GDF SUEZ

Société Anonyme

22, rue du Docteur Lancereaux
75008 Paris

Audit report on the Combined Financial Information of GDF Suez Energy International Business Areas and the combined entities

Years ended 31 December 2009, 2008 and 2007

Deloitte.

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To the Chief Executive Officer and President of GDF SUEZ,

In our capacity as statutory auditor of GDF SUEZ and in accordance with your request we have audited the accompanying Combined Financial Information of GDF Suez Energy International Business Areas and the combined entities as described in note 28 (hereafter the Group) for each of the three years ended 31 December 2009, 2008 and 2007, prepared in connection with a contemplated carve-out transaction.

The management of GDF SUEZ is responsible for the Combined Financial Information, which has not been submitted for approval by the Board of Directors of GDF SUEZ as it is not addressed to its shareholders. Our responsibility is to express an opinion on this Combined Financial Information, based on our audit.

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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.

Société anonyme au capital de 1 723 040 €
Société d'Expertise Comptable inscrite au Tableau de l'Ordre du Conseil Régional de Paris / Ile-de-France
Société de Commissaires aux Comptes, membre de la Compagnie régionale de Versailles
572 028 041 RCS Nanterre
TVA : FR 02 572 028 041

Member of Deloitte Touche Tohmatsu

In our opinion, the accompanying Combined Financial Information gives, for the purpose of the contemplated carve-out transaction, 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 the results of its operations for the years then ended in accordance with the basis of preparation described in note 1.1, which explains how International Financial Reporting Standards as adopted by the European Union have been applied for the purpose of preparing the Combined Financial Information.

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. Should the Combined Financial Information be used in connection with a filing with a securities commission or other regulatory organisation for the purpose of issuing ordinary shares in a public market, additional information would have to be presented, such as that related to earnings per share as required under IAS 33, and as explained in note 1.1.

This report shall be governed by, and construed in accordance with, French law. The Courts of France shall have exclusive jurisdiction in relation to any claim, dispute or difference concerning the engagement letter or this report, and any matter arising from them. Each party irrevocably waives any right it may have to object to an action being brought in any of those Courts, to claim that the action has been brought in an inconvenient forum or to claim that those Courts do not have jurisdiction.

Neuilly-sur-Seine, March 24, 2010

Deloitte & Associés

Jean-Paul Picard

Pascal Pincemin

COMBINED STATEMENT OF FINANCIAL POSITION (1)

In millions of euros	Notes	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2007
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**

	Notes	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2007
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 "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)

In millions of euros	Notes	2009	2008	2007
Revenues		9 322,0	9 026,5	6 593,2
Purchases		(7 365,1)	(7 310,9)	(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		393,1	378,4	(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

(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 "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

The information on earnings per share for the Group is not presented, as the companies have not formed a statutory group, hence the Group had no historical capital structure

COMBINED STATEMENT OF COMPREHENSIVE INCOME (1)

In millions of euros	31 dec. 2009	31 déc. 2008	31 déc. 2007
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 "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
Equity at December 31, 2006	**1401,3**	**14,7**	**,0**	**107,4**	**1523,4**	**728,6**	**2252,0**
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	3,7	3,7
Equity at December 31, 2007	**1361,8**	**136,6**	**,0**	**-44,2**	**1454,2**	**755,1**	**2209,3**
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)	2029,2				2029,2	70,6	2099,8
Equity at December 31, 2008	**3751,0**	**-328,4**	**,0**	**-372,0**	**3050,6**	**686,0**	**3736,6**
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**	**1022,2**	**332,3**	**1354,4**
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	**4362,9**	**-83,8**	**,0**	**-71,1**	**4208,0**	**896,7**	**5104,7**

(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 "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)

In millions of euros	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2007
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 "the Group"). The scope of combination is presented in note 28.

The present Combined Financial Information comprises the combination of 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 scope of combination is presented in note 28. This Combined Financial Information was prepared under the responsibility of GDF-Suez's management on March 24, 2010 in the context of a contemplated carve out transaction.

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 Group has not in the past formed a separate legal group.

The Combined Financial Information presented here reflects the entities, assets and liabilities that could be carved out from GDF-Suez and may be adjusted to reflect the final characteristics of the transaction.

