REFERENCE DOCUMENT **2010**

REDISCOVERING ENERGY

REFERENCE DOCUMENT 2010

Annual Financial Report and Management Report

This Reference Document includes (i) all the items of the Annual Financial Report mentioned in section I of Article L. 451-1-2 of the Monetary and Financial Code, and in Article 222-3 of the General Regulations of the *Autorité des Marchés Financiers (AMF),* the French Financial Markets Authority (in Appendix H of this Reference Document is a comparison table between the documents mentioned in these texts and the corresponding headings in this Reference Document), (ii) all the mandatory information included in the Management Report of the Board of Directors to the Annual Shareholders' Meeting of May 2, 2011 as provided for in Articles L. 225-100 and L. 225-100-2 of the French Commercial Code (the items corresponding to this mandatory information are referenced in the comparison table in Appendix G of this Reference Document), and (iii) all the information provided for in Article R. 225-83 of the French Commercial Code, except for the items provided for in the 3rd and in the 5th paragraphs of this article, which will be listed in the notice of the Annual Shareholders' Meeting of May 2, 2011.

Incorporation by reference

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

- in relation to the GDF SUEZ fiscal year ending on December 31st, 2009: the management report, the consolidated financial statements prepared according to IFRS and the related Auditors' reports appearing on pages 162 to 177 and 287 to 410 of the reference document filed with the *Autorité des Marchés Financiers* on April 6, 2010 under number D.10-218;
- in relation to the GDF SUEZ fiscal year ending on December 31st, 2008: the management report, the consolidated financial statements prepared according to IFRS and the related Auditors' reports appearing on pages 153 to 173 and 289 to 411 of the reference document filed with the *Autorité des Marchés Financiers* on April 6, 2009 under number D.09-197.

The information included in these reference documents, other than the information mentioned above, is replaced or updated, as necessary, by the information included in this Reference Document. These reference documents are available under the conditions described in Section 10.3 "Documents available to the public" in this Reference Document.

Forward-looking information and market data

This Reference Document contains forward-looking information including in Section 1.3 "Strategic priorities", Section 1.4 "Improving performance: 2010 results and launch of Efficio 2"; Section 2.1 "Organization of activities and description of business lines"; and Section 6.1.7 "Outlook for 2011". This information is not historical data and therefore should not be construed as a guarantee that the events and data mentioned will occur or that the objectives will be achieved, since these are by nature subject to external factors, such as those described in Section 5 "Risk Factors".

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

This Reference Document was filed with the *Autorité des Marchés Financiers* and registered under No. D.11-0186 on March 28, 2011, in accordance with the provisions of Article 212-13 of the General Regulations of the AMF.

It may be used in support of a financial transaction if supplemented by an information memorandum approved by the *Autorité des Marchés Financiers*.

This document has been prepared by the issuer, and its signatories are responsible for its content.

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NOTES

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

A list of short forms and acronyms and a glossary of the frequently used technical terms are appended to this Reference Document.

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

The takeover of the British group International Power by the Group was completed on February 3, 2011. Unless otherwise stated, data presented in this Reference Document concern the consolidated Group prior to the completion of this transaction (for a description of the transaction, see Section 2.1.2.6 "Creation of Enlarged International Power").

This document is an informal English translation of the French language "*Document de Référence*", filed with the French Financial Markets Authority *(Autorité des Marchés Financiers)* under number D. 11-0186 on March 28, 2011. It is provided solely for the information and convenience of shareholders of GDF SUEZ, and is of no binding or other legal effect. No assurances are given as to the accuracy or completeness of this translation, and GDF SUEZ assumes no responsibility with respect to this translation or any misstatement or omission that may be contained therein. In the event of any ambiguity or discrepancy between this English translation and the French language "*Document de Référence*", the French language "*Document de Référence*" shall prevail. This document is not an offer to sell or the solicitation of an offer to purchase shares of GDF SUEZ, and it is not used for any offer or sale or any such solicitation anywhere in the world. Shares of GDF SUEZ may not be sold in the United States absent registration or an exemption from registration under the U.S. Securities Act of 1933, as amended.

1

GROUP OVERVIEW AND KEY FIGURES

1.1 GENERAL PRESENTATION – HISTORY – ORGANIZATION

1.1.1 GENERAL PRESENTATION

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

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

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

GDF SUEZ operates a well-balanced business model:

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

This business model responds to the demands of the economic environment in which the Group operates. This environment is characterized by the confirmation of underlying trends including stronger competition in Europe and the convergence of the markets for gas, electricity and energy services which, along with environmental services, combine many of the challenges of sustainable development. It is also marked by recent developments that will require an adaptation in the traditional model of the geocentric European utility:

- a cyclical downturn in prices in mature country energy markets following the 2008-2009 economic crisis;
- a gap between expected growth in mature and emerging markets—one that has widened and is expected to continue doing so;
- adoption of the Climate Package in the European Union (the "3 x 20" targets);
- an increase in structural uncertainties weighing on European markets.

GDF SUEZ has thus based its development strategy on the following:

- acceleration of development in emerging markets in power generation and in the field of LNG and exploration and production;
- integration and optimization of activities in Europe;
- development of activities with recurring revenue (infrastructure, secured long-term energy sales (PPA), energy services, and environment).

GDF SUEZ occupies a prime position in the European and global energy landscape. This position is strengthened by the combination of GDF SUEZ Energy International[1] and International Power entered into in February 2011 (see section 11.2 "consolidated financial statements" - Note 27 "Subsequent events" and Section 2.1.2.6 "Creation of Enlarged International Power"[2]).

In 2010, GDF SUEZ was ranked the largest listed utility in the world in the annual ranking by Forbes magazine of the 2,000 largest listed global companies (24th in the general category, 3rd among French companies).

Listed in Brussels (Belgium), Luxembourg and Paris (France), GDF SUEZ is represented in the major international indices: CAC 40, BEL 20, DJ Stoxx 50, DJ Euro Stoxx 50, Euronext 100, FTSE Eurotop 100, MSCI Europe and ASPI Eurozone.

In a Group-wide participatory forum rolled out in 2009, the Group defined its fundamental values as drive, commitment, daring, and cohesion.

(1) GDF SUEZ Energy International comprises the activities of the Energy Europe & International business line outside Europe and certain assets in the UK and Turkey.

(2) Enlarged International Power is the entity resulting from the combination of GDF SUEZ Energy International and International Power.

1.1.2 HISTORY AND EVOLUTION OF THE COMPANY

GDF SUEZ is the result of the merger-absorption of SUEZ by Gaz de France, following the decision of the Combined General Shareholders' Meetings of Gaz de France and SUEZ of July 16, 2008. The merger took effect on July 22, 2008.

Initially incorporated in 1946 as an EPIC (French public industrial and commercial enterprise), it became a limited liability company with a 99-year term under Law no. 2004-803 of August 9, 2004 on the electricity and gas public service and electricity and gas companies (amending Law no. 46-628 of April 8, 1946) whose provisions were aimed at organizing the change in the Company's legal status. Unless the Company is dissolved earlier or its term is extended, it will cease trading on November 19, 2103.

On July 7, 2005, the Company publicly floated its shares on the stock market. The Company's shares, under its former name, Gaz de France, were first listed on July 7, 2005.

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

SUEZ itself was the result of the merger in 1997 of Compagnie de Suez and Lyonnaise des Eaux. At the time, Compagnie de Suez - which had built and operated the Suez Canal until its nationalization by the Egyptian government in 1956 - was a holding company with diversified stakes in Belgium and France, particularly in the finance and energy sectors. Lyonnaise des Eaux was a diversified company in the management and treatment of water, waste, construction, communications and technical facility management. SUEZ became an international industrial and services group whose objective was to meet essential requirements in electricity, gas, energy and industry services, water and waste management.

The deregulation of European energy markets in the early 1990s promoted the international development of both Gaz de France and SUEZ, which progressively expanded their activities beyond their respective traditional markets, both in Europe and internationally.

The approval of the merger by the European Commission given on November 14, 2006 was conditional on the implementation of remedial action in certain areas. The principal remedies required for EC approval were duly carried out.

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

GDF SUEZ is a public limited liability company (*société anonyme*) with a Board of Directors subject to the laws and regulations governing public limited companies and any specific laws governing the Company and to its bylaws.

