

The liabilities related to these plans represented 94% of total pension obligations and related liabilities at June 30, 2010 (95% as of December 31, 2009).

Employees of Suez Energy Brazil, Suez Energy South America and of the Previg pension fund are also affiliated to PrevFlex.

18.2 Defined benefit plans

18.2.1. Change in projected benefit obligation

	June 30, 2010			Dec. 31, 2009		
	Pension Benefit Obligations[1]	*Other Benefit Obligations*[2]	*Total Benefit Obligations*	*Pension Benefit Obligations*[1]	*Other Benefit Obligations*[2]	*Total Benefit Obligations*
	In millions of euros					
A – Change in projected benefit obligation						
Projected benefit obligation at January 1	**(478.8)**	**(0.6)**	**(479.5)**	**(412.6)**	**(0.2)**	**(412.8)**
Service cost	(0.9)	(0.1)	(1.0)	(0.7)	(0.1)	(0.7)
Interest cost	(25.1)		(25.1)	(46.8)	(0.1)	(46.9)
Contributions paid			0.0	(0.1)		(0.1)
Amendments			0.0	0.0		0.0
Acquisitions/disposals of subsidiaries		0.2	0.2	(0.4)	(0.3)	(0.8)
Curtailments/settlements			0.0	0.1	0.0	0.1
Special terminations			0.0	0.0		0.0
Actuarial gains and losses			0.0	57.7		57.7
Benefits paid	7.0		7.0	39.1		39.1
Other (translation adjustments)	(64.7)		(64.6)	(115.2)		(115.2)
PROJECTED BENEFIT OBLIGATION AT THE END OF THE PERIOD A	**(562.5)**	**(0.4)**	**(563.0)**	**(478.8)**	**(0.6)**	**(479.5)**
B – Change in fair value of plan assets						
Fair value of plan assets at January 1	**346.7**	**0.0**	**346.7**	**248.8**	**0.0**	**248.8**
Expected return on plan assets	19.9		19.9	22.1		22.1
Actuarial gains and losses	0.0			22.4		22.4
Contributions received	0.0		0.0	11.5		11.5
Acquisitions/disposals of subsidiaries			0.0	0.0		0.0
Settlements			0.0	0.0		0.0
Benefits paid			0.0	(34.1)		(34.1)
Other (translation adjustments)	46.7		46.7	76.0		76.0
FAIR VALUE OF PLAN ASSETS AT AT THE END OF THE PERIOD B	**413.3**	**0.0**	**413.3**	**346.7**	**0.0**	**346.7**
C – Funded status A+B	**(149.2)**	**(0.4)**	**(149.6)**	**(132.1)**	**(0.6)**	**(132.7)**
Unrecognized past service cost			0.0			0.0
Asset ceiling			0.0			0.0
NET BENEFIT OBLIGATION A+B	**(149.2)**	**(0.4)**	**(149.6)**	**(132.1)**	**(0.6)**	**(132.7)**
ACCRUED BENEFIT LIABILITY	**(149.5)**	**(0.4)**	**(149.9)**	**(132.3)**	**(0.6)**	**(132.9)**
PREPAID BENEFIT COST	**0.3**		**0.3**	**0.2**		**0.2**

(1) Pensions and retirement bonuses.

(2) Length-of-service awards, healthcare and other post-employment benefits.

18.2.2. Actuarial gains and losses recognized in equity

Net actuarial gains recognized in equity amounted to €85.5 million at June 30, 2010 compared to €79.2 million at December 31, 2009.

	June 30, 2010	*Dec. 31, 2009*
	In millions of euros	
Beginning of the period	(79.2)	8.2
Actuarial (gains)/losses generated during the year	(6.3)	(87.4)
END OF THE PERIOD	**(85.5)**	**(79.2)**

These amounts include minority interest share, and are before deferred taxes. Actuarial gains and losses presented in the above table include translation adjustments. In the statement of recognized income and expense, translation adjustments are shown separately.

18.2.3. Reconciliation with provisions carried in the statement of financial position

The table below shows the reconciliation of pension liabilities with provisions carried in the statement of financial position:

	June 30, 2010	*Dec. 31, 2009*
	In millions of euros	
Provision for pensions	149.5	132.3
Provision for other post-employment and long-term benefits	0.4	0.6
TOTAL PROVISION	**149.9**	**132.9**

The changes in pension liabilities and prepaid costs carried in the statement of financial position can be broken down as follows:

	Liabilities	*Assets*
	In millions of euros	
BALANCE AT DECEMBER 31, 2008	**(164.1)**	**0.1**
Exchange rate differences	(39.2)	
Changes in scope of consolidation and other	(0.8)	
Actuarial gains and losses	80.1	0.1
Period pension cost	(25.3)	
Contributions/Benefits paid	16.4	
BALANCE AT DECEMBER 31, 2009	**(132.9)**	**0.2**
Exchange rate differences	(18.0)	0.1
Changes in scope of consolidation and other	0.2	
Actuarial gains and losses		
Period pension cost	(6.2)	
Contributions/Benefits paid	7.0	
BALANCE AT JUNE 30, 2010	**(149.9)**	**0.3**

18.2.4. Components of the net periodic pension cost

The net periodic cost recognized in respect of defined benefit obligations for the periods ended June 30, 2010 and June 30, 2009 breaks down as follows:

	June 30, 2010	*June 30, 2009 Unaudited*
	In millions of euros	
Current service cost	(1.0)	(0.3)
Interest cost	(25.1)	(22.2)
Expected return on plan assets	19.9	10.4
TOTAL	**(6.2)**	**(12.1)**
o/w recorded in current operating income	(1.0)	(0.3)
o/w recorded in net financial income/(loss)	(5.2)	(11.8)

18.2.5. Funding policy and strategy

When defined benefit plans are funded, the related plan assets are invested in pension funds and/or with insurance companies, depending on the investment practices specific to the country concerned. The investment strategies underlying these defined benefit plans are aimed at striking the right balance between return on investment and acceptable levels of risk.

The objectives of these strategies are to maintain sufficient income streams and liquidity to cover pension and other benefit payments, and as part of risk management, to achieve a long-term rate of return higher than the discount rate or where appropriate, at least equal to future required returns.

When plan assets are invested in pension funds, investment decisions and the allocation of plan assets are the responsibility of the fund manager concerned.

The funding of these obligations at the end of the periods presented can be analysed as follows:

	Projected Benefit Obligation	*Fair Value of Plan Assets*	*Unrecognized Past Service Cost*	*Total Net Obligations*
Underfunded plans	(554.2)	413.3		(140.9)
Overfunded plans	0.0			
Unfunded plans	(8.7)			(8.7)
TOTAL AT JUNE 30, 2010	**(563.0)**	**413.3**	**0.0**	**(149.6)**
Underfunded plans	(474.3)	346.7		(127.6)
Overfunded plans				0.0
Unfunded plans	(5.3)			(5.3)
TOTAL AT DECEMBER 31, 2009	**(479.6)**	**346.7**	**0.0**	**(132.9)**

The allocation of plan assets by principal asset category can be analysed as follows:

	June 30, 2010	*Dec. 31, 2009*
Equities	6%	6%
Bonds	88%	88%
Real estate	2%	2%
Other (including money market securities)	4%	4%
TOTAL	**100%**	**100%**

18.2.6. Actuarial assumptions

Actuarial assumptions are determined individually per country and company in association with independent actuaries. Assumptions used in the assessment of Tractebel Energia's obligations (the main Group's defined benefits plan) are presented below:

	Pension Benefit Obligations	
	June 30, 2010	*Dec. 31, 2009*
Discount rate	10.5%	10.5%
Estimated future increase in salaries	4.5%	4.5%
Expected return on plan assets	11.3%	11.3%
Average remaining working lives of participating employees	8 years	8 years

18.2.6.1. Discount rate

The discount rate applied is determined based on the yield, at the date of the calculation, on top-rated corporate bonds with maturities mirroring the likely maturity of the plan.

18.2.6.2. Expected return on plan assets

To calculate the expected return on plan assets, the portfolio is divided into sub-groups of homogenous components sorted by major asset class and geographic area, based on the composition of the benchmark indexes and volumes in each fund at December 31 of the previous year.

An expected rate of return is assigned to each sub-group for the period, based on information published by a third party. The fund's overall performance in terms of absolute value is then compiled and compared with the value of the portfolio at the beginning of the period.

The expected return on plan assets is calculated in light of market conditions and based on a risk premium. The risk premium is calculated by reference to the supposedly risk-free rate on government bonds, for each major asset class and geographical area.

18.2.7. Experience adjustments

The breakdown of experience adjustments giving rise to actuarial gains and losses is as follows:

	June 30, 2010		*Dec. 31, 2009*	
	Pension Benefit Obligations	*Other Benefit Obligations*	*Pension Benefit Obligations*	*Other Benefit Obligations*
	In millions of euros			
Projected benefit obligation	(562.5)	(0.4)	(479.4)	(0.5)
Fair value of plan assets	413.3	0.0	346.7	0.0
Surplus/deficit	(149.2)	(0.4)	(132.7)	(0.5)
Experience adjustments to projected benefit obligation	0.0		(57.7)	
Experience adjustments to fair value of plan assets	0.0		(22.4)	

The Group did not revise its actuarial assumptions during first-half 2010.

18.2.8. Payments due in 2010

The Group expects to pay around € 12.3 million in recurring contributions into its defined benefit plans in 2010.

18.3 *Defined contribution plans*

At June 30, 2010, the Group recorded a € 2.4 million charge in respect of amounts paid into Group defined contribution plans (a € 1.9 million at June 30, 2009).

These contributions are recorded under ''Personnel costs'' in the combined income statement.

NOTE – 19 Finance leases

19.1 Finance leases for which the Group acts as lessee

The carrying amounts of property, plant and equipment held under finance leases are broken down into different asset categories depending on their type.

The main finance lease agreements entered into by the Group primarily concern the Choctaw power station in the United States.

The present values of future minimum lease payments break down as follows:

	Future Minimum Lease Payments at June 30, 2010		*Future Minimum Lease Payments at Dec. 31, 2009*	
	Undiscounted Value	*Present Value*	*Undiscounted Value*	*Present Value*
	In millions of euros			
Year	32.4	32.4		
Year 1	56.8	55.7	24.7	24.1
Years 2 to 5 inclusive	114.2	106.9	93.1	85.5
Beyond year 5	409.7	231.8	389.9	202.1
TOTAL FUTURE MINIMUM LEASE PAYMENTS	**613.1**	**426.7**	**507.6**	**311.6**

The following table provides a reconciliation of maturities of liabilities under finance leases as reported in Note 15.1.3.1 with the maturities of undiscounted future minimum lease payments:

	Total at June 30, 2010	*Year*	*Year 1*	*Years 2 to 5 Inclusive*	*Beyond Year 5*
			In millions of euros		
Liabilities under finance leases	366.6	1.2	7.1	73.2	285.2
Impact of discounting future repayments of principal and interest	246.5	31.2	49.7	41.0	124.5
UNDISCOUNTED FUTURE MINIMUM LEASE PAYMENTS	**613.1**	**32.4**	**56.8**	**114.2**	**409.7**

	Total at Dec. 31, 2009	*Year 1*	*Years 2 to 5 Inclusive*	*Beyond Year 5*
		In millions of euros		
Liabilities under finance leases	328.4	36.2	64.5	227.8
Impact of discounting future repayments of principal and interest	179.2	(11.5)	28.6	162.1
UNDISCOUNTED FUTURE MINIMUM LEASE PAYMENTS	**507.6**	**24.7**	**93.1**	**389.9**

19.2 Finance leases for which The Group acts as lessor

These leases fall mainly within the scope of IFRIC 4 guidance on the interpretation of IAS 17. They concern (i) energy purchase and sale contracts where the contract conveys an exclusive right to use a production asset; and (ii) certain contracts with industrial customers relating to assets held by the Group.

The Group has recognized finance lease receivables for Glow IPP (Thailand) in relation with co-generation plants. It has also recognized finance lease receivables on the sale of transmission capacities in Mexico.

	June 30, 2010	*Dec. 31, 2009*
	In millions of euros	
Undiscounted future minimum lease payments	545.7	429.2
Unguaranteed residual value accruing to the lessor	24.1	21.8
TOTAL GROSS INVESTMENT IN THE LEASE	**569.8**	**450.9**
UNEARNED FINANCIAL INCOME	**90.9**	**91.3**
NET INVESTMENT IN THE LEASE	**478.8**	**359.7**
o/w present value of future minimum lease payments	467.1	349.9
o/w present value of unguaranteed residual value	11.7	9.7

Amounts recognized in the combined Statement of Financial Position in connection with finance leases are detailed in Note 14.1.2 "Loans and receivables at amortized cost".

Undiscounted future minimum lease payments receivable under finance leases can be analysed as follows:

	June 30, 2010	*Dec. 31, 2009*
	In millions of euros	
Year	87.9	
Year 1	72.5	84.0
Years 2 to 5 inclusive	183.2	196.5
Beyond year 5	202.1	148.6
TOTAL	**545.7**	**429.2**

NOTE – 20 Operating leases

20.1 Operating leases for which the Group acts as lessee

The Group has entered into operating leases mainly in connection with LNG tankers, and miscellaneous buildings and fittings.

Operating lease income and expense for June 30, 2010 and 2009 can be analysed as follows:

	June 30, 2010	*June 30, 2009 Unaudited*
	In millions of euros	
Minimum lease payments	(20.4)	(33.6)
Sub-letting expenses	(0.1)	(0.0)
Other operating lease expenses	(3.2)	(1.4)
TOTAL	**(23.7)**	**(35.1)**

Future minimum lease payments under non-cancelable operating leases can be analysed as follows:

	June 30, 2010	*Dec. 31, 2009*
	In millions of euros	
Year	25.5	
Year 1	41.9	56.8
Years 2 to 5 inclusive	102.4	210.4
Beyond year 5	94.7	322.6
TOTAL	**264.5**	**589.8**

The decrease of future minimum lease payments in June 2010 compared to December 2009 is due to the assignment to an affiliate of one of the charter agreements.

20.2 Operating leases for which the Group acts as lessor

These leases fall mainly within the scope of IFRIC 4 guidance on the interpretation of IAS 17. They concern primarily the HHPC plant in Thailand, the BAYMINA plant in Turkey, and the HOPEWELL and RED HILLS plants in the United States. Operating lease income for June 30, 2010 and 2009 can be analysed as follows:

	June 30, 2010	*June 30, 2009 Unaudited*
	In millions of euros	
Minimum lease payments	368.4	381.0
TOTAL	**368.4**	**381.0**

Future minimum lease payments receivables under non-cancelable operating leases can be analysed as follows:

	June 30, 2010	Dec. 31, 2009
	In millions of euros	
Year	310.0	
Year 1	565.2	478.5
Years 2 to 5 inclusive	2,215.6	1,877.1
Beyond year 5	2,218.5	2,111.5
TOTAL	**5,309.3**	**4,467.1**

The increase in future minimum lease payments receivables in June 2010 compared to December 2009 is mainly due to an increase in US dollar foreign currency translations and discounting impact.

NOTE – 21 Cash flows

21.1 Reconciliation with income tax expense in the combined income statement

	Tax Cash Flows (Income Tax Expense)	
	June 30, 2010	June 30, 2009 Unaudited
	In millions of euros	
Impact in the income statement	(153.1)	(183.4)
– provisions for income taxes	(21.0)	(0.9)
– deferred tax	(9.2)	37.2
– other	(64.8)	(48.3)
IMPACT IN THE CASH FLOW STATEMENT	**(248.1)**	**(195.4)**

21.2 Reconciliation with net financial income / (loss) in the combined income statement

	Financial Cash Flow (Net Financial Income/Loss)	
	June 30, 2010	June 30, 2009 Unaudited
	In millions of euros	
Impact in the combined income statement	(216.6)	(157.4)
Changes in amortized cost	94.0	39.2
Foreign currency translation and changes in fair value	(9.2)	10.8
Unwinding of discounting adjustments to provisions	6.5	1.3
Other	0.4	(6.9)
Impact in the combined cash flow statement	**(125.1)**	**(113.0)**
Breakdown of the impact in the combined statement of cash flows		
Interest received on non-current financial assets	25.4	27.2
Dividends received on non-current financial assets	1.7	1.6
Interest paid	(177.7)	(169.3)
Interest received on cash and cash equivalents	25.6	27.5
Change in financial assets at fair value through income	(15.1)	(0.0)
TOTAL IMPACT IN THE COMBINED STATEMENT OF CASH FLOWS	**(140.2)**	**(113.0)**
Change in the combined statement of financial position of financial assets at fair value	15.2	0.0
Impact in the Combined Statement of Cash Flows Adjusted for Changes in the Combined Statement of Financial Position	**(125.1)**	**(113.0)**

NOTE – 22 Share-based payment

Managers and employees of the combined entities are eligible for the benefits offered to employees of the GDF SUEZ Group. Expenses recognized in respect of share-based payment break down as follows:

	Expense for the Year		
	Notes	June 30, 2010	June 30, 2009 Unaudited
Stock option plans	22.1	2.3	2.2
Bonus/performance share plans	22.2	(0.2)	2.5
		2.1	**4.7**

22.1 Stock option plans

22.1.1. Stock option policy

GDF SUEZ's stock option policy aims to closely involve executive and senior management, as well as high-potential managers, in the future development of the GDF SUEZ Group and in creating shareholder value.

The award of stock purchase or subscription options is also a means of retaining employee loyalty, both in terms of adhesion to GDF SUEZ values and commitment to strategic policies. Conditions for the award of options and the list of beneficiaries are approved by the GDF SUEZ's Board of Directors in accordance with authorizations granted at Shareholders' Meetings.

In 2007, SUEZ's Executive Management reaffirmed its wish to maintain a growing base of beneficiaries, so as to preserve the coherence of SUEZ's policy in this area. The decision taken in 2000 not to apply a discount when determining the option price was renewed in 2009.

Since the SUEZ Board of Directors' decision in 2005, the number of options awarded has been reduced and partly replaced by an award of bonus SUEZ shares, made available to more employees than were previously eligible for stock options.

In 2009, awards of bonus shares are in line with these principles. There was no new award as at June 30, 2010.

Furthermore, the SUEZ Board of Directors decided that the exercise of a portion of options awarded would be subject to certain conditions, provided for in the conditional system for the SUEZ's senior managers and in the enhanced conditional system for members of the SUEZ's Executive Committee. Pursuant to the initial rules governing the plans and the SUEZ Board of Directors' decision of October 18, 2006, the objectives defined as performance conditions applicable to stock option plans (described below) were lowered as a result of the merger with Gaz de France by applying a coefficient of 0.80.

At the GDF SUEZ Shareholder's Meeting in 2009, members of the GDF SUEZ Executive Committee announced their joint decision to waive any stock-option grants for 2009. However, they reiterated their commitment to long-term performance-based incentive strategies. In this respect, the Group's Board of Directors resolved to grant 5.2 million new stock purchase options on November 10, 2009. For 700 executive managers, half of the options awarded are subject to a performance condition described here-after.

In connection with the US delisting procedure, stock options granted to employees of Group companies in the US were replaced in 2007 by a Share Appreciation Rights scheme, which entitles beneficiaries to a cash payment equal to the profit they would make on exercising their options and immediately selling the underlying shares.

Conditional system

2003 plan

As the performance conditions were satisfied at November 17, 2007, the stock subscription options granted to the SUEZ's senior managers and members of the SUEZ Executive Committee may be exercised.

2004 plan and plans for subsequent years

The exercise of half of the stock subscription options granted to the GDF SUEZ's senior managers and half of the options awarded to members of the GDF SUEZ Executive Committee (after deduction of approximately 10% of their options, which are subject to the enhanced conditional system), is subject to a number of performance conditions.

These conditions are described below.

2004 plan: options may be exercised under this plan if, during the period from November 17, 2008 to November 16, 2012, the SUEZ share price is equal to or greater than the exercise price of €18.14, adjusted for the change in the Eurostoxx Utilities Index observed over the period from November 17, 2004 to November 17, 2008.

2005 plan: The options subject to this performance condition may be exercised if, during the period from December 8, 2009 to December 7, 2013, the SUEZ share price is equal to or greater than the exercise price of €24.20, adjusted for the change in the Eurostoxx Utilities Index observed over the period from December 8, 2005 to December 8, 2009.

2006/2007 plan: These options may be exercised if, during the period from January 17, 2011 to January 16, 2015 inclusive, the SUEZ share price is equal to or greater than the exercise price of €38.89, adjusted for the change in the Eurostoxx Utilities Index observed over the period from January 16, 2007 to January 16, 2011.

November 2007 plan: These options may be exercised if, during the period from November 13, 2011 to November 13, 2015 inclusive, the SUEZ share price is equal to or greater than the exercise price of €44.37, adjusted for the change in the Eurostoxx Utilities Index observed over the period from November 13, 2007 to November 13, 2011.

2008 plan: options under this plan may be exercised if, during the period from November 9, 2012 to November 11, 2016, the GDF SUEZ share price reaches at least on one occasion a price equal to the option exercise price (€32.74) adjusted for the change in the Eurostoxx Utilities index observed over the period from November 11, 2008 to November 9, 2012.

2009 plan: the options may be exercised if, at the end of the lock-up period, the GDF SUEZ share price is equal to or higher than the exercise price, adjusted to reflect the performance of the Eurostoxx Utilities index over the period from November 9,2009 to November 8,2013 inclusive.

Enhanced conditional system

Approximately 10% of the stock subscription options granted to members of the GDF SUEZ Executive Committee are subject to a more demanding performance condition. After deduction of this 10% portion, half of the remaining options are subject to the conditional system above, and the other half are free from performance conditions. If the conditions described below are met, then the associated options may be exercised; failing this, the options are irrevocably forfeited.

2004 plan: the performance conditions were met as of November 17, 2008 and the options may therefore be exercised.

2005 plan: the 10% of options subject to this enhanced performance condition may be exercised if the SUEZ share price on December 8, 2009 (as measured by the arithmetic mean of the share price during the previous 20 trading days) is equal to or greater than the exercise price of the options, adjusted for the change in the Eurostoxx Utilities Index observed over the period from December 8, 2005 to December 8, 2009, plus 1% per annum.

2006/2007 plan: the 10% of options subject to this enhanced performance condition may be exercised if the SUEZ share price on January 17, 2011 (as measured by the arithmetic mean of the share price during the previous 20 trading days) is equal to or greater than the change in the Eurostoxx Utilities Index observed over the period from January 16, 2007 to January 16, 2011, plus 4%.

November 2007 plan: the 10% of options subject to this enhanced performance condition may be exercised if the SUEZ share price on November 14, 2011 (as measured by the arithmetic mean of the share price during the previous 20 trading days) is equal to or greater than the change in the Eurostoxx Utilities Index observed over the period from November 13, 2007 to November 13, 2011, plus 4%.

2008 plan: the 10% of options subject to this enhanced performance condition may be exercised if the GDF SUEZ share price on November 12, 2012 (as measured by the arithmetic mean of the share price during the previous 20 trading days) is equal to or greater than the change in the Eurostoxx Utilities Index observed over the period from November 11, 2008 to November 9, 2012, plus 4%.

22.1.2. Number of stock options awarded

The number of stock options awarded by each plan to Group management personnel is as follows:

Plan	*Date of Authorizing AGM*	*Vesting Date*	*Initial Exercise Price*	*Adjusted Exercise Price*[2]	*Number of Shares*[2]	*Number of Shares to be Subscribed by the General Management Committee*[2]
			In Euros			
11/20/2002[1]	05/04/2001	11/20/2006	16.69	15.71	517,220	168,195
11/19/2003[1]	05/04/2001	11/19/2007	13.16	12.39	636,600	302,900
11/17/2004[1]	04/27/2004	11/17/2008	17.88	16.84	713,700	343,500
09/12/2005[1]	04/27/2004	12/09/2009	24.20	22.79	506,230	297,140
01/17/2007	04/27/2004	01/16/2011	38.89	36.62	503,000	275,900
11/14/2007	05/04/2007	11/13/2011	44.37	41.78	323,210	232,250
11/12/2008	07/16/2008	11/12/2012	32.74	32.74	375,510	248,900
11/10/2009	05/04/2009	11/10/2013	29.44	29.44	311,260	224,100
TOTAL					**3,886,730**	**2,092,885**

(1) Exercisable plans as of June 30,2010

(2) After the merger between Suez and Gaz de France on July 22, 2008, the exercise price and the number of shares have been changed. The beneficiaries' individual rights have been adjusted to take into account (i) the spin off of 65% of Suez Environnement Company to SUEZ shareholders, and (ii) the exchange ratio applicable to the merger.

One option Suez was exchanged for approximately 1,06 option GDF SUEZ.

22.1.3. Fair value of stock option plans in force

Stock option plans are mainly valued based on a binomial model using the following assumptions:

	2009 Plan	*2008 Plan*	*November 2007 Plan*	*January 2007 Plan*	*2005 Plan*	*2004 Plan*
Volatility	32.41%	35.16%	33.71%	32.87%	31.25%	29.66%
Risk-free rate	3.13%	3.63%	4.03%	4.00%	3.25%	3.70%
In euros:						
Dividend	1.6	1.39	1.34	1.2	0.8	0.8
Fair value of options at the grant date	6.27	9.33	15.04	12.28	7.24	4.35

In 2009, the fair value of stock options subject to market-based performance conditions was €5.41/ option, calculated using Monte Carlo simulations. Eurostoxx Utilities assumptions used as the basis for the performance condition were defined based on the historical performance of the index over an eight-year period, which mirrors the term of the options:

- Correlation between the GDF SUEZshare and the Eurostoxx Utilities index: 77.3%
- Volatility of the Eurostoxx Utilities index: 18.71%

22.1.4. Accounting impact

Based on a staff turnover assumption of 5%, the expense recorded during the period in relation to stock option plans was as follows:

	Expense for the Year	
Grant Date	*June 30, 2010*	*June 30, 2009 Unaudited*
	In Millions of Euros	
12/09/2005		0.4
01/17/2007	0.7	0.7
11/14/2007	0.7	0.6
11/12/2008	0.5	0.5
11/10/2009	0.3	
	2.3	**2.2**

As allowed under IFRS 2, an expense has been recognized only for options granted after November 7, 2002 that had not yet vested at January 1, 2005.

Adjustments made to beneficiaries' rights following the merger have no impact on the expense for the period.

22.2 Bonus / performance share plans

22.2.1. Shares awarded in 2010

On January 20, 2010 the Board of Directors authorized the allocation of 46,200 performance shares to members of the Management Committee. The plan is subject to the following conditions:

- presence in the Group at March 14, 2012;
- non-transferability restriction applicable to the shares until March 14, 2014;
- internal performance condition related to Group EDITDA in 2011 (for half of the shares allocated);
- external performance condition related to the performance of the GDF SUEZ share with respect to changes in the Eurostoxx Utilities index over the vesting period (for the other half of the shares allocated).

  Fair value calculated using the method described hereafter amounts to €23.7 for shares subject to the internal performance condition, and €13.4 for shares subject to the external performance condition.

22.2.2. Valuation model used

In accordance with IFRS 2, the Group estimated the fair value of goods or services received during the period by reference to the fair value of the equity instruments rewarded as consideration for such goods or services.

Fair value was estimated at the grant date, representing the date the GDF SUEZ Board of Directors approved the award. The fair value of shares awarded corresponds to the market price of the shares at the grant date, adjusted for (i) the estimated loss of dividends during the two-year vesting period, (ii) the non-transferability period applicable to the shares, and (iii) for the external performance condition, assessed using the Monte Carlo method. The cost of the non-transferability period is not material. The cost of the plan is recognized in personnel costs on a straight-line basis between the grant date and date on which the conditions for the award are fulfilled, and offset directly against equity. The cost may be adjusted for any revisions to assumptions regarding staff turnover rates during the period or compliance with performance conditions. The final figure will be determined based on the number of shares effectively awarded at the end of said period.

22.2.3. Details of bonus share plans in force

The number of bonus shares awarded by each plan to Group management personnel is as follows:

Grant Date	*Number of Shares*	*Number of Shares Allocated to the General Management Committee*	*Fair Value Per Share*
February 2007 plan (SUEZ)	97,086	22,920	36.0
July 2007 plan (SUEZ)	54,370	238	37.8*
August 2007 plan (SUEZ)	19,944	0	32.1
November 2007 plan (SUEZ)	120,228	29,410	42.4
June 2008 plan (SUEZ)	58,254	255	39.0
November 2008 plan (GDF SUEZ)	151,884	32,320	28.5*
November 2009 plan (GDF SUEZ)	145,086	29,580	24.8*
January 2010 plan (GDF SUEZ)	46,200	46,200	18.5*
BALANCE AT JUNE 30, 2010	**693,052**	**160,923**	**32.6**

22.2.4. Plans expired in 2010

Several bonus share and performance share plans expired in the first half of 2010. Eligibility for these plans is subject to employees' presence in the Group as well as internal performance conditions. However, since the performance condition was not met, the number of shares allocated to employees was reduced in accordance with the plans' regulations, leading to a decrease in the total charge recorded under these plans (€3.0 million) in accordance with IFRS 2.

22.2.5. Impact on income for the periods

The expense recorded during the period in relation to bonus share plans in force is as follows:

	Expense for the Year	
Grant Date	*June 30, 2010*	*June 30, 2009 Unaudited*
	In millions of euros	
February 2007 plan (SUEZ)		0.3
July 2007 plan (SUEZ)	0.1	0.2
November 2007 plan (SUEZ)	(1.5)	1.0
June 2008 plan (SUEZ)	(0.1)	0.3
November 2008 plan (GDF SUEZ)	0.6	0.6
July 2009 plan (GDF SUEZ)	0.2	
November 2009 plan (GDF SUEZ)	0.4	
January 2010 plan (GDF SUEZ)	0.2	
	(0.2)	**2.5**

NOTE – 23 Related party transactions

This note describes material transactions between the Group and its related parties. Compensation payable to key management personnel is disclosed in note 24. The list of the main combined entities is presented in note 28.