The present Combined Financial Information 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 carve-out transaction, such as any potential tax consequences of any future financial transaction or potential parent company equity contribution.

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.

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.

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.

As IFRSs as adopted by the EU do not provide for specific requirements regarding the preparation of Combined Financial Information, the following basis of combination have been applied.

The Group has not previously been required to prepare standalone consolidated Financial Information and hence no such Financial Information has previously been presented. Therefore, the Combined Financial Information in the context of the contemplated carve out transaction, are the first IFRS financial information issued by the Group and IFRS 1 *First-time Adoption International Financial Reporting Standards* applied. 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). 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 principal accounting policies of GDF-Suez have been applied to the Combined Financial Information and are described below.

The information on earnings per share for the Group has not been presented as required under IAS 33, as the companies have not formed a statutory group, hence the Group had no historical capital structure.

Should the Combined Financial Information be used in connection with a filing with a securities commission or other regulatory organization for the purpose of issuing ordinary shares in a public market, additional information would have to be presented, such as that related to earnings per share as required under IAS 33, and as explained above.

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:

- 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 contemplated financial transaction GDF-Suez intends to carve out Suez Tractebel Energy International reporting unit to form a legal separate legal entity.

  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".

- 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]

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;

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

2 Except the amendment to IFRS 5 applicable to annual periods beginning on or after July 1st 2009

- 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 <u>Property, plant and equipment</u>

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 analyzed based on the situations and indicators set out in IAS 17 in order to determine whether they constitute operating leases or finance leases.
A finance lease is defined as a lease which transfers substantially all the risks and rewards incidental to the ownership of the related asset to the lessee. All leases which do not comply with the definition of a finance lease are classified as operating leases.
The following main factors are considered by the Group to assess if a lease transfers substantially all the risks and rewards incidental to ownership: whether (i) the lessor transfers ownership of the asset to the lessee by the end of the lease term; (ii) the lessee has an option to purchase the asset and if so, the conditions applicable to exercising that option; (iii) the lease term is for the major part of the economic life of the asset; (iv) the asset is of a highly specialized nature; and (v) the present value of minimum lease payments amounts to at least substantially all of the fair value of the leased asset.

1.4.8.1 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 <u>Cash and cash equivalents</u>

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 <u>Share-based payment</u>

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 <u>Provisions</u>

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
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 revenue**s**.

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 Agreement 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 Agreement.

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 Cashflow 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.

Senoko in millions of euros

	Carrying amount in the acquiree's balance sheet	Fair value
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.

FirstLight in millions of euros

	Carrying amount in the acquiree's balance sheet	Fair value
Intangible assets	318,9	0,0
Property, plant and equipment	676,0	1.262,3
Differed 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 organized 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 proportionaly 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[1].

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.

[1] At the GDF-Suez Energy Euorpe & 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.

3.2 Key indicators by operating segment

Revenues

In millions of euros	2009 External revenues	2009 Intra-group revenues	2009 TOTAL	2008 External revenues	2008 Intra-group revenues	2008 TOTAL	2007 External revenues	2007 Intra-group revenues	2007 TOTAL
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	0,0		0,0
Other	1,3		1,3	0,0		0,0	0,0		0,0
Eliminations									
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

In millions of euros	2009	2008	2007
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

In millions of euros	2009	2008	2007
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**

Depreciation and amortization

In millions of euros	2009	2008	2007
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 amortization	**(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 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	**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

	2009	2008	2007
Industrial capital employed			
(+) 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
(+) Share in net income of 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:

In millions of euros	2009	2008	2007
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

In millions of euros	2009	2008	2007
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.

In millions of euros	2009	2008	2007
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

In millions of euros	2009	2008	2007
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
Disposals 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

In millions of euros		2009	2008	2007
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**	**0,0**	**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 managements' 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.

In millions of euros	**Dec. 31, 2009**	**Dec. 31, 2008**	**Dec. 31, 2007**
North America (**)	630,7	632,9	374,2
USA Power (*)		*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		

(*) Including the acquisition of FirstLight in the second semester of 2008

(**) In 2009, the former CGU USA Power, USA Gas and Mexico were merged into a new CGU North America following the 2009 reorganization of GDF-Suez Energie, Europe & International business line. This CGU includes also the Mexican and Canadian assets acquired as part of the merger between Gaz de France and Suez.