GDF SUEZ is subject in particular to Law 46-628 of April 8, 1946 governing the nationalization of electricity and gas, Law 2003-8 of January 3, 2003 governing gas and electricity markets and energy public service, Law 2004-803 of August 9, 2004 governing electricity and gas public service and electricity and gas companies, and Law 2006-1537 of December 7, 2006 governing the energy sector.

The Company's financial year is 12 months and runs from January 1st to December 31st of each year.

On February 3, 2011, the Company entered into an agreement leading to the combination of GDF SUEZ Energy International[1] with International Power (see section 11.2 "consolidated financial statements" - Note 27 "Subsequent events" and Section 2.1.2.6 "Creation of Enlarged International Power"[2]).

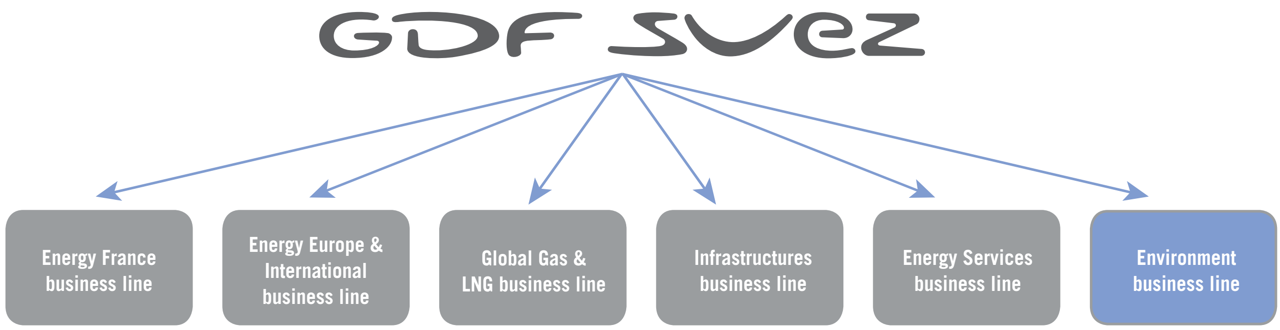
(1) *GDF SUEZ Energy International comprises the activities of the Energy Europe & International business line outside Europe and certain assets in the UK and Turkey.*

(2) *Enlarged International Power is the entity resulting from the combination of GDF SUEZ Energy International and International Power.*

1.1.3 ORGANIZATION

At December 31, 2010, GDF SUEZ is organized into:

- 6 business lines (five energy business lines and one environment business line) sometimes subdivided into geographical areas, that operate a set of business units (BUs) which are structures that group similar activities in terms of business challenges (market, competition, regulation, cost structure, geography);
- Functional divisions that provide supervision both at corporate and business line level.



The Energy France business line operates in France, ensuring gas and electricity supplies, electricity production and the provision of energy services to private individuals.

The Energy Europe & International business line (broken down into five geographic regions: Benelux & Germany; Europe; North America; Latin America; and the Middle East, Asia & Africa) is responsible for the production and supply of electricity and related services as well as the transmission, storage, distribution and supply of natural gas and the regasification of LNG in all markets outside France.

The Global Gas & LNG business line is in charge of the exploration & production of natural gas and oil, supply and shipping of natural gas and LNG, energy trading, and supplying major accounts in Europe.

The Infrastructures business line builds and operates large natural gas transport infrastructures in France, Austria and Germany, regasification terminals and distribution networks in France. It also manages storage activities in France and abroad.

The Energy Services business line provides comprehensive multi-technical service packages (electrical, mechanical and HVAC engineering and system integration), engineering, urban heat- and/or cooling-network management in France and abroad, design, construction and operation of industrial and tertiary energy facilities.

The Environment business line provides water, sanitation and waste management services and water treatment engineering.

The GDF SUEZ Center (based both in Paris and Brussels) is responsible for strategic orientations and financial performance, and in particular for:

- defining and adapting structures;
- developing broad functional policies (finance, strategy, audit, internal control, risk management, human resources, office of general secretary, legal, communications, research-innovation, performance, information systems, purchasing, safety, etc.);
- controlling and overseeing the implementation of internal policies and procedures;
- steering functional lines;
- steering transversal processes, in particular developing synergies between business-lines;
- and within shared service centers and centers of expertise, steering missions that can be shared by several business lines.

See also 7.5 – “Report by the Chairman of the Board of Directors on corporate governance, internal control and risk management procedures”.

The Company operates its own business; it does not act as a simple holding company vis-à-vis its subsidiaries. At the end of 2010, the number of the Company’s direct or indirect subsidiaries (controlling interest) was approximately 1,900. The Group’s main consolidated companies are listed in Section 11.2 “Consolidated financial statements – Note 28 (List of main consolidated companies at December 31, 2010).” For a list of major subsidiaries and affiliates directly owned by the Company, see Section 11.4 “Parent Company Financial Statements – Note 27 (Subsidiaries and investments)”.

The presentation of the Company’s activities and the strategic economic assets of its main subsidiaries as well as their geographical location are presented in Section 2 “Presentation of the Group’s activities”.

In 2010, GDF SUEZ finished regrouping much of its Paris region workforce (executive management, Center, some Energy business lines, SUEZ Environnement) at several sites in the La Défense business district (Paris).

1.2 GROUP KEY FIGURES

1.2.1 GROUP FINANCIAL DATA

In millions of euros	Gaz de France 2006	SUEZ 2006	Gaz de France 2007	SUEZ 2007	GDF SUEZ pro forma 2007	GDF SUEZ pro forma 2008	GDF SUEZ published 2008	GDF SUEZ 2009	GDF SUEZ 2010
1. Revenues	**27,642**	**44,289**	**27,427**	**47,475**	**71,228**	**83,053**	**67,924**	**79,908**	**84,478**
of which generated outside France	10,840	33,480	11,361	35,543	43,998	52,708	47,156	49,184	52,976
2. Income									
• EBITDA		6,559	5,696	7,433	12,539	13,886	10,054	14,012	15,086
• Gross operating surplus (EBO)	5,149		5,666						
• Gross operating Income (RBE)		7,083		7,965					
• Operating income	3,608		3,874						
• Current operating income		4,497		5,175	7,824	8,561	6,224	8,347	8,795
• Net income Group share	2,298	3,606	2,472	3,924	5,752	6,504	4,857	4,477	4,616
3. Cash flow									
Cash flow from operating activities	3,066	5,172	4,778	6,017	10,429	7,726	4,393	13,628	12,332
of which cash generated from operations before financial income and income tax		6,384		7,267	12,451	13,287	9,686	13,016	14,736
of which operating cash flow	5,118		5,904						
Cash flow from investment	(2,174)	(366)	(2,623)	(4,681)	(6,937)	(11,845)	(7,348)	(8,177)	(7,783)
Cash flow from financing	(566)	(6,938)	(1,403)	(2,518)	(4,231)	3,084	5,528	(4,282)	(3,683)
4. Balance sheet									
Shareholders' equity Group share	16,197	19,504	17,953	22,193	NA	57,748	57,748	60,285	62,205
Total equity	16,663	22,564	18,501	24,861	NA	62,818	62,818	65,527	70,717
Total balance sheet assets	42,921	73,435	46,178	79,127	NA	167,208	167,208	171,425	184,657
5. Per-share data (in euros)									
• Average number of outstanding shares[a]	983,718,801	1,261,287,823	983,115,173	1,269,572,284	2,177,496,287	2,160,674,796	1,630,148,305	2,188,876,878	2,187,521,489
• Number of shares at period-end	983,871,988	1,277,444,403	983,871,988	1,307,043,522	NA	2,193,643,820	2,193,643,820	2,260,976,267	2,250,295,757
• Earnings per share	2.34	2.86	2.51	3.09	2.64	3.01	2.98	2.05	2.11
• Dividend paid	1.10	1.20	1.26	1.36	NA	1.40	1.40	1.47	1.50
6. Total workforce	**50,244**		**47,560**						
TOTAL AVERAGE WORKFORCE		**186,198**		**192,821**	**NA**	**234,653**	**234,653**	**242,714**	**236,116**
• Fully consolidated entities		138,678		146,350	NA	194,920	194,920	201,971	213,987
• Proportionately consolidated entities		38,567		37,592	NA	31,174	31,174	35,294	16,943
• Entities consolidated by equity method		8,953		8,879	NA	8,559	8,559	5,449	5,186