23.1 Relations with the GDF SUEZ Group

The centralization of financing needs and cash flow surpluses for the Group is provided mainly through GDF SUEZ financing and cash pooling vehicles.

The Group's cash deposits with GDF SUEZ entities amounted to €1,473.6 million as of June 30, 2010 (€1,516.7 million as of December 31, 2009). The Group's financial debt with GDF SUEZ entities amounted to €5,717.4 million as of June 30, 2010 (€5,064.4 million as of December 31, 2009). The debt with GDF SUEZ is mainly held by Suez Tractebel Energy International reporting unit €4,522.6 million as of June 30, 2010 (€4,150.4 million as of December 31, 2009). The Group has confirmed undrawn credit facilities with GDF SUEZ entities in the amount of €244.5 million as at June 30, 2010.

Finance costs incurred by the Group on borrowings from GDF SUEZ entities during the six months period ended June 30, 2010 and June 30, 2009 were respectively €38,4 million and €68.1 million. Financial income recognized by the Group during the six months period ended June 30, 2010 and June 30, 2009 amounted €3.9 million and €12.2 million respectively.

Moreover, for the six months period ended June 30, 2010, the Group recognized an exchange loss on derivates linked to net debt of €95.0 million while changes in the fair value of economic hedges of borrowings not eligible for hedge accounting resulted in a loss of €16.2 million (respectively a gain of €51.1 million and of €10.6 million for the six months period ended June 30, 2009).

In addition, several subsidiaries of the Group benefit from GDF SUEZ financial guarantees. The outstanding amount of the guarantees related to financial debt of the Group as of June 30, 2010 and as of December 31, 2009 were respectively €1,656million and €1,325 million. The subsidiaries of the Group also benefit from GDF SUEZ guarantees to support the collateral requirements on commodities activities (portfolio management, risk management and trading), the related outstanding amount as of June 30, 2010 and as of December, 31 2009 were respectively €1,781 million and €1,759 million. In addition, as at June 30, 2010, certain subsidiaries of the Group benefit from GDF SUEZ performance and O&M guarantees (outstanding amount of €714million).

Expenses incurred during the six months period ended June 30, 2010 and 2009 related to these guarantees were respectively €7.2 million and €6.1 million.

The group's operational transactions with GDF SUEZ entities consist mainly of sales and purchases of energy. The Group sells gas to GDF SUEZ subsidiaries and recognized revenues for the six months period ended June 30, 2010 and June 30, 2009 of €38.1 million and €71.3 million respectively (essentially GDF SUEZ Teesside for €23.3 million in first-half 2010 and Suez LNG North America for €47.5 million in first-half 2009).

The Group purchases gas from GDF SUEZ subsidiaries. Expenses incurred by the Group for the six months period ended June 30, 2010 and June 30, 2009 were €381.1 million and €390.5 million respectively (essentially GDF Energy UK Retail and GDF SUEZ Teesside Ltd. for a total of €251.9 million in first-half 2010 and for a total of €376.0 million in first-half 2009).

The Group also sells electricity to GDF SUEZ entities and recognized revenues for the six months period ended June 30, 2010 and June 30, 2009 of €162.3 million and €143.2 million respectively. The subsidiaries of the Group purchase electricity from GDF SUEZ, mainly in the United Kingdom; expenses incurred by the Group entities for the six months period ended June 30, 2010 and June 30, 2009 amounted to €254.8 million and €216.7 million respectively.

Furthermore, the Group is under long-term charters with a GDF SUEZ subsidiary. Base charter expenses for the six months period ended June 30, 2010 amounted to €11.6 million. Due to operational reasons no base charter expenses were incurred for the year ended December 31, 2009. (see note 20).

In addition, Suez Tractebel SA (STSA) and GDF SUEZ have entered into shared services framework agreements renewable tacitly each year. The companies agreed to cooperate mainly in the areas of strategy, internal control, audit and risk, finance, tax policy, IT services, human resources and communication. In this context, Suez Tractebel SA (and notably STSA SEI reporting unit) benefits from the centralized services provided by GDF SUEZ.

Expenses incurred by the Group for these services were €7.4 million and €6.2million for June 30, 2010 and June 30, 2009 respectively.

23.2 Transactions with investments in associates and investments in joint ventures

23.2.1. Joint ventures

In 2008 the Group, together with other partners, established Energia Sustentavel do Brasil SA and subscribed for a share capital of €385.1 million, of which €38.5 million was paid immediately and a second payment of €141.0 million was made in 2009. As of June 30, 2010, the residual capital not yet paid amounted to €243.5 million, the movement of the period being explained by a third payment of €83.3 million which was offset by the impact of the evolution of the Brasilian Real exchange rate against the Euro.

During the year 2009, the Brazilian development bank BNDES (Banco Nacional de Desenvolvimento Econômico e Social) approved a 20-year loan of BRL 7.2 billion (approximately €3.27 billion) for the Energia Sustentavel do Brasil consortium to finance the Jirau project, a new 3,450MW hydroelectric power station. Each partner is required to provide corporate guarantees to BNDES proportionally to its stake. The Group has a 50.1% interest in Energia Sustentavel do Brasil consortium

23.2.2. Associates

The Group manages the operations of different power plants in the Arabian Peninsula, in which the interest held by the Group is accounted for under the equity method. O&M fees were paid by the various associates to the Group for an amount of €45.0 million in first-half 2010 (respectively €13.6 million in first-half 2009). In addition, the Group received success fees from these associates in case of contract won for €32.0 million in first-half 2010 (respectively €23.9 million in first-half 2009).

NOTE – 24 Executive compensation

As described in note 1, prior to July 20, 2009 reorganization, the Energy International Business areas were managed by GDF SUEZ International Division, which was an operating segment of GDF SUEZ, under the supervision of the GDF SUEZ Energy International General Management Committee. Since July 20 2009 reorganization, the Energy Europe and International Division manages five GDF SUEZ's business areas including Energy International business areas. These five business areas are managed by Energy Europe and International Division General Management Committee.

The key management personnel comprise:

- for first-half 2009, the members of GDF SUEZ Energy International General Management Committee, and;
- for first-half 2010, the members of Energy Europe & International Division General Management Committee.

The Energy Europe & International Division General Management Committee compensation included in the amounts presented below was not adjusted to reflect the amount attributable to the carve out business as there is no rational and consistent method to allocate the Management Committee members' compensation to each of the five business areas managed by Energy Europe and International Division.

Their compensation breaks down as follows:

	June 30, 2010	*June 30, 2009*
	In millions of euros	
Short Term Benefits	4.5	3.7
Post-employment Benefits	0.5	0.4
Share-based Payments	1.3	1.4
Termination Benefits		
TOTAL	**6.3**	**5.5**

NOTE – 25 Contingent assets and liabilities

Other than those described in note 26, the Group has not identified any material contingent liabilities likely to give rise to an outflow of economic benefits.

NOTE – 26 Legal and arbitration proceedings

The Group is party to a number of legal and arbitration proceedings with third parties or with the tax authorities of certain countries in the normal course of its business. Provisions are recorded for these proceedings when (i) a legal, contractual, or constructive obligation exists at the reporting date with respect to a third party; (ii) it is probable that an outflow of resources embodying economic benefits will be required in order to settle the obligation with no consideration in return; and (iii) a reliable estimate can be made of this obligation.

Provisions recorded in respect of these legal and arbitration proceedings totalled €109.5 million as of June 30, 2010 (€112.5 million as of December 31, 2009).

26.1 Claim by the US tax authorities (IRS)

The US subsidiary of the Group was recently subject to a tax audit by the IRS in respect of 2004 and 2005. The amounts which were initially assessed have been reduced in 2010 in the course of the appeal procedure. The remaining contested amounts for these periods correspond to tax and interest in the amount of USD13 million.

26.2 Claims by the Belgian tax authorities to SUEZ Tractebel SA

The claims described hereafter relate to Suez Tractebel SA as a legal and tax entity, and not to one of its three reporting units as described in note 1.1.1. These claims are described for information purposes.

The Special Inspection department of the Belgian tax authorities is claiming €188 million from Suez Tractebel SA concerning past investments in Kazakhstan. Suez Tractebel SA has filed an appeal with the administrative court against this claim. As the Belgian tax authorities had still not taken a decision ten years after the claim, an appeal was lodged with the Court of First Instance of Brussels (Belgium) in December 2009. There has been no evolution since.

The Special Inspection Department taxed financial income generated in Luxembourg by the Luxembourg-based cash management branche of Suez Tractebel. This financial income, which was already taxed in Luxembourg, is exempt in Belgium in accordance with the Belgium-Luxembourg convention for the prevention of double taxation. The Special Inspection Department refuses this exemption. The tax assessed in Belgium amounts to €21 million for the period 2003 to 2006. The Group has challenged the Special Inspection Department's decision before the Court of First Instance of Brussels (Belgium).

The Group is not aware of any other legal or arbitration proceedings which are likely to have, or have recently had, a material impact on the financial position, results of operations, business or assets of the Group.

NOTE – 27 Subsequent events

27.1 Link 2010 plan

In the second half of 2010, employees of the GDF SUEZ Energy International Division, as defined in Note 1, will be able to subscribe to reserved shares under a new GDF SUEZ employee shareholding plan. A total of 24.7 million shares will be made available under this GDF SUEZ plan for a price of €19.78 per share, resulting in a GDF SUEZ share capital increase on August 24, of nearly €500 million.

27.2 GDF SUEZ closes financing of Barka 3 and Sohar 2 Independent Power Projects

On September 16, 2010, GDF SUEZ completed the financing of the Barka 3 and Sohar 2, independent power projects of GDF SUEZ Energy International Division in Oman. The Group holds 46% of the projects. The senior debt amounts to US$ 1.3 billion in total.

27.3 Net debt refinancing GDF SUEZ Energy International Division

As part of the Transaction, GDF SUEZ Energy International Division will be refinanced in order to reduce its net debt as of June 30, 2010 to €4.5 billion, prior to the distribution by International Power plc of a special dividend of approximately €1.7 billion (or £1.4 billion) to its existing shareholders.

NOTE – 28 LIST OF THE COMBINED COMPANIES

		% Interest			*% Control*			*Consolidation Method*		
Company Name	*Corporate Headquarters*	*June 2010*	*Dec. 2009*	*June 2009*	*June 2010*	*Dec. 2009*	*June 2009*	*June 2010*	*Dec. 2009*	*June 2009*
United Kingdom										
Group GDF SUEZ Energy Ltd (former GAZ DE FRANCE ESS (UK) Ltd)	1 City Walk, Leeds LS11 9DX	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
GDF SUEZ Shotton Ltd	1 City Walk, Leeds LS11 9DX	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
SCOTIA WIND CRAIGENGELT LIMITED	1 City Walk, Leeds LS11 9DX	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
GDF SUEZ Teeside Ltd (Former Teesside Power Ltd.)	Greystone Road – Grangetown – Middlesbrough TS6 8JF – United Kingdom	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
Turkey – Gas Distribution										
IZGAZ	Cumhuriyet Mah. Ünes – Cad. N°2 Plaj Yolu – 41100 Izmit / Kocaeli – Turkey	90.0	90.0	90.0	90.0	90.0	90.0	FC	FC	FC
GazKo (Enerji Ticaret) A.S.		100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
Latin America										
ELECTROANDINA	Av. El Bosque Norte 500 – piso 9 – of. 902 Las Condes – Chile	52.4	33.3	33.3	100.0	33.3	33.3	FC	PC	PC
BAHIA LAS MINAS Corp.	Mezanine – Edificio P.H. Torre de las Americas. Calle Punta Darién and Punta Coronado. Urbanización Punta Pacífica – Panama	51.0	51.0	51.0	51.0	51.0	51.0	FC	FC	FC
ENERSUR	Av. República de Panamá 3490. San Isidro. Lima 27 – Peru	61.7	61.7	61.7	61.7	61.7	61.7	FC	FC	FC
Consorcio Estreito Energia	Rua Transamazônica, 2, parte, centro, Estado de Tocantins, Brazil	27.5	27.5	40.1	40.1	40.1	40.1	PC	PC	PC
SUEZ ENERGIA RENOVAVEL S.A.	Avenida Almirante Barroso, n° 52, 14° Andar, Conjunto 1401, CEP 20031-918 Rio de Janeiro, Brazil	68.7	68.7	100.0	100.0	100.0	100.0	FC	FC	FC
ENERGIA SUSTENTAVEL DO BRASIL S.A.	Avenida Almirante Barroso, n° 52, sala 2802, CEP 20031-000 – Rio de Janeiro, Brazil	50.1	50.1	50.1	50.1	50.1	50.1	PC	PC	PC
Group Tractebel Energia	Rua Antônio Dib Mussi. 366 Centro, 88015-110 Florianopolis, Santa Catarina, Brazil	68.7	68.7	68.7	68.7	68.7	68.7	FC	FC	FC
GDF SUEZ ENERGY BRASIL LTDA	Av. Almirante Barroso, 52/sala 1401, 14° andar, 20031-000 – Rio de Janeiro – RJ, Brazil	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
GDF SUEZ ENERGY LATIN AMERICA Participaçoes LTDA	R. Esteves Júnior 50 – 9° andar – sl.905, 88015-130 Florianópolis, Santa Catarina, Brazil	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
SOCIEDAD DE INVERSIONES ENERGETICAS LTDA	Avenida Isidora Goyenechea, 3365, Piso 7, Las Condes, Santiago, Chile	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
CENTRAL TERMICA	Avenida Apoquindo 3721, Las	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC

Company Name	Corporate Headquarters	% Interest June 2010	% Interest Dec. 2009	% Interest June 2009	% Control June 2010	% Control Dec. 2009	% Control June 2009	Consolidation Method June 2010	Consolidation Method Dec. 2009	Consolidation Method June 2009
BARRANCONES S.A.	Condes, Santiago, Chile									
EOLICA MONTE REDONDO S.A.	Avenida Apoquindo 3721, Piso 8, Las Condes, Santiago, Chile	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
ELECTROPACIFICO INVERSIONES LTDA	Avenida Isidora Goyenechea, 3365, Piso 7, Las Condes, Santiago, Chile	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
INVERSIONES TOCOPILLA LTDA	Avenida Isidora Goyenechea, 3365, Piso 7, Las Condes, Santiago, Chile	0.0	51.0	51.0	0.0	51.0	51.0	NC	PC	PC
INVERSIONES TOCOPILLA 2A (originated from the split of Inversiones Tocopilla SA)	Avenida Isidora Goyenechea, 3365, Piso 7, Las Condes, Santiago, Chile	100.0	0.0	0.0	100.0	0.0	0.0	FC	NC	NC
INVERSIONES MEJILLONES S.A.	Huérfanos 835, Piso 18, Región Metropolitana, Santiago, Chile	0.0	33.3	33.3	0.0	33.3	33.3	NC	PC	PC
INVERSIONES MEJILLONES 1 (originated from the split of Inversiones Mejillones SA)	Huérfanos 835, Piso 18, Región Metropolitana, Santiago, Chile	100.0	0.0	0.0	100.0	0.0	0.0	FC	NC	NC
INVERSIONES MEJILLONES 3 (originated from the split of Inversiones Mejillones SA)	Huérfanos 835, Piso 18, Región Metropolitana, Santiago, Chile	100.0	0.0	0.0	100.0	0.0	0.0	FC	NC	NC
ENERPAC Ltda	Avenida Apoquindo 3721, Oficina 81, Las Condes, Santiago, Chile	52.4	27.4	27.4	100.0	27.4	27.4	FC	PC	PC
E-CL SA (former Edelnor)	Av. El Bosque Norte 500 – piso 9 – of. 902, Las Condes, Santiago., Chile	52.4	27.4	27.4	52.4	27.4	27.4	FC	PC	PC
CENTRAL TERMOELECTRICA ANDINA S.A.	Avenida Apoquindo 3721, Las Condes, Santiago, Chile	52.4	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
INVERSIONES HORNITOS S.A.	Avenida Apoquindo 3721, Oficina 81, Las Condes, Santiago, Chile	31.4	60.0	100.0	60.0	60.0	100.0	PC	PC	FC
SUEZ ENERGY ANDINO S.A.	Av. Apoquindo 3721 – Piso 8, Las Condes, Santiago, Chile	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
SUEZ ENERGY ANDINO INVESTMENTS S.A.	Av. Apoquindo 3721 – Piso 8, Las Condes, Santiago, Chile	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
INVERSIONES ELECTRICAS CAPRICORNIO	DISSOLVED ON 05-01-2010	0.0	100.0	100.0	0.0	100.0	100.0	NC	FC	FC
GASODUCTO NOR ANDINO S.A.	Av. Apoquindo 3721 – Piso 8, Las Condes, Santiago, Chile	52.4	84.7	84.7	100.0	78.9	78.9	FC	FC	FC
GASODUCTO NOR ANDINO ARGENTINA	Talcahuano 833, Piso 5 – of. D. C1013AAQ Buenos Aires, Argentina	52.4	84.7	84.7	100.0	78.9	78.9	FC	FC	FC
DISTRINOR	Avenida Isidora Goyenechea, 3365. Piso 7, Las Condes, Santiago, Chile	52.4	33.3	33.3	100.0	33.3	33.3	FC	PC	PC
TIBSA	Talachuano 833, Piso 3, Departamento C, Ciudad Autónoma de B.A., Buenos Aires, Argentina	70.0	70.0	70.0	70.0	70.0	70.0	FC	FC	FC
LITORAL GAS	Mitre 621, 2000 Rosario, Santa Fe, Argentina	64.2	64.2	64.2	91.7	91.7	91.7	FC	FC	FC
ENERGY CONSULT. SERV.	Talcahuano 833, Piso 5 – of. D. C1013AAQ Buenos Aires, Argentina	46.7	46.7	46.7	46.7	46.7	46.7	EM	EM	EM
SUEZ ENERGY PERU	Av. República de Panamá 3490, San Isidro, Lima 27, Peru	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
SUEZ PROYECTOS ANDINOS S.A.	Avenida Chacaya 3910, Barrio Industrial, Mejillones 131 00 00, Antofagasta, Chile	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
INVERSIONES Y DESARROLLOS BALBOA SA	C/O Patton, Moreno & Asvat, Edificio del Banco HSBC, 6to Piso, Avenida Samuel Lewis, Panamá City, Panamá	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
SUEZ ENERGY INTERNATIONAL Luxembourg	Avenue de la Liberté, 76, Luxembourg 1930, Luxembourg	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
SUEZ ENERGY CENTRAL AMERICA SA	Mezanine – Edificio P.H. Torre de las Americas, Calle Punta Darién and Punta Coronado, Urbanización Punta Pacífica, Panamá City, Panamá	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
SOCIEDAD GNL MEJILLONES SA	Rosario Norte 530, Piso 16, of 1601, Las Condes, Santiago, Chile	50.0	50.0	50.0	50.0	50.0	50.0	PC	PC	PC
ALTENERGY (DOS MARES)	Panamá City, Panamá	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
BONTEX (DOS MARES)	Panamá City, Panamá	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
DOS MARES INVESTMENT II	C/O Patton, Moreno & Asvat, Edificio del Banco HSBC, 6to Piso, Avenida Samuel Lewis, Panamá City, Panamá	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
DOS MARES INVESTMENT III	C/O Patton, Moreno & Asvat, Edificio del Banco HSBC, 6to Piso, Avenida Samuel Lewis, Panamá	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC

Company Name	Corporate Headquarters	% Interest June 2010	% Interest Dec. 2009	% Interest June 2009	% Control June 2010	% Control Dec. 2009	% Control June 2009	Consolidation Method June 2010	Consolidation Method Dec. 2009	Consolidation Method June 2009
	City, Panamá									
ENERWINDS DE COSTA RICA	San José Santa Ana, Centrao Empresarial via Lindora, Cuarto Piso, Radial Santa Ana, San Antonio De Belen, Kilometro Tres, Costa Rica	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
PLANTA EOLICA GUANACASTE (PEG)	San Jose Calle Veintiuno, Avenidas Seis y Ocho, Numero Seiscientos Treinta, San Jose	90.0	90.0	90.0	90.0	90.0	90.0	FC	FC	FC
PLANTA EOLICA GUANACASTE OPERACIONES (PEGO)	San Jose Calle Veintiuno, Avenidas Seis y Ocho, Numero Seiscientos Treinta, San Jose	90.0	90.0	90.0	100.0	100.0	100.0	FC	FC	FC
ECONERGY BERMUDA HOLDING CY LTD	Codan Services Limited, Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
EMPRESA ELECTRICA CORANI (nationalized by Bolivian government)	Av. Oquendo N-0654, Las Torres Sofer – 1st floor of 9, Cochabamba, Bolivia	0.0	50.0	50.0	0.0	50.0	50.0	NC	FC	FC
ECONERGY ENERGY GENERATION LIMITED	Arthur Cox Building Earlsfort Terrace, Dublin 2, Ireland	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
ECONERGY INTERNATIONAL PLC (ISLE OF MAN)	33-37, Athol Street, Douglas IM1 1LB, Isle of Man	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
ECONERGY HOLDINGS LIMITED	33-37, Athol Street, Douglas IM1 1LB, Isle of Man	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
ECONERGY INTERNATIONAL CORPORATION	1990 Post Oak Blvd, #1990, Houston, TX 77056-3831, USA	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
Middle East. Asia										
SOHAR POWER COMPANY	PB 147, PC 134, Jawharat Al Shatti Muscat – Sultanate of Oman	45.0	45.0	45.0	45.0	45.0	45.0	FC	FC	FC
Group SENOKO POWER LIMITED	111 Somerset Road – #05-06. Tripleone Somerset Building – 238164, Singapore	30.0	30.0	30.0	30.0	30.0	30.0	PC	PC	PC
BAYMINA ENERJI A.S.	Ankara Dogal Gaz Santrali. Ankara Eskisehir Yolu 40, Km, Maliöy Mevkii, 06900 Polatki/ Ankara, Turkey	95.0	95.0	95.0	95.0	95.0	95.0	FC	FC	FC
HOUAY HO POWER COMPANY LIMITED	P.O. Box 5464, Nong Bon Road, Bane Fai, Xaysettha District, Vientiane, Laos	46.5	46.5	46.5	55.0	55.0	55.0	FC	FC	FC
Group GLOW ENERGY PUBLIC CO. LTD.	195 Empire Tower, 38th Floor – Park Wing, South Sathorn Road, Yannawa, Sathorn, Bangkok 10120, Thailand	69.1	69.1	69.1	69.1	69.1	69.1	FC	FC	FC
STOPPER BV	Dokter Stolteweg 92, Zwolle 8025 AZ, Netherlands	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
HOUAY HO THAI COMPANY LIMITED	No. 10/190-193 The Trendy Building 26th Floor, Soi Sikhunvit, 13 Sukhunvit Road, Khong Tai Nue. Khet Wattana, Bangkok Metropolis, Thailand	33.9	33.9	33.9	49.0	49.0	49.0	EM	EM	EM
PTT NATURAL GAS DISTRIBUTION	23rd Floor, Rasa Tower, 555 Phaholyothin Road, Lardyao, Chatuchak, Bangkok 10900, Thailand	40.0	40.0	40.0	40.0	40.0	40.0	EM	EM	EM
TWMB HOLDINGS B.V.	Dokter Stolteweg 92, Zwolle 8025 AZ, Netherlands	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
GDF SUEZ ENERGY ASIA COMPANY IMITED	29/F Q House Lumpini, 1 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
SUEZ-TRACTEBEL ENERGY HOLDINGS COOPERATIEVE U.A.	Dokter Stolteweg 92, Zwolle 8025 AZ, Netherlands	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
GDF SUEZ ENERGY (THAILAND) CO. LTD	29/F Q House Lumpini, 1 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
GULF TOTAL TRACTEBEL POWER COMPANY	Sheikha Mariam bin Rashid Al Otaiha Bld, Al Salam St, P.O.Box 25862 Abu Dhabi, United Arab Emirates	20.0	20.0	20.0	20.0	20.0	20.0	EM	EM	EM
AL EZZEL POWER COMPANY B.S.C.	Flat 121, 12th Floor Orchid Business Center Bldg. No. 2795, Road 2835, Al Seef District 428 P.O. Box 11753 Manama, Kingdom of Bahrain	45.0	45.0	45.0	45.0	45.0	45.0	EM	EM	EM

Company Name	Corporate Headquarters	% Interest			% Control			Consolidation Method		
		June 2010	Dec. 2009	June 2009	June 2010	Dec. 2009	June 2009	June 2010	Dec. 2009	June 2009
HIDD POWER COMPANY B.S.C.	P.O. Box 50710, Hidd, Kingdom of Bahrain	30.0	30.0	30.0	30.0	30.0	30.0	EM	EM	EM
SMN BARKA POWER COMPANY S.A.O.C.	P.O. Box 121, Jawaharat Al Shatti, Postal Code 134, Sultanate of Oman	47.5	47.5	47.5	47.5	47.5	47.5	EM	EM	EM
RUSAIL POWER COMPANY S.A.O.C.	P.O. Box 121, Jawaharat Al Shatti, Postal Code 134, Sultanate of Oman	47.5	47.5	47.5	47.5	47.5	47.5	EM	EM	EM
PRIMEROFIN B.V.	Dokter Stolteweg 92, Zwolle 8025 AZ, Netherlands	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
SMN POWER HOLDING COMPANY LTD.	C/O Ince Al Jallaf & Co., Gulf Towers, B-2 Suite 503, P.O.Box 15952, Dubai, United Arab Emirates	47.5	47.5	47.5	47.5	47.5	47.5	EM	EM	EM
STSA SEI – Dubaï Branch	Place du Trône, 1 – 1000, Brussels, Belgium	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
TOTAL TRACTEBEL EMIRATES POWER COMPANY S.A.	2. Place Jean Miller, La Défense 6, 92400 Courbevoie, France	50.0	50.0	50.0	50.0	50.0	50.0	EM	EM	EM
TRACTEBEL BAHRAIN W.L.L.	Building N° 722, A Salam Tower. Road N° 1708, Block 317, Diplomatic Area. Manama, Kingdom of Bahrain	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
SOHAR OPERATION & MAINTENANCE COMPANY L.L.C.	Jawaharat Al Shatti, P.O.Box 147, Sultanate of Oman	70.0	70.0	70.0	70.0	70.0	70.0	FC	FC	FC
AL EZZEL OPERATION & MAINTENANCE COMPANY W.L.L.	P.O. Box 11734, Flat 3, Building 285, Road 1505, Hidd Town 115, Manama, Kingdom of Bahrain	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
KAHRABEL FZE	P.O.Box 54760, Dubai Arport Free Zone, Dubai, United Arab Emirates	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
SUEZ-TRACTEBEL OPERATION & MAINTENANCE (OMAN) L.L.C.	Jawaharat Al Shatti, P.O.Box 147, Sultanate of Oman	70.0	70.0	70.0	70.0	70.0	70.0	FC	FC	FC
TOTAL TRACTEBEL EMIRATES O&M COMPANY S.A.	2. Place Jean Miller, La Défense 6, 92400 Courbevoie, France	50.0	50.0	50.0	50.0	50.0	50.0	EM	EM	EM
SOHAR GLOBAL CONTRACTING & CONSTRUCTION COMPANY L.L.C.	Jawaharat Al Shatti, P.O.Box 121, Sultanate of Oman	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
TOTAL TRACTEBEL EMIRATES EPC COMPANY S.A.	2. Place Jean Miller, La Défense 6, 92400 Courbevoie, France	50.0	50.0	50.0	50.0	50.0	50.0	EM	EM	EM
Al Dur Power Holding Cy	Bahrain	45.0	45.0	45.0	45.0	45.0	45.0	EM	EM	EM
Suez Nomac Holding	Bahrain	60.0	60.0	60.0	60.0	60.0	60.0	FC	FC	FC
SGA Marafiq Holdings WLL	Bahrain	33.3	33.3	33.3	33.3	33.3	33.3	EM	EM	EM
Jubail Operations Holding	Bahrain	60.0	60.0	60.0	60.0	60.0	60.0	FC	FC	FC
Jubail OM Cy	Saudi Arabia	60.0	60.0	60.0	100.0	100.0	100.0	FC	FC	FC
Suez Services Saudi	Saudi Arabia	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
RLC Power Holding Cy Ltd	United Arab Emirates	50.0	50.0	50.0	50.0	50.0	50.0	PC	PC	PC
Shuweihat 2 Holding	United Arab Emirates	50.0	50.0	50.0	50.0	50.0	50.0	PC	PC	PC
RUWAIS POWER COMPANY	United Arab Emirates	20.0	0.0	0.0	20.0	0.0	0.0	EM	NC	NC
GDFSUEZ Energy Asia. Turkey & Southern Africa (former Belgelectric Finance BV)	Dokter Stolteweg 92, Zwolle 8025 AZ, Netherlands	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
North America										
Group GDF SUEZ ENERGY GENERATION NORTH AMERICA	1990 Post Oak Boulevard, Suite 1900 Houston, TX 77056-4499, United States	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
Group SUEZ LNG AMERICA	One Liberty Square, Boston, MA 02109, United States	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
Group GDF SUEZ ENERGY MARKETING NORTH AMERICA	1990 Post Oak Boulevard, Suite 1900 Houston, TX 77056-4499, United States	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
Group GDF SUEZ ENERGY RESOURCES NORTH AMERICA	1990 Post Oak Boulevard, Suite 1900 Houston, TX 77056-4499, United States	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
Group FIRSTLIGHT POWER RESOURCES	20 Church Street – 16th Floor Hartford, CT 06103, United States	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
Group GDF SUEZ RENEWABLE ENERGY NORTH AMERICA	1990 Post Oak Boulevard, Suite 1900 Houston, TX 77056-3831, United States	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
TRACTEBEL ENERGIA DE MONTERREY HOLDINGS B.V.	Dokter Stolteweg 92, Zwolle 8025 AZ, Netherlands	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
TRACTEBEL ENERGIA DE	Carretera a Villa de García,	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC