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 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	n.a. (*)	7,9%	8,8%

(*) Following the 2009 reorganization 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)

In millions of euros	2009			2008			2007		
	Expenses	Income	Net	Expenses	Income	Net	Expenses	Income	Net
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.

In millions of euros	2009			2008			2007		
	Expenses	Income	Net	Expenses	Income	Net	Expenses	Income	Net
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

In millions of euros	2009	2008	2007
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)**

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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

In millions of euros	2009	2008	2007
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:

In millions of euros	2009	2008	2007
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 net 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 expense 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 centers in Belgium 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 analyzed as follows:

In millions of euros	2009	2008	2007
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		
In millions of euros	**Dec. 31, 2009**	**Dec. 31, 2008**	**Dec. 31, 2007**
Deferred tax assets			
Net operating loss carry-forwards 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		
In millions of euros	**Dec. 31, 2009**	**Dec. 31, 2008**	**Dec. 31, 2007**
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:

In millions of euros	**Assets**	**Liabilities**	**Net position**
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*	(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*	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*	(9,8)	(14,1)	4,3
At Dec. 31, 2009	**347,7**	**608,6**	**(260,8)**

**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		
In millions of euros	**2009**	**2008**	**2007**
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 information on earnings per share for the Group is not presented, as the companies have not formed a statutory group, hence the Group had no historical capital structure.

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 analyzed as follows by business segment:

In millions of euros	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2007
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

In millions of euros	Intangible rights arising on concession contracts	Other intangible	Total
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

In millions of euros	Land	Buildings	Plant and equipment	Assets in progress	Other	Total
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

In millions of euros	Carrying amount of investments in associates			Share in net income of associates		
	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2009	2008	2007
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		(2,4)	0,7	
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

In millions of euros	Latest % interest	Total assets	Liabilities	Equity	Revenues	Net income
At December 31, 2009						
Astoria Energy, 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
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	8,3

In millions of euros	Latest % interest	Total assets	Liabilities	Equity	Revenues	Net income
At December 31, 2008						
Astoria Energy, 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
Hidd Power Company	30,00%	877,6	912,3	-34,7	130,2	12

In millions of euros	Latest % interest	Total assets	Liabilities	Equity	Revenues	Net income
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
Hidd Power Company	30,00%	792	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 :

In millions of euros	Country	Consolidation percentage	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenues	Net income
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	Singapour	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	Singapour	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		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
Available-for-sale securities	68,8		**68,8**	56,9		**56,9**	39,3		**39,3**
Loans and receivables carried at amortized 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 amortized 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*		*385,0*	*385,0*
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**	**3.583,3**

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		
In millions of euros	**Non-current**	**Current**	**Total**	**Non-current**	**Current**	**Total**	**Non-current**	**Current**	**Total**
Loans and receivables carried at amortized 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 amortized cost	*150,8*	*225,4*	*376,2*	*45,1*	*148,9*	*194,0*	*179,2*	*7,1*	*179,2*
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		
In millions of euros	**Gross**	**Allowance and impairment**	**Net**	**Gross**	**Allowance and impairment**	**Net**	**Gross**	**Allowance and impairment**	**Net**
Loans and receivables carried at amortized 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:

	Interest income	**Remeasurement**	
In millions of euros		**Foreign currency translation**	**Impairment**
At December 31, 2009	28,0	(44,8)	(1,6)
At December 31, 2008	64,6	2,6	(1,4)
At December 31, 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		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
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 analyzed 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 totaled €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

In millions of euros	**Dec. 31, 2009**	**Dec. 31, 2008**	**Dec. 31, 2007**
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:

In millions of euros	Dec. 31, 2009			Dec. 31, 2008			Dec. 31, 2007		
	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
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

In millions of euros	Dec. 31, 2009			Dec. 31, 2008			Dec. 31, 2007		
	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
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 (a)	*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 amortized 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**

(a) Other borrowings comprise borrowings towards GDF-Suez, which amounted to €5,064.4 million at December31, 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 analyzed in Note 14.3.