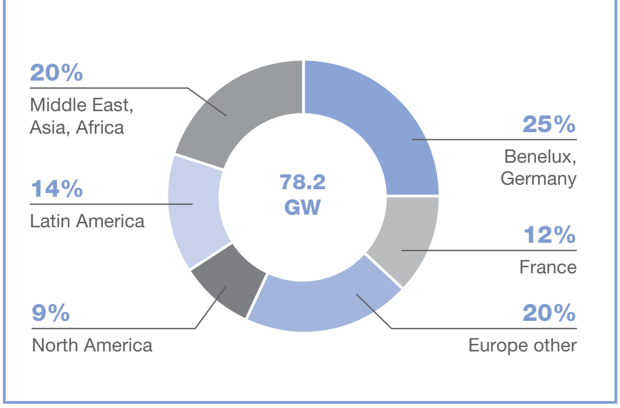
(a) Earnings per share is calculated based on the average number of shares outstanding, net of treasury shares.
Dividend 2010: proposed dividend (including an interim dividend of €0.83 paid in November 2010)

1.2.2 NON-FINANCIAL INDICATORS

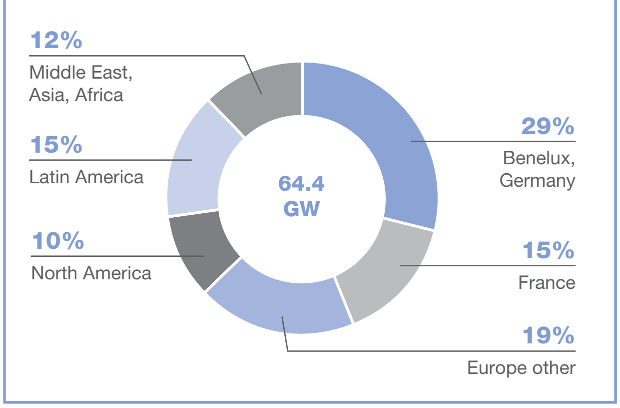
1.2.2.1 Electricity production

GDF SUEZ owns and develops a flexible and efficient generation fleet in its key markets: Europe, Latin America and the Middle East. The Group's installed capacity as of 31 December 2010 was 78 GW(1) on a 100% basis or 64 GW(2) on a proportional basis.

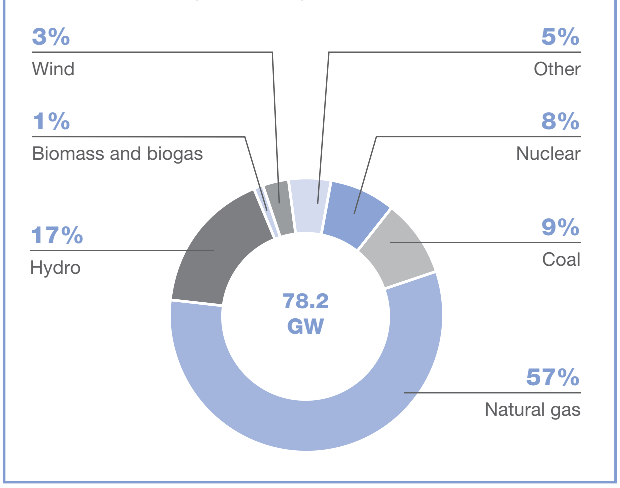
BREAKDOWN OF GENERATION CAPACITY BY ZONE (FULL DATA)



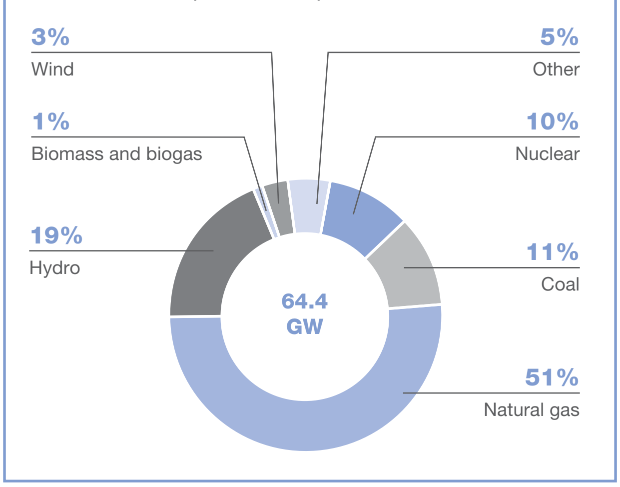
BREAKDOWN OF GENERATION CAPACITY BY ZONE (SHARE DATA)



BREAKDOWN OF GENERATION CAPACITY BY FUEL (FULL DATA)



BREAKDOWN OF GENERATION CAPACITY BY FUEL (SHARE DATA)

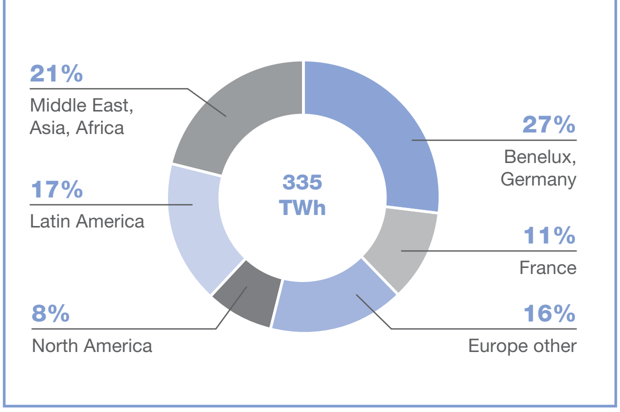


57% of the fleet's assets (on a 100% basis) are natural gas plants, 17% are hydroelectricity plants, 9% are coal-fired plants and 8% are nuclear power plants. In 2010, the Group produced 335 TWh on a 100% basis (282 TWh per the proportional calculation).

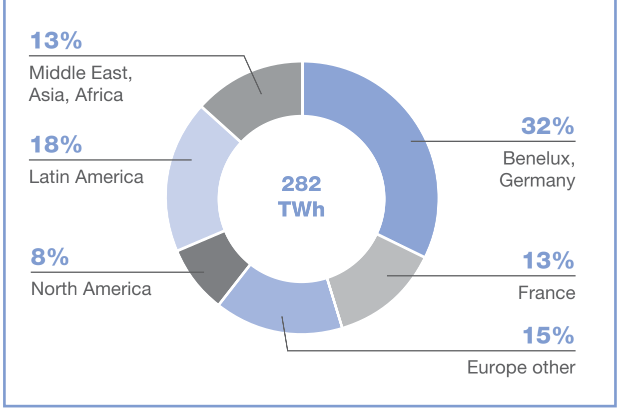
(1) The 100% calculation includes the total capacity of all facilities held by GDF SUEZ irrespective of the actual percentage stake of the holding, except for drawing rights which are included in the total if the Group owns them and deducted if they are granted to third parties.

(2) The proportional calculation includes the total capacities of the fully consolidated companies and the capacities of proportionally consolidated and equity method consolidated companies in proportion to the share held.

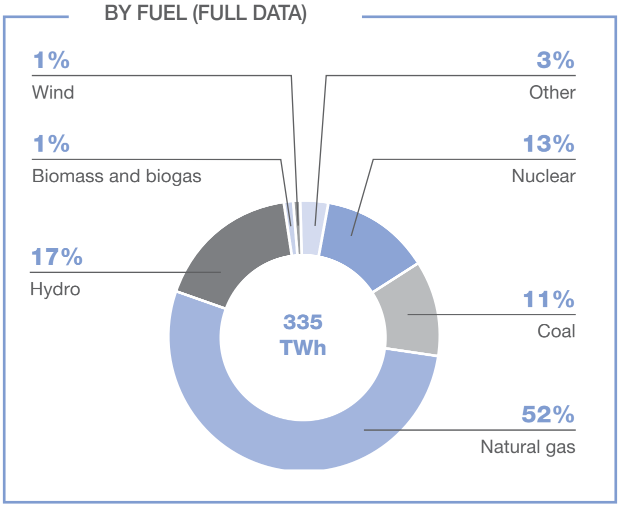
ELECTRICITY GENERATION BY ZONE (FULL DATA)