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MONTERREY S. RL CV	Kilómetro 9, Villa de García-Nuevo Léon, CP 66000, México									
Group GDF Québec	750, boul. Marcel-Laurin Bureau 390 Saint-Laurent, Québec H4M 2M4	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
LAURENTIDES Investissements	2. rue Curnonsky 75017 – Paris	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
Group NOVERCO	Centre CDP Capital 1000 Place Jean-Paul Riopel Montreal, Québec H2Z 2B3	17.6	17.6	17.6	17.6	17.6	17.6	EM	EM	EM
GDF SUEZ ENERGY NORTH AMERICA. INC.	1990 Post Oak Boulevard, Suite 1900 Houston, TX 770-4499, United States	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
CONSORCIO MEXIGAS	Blvd M. Ávila Camacho 36 Piso 16 Lomas de Chapultepec México City, D.F.C.P. 11000, México	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
Natgasmex	Boulevard Manuel Avila Camacho 36 Piso 17 Col.Lomas de Chapultepec CP 11000, México DF	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
Tamauligas	Boulevard Manuel Avila Camacho 36 Piso 17 Col.Lomas de Chapultepec CP 1100, México DF	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
TRACTEBEL DIGAQRO S.A. DE C.V.	Acceso 3. N° 107. Parque Industrial Benito Juarez. Esq., Tecnologico, Local 11 y 12, C.P. 76120 Querétaro, México	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
TRACTEBEL GNP S.A. DE C.V.	Prolongación Avenida Hidalgo 6505, Colonia Nuevo Aeropuerto, Tampico, Tamaulipas C.P. 89337, México	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
TRACTEBEL DGJ S.A. DE C.V.	Alberta 2288 4 B, Los Colomos Esquina Avenida Patria, Guadalajara Galisco 44660, México	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
MI del BAJIO Marketing	Eleanor Rooseveltlaan 3, 2719 AB Zoetermeer, PO BOX 474	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
Gasoductos del Bajio	Blvd. Manuel Avila Camacho #36 piso 16 Col. Lomas de Chapultepec Del M. Hidalgo, México D.F, 11000	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
Energia Mayakan	Prolongacion Montejo num 310 5to POR 1C Y 6D Col. Gonzalo Guerrero C.P 97118 Merida, Yucatan	67.5	67.5	67.5	100.0	100.0	100.0	FC	FC	FC
MAYAKAN PIPELINE	Teleportboulevard 140, 1043 EJ Amsterdam	67.5	67.5	67.5	100.0	100.0	100.0	FC	FC	FC
MERIDA HOLDING	Chancery House-High Street, Bridgetown	67.5	67.5	67.5	67.5	67.5	67.5	FC	FC	FC
MERIDA PIPELINE	Teleportboulevard 140, 1043 EJ Amsterdam	67.5	67.5	67.5	100.0	100.0	100.0	FC	FC	FC
MI Comercializadora	Blvd. Manuel Avila Camacho #36 piso 16 Col. Lomas de Chapultepec Del M. Hidalgo, México, D.F. 11000	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
Transnatural	Blvd. Manuel Avila Camacho #36 piso 16 Col. Lomas de Chapultepec Del M, Hidalgo, México D.F, 11000	50.0	50.0	50.0	50.0	50.0	50.0	PC	PC	PC
Tractebel Energia de Monterrey Holding BV 1.5)	Pays-Bas	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
GDF SUEZ ENERGÍA DE MÉXICO S.A. DE C.V.	Avenida de Las Palmas 830-402, Lomas de Chapultepec, Del. Miguel Hidalgo, México – Distrito Federal 11000, México	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
TRACTEBEL SERVICIOS S.A. DE C.V.	Avenida de Las Palmas 830-402, Lomas de Chapultepec, Del. Miguel Hidalgo, México – Distrito Federal 11000, México	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
TRACTEBEL COMERCIALIZACION S.A. de C.V.	Mexique	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
ENERSUR NEDERLAND HOLDING B.V.	Pays-Bas	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
Other										
STSA SEI	Place du Trône, 1 – 1000 Brussels, Belgium	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
GDF SUEZ CC (formerly Cosutrel)	Place du Trône, 1 – 1000 Brussels, Belgium	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC

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TRACTEBEL PACIFIC LIMITED	Gloucester Road, 77-79. Belgian Bank Tower, 11/F, Fairmont House	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
POWERCONTRACTING	Place du Trône, 1. 1000 Brussels, Belgium	100.0	100.0	100.0	100.0	100.0	100.0	FC	FC	FC
ECONERGY IRELAND Ltd (under liquidation)	Arthur Cox Building, Ealsfort Terrace, Dublin 2, Ireland	0.0	100.0	100.0	0.0	100.0	100.0	NC	FC	FC

FC: Full combined (subsidaries)
PC: Proportionate combined (joint ventures)
EM: Equity method (associates)
NC: Not combined

(E) Audit report on the historical combined interim financial information of GDF SUEZ Energy International for the 6 month period ended 30 June 2010

Deloitte.

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19 November 2010

To

The Chief Executive Officer and the President of GDF SUEZ,
T1 Tower at 1 place Samuel de Champlain
92400
Courbevoie, Paris

The Directors of International Power plc
International Power plc
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In our capacity as statutory auditor of GDF SUEZ and in accordance with the request of GDF SUEZ, and our engagement letter dated 18 November 2010, we report to you on the combined interim financial information of GDF SUEZ Energy International Business Areas and the combined entities as described in note 28 to the combined interim financial information (together "**GDF SUEZ Energy International Division**" or the "**Group**") for the six month period ended June 30, 2010 as set out in Part 5(D) (*Audited Historical Combined Financial Information relating to GDF SUEZ Energy International*) of the Circular of International Power plc dated 19 November 2010 (the "**Circular**"). This combined interim financial information has been prepared for inclusion in the Circular, on the basis of the accounting policies set out in note 1.1 to the combined interim financial information. We have not audited or reviewed the financial information for the six months ended 30 June 2009 and accordingly do not express an opinion thereon.

Responsibilities

The Chief Executive Officer and the President of GDF SUEZ are responsible for preparing the combined interim financial information on the basis of preparation set out in note 1.1 to the combined interim financial information and as described in paragraph 1, Part 9 of the Circular, the Directors of International Power, for the purposes of the Circular are also responsible for preparing that combined financial information. It is our responsibility to form an opinion as to whether the combined interim financial information gives a true and fair view for the purposes of the Circular, of the assets and liabilities and of the financial position of the Group as at June 30, 2010 and its profit

and loss, cash flows, comprehensive income and change in equity for the six months period ended June 30, 2010, and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined interim financial information is free of material misstatement. An audit includes examining, using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the combined interim financial information. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the combined interim financial information referred to above gives, for the purposes of the Circular a true and fair view of the assets and liabilities and of the financial position of the Group as at June 30, 2010 and of its profit and loss, cash flows, comprehensive income and change in equity for the six month period ended June 30, 2010 in accordance with the basis of preparation set out in note 1.1 to the combined interim financial information.

Declaration

This report is addressed to your attention in the context described above and is not to be used, circulated, quoted or otherwise referred to for any other purpose.

Deloitte & Associés

Jean-Paul Picard   Pascal Pincemin

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PART 6

HISTORICAL FINANCIAL INFORMATION RELATING TO THE INTERNATIONAL POWER GROUP

1. Incorporation by reference

The 2007 International Power Group Financial Statements, the 2008 International Power Group Financial Statements, and the 2009 International Power Group Financial Statements as set out in the Company's Annual Reports and Accounts for 2007, 2008 and 2009, together with the unqualified independent audit reports in respect of those financial statements, and the 2010 International Power Condensed Interim Financial Statements as set out in the International Power Group's interim report for the six months ended 30 June 2010, are hereby incorporated by reference into this Circular.

2. Cross reference list

The following list is intended to enable Shareholders easily to identify specific items of financial information relating to the International Power Group which have been incorporated by reference into this Circular.

(a) *Condensed interim financial statements for the International Power Group for the six months ended 30 June 2010*

The sections below refer to the relevant sections of the International Power Group's condensed interim financial statements for the six months ended 30 June 2010 which can be downloaded from International Power's website at www.ipplc.com/news/press-releases/2010/pr-10-08-2010.aspx:

- Consolidated income statement — Page 11
- Consolidated income statement (for the year ended 31 December 2009) — Page 12
- Consolidated statement of comprehensive income — Page 13
- Consolidated statement of financial position — Page 14
- Consolidated statement of changes in equity — Page 15
- Consolidated statement of cash flows — Page 17
- Notes to the consolidated interim financial statements — Page 19

(b) *Consolidated financial statements for the International Power Group for the year ended 31 December 2009 and the unqualified audit report in respect of those financial statements*

The page numbers below refer to the relevant pages of the International Power Group's Annual Report and Accounts for the year ended 31 December 2009 which can be downloaded from International Power's website at www.ipplc.com/investors/reports/2009.aspx :

- Consolidated income statement — Page 111
- Consolidated statement of comprehensive income — Page 112
- Consolidated statement of financial position — Page 113
- Consolidated statement of changes in equity — Page 114
- Consolidated statement of cash flows — Page 115
- Notes to the consolidated financial statements — Page 116
- Company balance sheet — Page 179
- Independent auditor's report — Page 188

(c) *Consolidated financial statements for the International Power Group for the year ended 31 December 2008 and the unqualified audit report in respect of those financial statements*

The page numbers below refer to the relevant pages of the International Power Group's Annual Report and Accounts for the year ended 31 December 2008 which can be downloaded from International Power's website at www.ipplc.com/investors/reports/2008.aspx :

- Consolidated income statement — Page 103
- Consolidated statement of recognised income and expense — Page 105
- Consolidated balance sheet — Page 104
- Consolidated statement of changes in equity — Page 146
- Consolidated statement of cash flows — Page 106
- Notes to the consolidated financial statements — Page 107
- Company balance sheet — Page 166
- Independent auditor's report — Page 176

(d) *Consolidated financial statements for the International Power Group for the year ended 31 December 2007 and the unqualified audit report in respect of those financial statements*

The page numbers below refer to the relevant pages of the International Power Group's Annual Report and Accounts for the year ended 31 December 2007 which can be downloaded from International Power's website at www.ipplc.com/investors/reports/2007.aspx :

- Consolidated income statement — Page 101
- Consolidated balance sheet — Page 102
- Consolidated statement of changes in equity — Page 103
- Consolidated cash flow statement — Page 104
- Notes to the consolidated financial statements — Page 105
- Company balance sheet — Page 165
- Independent auditor's report — Page 100

Please refer to paragraph 26 of Part 9 (*Additional Information*) of this Circular for information on how to access or request copies of any document incorporated by reference into this Circular.

PART 7

UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION FOR THE ENLARGED INTERNATIONAL POWER GROUP

(A) Unaudited *pro forma* combined financial information for the Enlarged International Power Group

1. Basis of Preparation

The unaudited *pro forma* information has been prepared in order to meet the requirements of the Prospectus Directive Regulation, the associated guidance issued in the Committee of European Securities Regulators' recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses no. 809/2004, and in accordance with item 13.3.3 of the Listing Rules. The unaudited *pro forma* income statement and unaudited *pro forma* net assets statement of the Enlarged International Power Group do not constitute financial statements within the meaning of section 434 of the Companies Act 2006.

The following unaudited *pro forma* combined income statement of the Enlarged International Power Group for the year ended 31 December 2009 reflects the Combination, assuming that Closing had occurred on 1 January 2009. The unaudited *pro forma* combined statement of net assets of the Enlarged International Power Group as at 30 June 2010 reflects the Combination assuming that Closing had occurred on 30 June 2010.

For International Power, the unaudited *pro forma* financial information has been extracted, without material adjustment, from the 2010 International Power Condensed Interim Financial Statements, which include the International Power Group's consolidated income statement for the year ended 31 December 2009, as set out in Part 6 (*Historical Financial Information relating to the International Power Group*) of this Circular. For the GDF Suez Energy International Division, the unaudited *pro forma* financial information has been extracted, without material adjustment from the audited combined financial statements for the year ended 31 December 2009 and from the audited combined interim financial statements for the six months ended 30 June 2010 as set out in Part 5(B) (*Historical Financial Information relating to GDF SUEZ Energy International*) of this Circular and Part 5(D) (*Historical Financial Information relating to GDF SUEZ Energy International*) of this Circular respectively.

The unaudited *pro forma* financial information has been prepared for illustrative purposes only, and because of its nature, addresses a hypothetical situation and, therefore, does not represent Enlarged International Power's actual results or financial position; does not purport to represent what the combined results of operations actually would have been if the Combination had occurred on 1 January 2009 or what those results will be for any future periods or what the statement of net assets would have been if the Combination had occurred on 30 June 2010.

For accounting purposes under IFRS, the Combination will be treated as the acquisition of International Power by the GDF SUEZ Energy International Division even though, legally, International Power is the acquirer and will be the entity which will issue New Ordinary Shares to subsidiaries of GDF SUEZ. Therefore, the combined financial information of the Enlarged International Power Group at the date of the Combination will reflect the acquisition of International Power by applying the IFRS 3 'acquisition method' of accounting on the International Power Group identifiable assets acquired and liabilities assumed. As the valuation of the International Power Group identifiable assets and assumed liabilities will only be performed after Closing, these *pro forma*s do not reflect the fair value adjustments that are expected to be made after Closing and which will impact the earnings of Enlarged International Power going forward.

All *pro forma* financial adjustments are directly attributable to the Combination. Only *pro forma* adjustments that are expected to have a continuing effect on the combined income statement have been included. No *pro forma* adjustments have been made to reflect any matters not directly attributable to implementing the Combination, such as synergies or cost savings that may be expected to occur after the Combination.

Other than the number of Ordinary Shares, monetary amounts, unless otherwise stated, are presented in pounds sterling.

2. Unaudited Pro Forma Combined Income Statement of the Enlarged International Power Group

	International Power Group for the year ended 31 December 2009 (restated)	*GDF SUEZ Energy International Division for the year ended 31 December 2009 Adjustments*	*Adjustments*	*Adjustments*	*Pro forma total*
	(note 1)	*(note 2)*	*(note 3)*	*(notes 4, 5, 6)*	
			£m		
Revenues	3,947	8,340	149	—	12,436
Purchases	(1,902)	(5,871)	(65)	—	(7,838)
Personnel costs	(244)	(341)	(4)	—	(589)
Depreciation, amortisation and provisions	(340)	(489)	(29)	—	(858)
Other operating income and expenses, net	(436)	(366)	(6)	—	(808)
CURRENT OPERATING INCOME (note 7)	**1,025**	**1,273**	**45**	**—**	**2,343**
Mark-to-market on commodity contracts other than trading instruments	311	(52)	—	—	259
Impairment of property, plant and equipment, intangible assets and financial assets	(95)	(38)	—	—	(133)
Restructuring costs	—	(8)	—	—	(8)
Changes in scope of combination	449	(1)	—	—	448
Other disposal gains and losses and non-recurring items	—	(17)	—	—	(17)
INCOME FROM OPERATING ACTIVITIES	**1,690**	**1,157**	**45**	**—**	**2,892**
Financial expenses	(622)	(427)	(38)	121	(966)
Financial income	58	128	—	(3)	183
NET FINANCIAL LOSS	**(564)**	**(299)**	**(38)**	**118**	**(783)**
Income tax expense	(170)	(294)	—	(8)	(472)
Share in net income of associates	176	16	(5)	—	187
NET INCOME	**1,132**	**580**	**2**	**110**	**1,824**
Net income Group share	981	427	—	110	1,518
Non-controlling interests	151	153	2	—	306
Earnings per share – Basic (pence) (note 8)	**64.5**	**21.0**	**—**	**2.2**	**29.9**

Reconciliation from reported net income Group share to net income Group share excluding exceptional items and specific IAS 39 mark to market movements

	International Power Group for the year ended 31 December 2009 (restated)	*GDF SUEZ Energy International Division for the year ended 31 December 2009 Adjustments*	*Adjustments*	*Adjustments*	*Pro forma total*
	(note 1)	*(note 2)*	*(note 3)*	*(notes 4,5,6)*	
			£m		
Net income Group share	**981**	**427**	**—**	**110**	**1,518**
Exceptional items and specific IAS 39 mark-to-market movements included above					
Mark-to-market on commodity contracts other than trading instruments	311	(52)	—	—	259
Impairment of property, plant and equipment, intangible assets and financial assets	(95)	(38)	—	—	(133)
Restructuring costs	—	(8)	—	—	(8)
Changes in scope of combination	449	(1)	—	—	448
Other disposal gains and losses and non-recurring items	—	(17)	—	—	(17)
Financial expenses – exceptional items and specific IAS 39 mark to market movements	(102)	—	3	—	(99)
Financial income – exceptional items and specific IAS 39 mark to market movements	—	13	—	—	13
Income tax expense – exceptional items and specific IAS 39 mark to market movements	(46)	5	—	—	(41)
Share in net income of associates – exceptional items and specific IAS 39 mark to market movements	21	—	(2)	—	19
Non-controlling interests – exceptional items and specific IA 39 mark to market movements	(50)	16	(1)	—	(35)
Net income Group share excluding exceptional items and specific IAS 39 mark to market movements	**493**	**509**	**—**	**110**	**1,112**
Earnings per share – Basic (pence)	**32.4**	**25.1**	**—**	**2.2**	**21.9**

Notes:

(1) The unaudited consolidated income statement of International Power for the year ended 31 December 2009 as restated for the application of the GDF SUEZ accounting policies, which will be adopted by Enlarged International Power following Closing:

	International Power Group for the year ended 31 December 2009 as previously presented	*Adjustments*	*International Power Group for the year ended 31 December 2009 after accounting policy adjustment*	*Adjustments*	*International Power Group for the year ended 31 December 2009*	
	(note 1a)	*(note 1b)*	*(note 1c)*	*(note 1d)*	*(note 1e)*	
			£m			
Group revenue	**3,683**	**384**	**4,067**	**(120)**	**3,947**	**Revenues**
Cost of sales	(2,505)	(256)	(2,761)	859	(1,902)	Purchases
				(244)	(244)	Personnel costs
				(340)	(340)	Depreciation, amortisation and provisions
Gross profit	1,178	128	1,306			
Other operating income	217	—	217	(653)	(436)	Other operating income and expenses, net
Other operating expenses	(262)	(19)	(281)	281		
Share of results of joint ventures and associates	257	(81)	176	(176)		
Profit from operations	**1,390**	**28**	**1,418**	**(393)**	**1,025**	**Current operating income**
				311	311	Mark-to-market on commodity contracts other than trading instruments
				(95)	(95)	Impairment of property, plant and equipment, intangible assets and financial assets
Disposals of interests in businesses	449	—	449	—	449	Changes in scope of combination
				(177)	**1,690**	**Income from operating activities**
Finance expenses	(585)	(22)	(607)	(15)	(622)	Financial expenses
Finance income	39	3	42	16	58	Financial income
Net finance costs	(546)	(19)	(565)	**1**	**(564)**	**Net financial loss**
Profit before tax	**1,293**	**9**	**1,302**			
Taxation	(161)	(9)	(170)	—	(170)	Income tax expense
				176	176	Share in net income of associates
Profit for the year	**1,132**	**—**	**1,132**	**—**	**1,132**	**Net income**
Attributable to:						
Equity holders of the parent	981	—	981	—	981	Net income Group share
Non-controlling interests	151	—	151	—	151	Non-controlling interests
Earnings per share — Basic (pence)	**64.5**	—	**64.5**	—	**64.5**	**Earnings per share (pence)**

The following table reconciles reported net income Group share to net income Group share excluding exceptional items and specific IAS 39 mark to market movements

	International Power Group for the year ended 31 December 2009 as previously presented	*Adjustments*	*International Power Group for the year ended 31 December 2009 after accounting policy adjustment*	*Adjustments*	*International Power Group for the year ended 31 December 2009*	
	(note 1a)	*(note 1b)*	*(note 1c)*	*(note 1d)*	*(note 1e)*	
			£m			
Profit attributable to equity holders of the parent	981	—	981	—	981	**Net income Group share**
Exceptional items and specific IAS 39 mark to market movements included above						**Exceptional items and specific IAS 39 mark to market movements included above**
Revenue	195	—	195	(195)		
Cost of sales	46	—	46	265	311	Mark-to-market on commodity contracts other than trading instruments
Other operating expenses	(25)	—	(25)	(70)	(95)	Impairment of property, plant and equipment, intangible assets and financial assets
Disposals of interests in businesses	449	—	449	—	449	Changes in scope of combination
Finance expenses — exceptional items and specific IAS 39 mark to market movements	(107)	5	(102)	—	(102)	Financial expenses — exceptional items and specific IAS 39 mark to market movements
Taxation — exceptional items and specific IAS 39 mark to market movements	(46)	—	(46)	—	(46)	Income tax expense — exceptional items and specific IAS 39 mark to market movements
Share of results of joint ventures and associates — exceptional items and specific IAS 39 mark to market movements	26	(5)	21	—	21	Share in net income of associates — exceptional items and specific IAS 39 mark to market movements
Non-controlling interests — exceptional items and specific IAS 39 mark to market movements	(50)	—	(50)	—	(50)	Non-controlling interests — exceptional items and specific IAS 39 mark to market movements
Profit attributable to equity holders of the parent excluding exceptional items and specific IAS 39 mark to market movements	**493**	**—**	**493**	**—**	**493**	**Net income Group share excluding exceptional items and specific IAS 39 mark to market movements**
Earnings per share — Basic (pence)	**32.4**	**—**	**32.4**	**—**	**32.4**	**Earnings per share — Basic (pence)**

(1a) The results of the International Power Group for the year ended 31 December 2009 have been extracted without material adjustment from the 2010 International Power Condensed Interim Financial Statements.

(1b) This adjustment reflects the difference in accounting policy between the two groups applied to joint ventures. International Power accounts for its joint ventures using the equity method of accounting where the share of joint ventures' income and expenses is aggregated in a single line item in the income statement and where the share of joint ventures' assets and liabilities are presented on a net basis in one line in the statement of financial position. GDF SUEZ applies the proportionate consolidation method, where the share of joint ventures' income, expenses, assets, liabilities and cash flows are presented on a line by line basis in the income statement, the statement of financial position, and the statement of cash flows. Both methods are allowed under IAS 31 — Interests in Joint Ventures. There is no impact on net results or net assets for the periods presented from the change in presentation of the International Power Group's interests in joint ventures from the equity method of accounting to proportionate consolidation. The purpose of this *pro forma* adjustment is to gross up the presentation of the net results and the share of net assets of joint ventures to reflect their treatment after the Combination.

(1c) The unaudited consolidated income statement, and statements of net assets and net debt, of the International Power Group for the year ended 31 December 2009, and as at 30 June 2010, as restated for the impact of the change in accounting treatment for joint ventures as outlined in note (1b).

(1d) This adjustment reflects the difference in the presentation of line items within the income statement and statement of financial position between the International Power Group and that consistent with the presentation applied by the GDF SUEZ Energy International Division.

(1e) The unaudited consolidated income statement, and statement of net assets and net debt, of the International Power Group for the year ended 31 December 2009, and as at 30 June 2010, as restated for the impact of the change in accounting treatment for joint

ventures as outlined in note (1b) and the change in presentation to conform to that used by the GDF SUEZ Energy International Division as outlined in note (1d).

(2) Extracted without material adjustment from the combined income statement of the GDF SUEZ Energy International Division for the year ended 31 December 2009, as set out in of Part 5(B) (*Historical Financial Information relating to GDF SUEZ Energy International*) of this Circular and translated into sterling at an exchange rate of €1.1177 to £1, being the average rate of exchange for the year ended 31 December 2009 as applied in the consolidated financial statements of the International Power Group for the same period.

(3) This adjustment reflects the proposed change in accounting treatment for the combined interests in Hidd Power Company B.S.C.(c) ("Hidd") in Bahrain, following the Combination. International Power and the GDF SUEZ Energy International Division currently own 40 per cent. and 30 per cent. of Hidd respectively, and both groups currently account for their interests in Hidd under the equity method, as an associate, where the results are reflected in a single line in the combined income statement (under the heading 'Share in net income of associates') and the investment is reflected in a single line in the combined statement of net assets (under the heading 'Investments in associates'). Following Closing, Hidd will be accounted for as a subsidiary, with a 30 per cent. non-controlling interest, being the shareholding owned by neither International Power nor the GDF SUEZ Energy International Division. The purpose of this *pro forma* adjustment is to gross up the presentation of the results and the share of net assets of Hidd to reflect its post Combination treatment as a subsidiary.

(4) The terms of the Merger Deed state that prior to Closing, the Wider GDF SUEZ Group will make a cash injection of USD3,436 million (£2,296 million at 30 June 2010 exchange rates) and €2,700 million (£2,212 million at 30 June 2010 exchange rates) less adjustments related to International Power's 2010 interim dividend and less certain immaterial adjustments referred to below. The Cash Injection is for the purposes of reducing net debt of the GDF SUEZ Energy International Division. The terms of the Cash Injection will be partially fulfilled by the partial split of SUEZ-TRACTEBEL (to separate out the assets and liabilities of SUEZ-TRACTEBEL that are not part of the GDF SUEZ Energy International Division), which is part of the GDF SUEZ Energy International Reorganisation to be completed prior to Closing. The partial split will result in a reduction in the debt of the GDF SUEZ Energy International Division by €1,203 million (£985 million at 30 June 2010 exchange rates). Under the terms of the Merger Deed, there are some immaterial deductions to the Cash Injection, which correspond to reductions in the net debt of the GDF SUEZ Energy International Division as at 30 June 2010 as a result of the transfer of certain assets (which do not form part of the Combination) out of the GDF SUEZ Energy International Division in connection with the GDF SUEZ Energy International Reorganisation. Such immaterial deductions are not reflected in the *pro forma* because the corresponding reductions in net debt of the GDF SUEZ Energy International Division as at 30 June 2010 are not reflected in the *pro forma*. Accordingly, the impact of not reflecting the immaterial deductions in the *pro forma* is that the *pro forma* total net assets and net debt is correctly presented.

For the purpose of the *pro forma* combined income statement intra-group loans of €5,625 million (£4,608 million at 30 June 2010 exchange rates) have been assumed repaid as at 1 January 2009, funded by the Cash Injection of €5,351 million (£4,384 million) outlined above and existing cash balances of €274 million (£224 million at 30 June 2010 exchange rates). Therefore, the *pro forma* combined income statement adjustment reflects the decrease in financial expenses of €135 million (£121 million), corresponding to the saving in intra-group interest expense for the year ended 31 December 2009 (at an interest rate on borrowings of 2.4 per cent.) on the debt extinguished, and a decrease in financial income of €3 million (£3 million) on cash balances used to repay intra-group debt (at an interest rate on cash balances of 1.2 per cent.). The consequential impact on income tax for the year is an increase of €8 million (£8 million).

In addition to the elements of the Cash Injection noted above, £1,404 million is to be contributed by the Wider GDF SUEZ Group for the purposes of funding the Special Dividend, further details of which are found in paragraph 4 of Part 1 (*Letter from Sir Neville Simms, Chairman of International Power plc*) of this Circular. This element of the Cash Injection is deemed to have decreased the net debt of the Enlarged International Power Group, with effect from 1 January 2009. This has the impact of decreasing the *pro forma* financial expenses. This impact is offset by a symmetrical increase of the financial expenses as the payment of the Special Dividend is also deemed to have taken place on 1 January 2009. On the *pro forma* statement of net assets, this element of the Cash Injection for the funding of the Special Dividend is reflected as an increase in cash.

(5) In the *pro forma* statement of net assets, the adjustment of £1,404 million reflects the payment of the Special Dividend of 92 pence per Ordinary Share following Closing and, for the purposes of the *pro forma* has been calculated based on the number of Ordinary Shares in issue as at 12 November 2010 being, the latest practicable date prior to publication of this Circular. The *pro forma* income statement adjustment reflects the interest cost and tax thereon related to the funding of the Special Dividend of 92 pence per Ordinary Share, assuming it had been paid on 1 January 2009.

(6) The Combination has been accounted for as an acquisition in accordance with IFRS 3. Transaction costs incurred by both International Power and the GDF SUEZ Energy International Division before Closing are assumed to have been expensed in the period before 1 January 2009 and are therefore not reflected in the *pro forma* combined income statement. The *pro forma* net assets statement does not give effect to fair value adjustments to net assets arising from the purchase price being greater than the book value of the net assets acquired. The *pro forma* purchase price premium has been attributed to goodwill and no pro forma amortisation nor impairment charge has been applied to the goodwill balance in the period presented. The fair value adjustments, when finalised post-acquisition, may be material.

(7) The *pro forma* EBITDA of the Enlarged International Power Group for the year ended 31 December 2009 is calculated as follows:

	£m
Current operating income	2,343
Add back:	
– Depreciation, amortisation and provisions	858
– Share based payments (included in personnel costs in the *pro forma* combined income statement of the Enlarged International Power Group)	15
EBITDA	3,216

(8) For the purpose of the calculation of the (basic) *pro forma* earnings per share, the historical weighted average number of Ordinary Shares outstanding has been adjusted to take into account the New Ordinary Shares that would have been issued if Closing had occurred on 1 January 2009. Based on the Merger Deed, the Wider GDF SUEZ Group will contribute the GDF SUEZ Energy International Division in exchange for the issue of 3,554.3 million New Ordinary Shares. As the historical average number of Ordinary Shares for the year ended 31 December 2009 was 1,521.3 million, the *pro forma* weighted average number of Ordinary Shares taken into account for the calculation of the basic earnings per share *pro forma* is 5,075.6 million Ordinary Shares (which is the sum of the 1,521.3 million Ordinary Shares and of the 3,554.3 million New Ordinary Shares).