14.2.2 Derivative instruments

Derivative instruments recorded in liabilities are measured at fair value and break down as follows:

In millions of euros	Dec. 31, 2009			Dec. 31, 2008			Dec. 31, 2007		
	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
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 analyzed in Note 15.

14.2.3 Trade and other payables

In millions of euros	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2007
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

In millions of euros	Dec. 31, 2009 Non-current	Dec. 31, 2009 Current	Dec. 31, 2009 Total	Dec. 31, 2008 Non-current	Dec. 31, 2008 Current	Dec. 31, 2008 Total	Dec. 31, 2007 Non-current	Dec. 31, 2007 Current	Dec. 31, 2007 Total
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 amortized cost	3,8	43,5	47,2	(8,3)	34,1	25,8	(9,8)	8,5	(1,3)
Impact of fair value hedge (a)	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 (b)	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 (b)	(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 amortized 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**

(a) *This item corresponds to the revaluation of the interest rate component of debt in a designated fair value hedging relationship.*

(b) *This item represents the fair value of debt-related derivatives irrespective of whether or not they are designated as hedges. It also includes instruments 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 Debt/equity ratio

In millions of euros	**Dec. 31, 2009**	**Dec. 31, 2008**	**Dec. 31, 2007**
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			
In millions of euros	**Total**	**Level 1**	**Level 2**	**Level 3**
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.

In millions of euros	Dec. 31, 2009 Total	Level 1	Level 2	Level 3
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 analyzed below:

In millions of euros	Past due assets not impaired at balance sheet date				Impaired assets	Assets neither impaired	Total
Trade and other receivables	0-6 months	6-12 months	More than 1 year	Total	Total	Total	
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 analyzed below:

In millions of euros	Past due assets not impaired at balance sheet date				Impaired assets	Assets neither impaired	Total
Loans and receivables carried at amortized cost (excluding trade and othe receivables)	0-6 months	6-12 months	More than 1 year	Total	Total	Total	
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 organized 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, €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 *In millions of euros*	TOTAL	2010	2011	2012	2013	2014	Beyond 5 years
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 *In millions of euros*	TOTAL	2009	2010	2011	2012	2013	Beyond 5 years
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 *In millions of euros*	TOTAL	2008	2009	2010	2011	2012	Beyond 5 years
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 analyzed in the table below:

At December 31, 2009 *In millions of euros*	TOTAL	2010	2011	2012	2013	2014	Beyond 5 years
Confirmed undrawn credit facility programs	**167,8**	94,4	0,0	0,0	46,5	18,0	8,9

At December 31, 2008 *In millions of euros*	TOTAL	2009	2010	2011	2012	2013	Beyond 5 years
Confirmed undrawn credit facility programs	**135,4**	29,7	15,0	0,0	0,0	53,9	36,9

At December 31, 2007 *In millions of euros*	TOTAL	2008	2009	2010	2011	2012	Beyond 5 years
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**	
In millions of euros	**Market value**	**Nominal amount**	**Market value**	**Nominal amount**	**Market value**	**Nominal amount**
Fair value 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 instruments 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	
In millions of euros	Market value	Nominal amount	Market value	Nominal amount	Market value	Nominal amount
Cash flow hedges	(81,1)	1 814,9	(235,0)	1 913,4	(33,3)	676,9
Derivative instruments 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 analyzed as follows by maturity:

In millions of euros	Dec. 31, 2009 Market value by maturity
2010	(21,9)
2011	(32,8)
2012	13,0
2013	37,7
2014	2,8
Beyond 5 years	23,2
Total	**22,0**

In millions of euros	Dec. 31, 2008 Market value by maturity
2009	(42,7)
2010	(31,5)
2011	(38,1)
2012	(20,2)
2013	13,9
Beyond 5 years	(0,7)
Total	**(119,4)**

In millions of euros	Dec. 31, 2007 Market value by maturity
2008	(13,8)
2009	(17,7)
2010	14,8
2011	(3,7)
2012	1,6
Beyond 5 years	15,8
Total	**(3,0)**

Gains and losses taken to equity in the period totaled €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 analyzed 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 €12million 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 organized 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 organized markets. These instruments may be settled net or involve physical delivery of the underlying. Cash flow hedges are used to protect the Group against unfavorable changes in market prices affecting procurement costs or margins on highly probable future sale transactions. Fair value hedges are used to protect the Group against adverse changes in market prices that may affect the fair value of firm procurement or sale commitments.