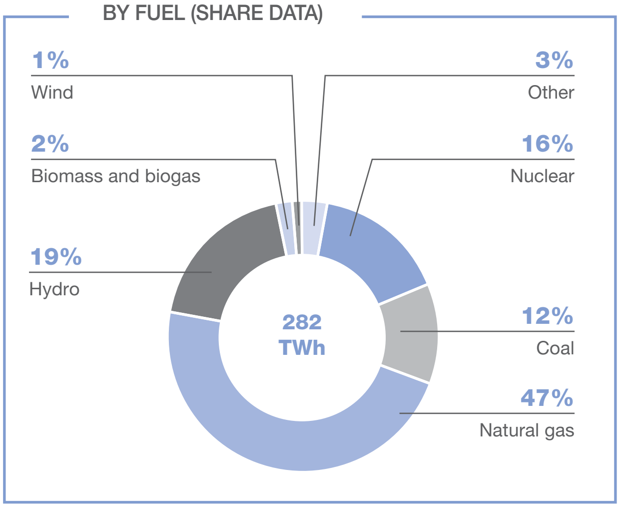
ELECTRICITY GENERATION BY ZONE (SHARE DATA)



ELECTRICITY GENERATION BY FUEL (FULL DATA)



ELECTRICITY GENERATION BY FUEL (SHARE DATA)



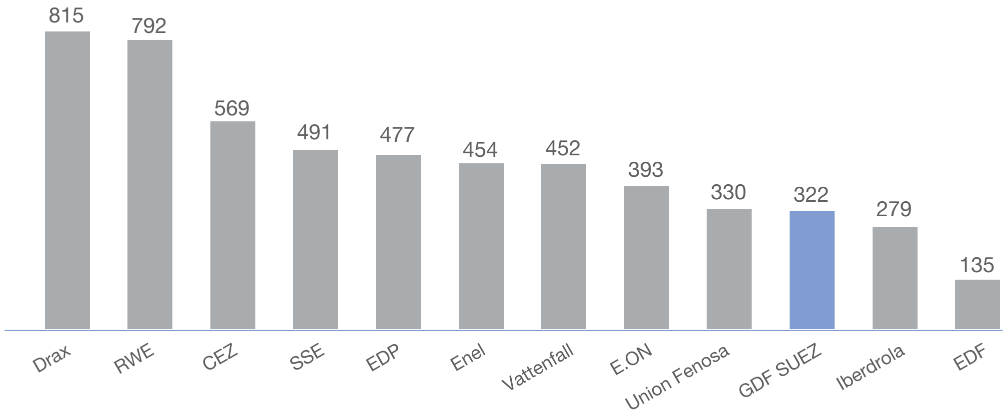
Of total production (100% basis), 52% comes from gas plants, 17% from hydro, 13% from nuclear, and 11% from coal.

The combined power of Group projects under construction at December 31, 2010 was 16.7 GW, with more than half of this from natural gas.

GDF SUEZ considers this structure guarantees robust competitiveness in terms of the energy efficiency of its power plants, its flexibility, and its environmental impact. In fact, production capacity comprises efficient technologies and low-pollution fuels. The Group is pursuing its efforts in this field, and participates in research to improve the efficiency of power plants and curb their local and global environmental impact.

The Group's centralized electricity generation fleet has a low carbon footprint, with an average 322 kg CO_2/MWh recorded for Europe in 2009, below the 346 kg/MWh European average estimated by PricewaterhouseCoopers (PwC). Worldwide, at the end of 2009, the Group's assessed power plant emissions were 362 kg/MWh.

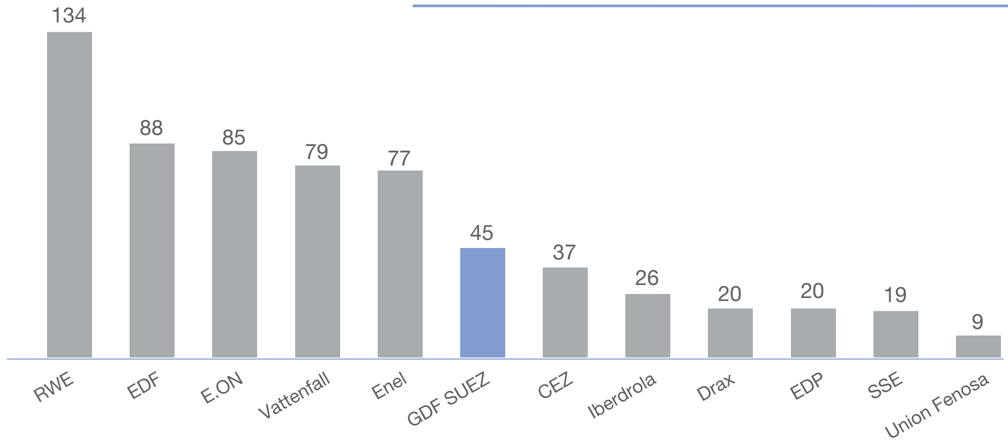
CO_2 EMISSIONS IN EUROPE BY THE MAIN EUROPEAN ELECTRICITY PRODUCERS IN 2009 (KG/MWH)



Source: Climate change and electricity - European carbon footprint - PwC - November 2010 (European emissions from electricity production).

In 2009, GDF SUEZ electricity plants emitted 45 million tons (Mt) of CO_2 in Europe and 88.5 Mt worldwide.

CO_2 EMISSIONS IN EUROPE BY THE MAIN EUROPEAN ELECTRICITY PRODUCERS IN 2009 (IN MILLIONS TONS)



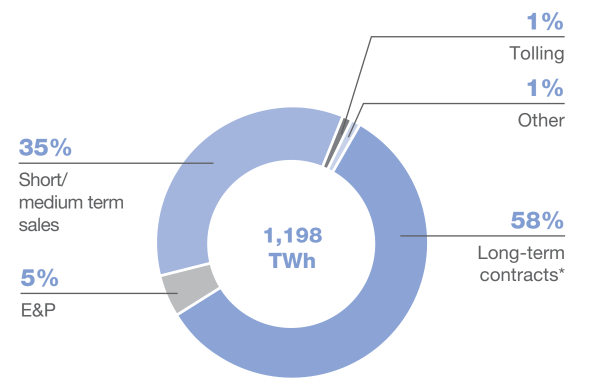
Source: Climate change and electricity - European carbon footprint - PwC - November 2010 (European emissions from electricity production).

1.2.2.2 Natural gas portfolio

Most of the Group's natural gas is supplied via one of the most diversified portfolios of long-term contracts in Europe, sourced from more than 10 countries. These contracts give GDF SUEZ the necessary visibility to ensure its development and secure its supplies. GDF SUEZ is also one of the biggest short-term market players in Europe. This means it can optimize its supply costs by adjusting its purchasing to match its needs.

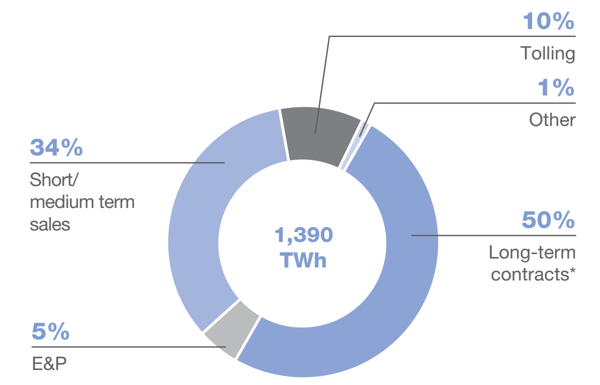
The GDF SUEZ portfolio, which represents some 1,200 TWh (calculated on financial consolidation basis), or about 110 billion m³, is among the most diversified in Europe.

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



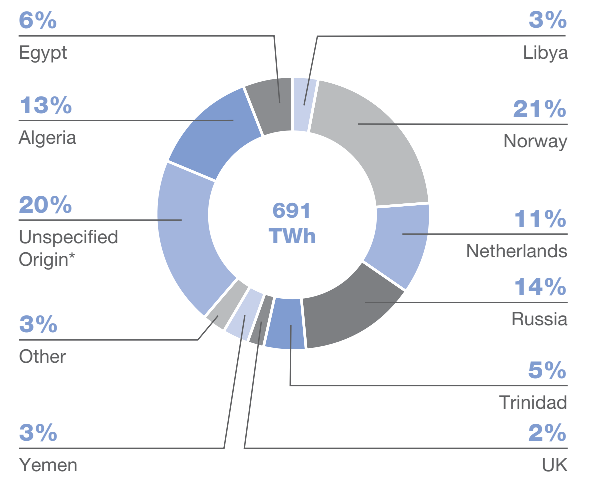
* > 3 years.