3. Unaudited Pro Forma Combined Statement of Net Assets of the Enlarged International Power Group

	International Power Group as at 30 June 2010 (restated)	*GDF SUEZ Energy International Division as at 30 June 2010 Adjustments*	*Adjustments*	*Adjustments*	*Adjustments*	*Adjustments*	*Pro forma total*
	(note 9)	*(note 10)*	*(note 3)*	*(note 4)*	*(note 5)*	*(notes 6 & 11)*	
				£m			
Non-current assets							
Intangible assets, net	216	707	—	—	—	—	923
Goodwill	850	1,095	—	—	—	1,899	3,844
Property, plant and equipment, net	7,696	13,555	745	—	—	—	21,996
Available for sale securities	96	44	—	—	—	—	140
Loans and receivables carried at amortised cost	2,007	569	—	—	—	—	2,576
Derivative instruments	—	244	—	—	—	—	244
Investments in associates	898	240	—	—	—	—	1,138
Other non-current assets	80	113	3	—	—	—	196
Deferred tax assets	49	114	—	—	—	—	163
Total non-current assets	**11,892**	**16,681**	**748**	**—**	**—**	**1,899**	**31,220**
Current assets							
Loans and receivables carried at amortised cost	64	200	—	—	—	—	264
Derivative instruments	271	243	—	—	—	—	514
Trade and other receivables	747	1,226	30	—	—	—	2,003
Inventories	311	268	8	—	—	—	587
Other current assets	—	473	—	—	—	—	473
Financial assets at fair value through income	—	15	—	—	—	—	15
Cash and cash equivalents	1,529	2,822	14	1,180	(1,404)	—	4,141
Total current assets	**2,922**	**5,247**	**52**	**1,180**	**(1,404)**	**—**	**7,997**
Total assets	**14,814**	**21,928**	**800**	**1,180**	**(1,404)**	**1,899**	**39,217**
Non-current liabilities							
Provisions	174	202	8	—	—	—	384
Long-term borrowings	6,302	7,536	632	(1,593)	—	—	12,877
Derivative instruments	321	689	85	—	—	—	1,095
Other financial liabilities	31	1	—	—	—	—	32
Other non-current liabilities	92	583	—	—	—	—	675
Deferred tax liabilities	926	447	—	—	—	—	1,373
Total non-current liabilities	**7,846**	**9,458**	**725**	**(1,593)**	**—**	**—**	**16,436**
Current liabilities							
Provisions	25	102	—	—	—	—	127
Short-term borrowings	609	4,451	21	(3,015)	—	—	2,066
Derivative instruments	362	420	25	—	—	—	807
Trade and other payables	642	1,136	24	—	—	—	1,802
Other current liabilities	439	495	5	—	—	—	939
Total current liabilities	**2,077**	**6,604**	**75**	**(3,015)**	**—**	**—**	**5,741**
Total liabilities	**9,923**	**16,062**	**800**	**(4,608)**	**—**	**—**	**22,177**
Net assets	**4,891**	**5,866**	**—**	**5,788**	**(1,404)**	**1,899**	**17,040**

Analysis of net debt

	International Power Group as at 30 June 2010 (restated)	*GDF SUEZ Energy International Division as at 30 June 2010 Adjustments*	*Adjustments*	*Adjustments*	*Adjustments*	*Adjustments*	*Pro forma total*
	(note 9)	*(note 10)*	*(note 3)*	*(note 4)*	*(note 5)*	*(notes 6 & 11)*	
				£m			
Outstanding borrowings and debt	6,981	11,922	658	(4,608)	—	—	14,953
Impact of measurement at amortised cost	(70)	64	(5)	—	—	—	(11)
Cash collateral	—	1	—	—	—	—	1
Borrowings and debt	6,911	11,987	653	(4,608)	—	—	14,943
Derivative instruments hedging borrowings under liabilities	219	457	100	—	—	—	776
Gross debt	7,130	12,444	753	(4,608)	—	—	15,719
Financial assets at fair value through income	—	(15)	—	—	—	—	(15)
Cash and cash equivalents	(1,529)	(2,822)	(14)	(1,180)	1,404	—	(4,141)
Derivative instruments hedging borrowings under assets	—	(120)	—	—	—	—	(120)
Net cash	**(1,529)**	**(2,957)**	(14)	**(1,180)**	**1,404**	**—**	**(4,276)**
Net debt	**5,601**	**9,487**	**739**	**(5,788)**	**1,404**	**—**	**11,443**
Outstanding borrowings and debt	6,981	11,922	658	(4,608)	—	—	14,953
Financial assets at fair value through income	—	(15)	—	—	—	—	(15)
Cash and cash equivalents	(1,529)	(2,822)	(14)	(1,180)	1,404	—	(4,141)
Net debt excluding the impact of derivative instruments and amortised cost	**5,452**	**9,085**	**644**	**(5,788)**	**1,404**	**—**	**10,797**

(9) The unaudited consolidated statement of financial position of International Power as at 30 June 2010 as restated for the impact of the change in accounting treatment for joint ventures and the presentation classifications applied by GDF SUEZ:

	International Power Group as at 30 June 2010 as previously presented	*Adjustments*	*International Power Group as at 30 June 2010 after accounting policy adjustment*	*Adjustments*	*International Power Group as at 30 June 2010*	
	(note 1a)	*(note 1b)*	*(note 1c)*	*(note 1d)*	*(note 1e)*	
			£m			
Non-current assets						**Non-current assets**
Other intangible assets	189	85	274	(58)	216	Intangible assets, net
Goodwill	850	—	850	—	850	Goodwill
Property, plant and equipment	6,988	652	7,640	56	7,696	Property, plant and equipment, net
Other investments	96	—	96	—	96	Available for sale securities
				2,007	2,007	Loans and receivables carried at amortised cost
				898	898	Investments in associates
Investments in joint ventures and associates	1,593	(356)	1,237	(1,237)		
Service concession receivables	1,196	138	1,334	(1,334)		
Finance lease receivables	334	—	334	(334)		
Other long-term receivables	66	14	80	—	80	Other non-current assets
Deferred tax assets	42	7	49	—	49	Deferred tax assets
Total non-current assets	**11,354**	**540**	**11,894**	**(2)**	**11,892**	**Total non-current assets**
Current assets						**Current assets**
				64	64	Loans and receivables carried at amortised cost
Derivative financial assets	271	—	271	—	271	Derivative instruments
Trade and other receivables	682	86	768	(21)	747	Trade and other receivables
Inventories	266	22	288	23	311	Inventories
Service concession receivables	37	15	52	(52)		
Finance lease receivables	12	—	12	(12)		
Cash and cash equivalents	1,446	83	1,529	—	1,529	Cash and cash equivalents
Total current assets	**2,714**	**206**	**2,920**	**2**	**2,922**	**Total current assets**
Total assets	**14,068**	**746**	**14,814**	**—**	**14,814**	**Total assets**
Non-current liabilities						**Non-current liabilities**
Provisions	99	2	101	73	174	Provisions
Loans and bonds	5,784	518	6,302	—	6,302	Long-term borrowings
Derivative financial liabilities	282	39	321	—	321	Derivative instruments
				31	31	Other financial liabilities
				92	92	Other non-current liabilities
Other payables	41	51	92	(92)	—	
Retirement benefit obligations	104	—	104	(104)		
Deferred tax liabilities	915	11	926	—	926	Deferred tax liabilities
Total non-current liabilities	**7,225**	**621**	**7,846**	**—**	**7,846**	**Total non-current liabilities**
Current liabilities						**Current liabilities**
Provisions	27	—	27	(2)	25	Provisions
Loans and bonds	497	51	548	61	609	Short-term borrowings
Derivative financial liabilities	349	13	362	—	362	Derivative instruments
Trade and other payables	752	56	808	(166)	642	Trade and other payables
Current tax liabilities	327	5	332	107	439	Other current liabilities
Total current liabilities	**1,952**	**125**	**2,077**	**—**	**2,077**	**Total current liabilities**
Total liabilities	**9,177**	**746**	**9,923**	**—**	**9,923**	**Total liabilities**
Net assets	**4,891**	**—**	**4,891**	**—**	**4,891**	**Net assets**

Analysis of net debt

	International Power Group as at 30 June 2010 as previously presented	*Adjustments*	*International Power Group as at 30 June 2010 after accounting policy adjustment*	*Adjustments*	*International Power Group as at 30 June 2010*	
	(note 1a)	*(note 1b)*	*(note 1c)*	*(note 1d)*	*(note 1e)*	
			£m			
Loans and bonds	6,281	569	6,850	(6,850)		
				6,981	6,981	Outstanding borrowings and debt
				(70)	(70)	Impact of measurement at amortised cost
	6,281	569	6,850	61	6,911	**Borrowings and debt**
				219	219	Derivative instruments hedging borrowings under liabilities
	6,281	**569**	**6,850**	**280**	**7,130**	**Gross debt**
Cash and cash equivalents	(1,446)	(83)	(1,529)	—	(1,529)	Cash and cash equivalents
Net cash	**(1,446)**	**(83)**	**(1,529)**	**—**	**(1,529)**	**Net cash**
Net debt	**4,835**	**486**	**5,321**	**280**	**5,601**	**Net debt**
Loans and bonds	6,281	569	6,850	(6,850)		
				6,981	6,981	Outstanding borrowings and debt
Cash and cash equivalents	(1,446)	(83)	(1,529)	—	(1,529)	Cash and cash equivalents
Net debt	**4,835**	**486**	**5,321**	**131**	**5,452**	**Net debt excluding the impact of derivative instruments and amortised cost**

(10) Extracted without material adjustment from the interim combined statement of financial position of the GDF SUEZ Energy International Division as at 30 June 2010, as set out in Part 5(D) (*Historical Financial Information relating to GDF SUEZ Energy International*) of this Circular and translated into sterling at an exchange rate of €1.2206 to £1, being the rate in effect at close of business on 30 June 2010 as applied by International Power in its 2010 International Power Condensed Interim Financial Statements.

(11) At the effective acquisition date International Power will issue 3,554,347,956 New Ordinary Shares in exchange for the contribution of GDF SUEZ Energy International Division by subsidiaries of GDF SUEZ. For the purpose of the *pro forma*, the fair value of the consideration in this reverse acquisition is determined based upon the acquisition date closing price of International Power's Ordinary Shares. For the purpose of estimating the fair value of the consideration transferred in the *pro forma* combined financial information, the Existing Ordinary Shares of International Power are deemed to be acquired on 12 November 2010, being the latest practicable date prior to publication of this Circular. For the purposes of the *pro forma*, the consideration is based on the corresponding closing share price of 424.5 pence. As stated in the basis of preparation, the *pro forma* financial information does not reflect the fair value adjustments to the acquired assets and liabilities assumed as the measurement of these items at their fair values will only be performed subsequent to Closing.

The preliminary goodwill, arising from the foregoing assumptions, is calculated as follows:

Closing price of International Power Ordinary Shares as of 12 November 2010 (as an approximation for the actual share price on the effective date of the Combination)	£4.245
Number of Ordinary Shares in International Power (expressed in millions) which are deemed to be acquired by subsidiaries of GDF SUEZ in consideration for the contribution by subsidiaries of GDF SUEZ of the GDF SUEZ Energy International Division	1,526.2
	£m
Total consideration transferred	6,479
Book value of International Power net assets	(4,891)
Non-controlling interests of International Power	311
Preliminary goodwill (before measurement of the assets acquired and liabilities assumed at their fair value on Closing)	1,899

(B) A report on the unaudited *pro forma* combined financial information for the Enlarged International Power Group

KPMG Audit Plc
15 Canada Square
Canary Wharf
London E14 5GL
United Kingdom

The Directors
International Power plc

19 November 2010

Dear Sirs

International Power plc

We report on the *pro forma* financial information (the "**Pro forma financial information**") set out in Part 7(A) (*Unaudited Pro Forma Combined Financial Information for the Enlarged International Power Group*) of the circular to International Power plc shareholders (the "**Circular**") dated 19 November, which has been prepared on the basis described in note 1, for illustrative purposes only, to provide information about how the Combination might have affected the financial information presented on the basis of the accounting policies to be adopted by International Power plc in preparing the financial statements for the year ending 31 December 2011. This report is required by paragraph 13.3.3R of the Listing Rules of the Financial Services Authority and is given for the purpose of complying with that paragraph/those paragraphs and for no other purpose.

Responsibilities

It is the responsibility of the directors of International Power plc to prepare the Pro forma financial information in accordance with paragraph 13.3.3R of the Listing Rules of the Financial Services Authority.

It is our responsibility to form an opinion, as required by paragraph 7 of Annex II of the Prospectus Directive Regulation, as to the proper compilation of the Pro forma financial information and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro forma financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to Existing Shareholders as a result of the inclusion of this report in the Circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Listing Rule 13.4.1R(6), consenting to its inclusion in the Circular.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro forma financial information with the directors of International Power plc.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma financial information

has been properly compiled on the basis stated and that such basis is consistent with the accounting policies to be adopted by International Power plc following Closing.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

- the Pro forma financial information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies to be adopted by International Power plc following Closing.

Yours faithfully

KPMG Audit Plc

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PART 8

INFORMATION RELATING TO THE GDF SUEZ GROUP

1. Information on GDF SUEZ and the GDF SUEZ Group

(a) Information on GDF SUEZ

GDF SUEZ (formerly known as Gaz de France) resulted from the merger of Gaz de France and SUEZ in July 2008. Gaz de France was incorporated as a French public industrial and commercial enterprise in 1946. Its registered number is 542 107 651 RCS Nanterre. Its registered headquarters are at 1 place Samuel de Champlain, 92400 Courbevoie, Paris, France. GDF SUEZ became a limited liability company in 2004 and its shares were publicly floated in 2005.

GDF SUEZ develops its businesses around a responsible-growth model to take up great challenges: responding to energy needs, ensuring the security of supply, combating climate change, and optimising the use of resources. The GDF SUEZ Group provides high-performance, innovative energy solutions to individuals, municipalities, and businesses, relying upon a diversified natural gas supply portfolio, a flexible, low CO2-emitting production base, and unique expertise in four key sectors: liquefied natural gas, energy efficiency services, independent power production, and environment services. GDF SUEZ employs 200,650 people worldwide and achieved revenues of €79.9 billion in 2009. GDF SUEZ is listed on the Paris, Brussels and Luxembourg stock exchanges and is represented in the main international indices: CAC 40, BEL 20, DJ Stoxx 50, DJ Euro Stoxx 50, Euronext 100, FTSE Eurotop 100, MSCI Europe, ASPI Eurozone and ECPI Ethical Index EMU.

Following the merger of SUEZ and Gaz de France in July 2008, SUEZ Environnement Company ("**SE Company**"), the subsidiary operating SUEZ's environmental activities, was listed on Euronext Paris and 65 per cent. of its share capital was distributed to SUEZ shareholders. As at 31 December 2009 (post-merger), GDF SUEZ held an interest of 35.41 per cent. in SE Company.

The operation of SE Company is managed in accordance with a shareholders' agreement between GDF SUEZ, Groupe Bruxelles Lambert and SE Company, among others, which provides for the management and governance mechanics of SE Company as well as a reciprocal right of first refusal between the parties for any proposed divestment of shares in SE Company (subject to certain exceptions). The shareholders' agreement grants GDF SUEZ control of SE Company which entitles GDF SUEZ to fully consolidate SE Company in its financial statements.

(b) Information on Electrabel

Electrabel was incorporated and registered as a Belgian limited liability company in 1905. It is registered with the Register of Legal Entities of Brussels under number 0403.170.701. Its registered headquarters are at Boulevard du Regent 8, 1000 Brussels. It is a wholly-owned subsidiary of GDF SUEZ. Originally a Belgian private electricity producer, distributor and transporter, Electrabel has become a large international power company principally in its capacity as a power producer (including producing power from nuclear assets) and a power supplier. Following the GDF SUEZ Energy International Reorganisation, Electrabel will hold the assets that comprise the GDF SUEZ Energy International Division.

(c) GDF SUEZ Directors

The GDF SUEZ Directors and their respective positions are:

Name	*Position held*
Gérard Mestrallet	Chairman and Chief Executive Officer
Jean-François Cirelli	Vice-Chairman and President
Albert Frère	Vice-Chairman and Independent Director
Edmond Alphandéry	Independent Director
Jean-Louis Beffa	Independent Director
Aldo Cardoso	Independent Director
René Carron	Independent Director
Paul Desmarais, Jr.	Independent Director
Anne Lauvergeon	Independent Director
Thierry de Rudder	Independent Director
Lord Simon of Highbury	Independent Director
Jean-Paul Bailly	Director (Representative of the French State)
Olivier Bourges	Director (Representative of the French State)
Pierre-Franck Chevet	Director (Representative of the French State)
Ramon Fernandez	Director (Representative of the French State)
Pierre Graff	Director (Representative of the French State)
Pierre Mongin	Director (Representative of the French State)
Alain Beullier	Employee Representative Director
Anne-Marie Mourer	Employee Representative Director
Patrick Petitjean	Employee Representative Director
Gabrielle Prunet	Employee Shareholders Representative Director

2. Major shareholders in GDF SUEZ

As at 12 November 2010 (being the latest practicable date prior to publication of this Circular) the following persons had interests in GDF SUEZ sufficient to have potential indirect interests of 5 per cent. or more in the issued share capital of International Power following Admission:

Person Name	*Number of voting rights*	*Per cent. of total voting rights attaching to GDF SUEZ issued share capital*
The French State	811,158,130	36.47%

3. Disclosure of interests and dealings in shares

(a) Relevant Definitions

For the purposes of this paragraph 3 of this Part 8:

"**acting in concert**" with a party means any such person acting or deemed to be acting in concert with that party for the purposes of the City Code;

"**arrangement**" includes indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature relating to relevant securities which may be an inducement to deal or refrain from dealing;

"**dealing**" includes: (i) the acquisition or disposal of securities, of the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to securities, or of general control of securities; (ii) the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded option contract) in respect of any securities; (iii) subscribing or agreeing to subscribe for securities; (iv) the exercise or conversion, whether in respect of new or existing securities, of any securities carrying conversion or subscription rights; (v) the acquisition of, disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to securities; (vi) entering into, terminating or varying the terms of any agreement to purchase or sell securities; and (vii) any other action resulting, or which may result, in an increase or decrease in the number of securities in which a person is interested or in respect of which he has a short position;

"**derivative**" includes any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security;

“**disclosure period**” means the period commencing on 19 November 2009 (the date twelve months prior to the publication of this Circular) and ending on 12 November 2010 (the latest practicable date prior to the publication of this Circular);

a person has an “**interest**” or is “**interested**” in securities or shares if he has a long economic exposure, whether absolute or conditional, to changes in the price of those securities and in particular a person will be treated as having an interest in securities if: (i) he has legal title and beneficial ownership (i.e. the right (whether conditional or otherwise) to exercise, or direct the exercise of, the voting rights attaching to the securities or has general control of them); (ii) he has the right, option or obligation to acquire, call for or take delivery of securities under any agreement, option or derivative; or (iii) he is a party to any derivative whose value is determined by reference to, their price and which results in, or may result in his having, a long position in those securities; and

“**relevant securities**” includes (i) securities of International Power conferring voting rights; (ii) equity share capital of International Power; (iii) securities of International Power which carry substantially the same rights as any to be issued as consideration for the Transaction; and (iv) securities of International Power carrying conversion or subscription rights into any of the foregoing.

(b) Interests in International Power held by GDF SUEZ and other persons acting in concert with GDF SUEZ

As at 12 November 2010, the latest practicable date prior to the publication of this Circular, the interests, rights to subscribe and short positions in respect of relevant securities of International Power held by: (i) GDF SUEZ; (ii) the directors of GDF SUEZ; or (iii) any person acting in concert with GDF SUEZ, were as follows:

Person name (relationship to GDF SUEZ)	*Number of Ordinary Shares (and percentage interest in the issued share capital of International Power)*	*Nature of interest held*
Goldman Sachs & Co. (financial adviser to GDF SUEZ)	-1,832 (0.00012%) (short position)	Proprietary interests
Goldman Sachs & Co. (financial adviser to GDF SUEZ)	7,700 (0.0005%)	Interests held as discretionary manager
BPSS France (under the same control as a financial adviser to GDF SUEZ)	280,900 (0.02%)	Custodial interests
BNP Paribas (UK) Limited (under the same control as a financial adviser to GDF SUEZ)	243,000 (0.02%)	Proprietary interests

Save as disclosed in this paragraph, as at 12 November 2010, the latest practicable date prior to the publication of this Circular, there were no interests, rights to subscribe or short positions in respect of relevant securities of International Power held by: (i) GDF SUEZ; (ii) the directors of GDF SUEZ; or (iii) any person acting in concert with GDF SUEZ.

(c) Dealings by GDF SUEZ and other persons acting in concert in interests in International Power

During the disclosure period, the following dealings by (i) GDF SUEZ; (ii) the directors of GDF SUEZ; and/or (iii) any person acting in concert with GDF SUEZ were made:

Person name (relationship to GDF SUEZ)	*Date*	*Dealing*	*Number of Ordinary Shares (and percentage interest in the issued share capital of International Power)*	*Price*
Goldman Sachs & Co. (financial adviser to GDF SUEZ)......................	25 March 2010	Buy	4,470 (0.00029%)	£3.23
Goldman Sachs & Co. (financial adviser to GDF SUEZ)......................	29 March 2010	Buy	3,230 (0.00021%)	£3.20
Goldman Sachs & Co. (financial adviser to GDF SUEZ)......................	31 March 2010	Sale	450 (0.00003%)	US$48.21[2]
Goldman Sachs & Co. (financial adviser to GDF SUEZ)......................	10 May 2010	Sale	3,050 (0.0002%)	US$46.79[2]
Goldman Sachs & Co. (financial adviser to GDF SUEZ)......................	12 May 2010	Sale	1,832 (0.00012%)	0.00[1]
Goldman Sachs & Co. (financial adviser to GDF SUEZ)......................	19 May 2010	Sale	5,170 (0.00034%)	US$44.36[2]
Goldman Sachs & Co. (financial adviser to GDF SUEZ)......................	20 May 2010	Sale	1,210 (0.00008%)	US$42.65[2]
Goldman Sachs & Co. (financial adviser to GDF SUEZ)......................	26 May 2010	Buy	140 (0.00001%)	US$41.40[2]
Goldman Sachs & Co. (financial adviser to GDF SUEZ)......................	7 July 2010	Sale	1 (0.00000007%)	£3.04
Goldman Sachs & Co. (financial adviser to GDF SUEZ)......................	26 August 2010	Sale	490 (0.00003%)	US$56.65[2]

1 Zero price represents an exchange-traded fund.
2 This represents the price per American Depositary Receipt.

Save as disclosed in this paragraph, none of (i) GDF SUEZ; (ii) the directors of GDF SUEZ; or (iii) any person acting in concert with GDF SUEZ has dealt in interests in relevant securities of International Power during the disclosure period.

(d) Borrowing and lending by GDF SUEZ and other persons acting in concert of interests in International Power

During the disclosure period, the following borrowing and lending activities have been undertaken by (i) GDF SUEZ; (ii) the directors of GDF SUEZ; or (iii) any person acting in concert with GDF SUEZ:

Person name (relationship to GDF SUEZ)	*Date*	*Dealing*	*Number of Ordinary Shares (and percentage interest in the share capital of International Power)*
Goldman Sachs & Co. (financial adviser to GDF SUEZ).....................................	In the period from 19 November 2009 to 12 November 2010	Borrow	2,251,137 (0.148%)
Goldman Sachs & Co. (financial adviser to GDF SUEZ).....................................	In the period from 19 November 2009 to 12 November 2010	Loan	1,972,876 (0.129%)

Save as disclosed in this paragraph, none of (i) GDF SUEZ; (ii) the directors of GDF SUEZ: or (iii) any person acting in concert with GDF SUEZ has borrowed or lent any relevant securities of International Power during the disclosure period, save for any borrowed shares which have been on-lent or sold.

4. Material change

Save as referred to in the interim consolidated financial statements of GDF SUEZ for the period ended 30 June 2010 and the GDF SUEZ quarterly financial report for the period ended 30 September 2010 (both of which are incorporated by reference into this Circular), there have been no material changes in the financial or trading position of the GDF SUEZ Group since 31 December 2009, being the date to which the GDF SUEZ Group's latest audited financial statements were prepared.

5. GDF SUEZ's intentions regarding Enlarged International Power's business

Strategy

Following Closing, Enlarged International Power will be the platform through which GDF SUEZ will drive its international development in power generation.

GDF SUEZ and International Power have agreed under the Relationship Agreement that:

- subject to certain exceptions, the Enlarged International Power Group will have exclusive responsibility over and activity in power generation activities in all markets except Continental Europe, thereby giving the Enlarged International Power Group access to the fast growing markets of Latin America, Middle East and Asia Pacific, as well as Australia, the USA and UK for power generation, and exclusive responsibility over and activity in downstream LNG activities in Chile and the USA;
- subject to the activity of International Power's existing assets in Continental Europe, the Wider GDF SUEZ Group will have exclusive responsibility over and activity in all businesses in Continental Europe, including Russia (but excluding Turkey); and
- the Wider GDF SUEZ Group will have exclusive responsibility over and activity in nuclear power generation and certain defined energy services in all markets.

GDF SUEZ has informed the International Power Board that it is not GDF SUEZ's current intention to dispose of or otherwise change the use of any of the fixed assets within the Enlarged International Power Group following Admission.

People

GDF SUEZ has stated the importance it attaches to retaining the skills and expertise of the management teams and employees of International Power and of the companies within the GDF SUEZ Group that will be transferred to Enlarged International Power as a result of the Transaction. GDF SUEZ has informed the International Power Board that it is GDF SUEZ's belief that the increased size and strength of the Enlarged International Power Group will offer attractive career prospects for its employees.

GDF SUEZ has also informed the International Power Board that:

- it does not have any current intentions regarding Enlarged International Power's business that would affect the terms on which Enlarged International Power's employees are employed;
- it intends that financial and professional support (such as training and development) will be offered to all employees who, as a result of the Transaction, will be required to re-train or re-position; and
- it intends that there will be no enforced geographical relocation of employees or enforced redundancies as a result of the Transaction.

6. GDF SUEZ Group material contracts

Save for the Principal Transaction Agreements, a summary of which is contained in Part 4 (*Principal Terms of the Transaction*) of this Circular, there are no material contracts (other than contracts entered into in the ordinary course of business) entered into by any member of the GDF SUEZ Group within the two years immediately preceding the date of this Circular.

7. Long-term commercial justification for the Combination

As a result of the Combination, GDF SUEZ expects to reinforce its global leadership and become the world leading utility (based on *pro forma* revenues in 2009 of €84 billion). The Combination will also strengthen GDF SUEZ's international presence in the US, the Middle East and Asia, as well as providing access to geographies where the GDF SUEZ Group has limited or no presence such as the UK and Australia and GDF SUEZ's global leadership in power generation by achieving its stated strategic objective of 100GW of gross installed capacity with a total installed generation capacity of 107GW[8]. GDF SUEZ also expects to reinforce its gas sourcing position through the addition of

8 This represents the aggregate of (i) the capacity of power generation assets owned by the GDF SUEZ Group as at 30 June 2010; plus (ii) the capacity of power generation assets owned by the International Power Group as at 9 August 2010; minus (iii) 1GW representing the approximate gross capacity as at 9 August 2010 of the Al Hidd power generation asset in Bahrain in which both the International Power Group and the GDF SUEZ Group currently hold an equity interest and which is reflected by each of them in their respective capacity figures.

International Power's gas fired power generation facilities with the result that the GDF SUEZ Group will become the largest gas operator of Europe's integrated utilities.

8. Arrangements in connection with the Transaction

Neither GDF SUEZ nor any person acting in concert with GDF SUEZ has entered into any agreement, arrangement or undertaking (including any compensation arrangement) with any of the International Power Directors (or any recent directors, Shareholders, recent Shareholders or any person interested or recently interested in Ordinary Shares) which has any connection with or dependence upon the Transaction. Neither GDF SUEZ nor any member of the GDF SUEZ Group has any current intention to transfer any of the New Ordinary Shares to any other person.

9. Source of funding

GDF SUEZ will fund the Cash Injection through the use of its own cash and debt capital market issuances. GDF SUEZ has no financing arrangements relating to the Transaction which are dependent on the business of the International Power Group.

10. Financial information relating to the GDF SUEZ Group

Incorporation by reference

The following sections of (i) the consolidated financial statements of GDF SUEZ for the 2008 and 2009 financial years, together with the unqualified statutory audit reports in respect of those financial statements; (ii) the consolidated financial information of each of SUEZ and Gaz de France for the 2007 financial year, together with the unqualified statutory audit reports in respect of those financial statements; (iii) the interim consolidated financial statements of GDF SUEZ for the six months ended 30 June 2010 as set out in GDF SUEZ's first-half results for the six months ended 30 June 2010; and (iv) the GDF SUEZ quarterly financial report for the period ended 30 September 2010, are hereby incorporated by reference into this Circular.

Cross reference list

The following list is intended to enable Shareholders easily to identify specific items of financial information relating to the GDF SUEZ Group which have been incorporated by reference into this Circular and which can be downloaded from the relevant section of GDF SUEZ's website as identified below at www.gdfsuez.com.