Other commodity derivatives

Other commodity derivatives relate mainly to contracts 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	
In millions of euros	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
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	
In millions of euros	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
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:

In millions of euros	Dec. 31, 2009				Dec. 31, 2008			
	Assets		Liabilities		Assets		Liabilities	
	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
GAZ NATUREL	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) * In GWh at Dec. 31, 2009						
	2010	2011	2012	2013	2014	Beyond 2015	Total
Natural gas, electricity and coal	19.283	4.052	3.422				**26.757**
Oil-based products							
Autres	(3.496)	(4.190)	(2.797)				**(10.483)**
TOTAL	**15.787**	**(138)**	**625**				**16.274**

** Long position/(short position)*

	Notional amounts (net) * In thousands of tons at Dec. 31, 2009						
	2010	2011	2012	2013	2014	Beyond 2015	Total
Greenhouse gas emission rights	540	580					**1.120**
Autres							
TOTAL	**540**	**580**					**1.120**

** Long position/(short position)*

	Notional amounts (net) * In GWh at Dec. 31, 2008						
	2009	2010	2011	2012	2013	Beyond 2014	Total
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**

** Long position/(short position)*

	Notional amounts (net) * In thousands of tons at Dec. 31, 2008						
	2009	2010	2011	2012	2013	Beyond 2014	Total
Greenhouse gas emission rights	3.580						**3.580**
TOTAL	**3.580**						**3.580**

** Long position/(short position)*

	Notional amounts (net) * In GWh at Dec. 31, 2007						
	2008	2009	2010	2011	2012	Beyond 2013	Total
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)**

** 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 (-€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 ***In millions of euros***	**Dec. 31, 2009**	**2009 average [a]**	**2008 average [a]**	**2009 maximum [b]**	**2009 minimum [b]**
Trading activities	0,03	0,62	0,72	1,74	0,03
	Dec. 31, 2008	**2008 average [a]**	**2007 average [a]**	**2008 maximum [b]**	**2008 minimum [b]**
Trading activities	0,72	0,72	0,52	2,87	0,14
	Dec. 31, 2007	**2007 average [a]**	**2006 average [a]**	**2007 maximum [b]**	**2007 minimum [b]**
Trading activities	0,34	0,52	0,66	1,58	0,02

[a] *Average daily VaR.*

[b] *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 *in millions of euros*	*Price movements*	**Pre-tax impact on income**	**Pre-tax impact on equity**
Oil-based productes	*+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 *In millions of euros*	**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**
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 statement of financial position.

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.

Counterparty risk (a) *In millions of euros*	Dec. 31, 2009 Investment grade [(b)]	 Total	Dec. 31, 2008 Investment grade [(b)]	 Total	Dec. 31, 2007 Investment grade [(b)]	 Total
Counterparties						
Gross exposure	792,3	824,9	595,2	631,1	422,3	511,7
Net exposure [(c)]	710,0	740,5	547,8	580,8	414,1	502,8
% exposure to investment grade counterparties	*95,9%*		*94,3%*		*82,4%*	

(a) Excluding positions with a negative fair value.
(b) "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.
(c) 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

In millions of euros	Dec. 31, 2006	Change	Dec. 31, 2007	Change	Dec. 31, 2008	Change	Dec. 31, 2009
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

In millions of euros	Dec. 31, 2006	Allocations	Reversals (utilizations)	Reversals (surplus provisions)	Changes in scope of consolidation	Impact of unwinding discount adjustments	Translation adjustments	Other	Dec. 31, 2007
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 (a)	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:

In millions of euros	**Net allocations (reversals)**
Income from operating activities	**(114,0)**
Other financial income and expenses	**16,6**
Income tax expense	**0,3**
Total	**(97,0)**