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



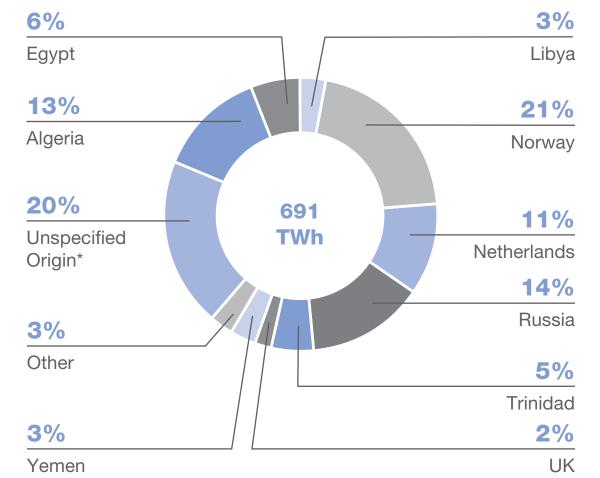
* > 3 years.

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



*Long term purchases to operators with a diversified portfolio.

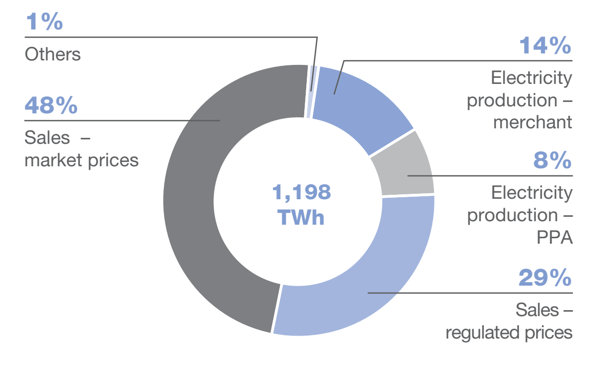
GEOGRAPHICAL BREAKDOWN OF LONG-TERM CONTRACTS (CALCULATED ON 100% BASIS)



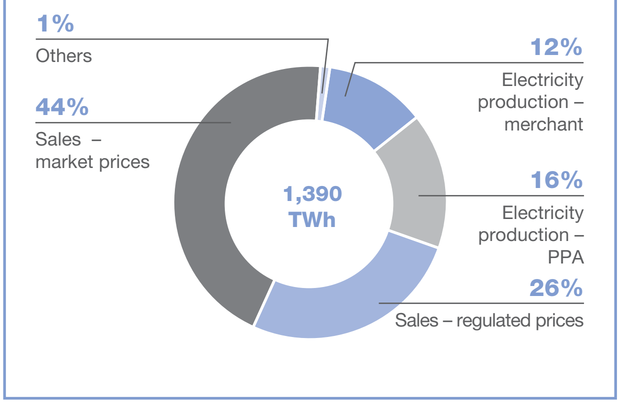
*Long term purchases to operators with a diversified portfolio.

The three largest long term suppliers are Norway, Russia and Algeria. Calculated on a financial consolidation basis as well as on a 100% basis, in 2010 they represented 21%, 14% and 13%, respectively, of the Group's long-term contracts. About 18% of the portfolio consisted of LNG on a financial consolidation basis (or 16% on a 100% basis).

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



PORTFOLIO BREAKDOWN BY TYPE OF USE (100% BASIS)



The Group's natural gas assets are used to fuel power plants and are sold to end customers, operators or on the markets (22% and 77%, respectively, on a financial consolidation basis, and 29% and 70%, respectively, on a 100% basis).

1.3 STRATEGIC PRIORITIES

The Group has a promising industrial outlook which, because of its balanced business model, has been little affected by the economic and financial crisis (see section 1.1.1 General Presentation). GDF SUEZ's competitive position in its businesses, its experience, its technological leadership and its commitment to sustainable development give it a solid foundation for growth in a changing competitive environment (see section 1.5 "Competitive positioning" and section 1.6 "The Energy Sector around the World and in Europe").

In this context, GDF SUEZ will continue its effort to improve operating profitability and generate cash in all its businesses, and to increase its industrial development through a sustained investment program (about €11 billion gross per year following the combination of GDF SUEZ Energy International[1] with International Power). These investments will be carried out in accordance with strict financial discipline (maintaining the "A" category rating and investment criteria), and will give priority to profitability over growth.

The Group boasts high-performing energy businesses characterized by a significant convergence between its natural gas, electricity, and energy service activities. It is backed by solid assets that combine technical expertise, a balanced energy mix, balanced positions across activities, complementary geographic regions and risk/return profiles, integration throughout the value chain, including energy-saving services, as well as a European and global presence. It features a diversified natural gas supply portfolio and a flexible, high-performing electricity generation fleet that are capable of offering innovative energy solutions to private individuals, local authorities and companies.

In environment, SUEZ Environnement Company, 35.4%-owned by GDF SUEZ, offers services and facilities that are essential for life and for environmental protection in the areas of water (from catchment to discharge into the natural environment) and waste (collection, incineration and recycling), for local authorities and private-sector customers in more than 35 countries.

GDF SUEZ is one of the world's leading energy companies in the fields of gas, electricity and energy services, positioned at the heart of Europe and with a strong presence in emerging markets. With a robust commercial position and a flexible and diversified energy mix, it bases its development on partnership and world-class leadership in four essential activities:

- in LNG, an essential vector in the globalization of gas markets, the Group is the largest importer in Europe[2], and the 2nd largest LNG terminal operator in Europe;

(1) *GDF SUEZ Energy International comprises the activities of the Energy Europe & International business line outside Europe and certain assets in the UK and Turkey.*

(2) *Sources: GIIGNL and internal benchmark composed from annual reports (2009 data).*

- in independent power production in economic regions with strong growth, the Group is the largest producer-developer in the Gulf states, the largest independent electricity producer in Brazil, the 2nd largest in Peru and Panama, and the 3rd largest in Thailand[(1)]; these positions have been reinforced by the combination of GDF SUEZ Energy International[(2)] and International Power entered into in February 2011;
- in energy services, especially in the rising field of energy savings, the Group leads Europe in revenues;
- in environment, SUEZ Environnement is the 2nd largest world operator in water, which is key for sustainable development, and the 4th largest in waste.

The Group's strategic priorities are broken down by activity below.

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

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

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

- by finding new sources of growth through technological and commercial innovation;
- by continuing to improve operational efficiency, particularly through greater integration between the various deregulated activities.

In Global Gas & LNG activities, by developing competitive advantages in supply and LNG, relying strongly on developments in exploration & production:

- by developing a competitive gas supply portfolio for the Group, which is diversified and safe;
- by maintaining a global position in the LNG market, particularly by strengthening the Group's presence in the Pacific, which should see stronger growth;
- by strengthening the integration between supply, LNG and exploration & production activities.

In nuclear, the objective is to maintain this energy source's position in the production mix over the long-term with a target of 15% by 2030:

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

Nuclear energy is a competitive source for electricity production, but it is also the only energy source that can help cut greenhouse gases massively in the short and medium term. Countries that use this type of energy are less dependent on fossil fuel producing countries. The industry boosts technology, research, jobs and local development. GDF SUEZ is a historical player in the nuclear field (7 plants in Belgium totaling 5,9 GW operated by GDF SUEZ) with 40 years' experience upstream (engineering, procurement, operation, maintenance, etc.) and downstream (waste management, decommissioning). It also boasts solid industrial credibility (its operating performance is among the best in the world), a constant daily commitment to safety and an original development model in partnership with manufacturers. GDF SUEZ also has 1,108 MW drawing rights in France and 700 MW in Germany under agreements signed with EDF and E.ON. With these strengths, GDF SUEZ intends to play a major role in the new-generation nuclear power industry:

- in France, the Group has been recognized by the state as candidate to be a nuclear operator and has reaffirmed its desire to be an ATMEA operator in the Rhone Valley;
- in the United Kingdom, where the Group, with partners Iberdrola and Scottish & Southern Energy (SSE), has acquired land and created a joint subsidiary (NuGeneration Ltd or Nugen) to develop a new nuclear power plant with a capacity of up to 3.6 GW on the Cumbrian coast (north-west England);
- in other European countries, particularly Italy;
- and outside Europe, especially Brazil and the United States.