(a) Interim consolidated financial statements for GDF SUEZ for the six months ended 30 June 2010

The sections below refer to the relevant sections of GDF SUEZ's first-half results report for the six months ended 30 June 2010 which can be downloaded from GDF SUEZ's website at www.gdfsuez.com/en/finance/investors/results/2010-half-year-results/2010-half-year-results :

- Consolidated statements of financial position .... Pages 20-21
- Consolidated income statements .... Page 22
- Consolidated statements of comprehensive income .... Page 23
- Consolidated statements of cash flows .... Pages 24-25
- Consolidated statements of changes in equity .... Pages 26-27
- Notes to the consolidated financial statements .... Pages 29-60
- Statutory auditor's review report .... Page 63

(b) Consolidated financial statements for GDF SUEZ for the year ended 31 December 2009 and the unqualified audit report in respect of those financial statements

The page numbers below refer to the relevant pages of GDF SUEZ's reference document for the year ended 31 December 2009 which can be downloaded from GDF SUEZ's website at www.gdfsuez.com/en/finance/investors/publications/publications under the heading "Download the 2009 Reference Document of GDF SUEZ":

- Consolidated statements of financial position .... Pages 288-289
- Consolidated income statements .... Page 290
- Consolidated statements of comprehensive income .... Page 291
- Consolidated statements of changes in equity .... Pages 292-293
- Consolidated statements of cash flows .... Page 294
- Notes to the consolidated financial statements .... Pages 295-408
- Statutory auditor's report .... Pages 409-410

(c) Consolidated financial statements for GDF SUEZ for the year ended 31 December 2008 and the unqualified audit report in respect of those financial statements

The page numbers below refer to the relevant pages of GDF SUEZ's reference document for the year ended 31 December 2008 which can be downloaded from GDF SUEZ's website at www.gdfsuez.com/en/finance/investors/publications/publications under the heading "GDF SUEZ 2008 Reference Document":

- Consolidated balance sheets .... Pages 290-291
- Consolidated income statements .... Page 292
- Consolidated statements of cash flows .... Page 293
- Consolidated statements of changes in equity .... Pages 294-295
- Consolidated statement of recognised income and expense .... Page 296
- Notes to the consolidated financial statements .... Pages 297-409
- Statutory auditor's report .... Pages 410-411

(d) Consolidated financial statements for SUEZ for the year ended 31 December 2007 and the unqualified audit report in respect of those financial statements

The page numbers below refer to the relevant pages of SUEZ's reference document for the year ended 31 December 2007 which can be downloaded from GDF SUEZ's website at www.gdfsuez.com/en/finance/investors/publications/publications under the heading "SUEZ: Reference Documents: 2007":

- Consolidated balance sheets .... Pages 196-197
- Consolidated income statements .... Page 198
- Consolidated cash flow statements .... Page 199
- Consolidated statements of changes in equity .... Pages 200
- Consolidated statement of recognised income and expense .... Page 201
- Notes to the consolidated financial statements .... Pages 202-310
- Statutory auditor's report .... Pages 311-312

(e) Consolidated financial statements for Gaz de France for the year ended 31 December 2007 and the unqualified audit report in respect of those financial statements

The page numbers below refer to the relevant pages of Gaz de France's reference document for the year ended 31 December 2007 which can be downloaded from GDF SUEZ's website at www.gdfsuez.com/en/finance/investors/publications/publications under the heading "Gaz de France: Reference Documents: 2007":

- Consolidated income statements .... Page 184
- Consolidated balance sheets .... Pages 185-186
- Consolidated cash flow statements .... Page 187
- Consolidated statement of recognised income and expense .... Page 188
- Consolidated statement of changes in equity .... Pages 189
- Appendices to the consolidated financial statements .... Pages 190-287
- Statutory auditor's report .... Pages 288-289

Please refer to paragraph 26 of Part 9 (*Additional Information*) on page 324 of this Circular for information on how to access or request copies of financial information relating to the GDF SUEZ Group which has been incorporated by reference into this Circular.

(f) Quarterly financial report for GDF SUEZ for the period ended 30 September 2010

The page numbers below refer to the relevant pages of GDF SUEZ's quarterly financial report for the period ended 30 September 2010 which can be downloaded from GDF SUEZ's website at www.gdfsuez.com/en/news/press-releases/press-releases/?communique_id=1342 :

- Update to the market .... Pages 1-4
- Breakdown of sales revenue by business line .... Pages 4-9
- Further analysis .... Page 10

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PART 9

ADDITIONAL INFORMATION

1. Responsibility

The International Power Directors, whose names are set out in paragraph 3 of this Part 9 of this Circular, accept responsibility for the information contained in this Circular. To the best of the knowledge and belief of the International Power Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

For the purposes of Rule 19.2 of the City Code only, the GDF SUEZ Directors, whose names are set out in paragraph 1(c) of Part 8 (*Information Relating to the GDF SUEZ Group*) of this Circular, accept responsibility for the information contained in this Circular relating to the GDF SUEZ Group. To the best of the knowledge and belief of the GDF SUEZ Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Circular for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. International Power

International Power was incorporated and registered in England and Wales on 1 April 1989 with registered number 2366963. International Power is a public company limited by shares and International Power's registered office is at Senator House, 85 Queen Victoria Street, London EC4V 4DP (Tel. no. +44 20 7320 8600).

The principal laws and legislation under which the Company operates are the laws of England and Wales, including the Act.

3. The International Power Directors

The International Power Directors and their respective positions are:

Name	*Position held*
Sir Neville Ian Simms	Chairman
Philip Gotsall Cox	Chief Executive Officer
Mark David Williamson	Chief Financial Officer
Anthony Patrick Concannon	Executive Director, Australia
Bruce Larry Levy	Executive Director, North America
Stephen Riley	Executive Director, Europe
Ranald Gordon Lyon Spiers	Executive Director, Middle East & Asia
Anthony Eric Isaac	Non-Executive Director
Alan James Murray	Non-Executive Director
John Edward Roberts	Non-Executive Director
Dave Duncan Struan Robertson	Non-Executive Director
David Maxwell Weston	Non-Executive Director

The business address of each of the International Power Directors is Senator House, 85 Queen Victoria Street, London EC4V 4DP.

4. Significant or material change in the financial or trading position of the International Power Group

Save as referred to in the 2010 International Power Condensed Interim Financial Statements (which are incorporated by reference into this Circular), there have been no material changes in the financial or trading position of the International Power Group since 31 December 2009, being the date to which the Company's latest audited financial statements were prepared.

There has been no significant change in the financial or trading position of the International Power Group since 30 June 2010, being the date to which the Company's latest interim financial statements were prepared.

5. Significant change in the financial or trading position of the GDF SUEZ Energy International Division

There has been no significant change in the financial or trading position of the GDF SUEZ Energy International Division since 30 June 2010, being the date to which the latest interim financial statements of the GDF SUEZ Energy International Division were prepared.

6. Disclosure of interests and dealings in shares

(a) Relevant definitions

For the purposes of this paragraph 6 of this Part 9:

"**acting in concert**" with a party means any such person acting or deemed to be acting in concert with that party for the purposes of the City Code;

"**arrangement**" includes indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature relating to relevant securities which may be an inducement to deal or refrain from dealing;

"**dealing**" includes: (i) the acquisition or disposal of securities, of the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to securities, or of general control of securities; (ii) the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded option contract) in respect of any securities; (iii) subscribing or agreeing to subscribe for securities; (iv) the exercise or conversion, whether in respect of new or existing securities, of any securities carrying conversion or subscription rights; (v) the acquisition of, disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to securities; (vi) entering into, terminating or varying the terms of any agreement to purchase or sell securities; and (vii) any other action resulting, or which may result, in an increase or decrease in the number of securities in which a person is interested or in respect of which he has a short position;

"**derivative**" includes any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security;

"**disclosure period**" means the period commencing on 19 November 2009 (the date twelve months prior to the publication of this Circular) and ending on 12 November 2010 (the latest practicable date prior to the publication of this Circular);

a person has an "**interest**" or is "**interested**" in securities or shares if he has a long economic exposure, whether absolute or conditional, to changes in the price of those securities and in particular a person will be treated as having an interest in securities if: (i) he has legal title and beneficial ownership (i.e. the right (whether conditional or otherwise) to exercise, or direct the exercise of, the voting rights attaching to the securities or has general control of them); (ii) he has the right, option or obligation to acquire, call for or take delivery of securities under any agreement, option or derivative; or (iii) he is a party to any derivative whose value is determined by reference to, their price and which results in, or may result in his having, a long position in those securities; and

"**relevant securities**" includes (i) securities of International Power or GDF SUEZ (as applicable) conferring voting rights; (ii) equity share capital of International Power or GDF SUEZ (as applicable); (iii) securities of International Power which carry substantially the same rights as any to be issued as consideration for the Transaction; and; (iv) securities of International Power or GDF SUEZ (as applicable) carrying conversion or subscription rights into any of the foregoing.

(b) Interests held by International Power and the International Power Directors in GDF SUEZ

As at 12 November 2010, the latest practicable date prior to the publication of this Circular, there were no interests, rights to subscribe or short positions in respect of relevant securities of GDF SUEZ held by: (i) International Power, or (ii) the International Power Directors.

(c) Interests held by persons acting in concert with International Power in International Power

As at 12 November 2010, the latest practicable date prior to the publication of this Circular, the interests, rights to subscribe and short positions in respect of relevant securities of International Power held by all persons acting in concert with International Power, were as follows:

Person name (relationship to International Power)	*Number of Ordinary Shares (and percentage interest in the issued share capital of International Power)*	*Nature of interest held*
J.P. Morgan Trust Company of Delaware (under the same control as a financial adviser to International Power)	55 (0.000004%)	Proprietary interest
J.P. Morgan Securities Ltd. (under the same control as a financial adviser to International Power)	-18,805 (0.001%) (short position)	Proprietary interest

Save as disclosed in this paragraph, as at 12 November 2010, the latest practicable date prior to the publication of this Circular, there were no interests, rights to subscribe or short positions in respect of relevant securities of International Power held by any person acting in concert with International Power.

(d) Interests held by International Power Directors in International Power

Set out below are the interests in and rights to subscribe for relevant securities of International Power held by International Power Directors together with their immediate families and related trusts and companies, all of which are beneficial unless otherwise stated.

The following table has been prepared on the basis of the information available as at 12 November 2010 (the latest practicable date prior to the publication of this Circular).

Directors[(1)]	*Number of Ordinary Shares as at 12 November 2010*	*Percentage of voting rights in respect of issued share capital of International Power as at 12 November 2010*	*Percentage of voting rights in respect of enlarged issued share capital of International Power immediately following Admission*[(2)]
Sir Neville Simms	210,000	0.014%	0.0041%
Philip Cox	1,024,359	0.067%	0.0202%
Mark Williamson	401,634	0.026%	0.0079%
Anthony Concannon	146,367	0.010%	0.0029%
Bruce Levy	341,014	0.022%	0.0067%
Steve Riley	390,055	0.026%	0.0077%
Ranald Spiers	365,811	0.024%	0.0072%
Tony Isaac	25,501	0.0017%	0.0005%
Alan Murray	10,000	0.00066%	0.0002%
John Roberts	25,000	0.0016%	0.0005%
Struan Robertson	10,663	0.00070%	0.0002%
David Weston	–	–	–
Total	2,950,404	0.19%	0.0581%

Notes:

(1) Details of the share options and awards over Ordinary Shares held by the International Power Directors are set out in paragraph 19 of Part 9 (*Additional Information*) of this Circular. They are not included in the interests of International Power Directors shown in the table above.

(2) Based on International Power's issued share capital as at 12 November 2010, 3,554,347,956 New Ordinary Shares being issued pursuant to the Transaction and assuming that no options are exercised or Ordinary Shares issued under the International Power Share Schemes and that no Ordinary Shares are issued on conversion of any of the Convertible Bonds between 12 November 2010 and Admission.

Save as disclosed in this paragraph and paragraph 19 of this Part 9 (*Additional Information*) of this Circular, as at 12 November 2010, the latest practicable date prior to the publication of this Circular, there were no interests, rights to subscribe or short positions in respect of relevant securities of

International Power held by any International Power Director or any person connected (within the meaning of Section 96B of FSMA) with any International Power Director.

(e) Borrowing and lending by International Power and persons acting in concert of interests in International Power

Neither International Power nor any person acting in concert with International Power has borrowed or lent any relevant securities of International Power during the disclosure period, save for any borrowed shares which have been on-lent or sold.

7. Invesco Irrevocable Undertaking

International Power and GDF SUEZ have received the Invesco Irrevocable Undertaking from Invesco Asset Management Ltd under which Invesco Asset Management Ltd has agreed to vote in favour of the Resolutions at the General Meeting. It has also agreed to vote against any proposal to adjourn the General Meeting (other than with International Power's consent).

Invesco's obligations under the Invesco Irrevocable Undertaking will terminate if GDF SUEZ announces that it no longer intends to pursue the Transaction or if the Transaction is terminated at any time prior to Closing.

As at 12 November 2010 (being the latest practicable date prior to publication of this Circular), the Invesco Irrevocable Undertaking relates to 113,657,185 Ordinary Shares, representing approximately 7.4 per cent. of the existing issued ordinary share capital of International Power as at such date.

The Invesco Irrevocable Undertaking does not apply to any such Ordinary Shares which Invesco Asset Management Ltd have been sold, transferred or otherwise disposed of prior to the time at which the Resolutions are voted upon.

8. Management incentivisation arrangements

Neither GDF SUEZ nor Electrabel has entered into or reached an advanced stage of discussions on proposals to enter into any form of incentivisation agreements with members of International Power's management. No such arrangements are currently proposed to be entered into.

9. Major shareholders

(a) So far as is known to International Power, the following persons are directly or indirectly interested in 3 per cent. or more of International Power's issued share capital as at 12 November 2010 (the latest practicable date prior to the publication of this Circular) and immediately following Admission based on International Power's issued share capital as at 12 November 2010 and 3,554,347,956 New Ordinary Shares being issued pursuant to the Transaction:

Name	*Number of Ordinary Shares as at 12 November 2010*	*Percentage of voting rights in respect of issued share capital of International Power as at 12 November 2010*	*Percentage of voting rights in respect of enlarged issued share capital of International Power immediately following Admission*(1)
Invesco Limited	176,406,198	11.56%	3.47%
Fidelity International	101,052,694	6.62%	1.99%
Blackrock Inc	91,527,706	6.00%	1.80%
Legal & General	62,821,484	4.12%	1.24%
Total	**431,808,082**	**28.29%**	**8.50%**

Notes:

(1) Assuming that no options are exercised or Ordinary Shares issued under the International Power Share Schemes and that no Ordinary Shares are issued on conversion of any of the Convertible Bonds between 12 November 2010 and Admission.

(b) So far as is known to International Power, the following persons (other than those persons set out in paragraph 9(a) of Part 9 (*Additional Information*) of this Circular) shall be directly or indirectly interested in 3 per cent. or more of International Power's issued share capital immediately following Admission (based on International Power's issued share capital as at 12 November 2010, 3,554,347,956 New Ordinary Shares being issued pursuant to the

Transaction and assuming that no options are exercised or Ordinary Shares issued under the International Power Share Schemes and that no Ordinary Shares are issued on conversion of any of the Convertible Bonds between 12 November 2010 and Admission).

Name	*Number of Ordinary Shares immediately following Admission*	*Percentage of voting rights in respect of enlarged issued share capital of International Power immediately following Admission*
Electrabel (a wholly-owned subsidiary of GDF SUEZ)	3,554,347,940	70%
Total	**3,554,347,940**	**70%**

10. Related party transactions

Save as disclosed in the financial information set out in note 13 on page 34 of the 2010 International Power Condensed Interim Financial Statements, note 34 on page 173 of the 2009 International Power Group Financial Statements, note 35 on page 161 of the 2008 International Power Group Financial Statements and note 36 on page 160 of the 2007 International Power Group Financial Statements, or as incorporated by reference into this Circular, International Power has not entered into any related party transactions (which for these purposes are those set out in the standards adopted according to the Regulation (EC) No 1606/2002) with any related party during the financial years ended 31 December 2009, 31 December 2008 and 31 December 2007 and during the period between 1 January 2010 and 12 November 2010 (the latest practicable date prior to the publication of this Circular).

11. Material contracts of the International Power Group

Save for the Principal Transaction Agreements, a summary of which is contained in Part 4 (*Principal Terms of the Transaction*) of this Circular and the contracts described below, there are no:

(i) material contracts entered into by any member of the International Power Group (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this Circular; or

(ii) contracts (not being contracts entered into in the ordinary course of business) entered into by any member of the International Power Group at any time which contain obligations or entitlements which are, or may be, material to the International Power Group as at the date of this Circular.

(a) 3.75 per cent. Convertible US Dollar Bonds 2023

On 22 August 2003, International Power (Jersey) Limited, a wholly-owned subsidiary of International Power incorporated in Jersey, issued the 3.75 per cent. Convertible US Dollar Bonds 2023. The bonds are unconditionally guaranteed by International Power.

The bonds are convertible into Ordinary Shares of International Power at any time up to 12 August 2023. The conversion price is currently 147 pence. Each US$1,000 principal amount of bonds will entitle the holder to convert into US$1,000 paid-up value of preference shares of International Power (Jersey) Limited which are then immediately exchangeable for the appropriate number of Ordinary Shares. The bonds may be redeemed at the option of bondholders at their principal amount, together with accrued interest, on 22 August 2013, 22 August 2018 or following the occurrence of a ''relevant event'' as specified in the terms and conditions of the convertible bonds.

If the conversion option is not exercised, the bonds will be redeemed on 22 August 2023 at a redemption price equivalent to their principal amount (together with accrued interest).

(b) 3.25 per cent. Convertible Euro Bonds 2013

On 20 July 2006, International Power Finance (Jersey) II Limited, a wholly-owned subsidiary of International Power incorporated in Jersey, issued the 3.25 per cent. Convertible Euro Bonds 2013. The bonds are unconditionally guaranteed by International Power.

The bonds are convertible into Ordinary Shares of International Power at any time up to 10 July 2013. The conversion price is currently 338 pence. Each €50,000 principal amount of bonds will

entitle the holder to convert into €50,000 paid-up value of preference shares of International Power Finance (Jersey) II Limited, which are then immediately exchangeable for the appropriate number of Ordinary Shares. The bonds may be redeemed at the option of bondholders at their principal amount, together with accrued interest, following the occurrence of a "relevant event" as specified in the terms and conditions of the convertible bonds.

If the conversion option is not exercised, the bonds will be redeemed on 20 July 2013 at a redemption price equivalent to their principal amount (together with accrued interest).

(c) 4.75 per cent. Convertible Euro Bonds 2015

On 5 June 2008, International Power Finance (Jersey) III Limited, a wholly owned subsidiary of International Power incorporated in Jersey, issued the 4.75 per cent. Convertible Euro Bonds 2015. The bonds are unconditionally guaranteed by International Power.

The bonds are convertible into Ordinary Shares of International Power at any time up to 26 May 2015. The conversion price is currently 339 pence. Each €50,000 principal amount of bonds will entitle the holder to convert into €50,000 paid-up value of preference shares of International Power Finance (Jersey) III Limited, which are then immediately exchangeable for the appropriate number of Ordinary Shares. The bonds may be redeemed at the option of bondholders at their principal amount, together with accrued interest, following the occurrence of a "relevant event" as specified in the terms and conditions of the convertible bonds.

If the conversion option is not exercised, the bonds will be redeemed on 5 June 2015 at a redemption price equivalent to their principal amount (together with accrued interest).

(d) 7.25 per cent. Senior Unsecured Notes 2017

On 11 May 2010, International Power Finance (2010) plc, a wholly-owned subsidiary of International Power, issued the 7.25 per cent. Senior Unsecured Notes 2017. The notes are irrevocably and unconditionally guaranteed by International Power. Unless previously redeemed or cancelled, the notes shall be redeemed on 11 May 2017 at their principal amount (together with accrued interest).

At any time, upon not less than 30 nor more than 60 days' notice to the holders of the notes, International Power Finance (2010) plc may redeem all or part of the notes, at a redemption price equal to 100 per cent. of the principal amount thereof plus the redemption premium specified in the terms and conditions of the notes, together with accrued and unpaid interest to the redemption date.

International Power Finance (2010) plc or International Power must also make an offer to repurchase the notes, at a purchase price equal to 101 per cent. of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase, if a "change of control" occurs (as specified in the terms and conditions of the notes). Events constituting a "change of control" include, among other things, the consummation of any transaction (such as the Combination) the result of which is that any person or group is or as a result of such transaction becomes, the beneficial owner, directly or indirectly, of a majority of the total voting power of the voting stock of International Power. International Power intends that it or International Power Finance (2010) plc will make an offer to repurchase the notes following Closing, in accordance with the conditions of notes.

(e) The Revolving Credit Facility

International Power has available a US$780 million revolving credit facility (the "**Revolving Credit Facility**") with a syndicate of bank lenders (the "**RCF Lenders**") led by The Royal Bank of Scotland plc (the "**RCF Agent Bank**"), pursuant to the terms of a credit agreement dated 14 July 2009 (the "**Credit Agreement**"). The Revolving Credit Facility may be used for general corporate purposes and is available until 31 October 2012.

(i) Interest and fees

The rate of interest under the Revolving Credit Facility is calculated as the aggregate of the margin; the reference rate, and mandatory costs. The margin may change during the lifetime of the Credit Agreement as a result of changes in the credit rating of International Power as set out in the table below:

Senior credit ratings (S&P/Moody's/Fitch)	*Applicable margin per annum*
Level 1 BBB-/Baa3/BBB- and above	3.25%
Level 2 BB+/Ba1/BB+	3.50%
Level 3 BB/Ba2/BB	3.75%
Level 4 BB-/Ba3/BB-	4.25%
Level 5 B+/B1/B+	5.00%
Level 6 B/B2/B, or below or no rating	6.00%

If the combination of International Power's ratings does not fall within any levels as set out in the table above then the applicable margin will be determined in accordance with (i) where there are three different ratings, the middle rating of the three ratings or (ii) where there are three ratings, and two of which concur, the concurring rating or (iii) where International Power has notified the RCF Agent Bank that only two ratings are maintained by it, the lower of the two ratings applicable to International Power.

If an event of default occurs, and only for so long as it is continuing, the applicable margin will be the percentage specified in the table above for Level 6 for any particular year and in circumstances where such event of default has been remedied or waived, the applicable margin will revert to the appropriate level in the table above.

International Power is also required to pay a commitment fee, quarterly in arrears, on available but unused commitments under the Revolving Credit Facility at a rate per annum of 45 per cent. of the applicable margin then in effect.

(ii) Security and upstream guarantees

The Revolving Credit Facility is unsecured. None of the subsidiaries of International Power has guaranteed any of the obligations of International Power under the Revolving Credit Facility.

(iii) Covenants

The Credit Agreement contains customary operating and negative covenants, subject to certain agreed exceptions. The Credit Agreement further contains customary financial maintenance covenants including a cash flow cover ratio, a net worth covenant (for International Power only), and a ratio of recourse debt to the aggregate of International Power recourse debt and International Power net worth.

(iv) Events of default

The Credit Agreement contains customary events of default, including a cross-default with respect to an event of default relating to the 7.25 per cent. Senior Unsecured Notes 2017 and certain other financial indebtedness of the International Power Group, the occurrence of which would allow the RCF Lenders to accelerate all outstanding loans and terminate their commitments and declare that cash cover in respect of letters of credit is immediately due and payable, subject in certain cases to agreed grace periods, thresholds and other qualifications. The cross default provisions and other events of default do not apply to material subsidiaries of International Power which are financed by non-recourse project finance indebtedness.

(v) Ranking and priority

International Power's payment obligations under the Revolving Credit Facility rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law.

(vi) Permitted payments

The Credit Agreement permits, among other things, payments to be made by International Power under the Revolving Credit Facility and does not in any way limit or restrict any payments made by International Power in the ordinary course of business.

(vii) Governing law and jurisdiction of courts

The Credit Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

(f) Agreement in relation to IPM Eagle LLP

International Power and Mitsui & Co., Ltd ("**Mitsui**"), through their wholly owned subsidiaries International Power (Impala) Limited ("**Impala**") and Mitsui Power Ventures Limited ("**MPV**") respectively, hold interests in IPM Eagle LLP (the "**LLP**"). International Power's partnership interest in the LLP is 70 per cent. and Mitsui's partnership interest is 30 per cent.

The relationship between Impala and MPV as members of the LLP is governed by a partnership agreement dated 29 July 2004, as amended and restated on 1 June 2005 (the "**LLP Agreement**"), the principal terms of which are outlined below.

(i) Operation of the LLP

(A) Introduction

The members and the board of the LLP are required to manage the LLP's business (the "**LLP Business**") in accordance with agreed annual business plans and management plans (together, the "**LLP Plans**") and the terms of the LLP Agreement.

(B) Members

The board of the LLP has responsibility for the supervision and management of the LLP and the LLP Business. Certain key decisions are, however, reserved for the members.

The members must jointly approve the annual accounts of the LLP and must also unanimously approve various members' reserved matters (to the extent that they are not already provided for in an LLP Plan) including:

- amendments to the LLP Agreement and financing arrangements for the LLP Business;
- material changes in the nature of the LLP Business;
- disposals of substantial assets of the LLP Business; and
- changes to the capital structure of entities within the LLP Business.

All other decisions of the members which are not members' reserved matters are passed by a simple majority, subject to applicable quorum requirements.

(C) LLP board

The board of the LLP is made up of six directors, four of whom are nominated and removed by Impala and two of whom are nominated and removed by MPV.

The board of the LLP is responsible for managing the LLP Business in accordance with the LLP Plans and ensuring that information about the LLP Business is provided to the members. In addition, to the extent that they are not already provided for in an agreed LLP Plan, which reflects the LLP's ordinary course of business, a resolution passed by directors appointed by members holding in aggregate not less than 75 per cent. of the total equity capital of the LLP is required to approve various reserved matters, including the:

- initiation and conduct of material legal proceedings in relation to the LLP Business;
- approval of executive appointments and the terms and conditions of their employment;
- approval of and material amendments to the LLP Plans;
- entry into any material contracts;
- approval of material borrowings within the LLP Business;
- acquisition of interests in third parties;
- grant of material security over the assets of the LLP Business; and
- entry into contracts with members and their associates.

All other board decisions of the LLP which are not reserved matters are passed by a simple majority. Each director has one vote.

(D) Management

The day to day management of the LLP is conducted by the executives appointed by the members pursuant to the terms of the LLP Agreement. Impala has the right to nominate the Chief Executive Officer and the Regional Managers in London, Singapore and Melbourne. MPV may nominate the Chief Financial Officer and Deputy Regional Managers in London, Singapore and Melbourne. Mitsui and International Power may also second staff to the LLP Business under agreed arrangements.

(i) Dealing in partnership interests

The members may transfer their interests in the LLP to third parties with the consent of the other member (such consent not to be unreasonably withheld where the transferee meets certain agreed criteria) and only after following the transfer procedures stated in the LLP Agreement. Under the transfer procedures, if a member wishes to sell any part of its interest in the LLP to a third party, then the other member has the right to exercise a pre-emption right to acquire that interest or require the other member to also sell a portion of its own interest to the third party purchaser.

(ii) Parent guarantees and indemnity

International Power and Mitsui have each guaranteed the respective obligations of Impala and MPV under the LLP Agreement.

(iii) Disputes

The members will attempt to resolve any disputes firstly in good faith between themselves and then by reference to senior executives at International Power and Mitsui. The dispute will be referred to arbitration if it remains unresolved (or to an expert for determination in the case of a technical dispute).

If a member is in default of the LLP Agreement it will be required to remedy the default and compensate the other member for its losses arising out of such default. In certain circumstances, the defaulting member's voting rights may also be suspended during the continuance of a default.

The members have acknowledged that no breach of the LLP Agreement shall be considered so material as to give a member the right to rescind or terminate the LLP Agreement. A member may, however, pursue any claim it may have for losses it has suffered in respect of the default of the other member.

(iv) Winding up

The LLP may be wound up with the consent of the members.

(v) Governing law

The LLP Agreement is governed by English law.

(g) The Karugamo Shareholders' Agreement

International Power has, through IP Karugamo Holdings Limited ("**IPKHL**"), incorporated IPM (UK) Power Limited ("**IPMUK**") to acquire, hold and operate certain UK generating assets. International Power's interest in IPMUK is 75 per cent. and Mitsui's interest in IPMUK is 25 per cent. There are two classes of shares in IPMUK. Class A shares are held as to 73.7 per cent. by IPKHL, 23.7 per cent. by MPV and 2.6 per cent. by Mitsui & Co. UK plc ("**Mitsui UK**") . Class B shares are held entirely by IPKHL. There are no voting rights attached to the class B shares which in all other respects carry the same rights, and rank the same, as the class A shares. International Power's aggregate interest in IPMUK is 75 per cent., taking into account the fact that its interest in both class A shares and class B shares (as defined below) does not contain any requirement for further capital contributions.

IPKHL, MPV and Mitsui UK have entered into a shareholders' agreement dated 20 June 2007 (the "**Shareholders' Agreement**") to regulate the management of IPMUK and the business of IPMUK and its subsidiaries and subsidiary undertakings (the "**IPMUK Group**"). Both International Power and Mitsui have guaranteed the obligations of their respective subsidiaries under and in connection with the Shareholders' Agreement. The other principal terms of the Shareholders' Agreement are outlined below.

(i) The board of IPMUK has responsibility for the supervision and management of IPMUK and its business and manages the business in accordance with agreed annual business plans, annual project business plans and management plans, the terms of the Shareholders' Agreement and the memorandum and articles of association of IPMUK.

(ii) All decisions of the shareholders which are not shareholders' reserved matters are passed by a simple majority. Shareholders' reserved matters need to be passed by each class A shareholder in IPMUK. These are:

(A) amendments to the constitutional documents of any entity in the IPMUK Group or changes to such company's authorised or issued share capital;

(B) amendments, variations, assignments or terminations of certain specified agreements or material ancillary agreements thereto;

(C) material changes in the nature of the business or the business of any entity in the IPMUK Group;

(D) disposals of substantial assets of the business or the business of any entity in the IPMUK Group;

(E) changes to the capital structure of entities of the IPMUK Group;

(F) restructuring, or a conversion of the legal status, of any entity in the IPMUK Group or the dissolution or change in the composition or material terms of any joint venture or partnership where this is an entity in the IPMUK Group;

(G) winding up or similar arrangements in respect of an entity in the IPMUK Group; and

(H) changes in dividend or distribution policy of an entity in the IPMUK Group.