2008

In millions of euros	Dec. 31, 2007	Allocations	Reversals (utilizations)	Reversals (surplus provisions)	Changes in scope of consolidation	Impact of unwinding discount adjustments	Translation adjustments	Other	Dec. 31, 2008
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 (a)	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:

In millions of euros	**Net allocations (reversals)**
Income from operating activities	**(9,8)**
Other financial income and expenses	**17,2**
Income tax expense	**45,1**
Total	**52,5**

2009

In millions of euros	Dec. 31, 2008	Allocations	Reversals (utilizations)	Reversals (surplus provisions)	Changes in scope of consolidation	Impact of unwinding discount adjustments	Translation adjustments	Other	Dec. 31, 2009
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 (a)	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:

In millions of euros	**Net allocations (reversals)**
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

In millions of euros		Dec. 31, 2009			Dec. 31, 2008			Dec. 31, 2007		
		Pension benefit obligations (a)	Other benefit obligations (b)	Total benefit obligations	Pension benefit obligations (a)	Other benefit obligations (b)	Total benefit obligations	Pension benefit obligations (a)	Other benefit obligations (b)	Total benefit obligations
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**

(a) Pensions and retirement bonuses.

(b) 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

In millions of euros	2009	2008	2007
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:

In millions of euros	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2007
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:

In millions of euros	Liabilities	Assets
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:

In millions of euros	2009	2008	2007
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 andother 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 analyzed 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 analyzed 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:

In millions of euros	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
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:

In millions of euros	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
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:

In millions of euros	Total at Dec. 31, 2009	Year 1	Years 2 to 5 inclusive	Beyond year 5
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**

In millions of euros	Total at Dec. 31, 2008	Year 1	Years 2 to 5 inclusive	Beyond year 5
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**

In millions of euros	Total at Dec. 31, 2007	Year 1	Years 2 to 5 inclusive	Beyond year 5
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.

In millions of euros	**Dec. 31, 2009**	**Dec. 31, 2008**	**Dec. 31, 2007**
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:

In millions of euros	**Dec. 31, 2009**	**Dec. 31, 2008**	**Dec. 31, 2007**
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 analyzed as follows:

In millions of euros	**2009**	**2008**	**2007**
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-cancelable operating leases can be analyzed as follows:

In millions of euros	**Dec. 31, 2009**	**Dec. 31, 2008**	**Dec. 31, 2007**
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 analyzed as follows:

In millions of euros	**2009**	**2008**	**2007**
Minimum lease payments	670,5	695,3	670,0
Total	**670,5**	**695,3**	**670,0**

Future minimum lease payments receivables under non-cancelable operating leases can be analyzed as follows:

In millions of euros	**Dec. 31, 2009**	**Dec. 31, 2008**	**Dec. 31, 2007**
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)		
In millions of euros	**2009**	**2008**	**2007**
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)		
In millions of euros	**2009**	**2008**	**2007**
Impact in the income statement	**(333,6)**	**(347,7)**	**(271,5)**
Changes in amortized cost	75,4	49,1	(10,6)
Foreign currency translation and changes 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 in the 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)
			0,0
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:

		Expense for the year		
	Notes	**2009**	**2008**	**2007**
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 authorizing AGM	Vesting date	Initial exercise price	Adjusted exercise price **	Number of shares **	Number of shares to be subscribed by the General Management Committee **
11/20/2002*	05/04/2001	11/20/2006	16,69	15,71	517.220	168.195
11/19/2003*	05/04/2001	11/19/2007	13,16	12,39	636.600	302.900
11/17/2004*	04/27/2004	11/17/2008	17,88	16,84	713.700	343.500
9/12/2005*	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
10/11/2009	04/05/2009	10/11/2013	29,44	29,44	311.260	224.100
Total					**3.886.730**	**2.092.885**

* Exercisable plans as of December 31,2008

** After the merger between Suez and Gaz de France on July 22, 2008, the exercice 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 (d)	2008 plan	November 2007 plan	January 2007 plan	2005 plan	2004 plan
Volatility (a)	32,41%	35,16%	33,71%	32,87%	31,25%	29,66%
Risk-free rate (b)	3,13%	3,63%	4,03%	4,00%	3,25%	3,70%
In euros:						
Dividend (c)	1,6	1,39	1,34	1,2	0,8	0,8
Fair value of options at the grant date	6,27	9,33	15,04	12,28	7,24	4,35