Since nuclear safety is an absolute priority, GDF SUEZ will learn the lessons from the accident that occurred in March 2011 in Japan and will cooperate fully in designing and carrying out the stress tests announced by the European Energy Commissioner.

More generally, GDF SUEZ will take into account the experience gained when the full technical details become available, both immediately and throughout the ten-year safety reassessments.

(1) In terms of gross capacity. Sources: internal benchmark composed from annual reports (largest producer in terms of net consolidated capacity in these countries) and the Middle-East Economic Digest (MEED) (2009 data).

(2) GDF SUEZ Energy International comprises the activities of the Energy Europe & International business line outside Europe and certain assets in the UK and Turkey.

In infrastructure, the Group aims to develop positions:

- by maintaining and developing strong positions in France, through the safe operation of facilities and the promotion of natural gas, and by selectively developing business outside France.

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

- by developing engineering, services and installation & maintenance expertise aimed at controlling energy consumption and CO_2 emissions directly linked to heating and electrical activities;
- by expanding in the range of energy-efficient products and services;
- by reinforcing the Group's leadership in Europe;
- by developing activities in targeted countries outside Europe (e.g., China, the Middle East, etc.).

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

- developing modernized and enhanced business models in mature markets;
- by focusing on international development in North America and the Middle East for water, and on Australia, Central Europe and China for water and waste.

1.4 IMPROVING PERFORMANCE: 2010 RESULTS AND LAUNCH OF EFFICIO 2

With the Efficio performance plan launched in late 2008, GDF SUEZ is targeting operational excellence, ever-greater customer satisfaction, and a reinforcement of its competitiveness and capacity for investment. Against the backdrop of economic crisis in the past years, the plan has helped the Group to achieve solid levels of performance in both growth and profitability. It has shown the ability of our business lines and support functions to mobilize their best efforts to in pursuit of efficiency, performance and quality.

Today, more than 1,300 performance plan actions have been launched in over 45 countries, generating lasting cumulative gains in EBITDA performance of around €750 million in 2010. This brings the gains for the plan's first two years to more than €1,500 million, largely surpassing the initial target. A special focus has been placed on purchasing performance, monitored through the *Plan d'Achats Unique* (*PAU* - Unique Purchasing Plan), which covers all of purchasing actions at all levels of the Group's organization. This contribution is reflected in the achievement of savings on purchases evaluated at more than €150 million in operating gains for 2010. A further €130 million in gains have been realized on capital expenditure. This is similar in magnitude to the contribution from this plan in 2009.

With the launch of the Efficio 2 plan, to be implemented from 2011 to 2013, the Group is expanding the process by asking the business units and five functional lines to develop their own performance plans, singling out cost savings, overhead reductions, and initiatives to improve operating efficiency. The purchasing line will continue to contribute significantly to the efficiency process, the aim being to involve buyers more deeply in the spending process, aiming for a coverage rate of 80% of purchases by the end of 2011.

1.5 COMPETITIVE POSITIONING

Electricity production and marketing and gas marketing are business sectors that are broadly open to competition in Europe and the United States. On the other hand, activities that constitute natural monopolies - such as the transmission and distribution of electricity and, to a large extent, also of gas - are tightly controlled.

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

1.5.1 GDF SUEZ IS A EUROPEAN AND WORLD LEADER IN ELECTRICITY AND GAS

In natural gas, GDF SUEZ is the leading buyer in Europe, with the unique capacity to supply customers in 13 European countries. In Europe it is also the number one operator of transmission and distribution networks, 3rd storage capacity owner and 2nd storage capacity operator(1), 2nd owner/operator of LNG terminals and a significant E&P actor (10th gas producer(2)).

In LNG, GDF SUEZ is the largest importer in Europe and 3rd largest importer in the world(3).

In electricity, the Group is the 5th largest producer and 6th largest marketer in Europe(4) and the top independent power producer (IPP) in the world, as well as the largest producer-developer in the Gulf States and the largest independent power producer in Brazil, 2nd largest in Peru and Panama, and 3rd largest in Thailand.

In energy services, the Group leads Europe in revenues: the Energy Services business line is ranked number one in France, Belgium, the Netherlands and Italy, has a strong position in neighboring countries, and has some initial bases for expansion into areas further afield, such as Central Europe. With a good balance of activities, the business line brings a unique portfolio of complementary activities to the European market that sets it apart from its competitors.

1.5.2 GDF SUEZ HAS STRONG DOMESTIC POSITIONS IN FRANCE AND BELGIUM

In France, GDF SUEZ is the leading gas marketer with more than 10 million retail customers and a 38% market share of large accounts, 73% of industrial markets, local authorities and businesses and 90% of the residential market.

In electricity, with almost 8 GW capacity (6% of France's installed capacity), the Energy France business line is the 2nd largest producer and marketer. The Group manages a diversified energy mix with low CO_2 emissions. GDF SUEZ is the 2nd largest hydroelectricity operator, with nearly a quarter of French hydro production through CNR and SHEM. GDF SUEZ is also the leader in wind power in France with 922 MW installed at 2010-end (on a 100% basis), representing 16% of the estimated French market.

The Group is also the leader in energy services in France.

In Belgium, GDF SUEZ, through its subsidiary Electrabel, is the leading producer and supplier of electricity, with a fleet that represents approximately two thirds of the country's total installed capacity and supplies power to 3.3 million customers. Electrabel is also a major natural gas supplier, with 1.8 million customers.

GDF SUEZ is also the leader in Belgium in energy services via its subsidiaries Axima, Fabricom GTI and Tractebel Engineering.

Moreover, the Group is strongly established in environmental activities with its subsidiary SITA Belgium, one of the main players in the waste sector in Belgium.

(1) Source : internal analysis (2010 data). The Group is expected to become number 1 in terms of storage capacity sales after completion of the acquisition of several underground storage facilities in Germany, persuant to the acquisition contract signed in January 2011 and subject to the approval by the relevant authorities.

(2) Source: Cap Gemini, 2009 data.

(3) Source: GIIGNL, 2009 data.

(4) GDF SUEZ internal analysis, 2009 data.

1.5.3 GDF SUEZ'S MAIN COMPETITORS IN THE ENERGY SECTOR IN EUROPE

In Europe, the main competitors of the GDF SUEZ Group in the energy markets are: in electricity, international groups such as EDF, Enel, E.ON, RWE, Vattenfall and Iberdrola; in gas, the major gas companies such as Eni, GasTerra, Gas Natural and Wingas, as well as E.ON and other energy companies.

1.6 THE ENERGY SECTOR AROUND THE WORLD AND IN EUROPE

1.6.1 THE GLOBAL ENERGY INDUSTRY

The global energy industry faces a triple challenge:

- the challenge of security of supply, due to the increase in demand for energy (by 1.2% a year until 2035 according to the International Energy Agency 2010 central scenario) driven by a range of factors: demographics, development, lifestyle, trade development, aging infrastructure and declining fossil fuel production in some areas;
- the challenge of competitiveness, due to the increasing volatility of energy prices, increasing scarcity of fossil fuel resources and the current high cost premium of most renewable energies, as well as of a large number of energy-efficiency solutions in the transportation and construction sectors;
- the challenge to prevent excessive climate change, which means curbing greenhouse gas emissions; the IEA central scenario predicts CO_2 levels will rise 0.7% a year until 2035, whereas according to the Intergovernmental Panel on Climate Change (IPCC) they need to drop by 50% by 2050.

Source: IEA 2010 World Energy Outlook

This triple challenge means higher costs, substantial capital investment and a fundamental change in energy mixes, against a backdrop of markets that are integrating and opening up.