(iii) All board decisions of IPMUK which are not reserved matters of the board are passed by a simple majority. The board of IPMUK is made up of six directors, four of whom may be nominated and removed by IPKHL and two of whom may be nominated and removed by MPV. A resolution passed by directors appointed by shareholders holding in aggregate not less than 80 per cent. of the class A shares in IPMUK is required to approve various reserved matters, including the following:

(A) initiation and conduct of material legal proceedings in relation to the business;

(B) executive appointments and the terms and conditions of their employment;

(C) annual business plans and annual project plans and material amendment thereto;

(D) entry into any material contracts;

(E) material borrowings within the business;

(F) disposals or acquisitions of assets in transactions over a certain threshold; and

(G) grant of material security over the assets of the business.

(iv) In addition, a resolution passed by directors appointed by shareholders holding in aggregate not less than 80 per cent. of the class A shares in IPMUK and, subject to certain exceptions, a vote in favour by a Mitsui shareholder party and a vote in favour by IPKHL is required to approve the following reserved matters:

(A) acquisition by an entity in the IPMUK Group of shares, securities, assets or undertakings of any other person;

(B) formation by, or the dilution of the interests of, an entity in the IPMUK Group of any subsidiary, joint venture or partnership;

(C) the entry into or material variation of any contract with a shareholder or its undertakings, other than as contemplated in the Shareholders' Agreement;

(D) provision of loans or advances over a certain threshold within the business;

(E) entry into, or repayment of amounts owed under, loans made between an entity in the IPMUK Group with shareholders or their undertakings other than as contemplated in the Shareholders Agreement; and

(F) contribution of capital or other form of support other than as contemplated in the Shareholders' Agreement.

(v) The shareholders may transfer their interests in the shares in IPMUK to third parties with the consent of the other shareholders (such consent not to be unreasonably withheld where the transferee meets certain agreed criteria) and after following the transfer procedures stated in the Shareholders' Agreement. Under the transfer procedures, if a shareholder wishes to sell any part of its interest in the shares in IPMUK to a third party, then the other shareholders have the right to exercise a pre-emption right to acquire that interest or require the selling shareholder to also sell a proportion of such other shareholder's interest to the third party purchaser.

(h) Sponsors' Agreement

On 19 November 2010, an agreement was entered into between International Power and Nomura, J.P. Morgan Cazenove and Morgan Stanley pursuant to which Nomura, J.P. Morgan Cazenove and Morgan Stanley agreed to act as sponsors to International Power in connection with the Combination. Pursuant to this agreement, International Power has agreed to provide the sponsors with certain indemnities, undertakings and warranties in connection with their role as International Power's sponsors. The indemnities provided by International Power indemnify each of the sponsors against claims made against it or losses suffered or incurred by it in connection with its role as a sponsor subject to certain exceptions.

12. Material contracts of the GDF SUEZ Energy International Division

Save for those material contracts summarised below, there are no:

(i) material contracts entered into by any member of the GDF SUEZ Energy International Division (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this Circular; or

(ii) contracts (not being contracts entered into in the ordinary course of business) entered into by any member of the GDF SUEZ Energy International Division at any time which contain obligations or entitlements which are, or may be, material to the GDF SUEZ Energy International Division as at the date of this Circular.

(a) Merger of Chilean activities

On 6 November 2009, the GDF SUEZ Group (through its subsidiaries Suez Energy Andino S.A. ("**SEA Andino**") and Suez Energy Andino Investments S.A. ("**SEAI**")) and Corporación Nacional del Cobre de Chile ("**Codelco**") decided to reorganise their respective shareholding participations in certain companies operating in the SING (the "**Chilean Merger**") by signing a merger agreement (the "**Chilean Merger Agreement**").

The companies involved in the reorganisation (each, an "**Operational Company**" and collectively the "**Operational Companies**") include two existing power generators of the SING, Edelnor S.A. ("**Edelnor**", a company that recently changed its name to E.CL S.A. ("**ECL**")) and Electroandina S.A. ("**Electroandina**"), together with the following companies: Gasoducto Norandino S.A. ("**GNAC**", owner of the Chilean portion of the gas pipeline delivering Argentinean gas to Electroandina and Edelnor), Gasoducto Norandino Argentina S.A. ("**GNAA**", owner of the Argentinean portion of the gas pipeline delivering Argentinean gas to Electroandina and Edelnor), Distrinor S.A. ("**Distrinor**", a small natural gas distribution company operating in the SING), Central Termoeléctrica Andina S.A. ("**CTA**", a company constructing a 165MW (gross) coal-fired power plant for operation in the SING) and Inversiones Hornitos S.A. ("**CTH**", a company constructing a 165MW (gross) coal-fired power plant for operation in the SING).

Upon closing of the Chilean Merger which occurred on 29 January 2010, GDF SUEZ consolidated its long-term control over the Operational Companies through a 52.4 per cent. controlling stake in Edelnor (the remaining interest in Edelnor being held by Codelco (40 per cent.) and other minority shareholders (7.6 per cent.)) and all previous existing shareholders' agreements with Codelco were terminated.

The Chilean Merger Agreement contains (i) standard representations given by SEA Andino and SEAI mainly relating to their due incorporation, powers and the absence of conflict with, or violations of, corporate documents, laws and existing agreements, and (ii) representations given by SEA Andino relating to the due incorporation, business and assets of CTA, CTH, GNAC and GNAA (companies in which Codelco did not have any shareholding interests at the date of the Chilean Merger Agreement).

The aggregate liability of each of SEA Andino and SEAI for breach of one or more representations is capped at US$25 million (with *de minimus* and aggregate claims thresholds applying). Indemnification claims would have to be made within 18 months from 29 December 2009.

The total consideration[9] for the Chilean Merger consisted of (i) the fair value of the equity interests exchange, amounting to €80 million, and (ii) cash consideration amounting to €93 million paid by SEA Andino to Codelco. On completion of the merger, SEA Andino paid US$49,240,829.18 to Codelco as a result of netting off certain payments in accordance with the agreed steps to completion

9 Calculated in accordance with IFRS.

of the Chilean Merger. On completion of the merger, SEA Andino assigned to Codelco a shareholder loan provided to ECL for an amount of US$226,356.36. This meant that the shareholder loans provided by each of SEA Andino and Codelco to ECL would then be in the same proportions as their respective shareholders in ECL (not taking into account the percentage of ECL held by the minority shareholders).

(b) Acquisition of Senoko Power

On 5 September 2008, GDF SUEZ (through SUEZ-TRACTEBEL) and a consortium of Japanese partners (Marubeni, Kansai Electric Power Co, Kyushu Electric Power and the Japan Bank for International Cooperation (JBIC)) entered into an agreement for the purchase of the entire issued share capital of Senoko Power Limited (''**Senoko Power**'') for an amount of SG$3.65 billion (equivalent to €521 million) through a joint venture vehicle (in which the GDF SUEZ Group, through SUEZ-TRACTEBEL, holds a 30 per cent. interest and in which the remaining 70 per cent. is held by the consortium of Japanese partners).

The shares in Senoko Power were acquired from Temasek Holdings (Private) Limited (''**Temasek**''), a Singapore state-owned company and the consideration for such shares has been fully paid. Under the terms of the share purchase agreement Temasek gave limited and qualified representations and warranties and extensive indemnity obligations were included to cover any loss which Temasek may suffer by reason of any breach of any undertaking by the purchaser. Most of these undertakings were limited in time and have now expired (including the applicability of the parent guarantee given in favour of Temasek by each of the transaction guarantors (including Electrabel) on a several basis to cover due payment of the entire consideration, which expired on 5 March 2010). Some limited undertakings remain applicable in respect of which a parent company performance guarantee continues to apply.

The investment structure is comprised of a Japanese holding company, which holds a 70 per cent. interest in Senoko Power (resulting in indirect shareholdings for the Japanese shareholders as follows 30 per cent. by Marubeni, 15 per cent. by Kansai, 15 per cent. by Kyushu and 10 per cent. by JBIC), and a GDF SUEZ holding company, TWMB Holdings BV, which holds a 30 per cent. interest in Senoko Power. The shareholders' agreement was executed by the Japanese holding company, TWMB Holdings BV and their respective parent companies (including Electrabel). Until 31 December 2012, the governance arrangements require unanimity to pass resolutions both at board and shareholders' meetings. From 1 January 2013, the governance arrangements require, at both board and shareholders' meetings, at least 75 per cent. of the ultimate shareholders in Senoko Power to pass a resolution (the Japanese shareholders vote independently in line with their indirect shareholdings in Senoko Power rather than voting as one group through the Japanese holding company). As a result, resolutions can be passed jointly by GDFS and Marubeni, together with one of Kansai or Kyushu. Unanimity will always be required to pass resolutions concerning reserved matters, which include changes to the Senoko Power dividend policy.

Under the shareholders' agreement all shareholders have rights of first refusal, which shall apply in relation to any intended transfer by any of the shareholders of its shares in Senoko Power to a third party (other than to a wholly owned affiliate or the financing parties). Given that the Transaction would result in a transfer by Electrabel of its shares in Senoko Power to a non-wholly owned affiliate, the right of first refusal shall apply.

The shareholders' agreement further stipulates that shareholders shall respect the requirements under the financing agreements for direct and indirect transfers of shares in the project. Under the financing agreements covering the refinancing of the original acquisition debt, Electrabel is not allowed to reduce its indirect shareholding in the project below 25 per cent. This transfer restriction is not limited in time so exists for the full term of the financing agreements (5 years starting 12 November 2009). It is noted that the Transaction would result in the indirect shareholding of Electrabel in Senoko Power being reduced to 21 per cent. and will thus require consent from all financing parties under all financing agreements.

Senoko Power is the largest power generation company in Singapore by licensed capacity, and owns and operates a portfolio of power plants, located mainly in the north of Singapore, with a total licensed generation capacity of 3,300MW (gross) including a mix of oil and gas-fired power plants.

At the time of the acquisition of Senoko Power, a short term, non-recourse bullet 1.5 year Bridge Credit Facility was taken, together with a Repowering Credit Facility denominated in Japanese Yen (backed by guarantees provided by each transaction guarantor on a several basis, including Electrabel) to fund the conversion of three 250MW oil-fired steam turbines into two 430MW gas fired

combined cycle power plants. The Bridge Credit Facility was prematurely refinanced on 20 November 2009, involving two facility agreements comprising of a senior facility denominated in Singapore Dollars and a mezzanine facility denominated in US Dollars.

(c) Acquisition of FirstLight Power Enterprises

On 30 August 2008, GDF SUEZ Group (through its subsidiary Suez Bidco, LLC) entered into a stock purchase agreement with certain funds managed by Energy Capital Partners, as sellers, pursuant to which the GDF SUEZ Group agreed to acquire 100 per cent of the issued share capital of FirstLight Power Enterprises, Inc.. The FirstLight stock purchase agreement contains covenants, representations and warranties, as well as indemnification provisions for breaches of certain representations and warranties and post closing covenants that are typical for this type of transaction. The acquisition closed on 26 December 2008. The GDF SUEZ Group paid cash consideration of €652 million. The time periods for indemnification claims other than for fraud or wilful misconduct have now expired. With the exception of the aforementioned indemnification obligations, neither the sellers nor GDF SUEZ have any further obligations under the FirstLight stock purchase agreement, other than ongoing mutual confidentiality and record keeping/sharing obligations.

FirstLight Power Enterprises, Inc. owns and operates a portfolio of 15 electrical power plants located in the US states of Massachusetts and Connecticut, including pumped hydro storage, coal-fired, hydroelectric and jet-powered. These facilities have an aggregate installed generation capacity of 1,538MW.

13. Information on incoming directors

Details of the management expertise and experience of each of the directors who are proposed to be appointed to the board of Enlarged International Power at Closing are set out below:

Dirk Beeuwsaert, proposed Non-Executive Chairman

Dirk Beeuwsaert (age 62) was appointed Executive Vice President GDF SUEZ, in charge of Energy Europe and International in March 2009. He began his career in 1971 with the Belgian power company Intercom, where from 1971 to 1991 he held various supervisory and managerial positions at the Baudour, Ruien and Zwevegem power stations. Following the merger between Intercom, Unerg and EBES into Electrabel in 1990, he became Head of Electrabel's conventional generation, and in 1994 of generation for the company as a whole. He was also appointed to the Electrabel Management Committee, and as Chairman of the Board of Laborelec and Recybel, and director of several companies, including Synatom, Belgonucléaire, Twinerg (Luxembourg), Rosen and Alpenergie (Italy), and Electrabel Nederland.

Dirk became Chief Executive Officer of the Electricity & Gas International division of Tractebel (now GDF SUEZ Energy Europe and International) and member of the Tractebel General Management Committee in 2000. He was appointed Executive Vice President of SUEZ in charge of the international energy business line in 2003. He is also Chief Executive Officer of Electrabel and SUEZ-Tractebel, Chairman of GDF SUEZ Energy North America Inc., and Director of Tractebel Energia (Brazil) and Glow Energy (Thailand).

Dirk graduated from Ghent University in 1971 with a Degree in Electrical and Mechanical Engineering. In 1987, he attended the General Management Programme CEDEP at INSEAD, Fontainebleau.

Guy Richelle, proposed COO

Guy Richelle (age 55) is Chief Executive Officer and President of Middle East, Asia and Africa for GDF SUEZ Energy Europe & International.

After graduating from the Université de Liège in 1978 as a Physics Engineer with a specialty in nuclear power, Guy worked for a number of major companies across the world, such as Westinghouse and Eskom. He also obtained a certification as Senior Reactor Operator (1984) and a Management Diploma from the Université Catholique de Louvain (1994).

In 1998, he joined the Electricity & Gas International division of Tractebel, as Chief Executive Officer of UPC, the company operating the Al Manah power plant in Oman. He returned to Brussels in 2001 to work as a Business Developer for the Middle East region. In November 2003, with the opening of the office in Dubai, Guy became Chief Executive Officer of Tractebel Energy Middle East and Head of Business Development in the Middle East region. At the same time, he acted as General Delegate for SUEZ in the United Arab Emirates and Oman.

In January 2007, Guy became President and CEO of SUEZ Energy Asia and Regional Manager for SUEZ Energy International in the Middle East, Asia and Africa.

Bernard Attali, proposed Independent Non-Executive Director

Bernard Attali is today Senior Advisor at TPG Capital. He has previously held the position of Chairman of the International Air Transport Association Executive Committee, CEO of Air France Group and Chairman of the Association of European Airlines. During his time with Air France, he oversaw the merger of Air France and the airline, UTA, and the take over of Air Inter, the European domestic airline. He was also involved in setting up international alliances and the acquisition of stakes in Sabena (Belgium) and CSA (former Czechoslovakia) while building partnerships with Air Canada, Continental, Aeromexico, Air Vietnam and RAM.

Bernard has been a director of Ace Aviation Holdings Inc. and of Air Canada since 2006. Prior to that Bernard was a Vice-Chairman of Deutsche Bank Europe Investment Banking, CEO of Groupe des Assurances Nationales and Deputy CEO of DATAR. During the last twenty years, Bernard has been a member of the board of six French banks including Banque de l'Industrie Française, Crédit Industriel et Commercial, Société Générale and Banque Nationale de Paris.

Bernard achieved diplomas from the Institut d'Études Politiques of Paris and from the École Nationale d'Administration.

He is Commandeur de l'Ordre du Mérite and Commandeur de la Légion d'honneur.

Sir Rob Young, proposed Independent Non-Executive Director

Sir Rob Young, age 65, has served on a number of boards and voluntary sector organisations since his retirement in 2003, including Aguas de Barcelona, Hirco plc, iC2 Capital, the Commonwealth War Graves Commission, the Calcutta Tercentenary Trust (as Chairman), the Raj Loomba Trust and the World Appreciation of Music.

Sir Rob spent his career in the Foreign and Commonwealth Office. His final post, from 1999 to 2003, was British High Commissioner to India. Between 1967 and 1999, Sir Rob's posts included Minister at the British Embassy in Paris and Deputy Under-Secretary of State at the Foreign and Commonwealth Office in London.

Sir Rob graduated from the University of Leicester in 1967 with a Master's degree in French (1st class Honours).

Michael Zaoui, proposed Independent Non-Executive Director

Michael Zaoui, 53, is a former Vice Chairman of the Institutional Securities Group of Morgan Stanley, a position he held since September 2006. Retired in June 2008, after a 22 year career in investment banking, he ran European Mergers & Acquisitions for several years and was named Chairman of European Mergers & Acquisitions in 2001 until his retirement. In 2003 he also became a member of the newly formed Strategic Engagement Group within investment banking.

Michael has advised numerous clients on a broad range of transactions across industries principally in Europe and the US. Prior to his time at Morgan Stanley he was a strategy consultant with the Mac Group in London. He started his professional career with Banque Rothschild in Paris.

Since retiring he has been advising selected clients on strategic matters.

He graduated from the Institut d'Etudes Politiques de Paris in 1976. He also studied at the London School of Economics in 1978, earned a Masters and a Diplome d'Etudes Supérieures Specialisées in Law from the Université de Paris in 1979 and 1981 respectively, and received an MBA from Harvard University in 1983.

He is a Member of the Harvard Business School Board of Dean's Advisors and supports a variety of educational and charitable organisations.

Gérard Mestrallet, proposed GDF SUEZ Appointed Director

Gérard Mestrallet (age 61), has held the position of Chairman and Chief Executive Officer of GDF SUEZ since SUEZ merged with Gaz de France in July 2008.

Gérard began his career with GDF SUEZ in 1984 when he joined Compagnie Financière de SUEZ as a project manager. In 1986, he was appointed Executive Vice-President for industrial affairs. In February 1991, Gérard was appointed Deputy Director and Chairman of the Management Committee of Société Générale de Belgique. In 1995, he became Chairman and Chief Executive Officer of

Compagnie de SUEZ and then, in June 1997, he was appointed Chairman of the Management Board of SUEZ Lyonnaise des Eaux. On 4 May 2001, Gérard was appointed Chairman and Chief Executive Officer of SUEZ, a position he held until he was appointed Chairman and Chief Executive Officer of GDF SUEZ at the time of the merger. Gérard is also President of the Association Paris EUROPLACE.

Gérard is a graduate of Ecole Polytechnique and Ecole Nationale d'Administration.

Jean-François Cirelli, proposed GDF SUEZ Appointed Director

Jean-François Cirelli (age 52), a former Chairman and Chief Executive Officer of Gaz de France, was appointed Vice Chairman and President of GDF SUEZ in July 2008.

Prior to his time with Gaz de France and then GDF SUEZ, Jean-François held management positions at the Treasury department of the Ministry of Economy and Finance from 1985 to 1995 before then becoming an advisor to the President of the French Republic for the period 1995 to 1997, following which he was made an economic advisor until 2002. In 2002, he was appointed Assistant Director of Staff to Prime Minister Jean-Pierre Raffarin, responsible for economic, industrial and social matters.

Jean-François is a graduate of the Institut d'Etudes Politiques de Paris and of Ecole Nationale d'Administration. He also has a law degree.

Gérard Lamarche, proposed GDF SUEZ Appointed Director

Gérard Lamarche (age 49), has been Executive Vice-President, Chief Financial Officer of GDF SUEZ since July 2008.

He began his career in 1983, as a consultant at Deloitte Haskins & Sells. He joined Société Générale de Belgique as an investment manager in 1988, where we was later appointed controller and advisor for strategic operations and held this position from 1992 to 1995. In 1995, Gérard joined Compagnie de SUEZ as a project manager for the Chairman and Secretary of the Management Committee before becoming the Deputy Director responsible for Planning, Control and Accounting, then Secretary of the Investment Committee and Director and Chief Executive Officer for Finances of Nalco. In March 2004, he was appointed Chief Executive Officer for Finance of the SUEZ group, responsible for Financial Operations, Treasury, Taxes, Planning, Accounting and Control.

Gérard is an Economic Sciences graduate of Université de Louvain-la-Neuve, and completed training at INSEAD and Wharton International.

14. Working Capital Statement

International Power is of the opinion that, taking into account the financing support available to the Enlarged International Power Group under the Financing Framework Agreement, the working capital available to the Enlarged International Power Group is sufficient for its present requirements, that is for at least the period of 12 months immediately following the date of this Circular.

15. United Kingdom taxation treatment of Special Dividend

(a) General

The following statements do not constitute tax advice and are intended only as a general and non-exhaustive guide to current UK tax law and to the current published practice of HMRC as at the date of this Circular, each of which may be subject to change at any time, possibly with retrospective effect. The statements relate only to certain limited aspects of the UK taxation treatment of the Special Dividend (and any reference to "dividends" or a "dividend" refers only to the Special Dividend). They are intended to apply only to Shareholders who are resident (and, in the case of individuals, ordinarily resident and domiciled) in the UK for UK tax purposes (except insofar as express reference is made to the treatment of non-UK residents), who hold their Ordinary Shares as investments (other than under an individual savings account) and who are the absolute beneficial owners of their Ordinary Shares and any dividends paid in respect of them. The statements are not addressed to certain categories of shareholders which are subject to special rules, including: (i) Shareholders who are connected with International Power or the GDF SUEZ Group or the International Power Group; (ii) special classes of Shareholders such as, for example, traders, dealers in securities, broker-dealers, intermediaries, banks, financial institutions, investment companies, tax-exempt companies, insurance companies and collective investment schemes; (iii) Shareholders who hold Ordinary Shares as part of hedging or conversion transactions; or (iv) Shareholders who have

(or are deemed to have) acquired their Ordinary Shares by virtue of an office or employment or Shareholders who are or have been officers or employees of International Power or a company forming part of the GDF SUEZ Group or the International Power Group.

Shareholders who are in any doubt about their taxation position and Shareholders who are not resident for tax purposes solely in the UK should consult their own professional advisers.

(b) The Special Dividend

The Dividend Reinvestment Plan will be suspended for the purpose of the Special Dividend. Accordingly, the Special Dividend will be paid in the form of a cash payment to all eligible Shareholders. Under current UK tax law, International Power will not be required to withhold tax at source from the Special Dividend.

Individuals

An individual Shareholder who is ordinarily resident and domiciled in the UK for tax purposes and who receives a dividend from International Power will be entitled to a tax credit which may be set off against his total income tax liability on the dividend. Such an individual Shareholder's liability to income tax is calculated on the aggregate of the dividend and the tax credit (the ''gross dividend'') which will be regarded as the top slice of the individual's income. The tax credit will be equal to 10 per cent. of the gross dividend (i.e. the tax credit will be one-ninth of the amount of the cash dividend received).

A UK resident individual Shareholder who is not liable to income tax in respect of the gross dividend will not be entitled to any payment from HMRC in respect of any part of the tax credit. A UK resident individual Shareholder who is liable to income tax at a rate not exceeding the basic rate will be subject to income tax on the gross dividend at the rate of 10 per cent. so that the tax credit will satisfy in full such Shareholder's liability to income tax on the dividend. A UK resident individual Shareholder liable to income tax at the higher rate will be subject to income tax on the gross dividend at 32.5 per cent. to the extent that such sum, when treated as the top slice of such Shareholder's income, falls above the threshold for higher rate income tax. A UK resident individual Shareholder liable to income tax at the new 50 per cent. additional rate will be subject to income tax on the gross dividend at 42.5 per cent. to the extent that such sum, when treated as the top slice of such Shareholder's income, falls above the threshold for additional rate income tax. However, a Shareholder liable to income tax at the higher rate or additional rate will be able to set the tax credit off against part of this liability. The effect of that set-off of the tax credit is that a Shareholder liable to income tax at the higher rate will have to account for additional tax equal to 22.5 per cent. of the gross dividend (which is equal to 25 per cent. of the cash dividend received) and a Shareholder liable to tax at the additional rate will have to account for additional tax equal to 32.5 per cent. of the gross dividend (which is equal to approximately 36.1 per cent. of the cash dividend received).

Companies

A corporate Shareholder resident in the UK for tax purposes will *prima facie* be subject to UK corporation tax (generally at a rate of 28 per cent.) on any dividend received from International Power unless (subject to special rules for such Shareholders that are small companies) certain conditions for exemption are satisfied. The exemption is of wide application and it is expected that corporate Shareholders which are within the charge to UK corporation tax will generally not be subject to UK corporation tax on dividends received from International Power unless certain anti-avoidance provisions apply. Such Shareholders will not be able to claim repayment of tax credits attaching to dividends.

Other UK Shareholders

Other UK Shareholders which are not generally liable to UK tax on dividends, including pension funds and charities will not be entitled to any payment from HMRC in respect of the tax credit attaching to any dividend paid by International Power.

Non UK resident Shareholders

Non-UK resident Shareholders will not generally be able to claim repayment from HMRC of any part of the tax credit attaching to dividends paid by International Power. A Shareholder resident outside the UK may also be subject to foreign taxation on dividend income under local law. Shareholders who are not resident for tax purposes in the UK should obtain their own tax advice concerning tax liabilities on dividends received from International Power.

16. Market quotations

The following are the closing prices of the Ordinary Shares on the first Business Day in each of the six months immediately preceding the date of this Circular and for the latest practicable date prior to publication of this Circular:

Date	*International Power Ordinary Share Price (pence)*
12 November 2010	424.5
1 November 2010	416.0
1 October 2010	390.5
1 September 2010	378.5
2 August 2010	366.0
1 July 2010	296.3
1 June 2010	291.3

17. Service contracts

(a) Existing Executive Directors' service contracts

The following Existing Executive Directors have service agreements with International Power (save for Bruce Levy, whose employment agreement is with American National Power, Inc.). The service agreements do not have a fixed term but provide for termination on the following terms:

Name	*Date of agreement*	*Notice period by company (months)*	*Notice period by Existing Executive Director (months)*
Philip Cox	25 February 2003	12	6
Mark Williamson	23 February 2004	12	6
Anthony Concannon	23 February 2004	12	6
Bruce Levy	21 December 2005	12	6
Steve Riley	23 February 2004	12	6
Ranald Spiers	23 September 2008	12	6

The service agreements for Philip Cox, Mark Williamson, Anthony Concannon and Steve Riley also provide for automatic termination upon the Existing Executive Director's 60th birthday.

The service agreements contain no contractual entitlement to any fixed amount of bonus or right of participation in any of the International Power Group's share-based incentive schemes, participation in which is at the discretion of the Company's remuneration committee.

Details of the Existing Executive Directors' remuneration (including salary and other benefits) for the year ended 31 December 2009 are provided in paragraph 17(d) of this Part 9 (*Additional Information*) of this Circular. The Existing Executive Directors do not participate in any commission or profit-sharing arrangements.

To protect the International Power Group's business interests, the service agreements contain post-termination covenants which restrict the Existing Executive Directors' ability to compete with the business, to solicit, interfere or deal with customers and also to solicit senior employees, to the extent permitted under the law of the relevant jurisdiction.

The Existing Executive Directors' service agreements provide for benefits upon termination of employment. Philip Cox's service agreement provides that for termination other than for cause, he may receive a payment of 125 per cent. of annual basic salary (which includes the 12 months' notice) to take account of the value of contractual benefits. Mark Williamson, Steve Riley, Anthony Concannon and Ranald Spiers' service agreements provide that for termination other than for cause, these Existing Executive Directors may receive a payment of 125 per cent. of annual basic salary (which includes the 12 months' notice), which will be paid on a monthly basis until the relevant Existing Executive Director secures alternative employment, up to a maximum of 12 monthly payments. Bruce Levy's employment agreement provides that for termination other than for cause, he may receive a payment of 125 per cent. of annual basic salary, which will be paid in semi-monthly instalments, plus benefit continuation. If American National Power, Inc. elects to release Bruce Levy from the restrictive covenants in his contract, he can be required to account for any salary received

to reduce the amount of these semi-monthly payments, to a maximum of 24 semi-monthly payments. The treatment of share awards on termination is covered under the relevant incentive schemes.

(b) Existing Non-Executive Directors' letters of appointment

The following Existing Non-Executive Directors have letters of appointment with International Power, details of which are as follows:

Non-Executive Director	*Date of commencement of appointment*	*Expected termination of appointment*
Sir Neville Simms	22 February 2000	31 December 2011
Tony Isaac	2 October 2000	31 December 2011
Alan Murray	1 July 2007	AGM 2012
John Roberts	18 May 2006	AGM 2012
Struan Robertson	27 September 2004	AGM 2012
David Weston	1 August 2009	AGM 2012

All Existing Non-Executive Directors have specific terms of engagement provided in formal letters of appointment. Sir Neville Simms (Chairman) has a letter of appointment with a 12-month notice period. The other Non-Executive Directors are appointed on a 3-year, fixed-term, annual fixed-fee basis.

The Existing Non-Executive Directors' fees are determined by International Power within the limits set by its articles of association and based on independent surveys of fees paid to non-executive directors of similar companies. The fees for Existing Non-Executive Directors are considered annually.

The fee structure for the Existing Non-Executive Directors as at 12 November 2010 (the latest practicable date prior to the publication of this Circular) was as follows:

- a fee of £285,000 payable to Sir Neville Simms;
- a basic fee of £50,000 in respect of board membership duties (i.e. attendance at board meetings, general duties as Existing Non-Executive Directors);
- a fee of £5,000 for participation in the Audit, Remuneration, Appointments or Health, Safety and Environment committees. Existing Non-Executive Directors only receive one fee, irrespective of how many committees they participate in;
- a fee of £10,000 per annum for chairing any of the Audit, Remuneration and Health, Safety and Environment Committees; and
- a fee of £15,000 per annum for acting as Senior Independent Director.

The Existing Non-Executive Directors do not receive any bonus, do not participate in the International Power Group's share-based incentive schemes or commission or profit-sharing arrangements, and are not eligible to join the International Power Group's pension scheme. The Existing Non-Executive Directors' letters of appointment do not provide for benefits upon termination of appointment.