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:

In millions of euros	Expense for the year		
Grant date	**2009**	**2008**	**2007**
11/20/2002			
11/19/2003			0,4
11/17/2004		0,7	0,7
12/09/2005	0,8	0,9	0,9
01/17/2007	1,5	1,5	1,4
11/14/2007	1,2	1,3	0,19
11/12/2008	1,0	0,1	
10/11/2009	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 Suez' 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 Environnement Company decided to award 30 bonus shares to each of its employees, in addition to GDF-Suez plan under which Suez Environnement employees will also receive 8 GDF Suez bonus shares.

The Board of Directors'meeting of Novemebr 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 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 Comitee	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 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:

In millions of euros	Expense for the year		
Grant date	**2009**	**2008**	**2007**
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 Group SUEZ introduced a temporary exceptional bonus award scheme aimed at rewarding employee loyalty and involving employees more closely in the SUEZ' 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 Environnement 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 euro 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 the 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:

In millions of euros	**2009**	**2008**	**2007**
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 USD 260 million was notified in respect of 2004 and 2005. Revised adjustments totaling USD 44 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 USD 17 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 USD 643 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 USD 122 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 USD 500 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 USD 50 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 USD 116.5 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 USD 50.7 million capacity award (which is part of the aforementioned vacated award of USD 116.5 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 $255 million. At December 31, 2007 the Group's Combined Financial Information reflects a liability of € 183 million ($255 million) for the case and a cash outflow of € 173 million ($255 million) was recorderd in January 2008.

26.1.3 <u>Dispute with Gas Natural (2005-2009)</u>

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 $105 million in equal payments of $52.5 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 $96.6 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 $9.9 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 $330 million, but the Company believes at least $110 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 $70 million. At December 31, 2008 negociations 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 Northem 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	% 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
United Kingdom										
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
Shotton	1 City Walk LEEDS LS11 9DX	100,0	100,0	0,0	100,0	100,0	0,0	FC	FC	NC
SCOTIA WING 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 Teeside 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 / Kocaeli Turkey	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	100,0	100,0	100,0	100,0	100,0	100,0	FC	FC	FC
SUEZ ENERGIA RENOVAVEL S.A.	Avenida Almirante Barroso, n° 52, 14° Andar, Conjunto 1401, CEP 20031-918 Rio de Janeiro, Brazil	100,0	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 BARRANCONES S.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 MEJILLONES S.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
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

		% interest			% control			Consolidation method		
Company name	Corporate headquarters	Dec. 2009	Dec. 2008	Dec. 2007	Dec. 2009	Dec. 2008	Dec. 2007	Dec. 2009	Dec. 2008	Dec. 2007
INVERSIONES HORNITOS S.A.	Avenida Apoquindo 3721, Oficina 81, Las Condes, Santiago, Chile	60,0	100,0	0,0	100,0	100,0	0,0	FC	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 ANDINO ARGENTINA	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, 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	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
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	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 DE COSTA 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 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
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

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
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
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

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
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	69,8	69,8	55,0	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
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 Airport 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

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
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

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
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	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
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 Cumonsky 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, 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 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

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
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 5to 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 EJ AMSTERDAM	67,5	67,5	0,0	100,0	100,0	0,0	FC	FC	NC
MERIDA HOLDING	Chancery House-High Street BRIDGETOWN	67,5	67,5	0,0	67,5	67,5	0,0	FC	FC	NC
MERIDA PIPELINE	Teleportboulevard 140 1043 EJ AMSTERDAM	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 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	0,0	0,0	100,0	0,0	0,0	FC	NC	NC

OTHER

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
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
CELIZAN SAS	16 rue de la ville l'Evêque 75008 Paris - France	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 LMT	Arthur Cox Building, Ealsfort Terrace, Dublin 2, Ireland	100,0	100,0	0,0	100,0	100,0	0,0	FC	FC	NC

FC : Full combined (subsidaries)
PC : Proportionate combined (joint ventures)
EM : Equity Method (associates)
NC : Not combined