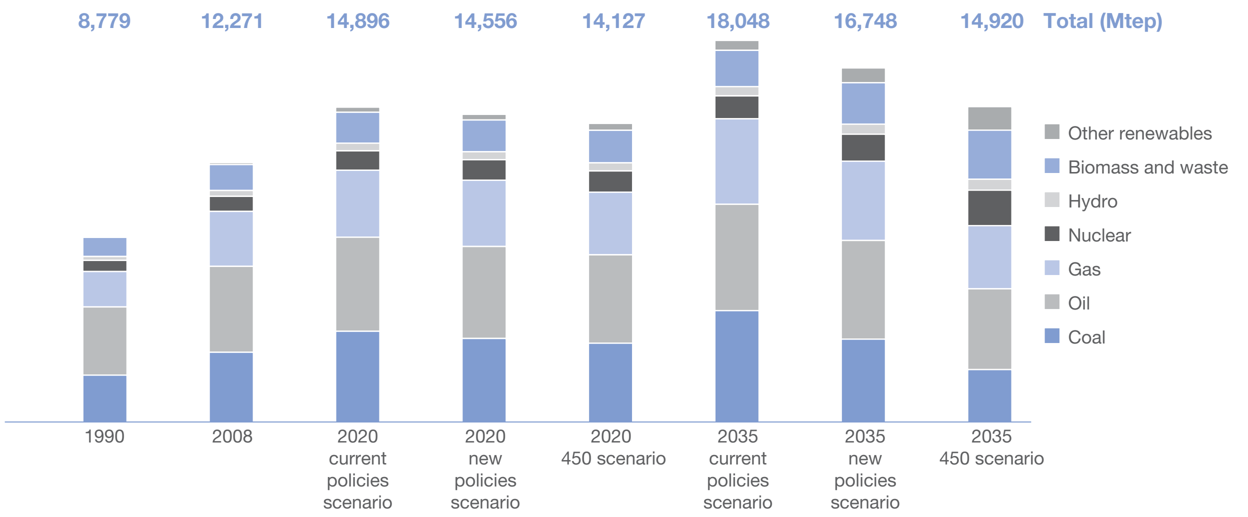
The economic and financial crisis has had a number of short-term impacts on the energy sector, even though these impacts were not as heavy as on other economic sectors such as finance, construction, and the car manufacturing industry. Prices have fallen; global demand for oil has dropped, as has European demand for electricity and gas; some capital investments have been pushed back; access to credit has tightened.

However, the long-term fundamentals remain unchanged (see below).

The Copenhagen Summit in 2009 brought together all the large CO_2-emitting nations in a joint initiative to fight climate change by curbing their greenhouse gas emissions, a prerequisite for establishing a clear, global, predictable framework, essential for achieving ecological targets at the lowest economic and social cost. It is a framework such as this that GDF SUEZ is calling for at the next conference in Durban in December 2011 (see also section 3.2.).

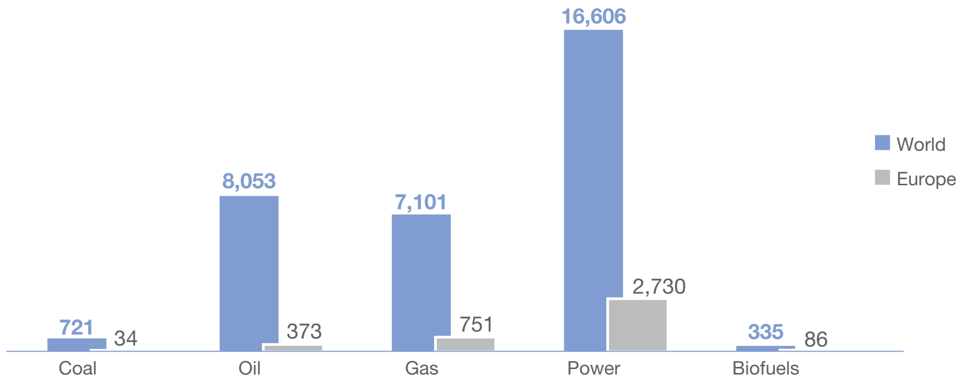
Each year, the International Energy Agency (IEA) publishes its "*World Energy Outlook*" (WEO), a reference work analyzing global energy trends in the energy sector. Much of the data below has been taken from the 2010 edition. Most correspond to the central scenario defined by the IEA, called the "new policies" scenario which assumes that the measures henceforth identified and programmed to combat global warming will be deployed beyond the policies that are currently in place. Although this scenario is more ambitious and proactive than the "current policies" or previous reference scenario, the Agency nevertheless considers it difficult to sustain, particularly in the light of the increased greenhouse gas emissions it projects, and the higher temperatures that would result. In the 2010 edition, the IEA also analyzed an alternative scenario based on very ambitious policies in the fight against global warming: the so-called "450 scenario" stabilizes the atmospheric concentration of greenhouse gases (GHG) in the long term at the equivalent of 450 ppm of carbon dioxide.

ANNUAL GLOBAL DEMAND FOR PRIMARY ENERGY (IN MTEP)



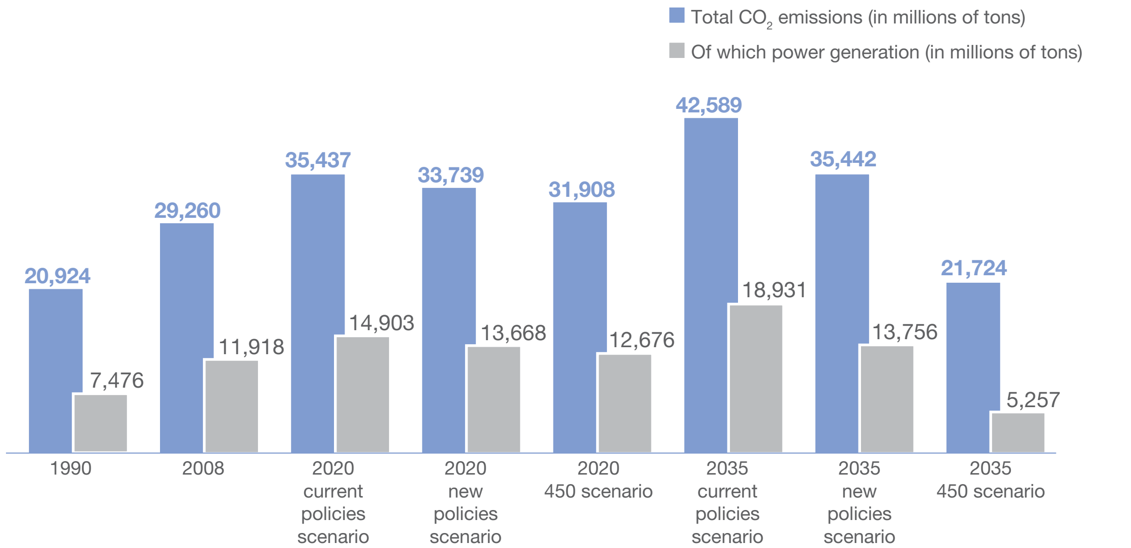
Source: IEA 2010 World Energy Outlook

TOTAL 2010-2035 INVESTMENT REQUIREMENTS FOR ENERGY SUPPLY INFRASTRUCTURE (IN BILLIONS OF 2009 US DOLLARS)



Source: IEA 2010 World Energy Outlook, "new policies" scenario

ENERGY-RELATED CO_2 EMISSIONS (IN MILLIONS OF METRIC TONS)



Source: IEA 2010 World Energy Outlook

1.6.2 THE ELECTRICITY SECTOR

1.6.2.1 Continuously increasing consumption

According to the IEA reference scenario, world electricity production will grow by 1.2% a year between 2008 and 2035, with electricity increasing from 17% to 23% of final energy used.

In Europe (EU 27), again according to the IEA, electricity production was 3,339 TWh in 2008. Of this amount, 28% was coal-based, 28% nuclear, 24% gas, and 3% fuel oil, with some 17% from renewable sources.

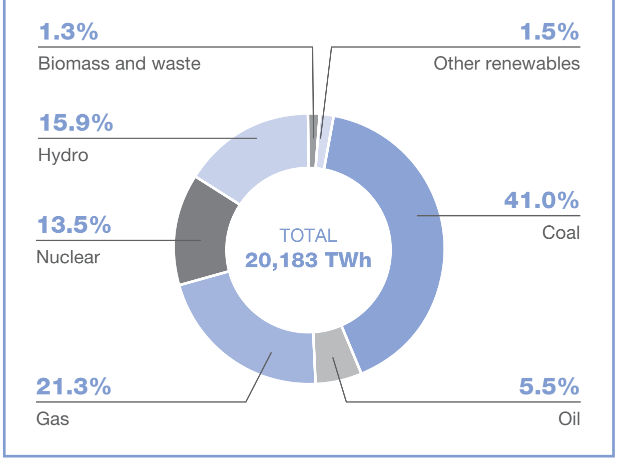
An annual growth rate of 0.6% is expected from 2008-2035.