(c) Enlarged International Power Directors' service contracts

Other than as set out in paragraphs 17(a) and 17(b) of this Part 9 (*Additional Information*) of this Circular, no service contracts have been entered into by International Power or any of its subsidiaries with any International Power Director or any person who is proposed to be appointed as an Enlarged International Power Director. None of the International Power Directors' service contracts with International Power or any of its subsidiaries have been entered into or amended within the period of 6 months ending on the date of this Circular.

(d) Analysis of International Power Directors' remuneration

For the year ended 31 December 2009, the remuneration of and the benefits in kind granted to the International Power Directors were as follows:

	Salary	Fees	Performance related bonus – cash	Payment in lieu of pension	Other benefits	Aggregate remuneration year to 31 December 2009
			(£)			
Executive						
Philip Cox	721,000	—	713,790	160,817	16,379	1,611,986
Mark Williamson	417,000	—	412,830	97,535	13,792	941,157
Anthony Concannon	381,000	—	366,141	—	375,646	1,122,787
Bruce Levy	525,236	—	370,816	173,269	38,684	1,108,005
Steve Riley	381,000	—	377,190	—	72,115	830,305
Ranald Spiers	348,000	—	305,544	84,756	111,966	850,266
Non-Executive						
Sir Neville Simms	—	285,000	—	—	—	285,000
Tony Isaac	—	60,000	—	—	—	60,000
Alan Murray	—	65,000	—	—	—	65,000
John Roberts	—	65,000	—	—	—	65,000
Struan Robertson	—	65,000	—	—	—	65,000
David Weston	—	22,917	—	—	—	22,917
Total	2,773,236	562,917	2,546,311	516,377	628,582	7,027,423

Notes:

(1) For Philip Cox, the payment in lieu of pension detailed in the above table sets out the contributions made in respect of a pension cash allowance (£143,500) and the cost of providing supplementary life assurance above the notional pensions cap (£17,317). He also received a car allowance (£15,000) and private medical insurance (£1,379), which are included in 'Other benefits'.

(2) For Mark Williamson, the payment in lieu of pension detailed in the above table sets out the contributions made in respect of a pension cash allowance (£93,546) and the cost of providing supplementary life assurance above the notional pensions cap (£3,989). He also received a car allowance (£12,000) and private medical insurance (£1,792), which are included in 'Other benefits'.

(3) The 'Other benefits' entry of £375,646 for Anthony Concannon comprises elements delivered from the UK (£60,847), in Australia (£27,025) and to cover taxes paid under the Company's expatriate policy (£287,774). The UK total comprises a car allowance (£12,000), private medical insurance (£3,232 in respect of both UK and international cover), relocation support (£762), which is tapering off from a previous relocation and other elements of the expatriate package (£44,853). The balance of the expatriate package (medical costs and children's schooling fees at £27,025) is provided locally in Australia. The taxes paid by the Company in the UK and Australia are net of UK hypothetical tax paid by Anthony Concannon in 2009, under the Company's expatriate policy. The net tax liability for 2009 has been estimated by the Company's taxation specialists to be £287,774.

(4) Bruce Levy's payment in lieu of pension figure comprises contributions to a 401k Savings Plan (US$11,324), a Retirement Plan (US$16,284) and a Supplemental Retirement Plan (US$242,570). He also received a car allowance (US$21,600), medical and dental insurance (US$6,312), disability and life insurance (US$3,329) and relocation support (US$29,079), the total of which is included under 'Other benefits'. The values shown in the above table, including bonus, have been converted from US dollars to sterling using the average annual exchange rate of US$1.5593.

(5) The 'Other benefits' entry for Steve Riley incorporates a company car allowance (£12,000), private medical insurance (£1,792), the payment of school fees (£40,172) and the value of relocation support (£18,151).

(6) From 1 January 2010, Ranald Spiers' salary increased to £364,500, as disclosed in the 2009 International Power Financial Statements. For Ranald Spiers the payment in lieu of pension detailed in the above table sets out the contributions made in respect of a pension cash allowance (£77,405) and the cost of providing supplementary life assurance above the notional pensions cap (£7,351). He also received a car allowance (£12,000), private medical insurance (£3,709 in respect of both UK and international cover), an overseas allowance (£50,000) and other benefits paid locally in the Middle East and Asia relating to his expatriate status (£46,257) which are included in 'Other benefits'. As with Tony Concannon, the International Power Group is committed to funding Ranald Spiers' worldwide employment tax and social security liability in excess of what would be due if he were resident for tax purposes in the UK, and had not triggered an overseas tax liability. As Ranald Spiers is primarily based in the UAE, however, such taxes and social security are typically expected to be less than or equivalent to the hypothetical taxes and social security deductions that are withheld from his UK income.

(7) Sir Neville Simms received a Chairman's fee of £285,000. On 15 February 2009, Sir Neville was appointed Director and Chairman of Oasis International Power LLC, an associate company of International Power Holdings Ltd, incorporated in the UAE, for which he receives an additional annual fee of US$150,000. Sir Neville agreed to receive his fee from 1 April 2009 and accordingly received US$112,500 in respect of 2009.

(8) Tony Isaac received a basic fee of £50,000, a £5,000 fee for Committee participation and £5,000 in respect of his role as Senior Independent Director. His fee for the year commencing 1 January 2010 is £70,000, as disclosed in the 2009 International Power Financial Statements.

(9) Alan Murray received a basic fee of £50,000, a £5,000 fee for committee participation and £10,000 for his role as Chairman of International Power's audit committee.

(10) John Roberts received a basic fee of £50,000, a £5,000 fee for committee participation and £10,000 for his role as Chairman of International Power's remuneration committee.

(11) Struan Robertson received a basic fee of £50,000, a £5,000 fee for committee participation and £10,000 for his role as Chairman of International Power's health, safety and environment committee.

(12) David Weston received a basic fee of £20,834 and £2,083 for committee participation following his appointment to the International Power Board on 1 August 2009. His fee for the year commencing 1 January 2010 is £55,000, as disclosed in the 2009 International Power Group Financial Statements.

The remuneration disclosed above does not include any amounts for the value of options or other share-based awards. Details of the share-based awards are provided in paragraph 19 of Part 9 (*Additional Information*) of this Circular below.

(e) Pensions of Existing Executive Directors

The pension arrangements for Philip Cox, Mark Williamson and Ranald Spiers are provided through the senior section of the International Power Group of the electricity supply pension scheme ("**ESPS**"), which is a scheme registered with HMRC. The ESPS provides for:

- a normal retirement age of 60;
- an accrual rate that targets two-thirds of pensionable salary at normal retirement age;
- death-in-service benefit of four times (capped) salary; and
- a spouse's pension on death in retirement of two-thirds of the Existing Executive Directors' (pre-commutation) pension.

The pension contribution for these Existing Executive Directors is the lower of six per cent. of uncapped salary and 15 per cent. of the notional earnings cap, which is based on the limits previously imposed by HMRC.

The benefits provided through the scheme are also restricted by an earnings cap based on that previously imposed by HMRC. To compensate for this, the scheme benefits are supplemented by additional life assurance cover and the provision of a non-pensionable cash allowance. The cash allowance comprises the balance of 33 per cent. of salary (which is the limit that International Power's remuneration committee has established to provide all pension benefits) less the employer contribution and the cost of the additional life assurance.

The pension arrangements for Anthony Concannon and Steve Riley are also provided through the senior section of the International Power Group of the ESPS, but they are not restricted by the HMRC earnings cap as they joined the scheme prior to 1 June 1989. The ESPS provides for:

- a normal retirement age of 60;
- an accrual rate that targets two-thirds of pensionable salary at normal retirement age;
- death-in-service benefit of four times salary; and
- a spouse's pension on death in retirement of two-thirds of the Existing Executive Directors' (pre-commutation) pension.

The pension contribution for these Existing Executive Directors is six per cent. of uncapped salary. International Power does not supplement this arrangement.

The pension arrangements for Bruce Levy are provided through a 401k Savings Plan, a Retirement Plan and a Supplemental Retirement Plan, which are money-purchase schemes operated by International Power America, up to a total cost to International Power of 33 per cent. of his salary.

For the year ended 31 December 2009, the pension benefits granted to the International Power Directors were as follows:

	Accrued benefit at 31 December 2009	Increase in year		Transfer value of accrued benefit			Transfer value of increase in accrued pension
		Including inflation	*Excluding inflation*	***At 31 December 2009***	*At 31 December 2008*	*Increase/ (decrease) less Existing Executive Directors' contributions*	*excluding inflation less Existing Executive Directors' contributions*
	£	£	£	**£**	£	£	£
Philip Cox	**30,700**	5,700	4,500	**738,900**	464,800	255,800	88,900
Mark Williamson	**38,400**	5,500	3,900	**766,900**	461,700	286,900	58,800
Steve Riley	**145,900**	12,000	5,300	**2,735,000**	1,698,600	1,013,500	77,000
Anthony Concannon	**136,500**	11,200	4,900	**2,836,500**	1,433,200	930,400	63,900
Ranald Spiers	**65,700**	5,900	2,900	**1,438,600**	977,800	442,500	46,000

Notes:

(1) The accrued benefit as at 31 December 2009, is the pension entitlement which would be paid annually on retirement based on service to the end of 2009. In addition to the pension shown above, Mark Williamson has an entitlement to an accrued lump sum of £394, Steve Riley has an entitlement to an accrued lump sum of £214,665, Anthony Concannon has an entitlement to an accrued lump sum of £203,705 and Ranald Spiers has an entitlement to an accrued lump sum of £35,797, payable on retirement in each case. The normal retirement age of Existing Executive Directors is 60, except Ranald Spiers and Philip Cox. Ranald Spiers has a retirement age under the pension scheme of 60 and a contractual retirement age of 65, Philip Cox has a retirement age under the pension scheme of 60 and a contractual retirement age of 62.

(2) Dependants' pensions on death are 58 per cent. of members' pension in respect of service prior to 2 October 2000 and two-thirds of members' pension in respect of service thereafter. On death-in-service a lump sum of four times salary is payable. On death within the first five years of retirement, a lump sum is payable equal to the balance outstanding on the first five years' pension payments.

(3) Post-retirement increases are expected to be in line with inflation (guaranteed up to the level of 5 per cent. per annum and discretionary above that level).

(4) The transfer values as at 31 December 2008 and 31 December 2009 have been calculated in accordance with the assumptions used by the trustees to calculate cash equivalent transfer values in accordance with the legislation which came into force with effect from 1 October 2008. The calculation of transfer values is undertaken on a market related basis and due to changes in financial market conditions during 2009, transfer values have increased significantly. In particular, the fall in the yield available on index linked government bonds has increased the transfer values shown at the end of 2009 by around 20 per cent. to 40 per cent. depending on the age of each Existing Executive Director.

(5) Members of the pension scheme have the option to pay additional voluntary contributions: neither the contributions, nor the resulting benefits are included in the above table.

(6) In addition to the above entitlements, cash allowances of £143,500, £93,546 and £77,405 were paid to Philip Cox, Mark Williamson and Ranald Spiers respectively during 2009. These allowances are explained in the notes to the International Power Directors' aggregate remuneration table in paragraph 17(d) of this Part 9 (*Additional Information*) of this Circular alongside an explanation of the £173,269 in pension contributions payable in 2009 to three arrangements in respect of Bruce Levy.

18. Proposed executive remuneration arrangements

Following Closing, the Remuneration Committee of Enlarged International Power will decide on a remuneration policy that is relevant to the Company's revised scope, and that applies the principles of the UK Corporate Governance Code. Total remuneration levels are anticipated to be reviewed in comparison to a comparator group to ensure that they are competitive and therefore ensure that Enlarged International Power can attract, retain and motivate top calibre executives. Remuneration arrangements are expected to incorporate both fixed and variable elements. The fixed elements are expected to include salary, pension and other contractual benefits. So as to align rewards with the creation of value for Shareholders, the variable elements are expected to be based upon the achievement of specific and measureable shared and individual performance objectives over both the short term and the long term. It is also expected that remuneration packages could include significant opportunities to acquire and obligations to retain Ordinary Shares so as to build a strong Ordinary Share ownership culture. Performance objectives and other definitive terms of total remuneration will be determined by the Enlarged International Power Board and its Remuneration Committee following Closing.

19. Share options and awards

(a) Share options

As at 12 November 2010 (the latest practicable date prior to the publication of this Circular), the following International Power Directors had interests in the following options relating to Ordinary Shares under the International Power Share Schemes:

Name of International Power Director	*Number of Ordinary Shares*	*Exercise Price in pence*	*Date from which exercisable*	*Expiry Date*
Approved ESOS, Unapproved ESOS and Global ESOS				
Philip Cox	17,191[(1)]	174.50	24.05.2005[(3)]	23.05.2012
	149,859[(2)]	174.50	24.05.2005[(3)]	23.05.2012
Mark Williamson	35,415[(2)]	174.50	24.05.2005[(3)]	23.05.2012
Anthony Concannon	4,480[(1)]	209.22	22.03.2004	21.03.2011
	10,455[(2)]	209.22	22.03.2004	21.03.2011
	6,447[(1)]	174.50	24.05.2005[(3)]	23.05.2012
	17,835[(2)]	174.50	24.05.2005[(3)]	23.05.2012
Steve Riley	31,608[(2)]	174.50	24.05.2005	23.05.2012
Ranald Spiers	6,810[(1)]	209.22	22.03.2004	21.03.2011
	18,282[(2)]	209.22	22.03.2004	21.03.2011
	31,608[(2)]	174.50	24.05.2005[(3)]	23.05.2012
	47,419[(2)]	179.25	11.03.2008	10.03.2015
UK SAYE Plan and Global SAYE Plan				
Philip Cox	3,664[(4)]	262.00	01.01.2012	30.06.2012
Mark Williamson	8,050[(4)]	200.00	01.03.2011	31.08.2011
Anthony Concannon	8,050[(4)]	200.00	01.03.2011	31.08.2011
Bruce Levy	8,050[(5)]	200.00	01.03.2011	31.08.2011
Steve Riley	6,506[(4)]	239.00	01.01.2015	30.06.2015
Ranald Spiers	4,318[(4)]	389.00	01.01.2013	30.06.2013

Notes:

(1) Options granted under the Approved ESOS.

(2) Options granted under the Unapproved ESOS.

(3) Options granted under the Approved ESOS and the Unapproved ESOS on 24 May 2002 did not meet their performance criteria and so are only exercisable in certain cases of termination of employment or on a change of control pursuant to an offer made to shareholders.

(4) Options granted under the UK SAYE Plan.

(5) Options granted under the Global SAYE Plan.

(b) Share awards

As at 12 November 2010 (latest practicable date prior to the publication of this Circular), the following International Power Directors had interests in the following awards relating to Ordinary Shares under the International Power Share Schemes:

Name of International Power Director	*Number of Ordinary Shares*	*Award Price in pence*	*End of Performance Period*
PSP			
Philip Cox	378,378	nil	31.12.2010
	737,219	nil	31.12.2011
	437,832	nil	31.12.2012
Mark Williamson	164,189	nil	31.12.2010
	319,785	nil	31.12.2011
	189,920	nil	31.12.2012
Anthony Concannon	150,000	nil	31.12.2010
	292,178	nil	31.12.2011
	173,524	nil	31.12.2012
Bruce Levy	164,437	nil	31.12.2010
	449,293	nil	31.12.2011
	245,966	nil	31.12.2012
Steve Riley	150,000	nil	31.12.2010
	292,178	nil	31.12.2011
	173,524	nil	31.12.2012
Ranald Spiers	62,557	nil	31.12.2010
	58,035(1)	nil	31.12.2010
	266,871	nil	31.12.2011
	166,009	nil	31.12.2012

Notes:

(1) Date of award: 15 May 2008 (special award made upon appointment as a Director).

20. Legal and arbitration proceedings relating to International Power

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which International Power is aware) which may have or have had in the recent past (covering the 12 months immediately preceding the date of this Circular) a significant effect on International Power and/or the International Power Group's financial position or profitability.

21. International Power Share Schemes

Following Closing, participants in the International Power plc 2002 Performance Share Plan ("**PSP**") will be offered the opportunity to cancel their existing PSP awards in return for a cash payment from the Company. The amount of the cash payment will reflect the extent to which PSP awards would have vested if the Transaction had been a change of control event for the purposes of the PSP. The relevant performance conditions will be calculated up to the end of 2010 and the level of vesting according to performance will then be reduced on a time basis to reflect the fact that Closing will occur before the end of the applicable performance periods.

However, in order to ensure that PSP participants are incentivised to stay with Enlarged International Power and to align their interests with those of Shareholders, a new restricted share plan will be put in place for PSP participants following Closing. The number of restricted Ordinary Shares conditionally awarded to each PSP participant will be based on PSP performance up to the end of 2010 and pro-rated for time to the end of the year following Closing, less the number of Ordinary Shares to which the above cash payment relates.

The restricted Ordinary Shares will vest at the end of 2011 or earlier in certain "good leaver" circumstances.

If the awarding of restricted Ordinary Shares may give rise to regulatory or tax/social security difficulties in any jurisdictions, then alternative arrangements (having, so far as reasonably possible, a similar effect to restricted Ordinary Shares) may be put in place for PSP participants in those jurisdictions.

Outstanding options held under the various Executive Share Option Plans will be allowed to vest early, as permitted by the rules of those Plans, as a result of the proposed Special Dividend. The intention is that participants will be able to exercise their options in time to qualify for the Special Dividend.

The terms of options outstanding under the various SAYE/Sharesave Plans will not be adjusted as a result of the Transaction, although, when participants later exercise their options under these Plans following the record date for payment of the Special Dividend, they will be entitled to receive a cash payment of 92 pence per Ordinary Share to compensate them for not having received the Special Dividend.

22. Legal and arbitration proceedings relating to the GDF SUEZ Energy International Division

Save as disclosed in this paragraph 22 of Part 9 (*Additional Information*) of this Circular, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which International Power is aware) which may have or have had in the recent past (covering the 12 months immediately preceding the date of this Circular) a significant effect on the GDF SUEZ Energy International Division's financial position or profitability.

(a) Claim by the US tax authorities ("**IRS**")

A number of US subsidiaries within the GDF SUEZ Energy International Division were subject to a tax audit by the IRS with respect to the 2004 and 2005 financial years. The amounts which were initially assessed were significant but have been reduced in 2009 and 2010 in the course of the appeal procedure. The remaining contested amounts for these periods correspond to tax and interest expenses in the amount of US$13 million. These subsidiaries were also recently subject to a tax audit by the IRS with respect to the 2006 and 2007 financial years. Further to this tax audit, it is probable that the subsidiaries will contest the tax adjustments.

(b) Claims by the Belgian tax authorities to SUEZ-TRACTEBEL

The Special Inspection Department of the Belgian tax authorities is claiming €188 million from SUEZ-TRACTEBEL concerning past investments in Kazakhstan. SUEZ-TRACTEBEL has filed an appeal with the administrative court against these claims.

As the Belgian tax authorities had still not taken a decision ten years after the claim, an appeal was lodged with the Court of First Instance of Brussels (Belgium) in December 2009. There has been no development in the case since the appeal was lodged.

The Special Inspection Department of the Belgian tax authorities has also been claiming taxes on financial income generated in Luxembourg by the Luxembourg-based cash management branch of SUEZ-TRACTEBEL. This financial income has already been taxed in Luxembourg and therefore SUEZ-TRACTEBEL asserts that this financial income is exempt from tax in Belgium in accordance with the Belgium-Luxembourg convention for the prevention of double taxation. The Special Inspection Department of the Belgian tax authorities has refused to accept the applicability of this exemption. The tax assessed in Belgium amounts to €21 million for the period 2003 to 2006. The GDF SUEZ Group has challenged the decision of the Special Inspection Department of the Belgian tax authorities before the Court of First Instance in Brussels. The hearing is scheduled to take place at the end of 2011.

23. General

(a) Each of Nomura, J.P. Morgan Cazenove and Morgan Stanley has given and not withdrawn its consent to the inclusion in this Circular of its name and the references thereto in the form and context in which they are included.

(b) KPMG Audit Plc has given and not withdrawn its written consent to the inclusion of its report set out in Part 7(B) (*Unaudited Pro Forma Combined Financial Information for the Enlarged International Power Group*) of this Circular in the form and context in which it is included.

(c) Deloitte & Associés has given and not withdrawn its written consent to the inclusion of its reports set out in Part 5 (*Historical Financial Information relating to GDF SUEZ Energy International*) of this Circular in the form and context in which they are included.

24. Sources and bases of financial information

Save as otherwise stated:

(a) financial information relating to International Power and the International Power Group has been extracted (without material adjustment) from the 2010 International Power Condensed Interim Financial Statements incorporated by reference into this Circular;

(b) references in this Circular to financial information relating to International Power or the International Power Group for the 2009 financial year or as at 31 December 2009 are references to the restated figures contained in the 2010 International Power Condensed Interim Financial Statements as a result of the adoption by the International Power Group of International Financial Reporting Interpretations Committee – Interpretation 12 (Service Concession Arrangements) (IFRIC 12) from 1 January 2010 as explained in the notes to the 2010 International Power Condensed Interim Financial Statements;

(c) financial information relating to the GDF SUEZ Energy International Division has been extracted (without material adjustment) from GDF SUEZ Energy International Combined Interim Financial Information contained in Part 5(D) (*Historical Financial Information relating to GDF SUEZ Energy International*) and GDF SUEZ Energy International Combined Financial Information contained in Part 5(B) (*Historical Financial Information relating to GDF SUEZ Energy International*) of this Circular;

(d) financial information relating to the GDF SUEZ Group has been extracted (without material adjustment) from the relevant sections of the GDF SUEZ Group Historic Financial Information incorporated by reference into this Circular;

(e) the *pro forma* ratio of net debt, excluding the impact of derivative instruments and amortised cost, at 30 June 2010 to EBITDA for the year ended 31 December 2009 for the Enlarged International Power Group is 3.4x, based on *pro forma* net debt of £10.8 billion as shown in the Unaudited Pro Forma Combined Statement of Net Assets of the Enlarged International Power Group contained in Section 3 of Part 7(A) (*Unaudited Pro Forma Combined Financial Information for the Enlarged International Power Group*) of this Circular and *pro forma* EBITDA for the year ended 31 December 2009 of £3.2 billion as shown in note 7 to the Unaudited Pro Forma Combined Income Statement of the Enlarged International Power Group contained in Section 2 of Part 7(A) (*Unaudited Pro Forma Combined Financial Information for the Enlarged International Power Group*) of this Circular;

(f) the estimations of (i) operating and financing pre-tax synergies of £165 million per annum; (ii) operating pre-tax synergies of £104 million per annum; (iii) pre-tax financing synergies of £61 million per annum; and (iv) implementation costs of approximately £130 million, in each case, referred to in paragraph 3 of Part 1 (*Letter from Sir Neville Simms, Chairman of International Power plc*) of this Circular are unaudited numbers based on management estimates; and

(g) the additional annual EBITDA contribution at an estimated £872 million by 2013 referred to in paragraph 2 of Part 1 (*Letter from Sir Neville Simms, Chairman of International Power plc*) of this Circular is an unaudited number based on management estimates.

25. Documents available for inspection

Copies of the following documents will be available for inspection at the offices of Clifford Chance LLP, 10 Upper Bank Street, London E14 5JJ during usual business hours on any weekday (weekends and public holidays excepted) for a period from and including the date of this Circular up to and including Admission:

(a) the memorandum and articles of association of International Power;

(b) the articles of association (*statuts*) of GDF SUEZ;

(c) those agreements summarised in Part 4 (*Principal Terms of the Transaction*) of this Circular, namely the Merger Deed, the Relationship Agreement, the Electrabel Services Agreement, the International Power Services Agreement and the Expatriates Services Agreement and the Financing Framework Agreement;

(d) the Invesco Irrevocable Undertaking;

(e) the Sponsors' Agreement;

(f) audited consolidated accounts for International Power for the years ended 31 December 2009 and 31 December 2008;

(g) audited consolidated accounts for GDF SUEZ for the years ended 31 December 2009 and 31 December 2008;

(h) the consent letters from each of Nomura, J.P. Morgan Cazenove and Morgan Stanley referred to in paragraph 23 of this Part 9 (*Additional Information*) of this Circular;

(i) the reports from Deloitte & Associés set out in Parts 5(C) and 5(E) (*Historical Financial Information relating to GDF SUEZ Energy International*) of this Circular and the report from KPMG Audit Plc set out in Part 7(B) (*Unaudited Pro Forma Combined Financial Information for the Enlarged International Power Group*) of this Circular; and

(j) this Circular.

A copy of the above documents (other than the audited consolidated accounts for GDF SUEZ for the years ended 31 December 2009 and 31 December 2008), as well as all information required by Section 311A of the Act, can be found on International Power's website: www.ipplc.com. A copy of the audited consolidated accounts for GDF SUEZ for the years ended 31 December 2009 and 31 December 2008 can be found on GDF SUEZ's website: www.gdfsuez.com.

26. Additional documents incorporated by reference

Any statement contained in a document which is deemed to be incorporated by reference into this Circular shall be deemed to be modified or superseded for the purpose of this Circular to the extent that a statement contained herein (or in a later document which is incorporated by reference herein) modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Circular.

The following list is intended to enable Shareholders to identify easily specific items of information which have been incorporated by reference into this Circular.

Source of Information	*Part of Circular containing further details*
Pages 11 to 34 of the 2010 International Power Condensed Interim Financial Statements	Part 6 (*Historical Financial Information relating to the International Power Group*) of this Circular
Pages 111 to 188 of the 2009 International Power Group Financial Statements	Part 6 (*Historical Financial Information relating to the International Power Group*) of this Circular
Pages 103 to 176 of the 2008 International Power Group Financial Statements	Part 6 (*Historical Financial Information relating to the International Power Group*) of this Circular
Pages 101 to 164 of the 2007 International Power Group Financial Statements	Part 6 (*Historical Financial Information relating to the International Power Group*) of this Circular
Pages 1 to 10 of the GDF SUEZ quarterly financial report for the period ended 30 September 2010	Part 8 (*Information relating to the GDF SUEZ Group*) of this Circular
Pages 1 to 3 of the GDF SUEZ Energy International interim management report for the nine months ended 30 September 2010	Part 1 (*Letter from Sir Neville Simms, Chairman of International Power plc*) of this Circular
Pages 20 to 63 of the financial statements for GDF SUEZ for the six months ended 30 June 2010	Part 8 (*Information relating to the GDF SUEZ Group*) of this Circular
Pages 288 to 410 of the consolidated Financial Statements for GDF SUEZ for the year ended 31 December 2009	Part 8 (*Information relating to the GDF SUEZ Group*) of this Circular
Pages 290 to 411 of the consolidated Financial Statements for GDF SUEZ for the year ended 31 December 2008	Part 8 (*Information relating to the GDF SUEZ Group*) of this Circular
Pages 196 to 312 of the consolidated Financial Statements for SUEZ for the year ended 31 December 2007	Part 8 (*Information relating to the GDF SUEZ Group*) of this Circular
Pages 184 to 289 of the consolidated Financial Statements for Gaz de France for the year ended 31 December 2007	Part 8 (*Information relating to the GDF SUEZ Group*) of this Circular

A copy of each of the documents incorporated by reference into this Circular can be accessed on International Power's website www.ipplc.com other than the GDF SUEZ Group Historic Financial Information which can be accessed on GDF SUEZ's website at www.gdfsuez.com.

Shareholders, persons with information rights and any other person to whom a copy of this Circular has been sent will not automatically be sent a copy of any document incorporated into this Circular by reference. International Power will, however, upon the written or oral request of any such person, provide without charge a copy of any documents incorporated by reference into this Circular. Exhibits to documents incorporated by reference into this Circular or documents referred to in documents incorporated by reference into this Circular are not incorporated into and do not form part of this Circular and, accordingly, will not be provided unless they are specifically incorporated by reference into this Circular.

Requests for copies of any such documents should be made in writing to:

International Power plc, Company Secretary, Senator House, 85 Queen Victoria Street, London EC4V 4DP

or by telephone on:

+44 (0)207 320 8600.

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PART 10

DEFINITIONS AND GLOSSARY

The following terms apply throughout this Circular (other than in Part 11 (*Notice of General Meeting*) of this Circular) unless the context requires otherwise:

"**2007 International Power Group Financial Statements**"	the consolidated financial statements of International Power and its subsidiaries for the year ended 31 December 2007
"**2008 International Power Group Financial Statements**"	the consolidated financial statements of International Power and its subsidiaries for the year ended 31 December 2008
"**2009 International Power Group Financial Statements**"	the consolidated financial statements of International Power and its subsidiaries for the year ended 31 December 2009
"**2010 International Power Condensed Interim Financial Statements**"	the unaudited condensed interim financial statements of International Power and its subsidiaries for the six month period ended 30 June 2010
"**3.25 per cent. Convertible Euro Bonds 2013**"	the 3.25 per cent. €230,000,000 guaranteed convertible bonds due 2013 issued by International Power Finance (Jersey) II Limited
"**4.75 per cent. Convertible Euro Bonds 2015**"	the 4.75 per cent. €700,000,000 guaranteed convertible bonds due 2015 issued by International Power Finance (Jersey) III Limited
"**3.75 per cent. Convertible US Dollar Bonds 2023**"	the 3.75 per cent. US$252,500,000 guaranteed convertible bonds due 2023 issued by International Power (Jersey) Limited
"**7.25 per cent. Senior Unsecured Notes 2017**"	the 7.25 per cent. US$250,000,000 guaranteed senior notes due 2017 issued by International Power Finance (2010) plc
"**Act**" or "**Companies Act 2006**"	the Companies Act 2006 (as amended) of England and Wales
"**Admission**"	the admission of the New Ordinary Shares, by the FSA (in its capacity as the UK Listing Authority), to listing on the Official List and to trading on the Main Market of the London Stock Exchange becoming effective
"**Appointments Committee**"	the appointments committee of the Enlarged International Power Board, as constituted from time to time
"**Business Day**"	a day on which banks are generally open in England and Wales for the transaction of business, other than a Saturday or Sunday or a public holiday in England and Wales
"**Cash Injection**"	the payments that Electrabel, a wholly-owned subsidiary of GDF SUEZ, is obliged to make in accordance with the Merger Deed for the purpose of funding the Special Dividend and in order to repay certain intra-group debts owed by the GDF SUEZ Energy International Division to the Wider GDF SUEZ Group
"**CEO**"	the chief executive officer from time to time of International Power or Enlarged International Power (as applicable)
"**CFO**"	the chief financial officer from time to time of International Power or Enlarged International Power (as applicable)
"**Circular**"	this document
"**City Code**"	the City Code on Takeovers and Mergers, as amended from time to time
"**Closing**"	closing of the Merger Deed
"**Combination**" or "**Transaction**"	the proposed combination of International Power and GDF SUEZ Energy International to be implemented by the transfer by the Sellers of the GDF SUEZ Energy International Division to International Power in exchange for the issue by International Power to the Sellers of a total of 3,554,347,956 Ordinary Shares, in each case, pursuant to the terms of and subject to the conditions in the Merger Deed

“**Combined Code**”	(a) in respect of accounting periods of the Company commencing prior to 29 June 2010, the UK Combined Code on Corporate Governance (2008) published under the authority of the FSA as amended or supplemented from time to time; and (b) in respect of accounting periods of the Company commencing on or after 29 June 2010, the UK Corporate Governance Code (2010) published under the authority of the FSA, as amended or supplemented from time to time
“**Competing Proposal**”	(a) a proposal by a third party of an intention to make an offer or a possible offer for International Power or to acquire more than 30 per cent. of the issued ordinary share capital of International Power; or (b) a proposal by International Power or made to shareholders of International Power, which involves a change of control of International Power or the disposal of any interest in a material part of the business of International Power or the International Power Group, where such disposal would constitute a Class 1 transaction under the Listing Rules
“**Conditions**”	conditions to Closing of the Transaction, as set out in Schedule 3 to the Merger Deed
“**Continental Europe**”	Albania, Andorra, Austria, Belarus, Belgium, Bosnia, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Finland, France (including French overseas territories and departments: *Territoires d'outre-mer (TOM)* and *Départements d'outre-mer (DOM)),* Germany, Gibraltar, Greece, Hungary, Iceland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Macedonia, Malta, Moldova, Monaco, Montenegro, Netherlands, Norway, Poland, Portugal, Romania, Russia, San Marino, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland and Ukraine
“**Convertible Bonds**”	the 3.25 per cent. Convertible Euro Bonds 2013, the 4.75 per cent. Convertible Euro Bonds 2015 and the 3.75 per cent. Convertible US Dollar Bonds 2023
“**COO**”	chief operations officer of Enlarged International Power from time to time
“**CREST**”	the relevant system (as defined in the Regulations) in respect of which Euroclear UK & Ireland Limited is the operator (as defined in the Regulations)
“**CREST Manual**”	the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CCSS Operations Manual, Daily Timetable, CREST Application Procedure and CREST Glossary of Terms (all as defined in the CREST Glossary of Terms promulgated by Euroclear UK & Ireland Limited on 15 July 1996 and as amended since)
“**CREST Proxy Instruction**”	a properly authenticated CREST message appointing and instructing a proxy to attend and vote in place of a Shareholder at the General Meeting and containing the information required to be contained in the CREST Manual
“**Disclosure and Transparency Rules**”	rules and regulations of the FSA relating to the disclosure of information made under Part VI of the Financial Services and Markets Act
“**Dividend Reinvestment Plan**”	the dividend reinvestment plan operated by International Power relating to the reinvestment of dividends paid on its Ordinary Shares
“**Electrabel**”	Electrabel S.A., a wholly-owned subsidiary of GDF SUEZ

"**Electrabel Services Agreement**"	the services agreement dated 13 October 2010 between International Power and Electrabel pursuant to which certain services will be provided by the Wider GDF SUEZ Group to the Enlarged International Power Group
"**Enlarged International Power**"	International Power following Closing
"**Enlarged International Power Board**"	the board of directors of Enlarged International Power from time to time
"**Enlarged International Power Directors**"	the directors of Enlarged International Power from time to time
"**Enlarged International Power Group**"	Enlarged International Power and its subsidiary and subsidiary undertakings from time to time
"**EPC contract**"	engineering, procurement and construction contract, used principally for the building of power stations by a turnkey contractor
"**Equiniti**"	Equiniti Limited, being the Company's registrars
"**EU**" or "**European Union**"	the European Union first established by the treaty made at Maastricht on 7 February 1992
"**Executive Directors**"	collectively the CEO, COO and CFO of Enlarged International Power and each an "**Executive Director**"
"**Existing Executive Directors**"	the International Power Directors other than the Existing Non-Executive Directors
"**Existing Non-Executive Directors**"	the International Power Directors who hold the position of Chairman or Non-Executive Directors
"**Existing Ordinary Shares**"	the ordinary shares of 50 pence each in the capital of International Power at the date of this Circular, together with such other ordinary shares of 50 pence each in the capital of International Power (if any) as are issued between the date of this Circular and Admission
"**Existing Shareholders**"	the Shareholders immediately prior to Admission
"**Expatriates Services Agreement**"	the expatriates services agreement dated 13 October 2010 between International Power and Electrabel
"**Financial Services Authority**" or "**FSA**"	the Financial Services Authority in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act and any successor(s) thereto
"**Financial Services and Markets Act**" or "**FSMA**"	Financial Services and Markets Act 2000
"**Financing Framework Agreement**"	the financing framework agreement dated 13 October 2010 between International Power, Electrabel and GDF SUEZ
"**Gaz de France**"	Gaz de France S.A., with whom SUEZ merged in 2008 to form the GDF SUEZ Group
"**GDF SUEZ**"	GDF SUEZ S.A.
"**GDF SUEZ Appointed Director**"	a director of Enlarged International Power appointed by the Wider GDF SUEZ Group pursuant to the Relationship Agreement
"**GDF SUEZ CC**"	GDF Suez CC
"**GDF SUEZ Directors**"	the directors of GDF SUEZ whose names appear in paragraph 1(c) of Part 8 (*Information Relating to the GDF SUEZ Group*) of this Circular
"**GDF SUEZ Energy ATSA**"	GDF SUEZ Energy Asia, Turkey & Southern Africa BV, a wholly-owned subsidiary of Electrabel

"**GDF SUEZ Energy International**"	GDF SUEZ's Energy International Business Areas (outside Europe) and certain assets in the UK and Turkey, as described in Part 3 (*Information on GDF SUEZ Energy International*) of this Circular
"**GDF SUEZ Energy International Division**"	the GDF SUEZ Energy International Holding Companies, the companies listed in Schedule 2 of the Merger Deed which undertake the business of GDF SUEZ Energy International and any other subsidiary of the GDF SUEZ Energy International Holding Companies, in each case, from time to time and together reflecting GDF SUEZ Energy International following completion of the GDF SUEZ Energy International Reorganisation
"**GDF SUEZ Energy International Holding Companies**"	GDF SUEZ Energy ATSA, SUEZ-TRACTEBEL, GDF SUEZ Energy International Invest S.à r.l. and GSIP
"**GDF SUEZ Energy International Reorganisation**"	the reorganisation of the corporate structure of certain aspects of the GDF SUEZ Group described in paragraph 2 of Part 4 (*Principal Terms of the Transaction*) of this Circular
"**GDF SUEZ Group**"	GDF SUEZ and its subsidiaries and subsidiary undertakings from time to time
"**GDF SUEZ Group Historic Financial Information**"	the consolidated financial statements of the GDF SUEZ Group for the 2008 and 2009 financial years, the consolidated financial information of each of SUEZ and Gaz de France for the 2007 financial year, the consolidated financial statements of the GDF SUEZ Group for the six month period ended 30 June 2010 and the GDZ SUEZ quarterly financial report for the period ended 30 September 2010
"**GM^3 (n)/yr**"	nominal cubic metres of gas per year
"**General Meeting**"	the general meeting of the Company to be held at the ExCeL Centre, One Western Gateway, Royal Victoria Dock, London E16 1XL at 10.30 a.m. on 16 December 2010, notice of which is set out in Part 11 (*Notice of General Meeting*) of this Circular
"**GSIP**"	GDF SUEZ IP Limited
"**GW**"	gigawatt; one gigawatt equals 1,000 megawatts
"**HMRC**"	HM Revenue & Customs
"**Independent Non-Executive Director**"	Independent non-executive director of Enlarged International Power
"**Independent Shareholders**"	Shareholders other than GDF SUEZ and any person acting in concert with GDF SUEZ
"**International Power**" or the "**Company**"	International Power plc
"**International Power Board**"	the board of directors of International Power
"**International Power Directors**"	the directors of International Power whose names appear in paragraph 3 of Part 9 (*Additional Information*) of this Circular
"**International Power Group**"	International Power and its subsidiaries and subsidiary undertakings from time to time prior to Closing
"**International Power Services Agreement**"	the services agreement dated 19 November 2010 between International Power and Electrabel pursuant to which certain services will be provided by the Enlarged International Power Group to the Wider GDF SUEZ Group
"**International Power Share Schemes**"	the International Power plc Approved Executive Share Option Plan, the International Power plc Unapproved Executive Share Option Plan, the International Power plc Global Executive Share Option Plan, the International Power plc 2002 Performance Share Plan, the International Power plc SAYE Plan, the International

	Power plc Global Sharesave Plan; the International Power plc 2010 UK Sharesave Plan, the International Power plc 2010 Global Sharesave Plan and the International Power plc 2010 UK Share Incentive Plan
"**Invesco Irrevocable Undertaking**"	the irrevocable undertaking to vote in favour of the Resolutions dated 9 August 2010 given by Invesco to International Power and GDF SUEZ
"**IPP**"	an independent power producer
"**J.P. Morgan Cazenove**"	J.P. Morgan plc (which conducts its UK investment banking activities as J.P. Morgan Cazenove)
"**Karugamo Shareholders' Agreement**"	a shareholders' agreement between International Power, Mitsui & Co., Ltd. and others setting out the terms on which the group of companies comprising IPM (UK) Power Limited and its subsidiaries and subsidiary undertakings are owed and managed dated 20 June 2007
"**Listing Rules**"	rules and regulations of the FSA made under Part VI of the Financial Services and Markets Act
"**LLP Agreement**"	a limited liability partnership agreement between International Power, Mitsui & Co., Ltd and others setting out the terms on which IPM Eagle LLP is organised and the rights and obligations of its members originally dated 29 July 2004 (as amended and restated on 1 June 2005)
"**LNG**"	liquefied natural gas
"**LNG terminal**"	industrial facility that receives, unloads, stores, regasifies LNG and sends natural gas in the gaseous state to the transmission grid and/or a harbour facility with additional facilities, intended to receive ships that transport LNG
"**London Stock Exchange**"	London Stock Exchange plc or its successor(s)
"**Main Market**"	the main market for listed securities
"**Merger Deed**"	the merger deed dated 13 October 2010 between International Power, Electrabel and GDF SUEZ in relation to the Transaction
"**Morgan Stanley**"	Morgan Stanley & Co. Limited
"**MOU**"	the memorandum of understanding dated 10 August 2010 between International Power, GDF SUEZ and Electrabel in relation to the Transaction
"**New Ordinary Shares**"	the 3,554,347,956 ordinary shares of 50 pence each in the capital of International Power to be issued by International Power to the Sellers pursuant to the Merger Deed
"**Nomura**"	Nomura International plc
"**Notice of General Meeting**"	the notice of the General Meeting which is set out in Part 11 (*Notice of General Meeting*) of this Circular
"**Official List**"	the official list of the Financial Services Authority
"**Ordinary Shares**"	ordinary shares of 50 pence each in the capital of International Power or Enlarged International Power (as applicable) (and, for the avoidance of doubt, includes the Existing Ordinary Shares and/or the New Ordinary Shares as appropriate)
"**Panel**"	the Panel on Takeovers and Mergers
"**Principal Transaction Agreements**"	the Merger Deed, the Relationship Agreement, the Electrabel Services Agreement, the Expatriates Services Agreement, the International Power Services Agreement and the Financing Agreement

"**Prospectus**"	the prospectus relating to International Power and the listing of the Ordinary Shares on the Official List (together with any supplements or amendments thereto) to be published in connection with the Transaction
"**Prospectus Rules**"	the rules for the purposes of Part IV of FSMA in relation to offers of securities to the public and the admission of securities to trading on a regulated market
"**Power Generation Plant**"	each of the International Power Group's, the GDF SUEZ Energy International Division's (and, following closing, the Enlarged International Power Group's) power generation plants, including those they own through joint ventures and associates
"**Power Purchase Agreement**" or "**PPA**"	generally, a long term contract between an electricity generator and a purchaser of energy or capacity (power or ancillary services)
"**Proxy Form**"	the form of proxy accompanying this Circular in respect of the General Meeting
"**Regulations**"	the Uncertificated Securities Regulations 2001 of the United Kingdom
"**Relationship Agreement**"	the relationship agreement dated 13 October 2010 between International Power, Electrabel and GDF SUEZ in relation to the Transaction as amended and restated
"**Remuneration Committee**"	the remuneration committee of the International Power Board
"**Resolutions**"	the resolutions set out in the Notice of General Meeting
"**Revolving Credit Facility**"	the US$780 million revolving credit facility between International Power and certain lenders with The Royal Bank of Scotland plc as agent of such lenders
"**Rule 9 Waiver**"	the proposed waiver by the Panel of the obligation which would otherwise arise under Rule 9 of the City Code requiring Electrabel and/or GDF SUEZ to make an offer for the entire issued share capital of International Power as a result of the Transaction as further detailed in paragraph 15 entitled "*Rule 9 Whitewash*" in Part 1 (*Letter from Sir Neville Simms, Chairman of International Power plc*) of this Circular
"**SE Company**"	SUEZ Environnement Company, incorporated in France and registered at the French trade and company register (*Registre des Commerces et des Sociétés*) under number 433 460 570 RCS Paris
"**Sellers**"	Electrabel, Genfina SCRL and Sopranor S.A., each a subsidiary of GDF SUEZ
"**Senoko Power Station**"	means the 2,550 MW (gross capacity) gas fired power station known as "Senoko" situated in Singapore in which GDF SUEZ Energy International holds a 30 per cent. interest
"**Shareholder**"	holder of Ordinary Shares
"**SING**"	Chilean Northern Interconnected System
"**Special Dividend**"	the special interim dividend of 92 pence per Ordinary Share intended to be paid, subject to Admission, following Closing to holders of such shares on the register of members of the Company at the close of business on the Special Dividend record date
"**Sponsors Agreement**"	a sponsors agreement between International Power, J.P. Morgan Cazenove, Morgan Stanley and Nomura pursuant to which J.P. Morgan Cazenove, Morgan Stanley and Nomura agreed to act as sponsors to International Power in connection with the Combination dated 19 November 2010
"**subsidiary**"	a subsidiary as that term is defined in the Companies Act 2006

"**subsidiary undertaking**"	a subsidiary undertaking as that term is defined in the Companies Act 2006
"**SUEZ**"	Suez S.A., with whom Gaz de France merged in 2008 to form the GDF SUEZ Group
"**SUEZ-TRACTEBEL**"	SUEZ-TRACTEBEL *société anonyme* / *naamloze vennootschap*, incorporated under the laws of Belgium
"**UK Listing Authority**"	the Financial Services Authority acting in its capacity as the competent authority for the purposes of FSMA
"**United Kingdom**" or "**UK**"	United Kingdom of Great Britain and Northern Ireland
"**United States**" or "**US**"	United States of America, its territories and possessions, any state of the United States and the District of Columbia
"**Wider GDF SUEZ Group**"	GDF SUEZ and its subsidiaries and subsidiary undertakings, excluding, prior to Closing, the GDF SUEZ Energy International Group and excluding, on and from Closing, the Enlarged International Power Group

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PART 11

NOTICE OF GENERAL MEETING

INTERNATIONAL POWER PLC

(*Incorporated in England and Wales under the Companies Act 1985 with registered number 2366963*)

NOTICE IS HEREBY GIVEN that a general meeting of International Power plc (the "**Company**") will be held at the ExCeL Centre, One Western Gateway, Royal Victoria Dock, London E16 1XL at 10.30 a.m. on 16 December 2010 for the purpose of considering and, if thought fit, passing the following resolutions, which will be proposed as ordinary resolutions.

ORDINARY RESOLUTIONS

1. **THAT:**

(A) the proposed acquisition of the entire issued share capital of SUEZ-TRACTEBEL *société anonyme / naamloze vennootschap*, GDF Suez Energy Asia, Turkey & Southern Africa B.V., GDF SUEZ Energy International Invest S.à r.l. and GDF SUEZ IP Limited and issue of 3,554,347,956 new ordinary shares of 50 pence each in the Company (the "**New Ordinary Shares**") (the "**Merger**") on the terms and subject to the conditions of the merger deed dated 13 October 2010 between the Company, Electrabel S.A. and GDF SUEZ S.A. (the "**Merger Deed**") and the entry by the Company into (i) a relationship agreement between the Company, Electrabel S.A. and GDF SUEZ S.A. governing the relationship between the Company, GDF SUEZ S.A. and Electrabel S.A., (ii) a services agreement between the Company and Electrabel S.A. governing the provision of certain services by Electrabel S.A. to the Company, (iii) an expatriates services agreement between the Company and Electrabel S.A. governing the provision of certain services relating to expatriates by Electrabel S.A. to the Company, (iv) a services agreement between the Company and Electrabel S.A. pursuant to which certain services will be provided by the Company to Electrabel S.A., and (v) a financing framework agreement between the Company, Electrabel S.A. and GDF SUEZ S.A. for the provision of financing arrangements by members of the GDF SUEZ S.A. group to the Company and other finance documents contemplated by that agreement (a copy of each of which documents is produced to the meeting and signed for identification purposes by the chairman of the meeting) and in each case as described in the circular to shareholders of the Company outlining the Merger dated 19 November 2010 (a copy of which is produced to the meeting and signed for identification purposes by the chairman of the meeting) be approved and the board of directors of the Company (the "**Board**") (or any duly constituted committee thereof) be authorised:

   (a) to take all such steps and enter into such further agreements as may be necessary or desirable in connection with, and to implement, the Merger; and

   (b) to agree such modifications, variations, revisions or amendments to the terms and conditions of the Merger and/or any of the agreements or further agreements referred to above and/or to any documents or arrangements relating thereto, as the Board or any such committee may in their absolute discretion think fit (provided such modifications, variations, revisions or amendments are not material); and

(B) conditional upon and with effect from the Merger Deed becoming unconditional in all respects (save as regards any conditions relating to the passing of this resolution and to the admission of the New Ordinary Shares to listing on the Official List of the UK Listing Authority and to trading on the main market of London Stock Exchange plc becoming effective), pursuant to section 551 of the Companies Act 2006, and in addition to any previously existing authority conferred upon the Board under that section, the Board be authorised unconditionally to allot the New Ordinary Shares in accordance with the terms of the Merger Deed, which authority shall expire on 1 July 2011 save that the Company may allot shares in connection with the Merger pursuant to the Merger Deed or any other agreement entered into in connection therewith prior to 1 July 2011 which would, or might, require shares to be allotted after the authority expires and the Board may allot shares under any such agreement as if the authority had not expired.

2. **THAT**, subject to and conditional upon Resolution 1 set out in this Notice of General Meeting being duly passed, the waiver by the Panel on Takeovers and Mergers of any obligation which might fall on Electrabel S.A. and/or GDF SUEZ S.A. and/or any person acting in concert with GDF SUEZ S.A., under Rule 9 of the City Code on Takeovers and Mergers (the "**City Code**") to make a general offer pursuant to Rule 9 of the City Code to the remaining ordinary shareholders of the Company as a result of the issue to Electrabel S.A., Genfina SCRL and Sopranor S.A. of the New Ordinary Shares representing, in aggregate, in excess of 50 per cent. of the enlarged ordinary share capital of the Company be approved.

Registered office
Senator House
85 Queen Victoria Street
London EC4V 4DP

By order of the Board

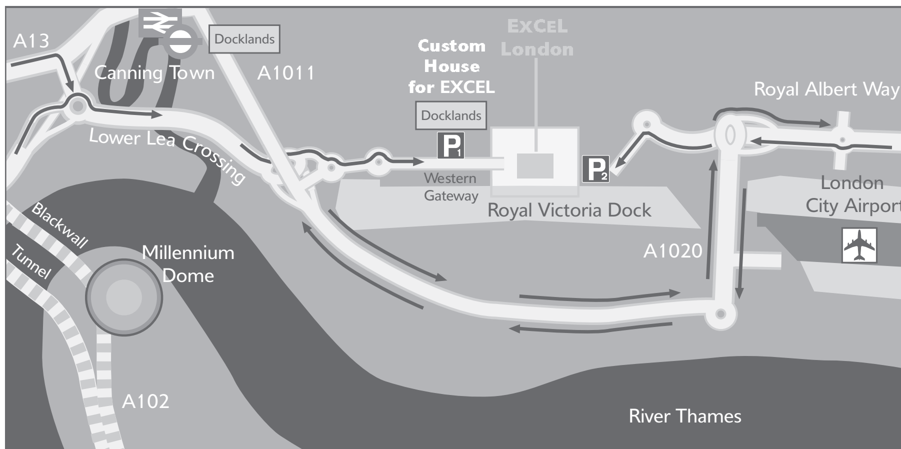
Stephen Ramsay
Secretary

Dated: 19 November 2010

Notes:

1. International Power shareholders entitled to attend and vote at this general meeting (the "**General Meeting**") are entitled to appoint one or more proxies to attend, to speak and to vote in their place. If you wish to appoint more than one proxy, each proxy must be appointed to exercise the rights attached to a different share or shares held by you. A proxy need not be a shareholder of the Company. If you wish to appoint a proxy, please see "*Guidance notes for completion of the Proxy Form and electronic proxy voting*", below.
2. To be entitled to attend and vote at the General Meeting (and for the purpose of the determination by the Company of the votes they may cast), International Power shareholders must be registered in the register of members of the Company as at 6.00 p.m. on 14 December 2010 (or in the event of any adjournment, on the date which is one day (excluding any part of a day that is not a working day) before the time of the adjourned meeting) and such shareholders shall be entitled to attend, speak and to vote at the General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register of members after 6.00 p.m. on 14 December 2010 shall be disregarded in determining the rights of any person to attend or vote at the General Meeting.
3. In accordance with Section 325 of the Companies Act 2006 (the "**Act**"), the right to appoint proxies does not apply to persons nominated to receive information rights under Section 146 of the Act. Persons nominated to receive information rights under Section 146 of the Act who have been sent a copy of this Notice of General Meeting do not have a right to appoint any proxies by reason of such nomination, but they may have a right under an agreement with the registered shareholder by whom they were nominated to be appointed, or to have someone else appointed, as a proxy for this General Meeting. If they have no such right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to that shareholder as to the exercise of voting rights. Nominated persons should contact the registered shareholder by whom they were nominated in respect of these arrangements.
4. Any corporation which is a shareholder of International Power can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that they do not do so in relation to the same shares.
5. Any shareholder attending the General Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if:
   (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
   (b) the answer has already been given on a website in the form of an answer to a question; or
   (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
6. A copy of this Notice of General Meeting and the information required by section 311A of the Act can be found on International Power's website www.ipplc.com.
7. At 12 November 2010 (being the latest practicable date prior to the publication of the Circular) the issued share capital of the Company consisted of 1,526,165,649 ordinary shares of 50p each carrying one vote each and 21 deferred shares of 1p each which do not carry any rights to vote. Therefore, the total voting rights of the Company as at 12 November 2010 were 1,526,165,649.

How to get to the General Meeting



ExCeL London
One Western Gateway
Royal Victoria Dock
London E16 1XL

By Underground and Docklands Light Railway (DLR)

The Jubilee Line is recommended as the quickest route to ExCeL London.

Alight at Canning Town to change onto the DLR (upstairs from the Jubilee Line level – trains normally depart from platform 3) for the quick two-stop journey to Custom House for ExCeL. ExCeL London is located in zone 3 and London Underground tickets are valid on the DLR.

Use DLR trains in the direction of Beckton – do not use DLR services in the direction of Woolwich Arsenal or King George V from Canning Town.

By bus

The public bus service 147 departs from bay B of Canning Town station to Custom House.

By car

There is easy access from the M25, M11, A406 and A13. For satellite navigation use postcode E16 1DR. The venue is outside the congestion charge zone.

There is parking for 2,500 cars. In addition, there are 150 disabled parking spaces, located within close proximity of the venue. Spaces are available to blue badge holders only and are charged at the normal rate. For enquiries please call +44 (0)20 7069 4568.

It is recommended that you pay for your parking before leaving the centre at one of the many pay points in the Boulevard, which accept both cash and cards.

By air

London City Airport is about five minutes drive away from ExCeL.

GUIDANCE NOTES FOR COMPLETION OF THE PROXY FORM AND ELECTRONIC PROXY VOTING

The guidance notes set out below should be read in conjunction with the proxy form accompanying this notice of General Meeting (the "**Proxy Form**") or if you are proposing to register the appointment of a proxy electronically:

1. Shareholders entitled to attend and vote at the General Meeting are entitled to appoint one or more proxies to attend, to speak and to vote in their place. If you wish to appoint more than one proxy, each proxy must be appointed to exercise the rights attached to a different share or shares held by you. If you wish to appoint a proxy please use the Proxy Form enclosed with this Notice of General Meeting. In the case of joint shareholders, only one need sign the Proxy Form. The vote of the senior joint shareholder will be accepted to the exclusion of the votes of the other joint shareholders. For this purpose, seniority will be determined by the order in which the names of the shareholders appear in the register of members in respect of the joint shareholding. The completion and return of the Proxy Form will not stop you from attending and voting in person at the General Meeting should you wish to do so and are so entitled. A proxy need not be a shareholder of the Company.

2. You can appoint the chairman of the General Meeting, or any other person, as your proxy. If you wish to appoint someone other than the chairman, cross out the words 'the Chairman of the General Meeting or' on the Proxy Form and insert the name of your appointee. You can instruct your proxy how to vote on each resolution by placing an 'x' (or entering the number of shares which you are entitled to vote) in the 'For' or 'Against' boxes as appropriate. If you wish to abstain from voting on any resolution please place an 'x' in the box which is marked 'Vote withheld'. It should be noted that an abstention is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution. If you do not indicate on the Proxy Form how your proxy should vote, he/she can exercise his/her discretion as to whether, and if so how, he/she votes on each resolution, as he/she will do in respect of any other business (including amendments to resolutions) which may properly be conducted at the General Meeting.

   If you are appointing a proxy in relation to less than your full voting entitlement, please enter in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement (or if this Proxy Form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account).

   To appoint more than one proxy, you may photocopy the Proxy Form or obtain (an) additional Proxy Form(s) by contacting the Registrars Helpline on **0871 384 2468**[1] or, if calling from outside the UK, **+44 121 415 0107**. Please indicate in the box next to the proxy holders name the number of shares in respect of which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All Proxy Forms must be signed and should be returned together in the same envelope.

3. Alternatively, shareholders are given the option to register the appointment of a proxy for the General Meeting electronically by accessing the website www.sharevote.co.uk. This website is operated by the Company's registrar, Equiniti. Full details of the proxy voting procedure are given on the website and shareholders are advised to read the terms and conditions relating to the use of this facility before appointing a proxy through it. Electronic communication facilities are available to all shareholders and those who use them will not be disadvantaged in any way. If you want to appoint more than one proxy electronically then please contact Equiniti on **0871 384 2468**[1] or, if calling from outside the UK, **+44 121 415 0107**.

4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service for the General Meeting and any adjournment(s) thereof may do so by using the procedures described in the CREST Manual (available at www.euroclear.com/CREST). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate

1 Lines are open from 8.30 a.m. to 5.30 p.m., Monday to Friday. Calls to this number are charged at 8 pence per minute from a BT landline. Other telephony provider costs may vary.

CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK and Ireland Limited's specifications and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by the latest time for receipt of proxy appointments specified below. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK and Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

All messages relating to the appointment of a proxy or an instruction to a previously appointed proxy, which are to be transmitted through CREST, must be transmitted so as to be received by Equiniti (ID RA19) by no later than 10.30 a.m. on 14 December 2010.

5. A corporation should execute the Proxy Form under its common seal or otherwise in accordance with Section 44 of the Act or by signature on its behalf by a duly authorised officer or attorney whose power of attorney or other authority should be enclosed with the Proxy Form.
6. **In order to be effective, the Proxy Form and any power of attorney (or a notarially certified copy thereof) under which it is executed must (if the proxy is to be appointed by submission of a hard copy of the Proxy Form) be received by Equiniti, Aspect House, Spencer Road, Lancing, BN99 6LL by no later than 10.30 a.m. on 14 December 2010.** On completing the Proxy Form, detach it, sign it and return it to Equiniti. As postage has been pre-paid, no stamp is required. You may, if you prefer, return this card in a sealed envelope to the address shown on the reverse of the Proxy Form. If you quote NAT 15579 on the envelope, the postage will be paid by the Company, but please allow one week before the deadline to ensure your form arrives in time.
7. **Other than the appointment of a proxy through CREST (see note above), electronic proxy voting instructions must be submitted using the website www.sharevote.co.uk by no later than 10.30 a.m. on 14 December 2010.** Any electronic communication sent by a shareholder that is found to contain a computer virus will not be accepted.
8. You may not use any electronic address provided in either this Notice of General Meeting or any related documents (including the Proxy Form) to communicate with the Company for any purpose other than those expressly stated.

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