Source: IEA 2010 World Energy Outlook, "new policies" scenario

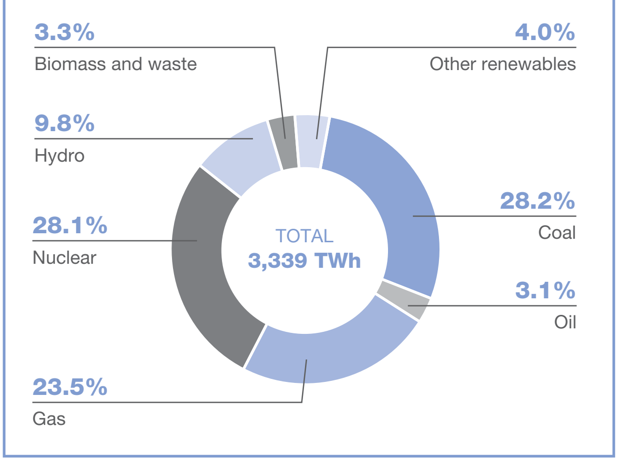
Electricity demand in Europe fell 5% in 2009 (EU 27) in the wake of the 2008-2009 economic crisis, but rebounded in 2010, with consumption in the first 9 months increasing by 2.6% over 2009 levels (OECD countries).

Source: Enerdata, Monthly Electricity Statistics from the IEA in September 2010

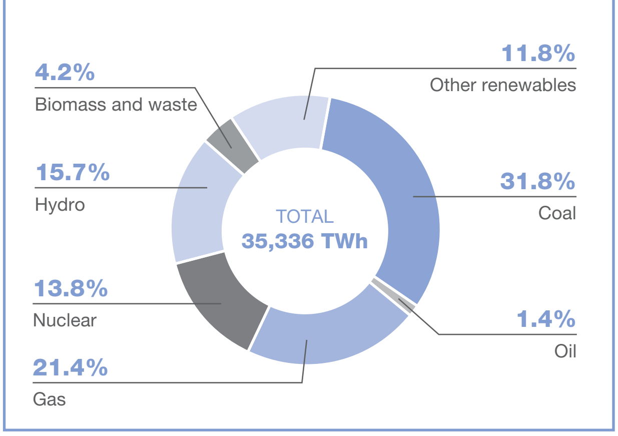
ELECTRICITY PRODUCTION MIX IN 2008 (WORLDWIDE)



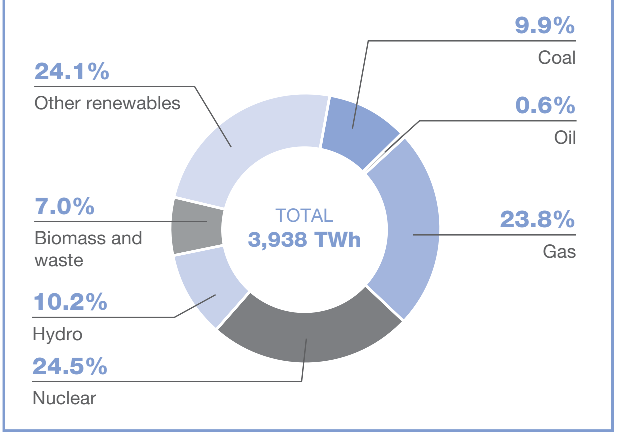
ELECTRICITY PRODUCTION MIX IN 2008 (EUROPE)



ELECTRICITY PRODUCTION MIX IN 2035 (WORLDWIDE)



ELECTRICITY PRODUCTION MIX IN 2035 (EUROPE)



Source: IEA 2010 World Energy Outlook, "new policies" scenario

1.6.2.2 Massive investment requirements

Over the 2010-2035 period, the global need for electricity production capacity is estimated to be more than 5,600 GW (2,000 GW for replacement of obsolete capacity, and over 3,700 GW of additional capacity), representing total investment (including transmission and distribution) of some $16,600 billion in 2009 dollars.

For the European OECD countries, the electricity production capacity requirements have been estimated for the same period at more than 800 GW (more than 500 GW for replacement of obsolete capacity, and 300 GW of additional capacity), representing a total investment in production of almost $1,800 billion in 2009 dollars, to which almost $1,000 billion in 2009 dollars for transmission and distribution is added.

Source: IEA 2010 World Energy Outlook, "new policies" scenario

1.6.2.3 Volatile prices

Electricity cannot be stored. Supply and demand must be balanced at all times within a given area. This characteristic, combined with the sharp fluctuations in electricity demand depending on time, day and month, fluctuations in primary fossil fuel and CO_2 prices as well as the intermittent nature of wind and solar power, makes the wholesale spot price of this form of energy very volatile.

Electricity prices regularly hit peaks, reflecting supply-demand pressures due to either low supply or high demand.

1.6.2.4 Nuclear, a Franco-Belgian specificity

In Belgium, nuclear energy dominates electricity production, accounting for 60% of Belgium's total production in 2010[(1)]. All the nuclear power plants are operated by GDF SUEZ but some of the capacity is held by EDF and SPE and a band is sold to E.ON. The Group's plants achieved close to 89% availability over 2001-2010, near 88% in 2010 – and a utilization rate of almost 100%.

Electricity production in France is unique in being mostly nuclear (over 75% in 2009[(2)]), and is mostly provided by EDF. Its main competitors are GDF SUEZ and E.ON.

1.6.3 THE NATURAL GAS INDUSTRY

1.6.3.1 Continuously increasing consumption

Worldwide

Natural gas markets are growing steadily. From 1980 to 2008, these markets saw an average growth of 2.6% each year. Global natural gas consumption in 2008 was around 3,150 billion m^3.

Source: IEA 2010 World Energy Outlook

The share of total energy consumption represented by natural gas is still increasing, although the pace is slowing. In its "new policies" scenario, the IEA predicts that the share of natural gas in primary energy will remain stable (going from 21% in 2008 to 22% in 2035), with an annual growth rate of 1.4% This growth is expected to be driven primarily by Asia, and particularly China and India, where annual rates will exceed 5%. However, the European and North American OECD markets will remain the major markets during that period.

According to the IEA, the electricity production sector should account for 45% of increased global demand for natural gas. According to the Agency, natural gas is preferred to other fuels in many regions of the world, particularly for the production of electricity due to its competitive pricing, its environmental advantages and the relatively low investment cost of a combined cycle gas plant compared with other centralized electricity production facilities. Natural gas is thus a highly pertinent form of energy for transitioning to a low-carbon economy, all the more so if CO_2 capture and storage technologies are developed.

Source: IEA 2010 World Energy Outlook, «new policies» scenario

In Europe

In Europe (EU 27), again according to the IEA, natural gas consumption in 2008 was 536 billion m^3. According to the central scenario, the share of natural gas in primary energy consumption is expected to increase from 25% to 28% with an annual growth rate of 0.4% over the period. Growth in demand for natural gas in the electricity production sector should grow faster, by 0.9% per year. Final demand for natural gas in Europe is also expected to increase between 2008 and 2035, at a more modest growth of 0.2% per year.

Source: IEA 2010 World Energy Outlook, "new policies" scenario

This growth should receive impetus from Europe's implementation of directives aimed at fighting global warming and cutting down greenhouse gas emissions by encouraging the use of energy sources that have the lowest carbon footprint.

Natural gas demand in Europe (EU 27) declined by 6% in 2009 in the wake of the 2008-2009 economic crisis but rebounded strongly in 2010, returning by late September 2010 almost to the level of pre-crisis consumption of late September 2008 (European OECD countries).

Source: Eurogas Statistical Report 2010, Monthly gas surveys of the International Energy Agency, September 2010.

1.6.3.2 Natural gas supply

The global natural gas market is characterized by a concentration of reserves in a limited number of locations that are often remote from where the gas will be consumed. A fundamental characteristic of the natural gas industry is the high cost of transport, which constitutes a significant part of the total cost of gas delivered. Transporting gas is actually 7 to 10 times more expensive than transporting the energy-equivalent quantity of oil[(3)].

(1) Source: Synergrid, Belgian federation of electricity and gas operators, 2010 forecast data.

(2) Source: "2009 France Energy Report (Bilan énergétique de la France pour 2009)" by the Ministry of Ecology, Energy, Sustainable Development and the Sea.

(3) Source: Jean-Marie Chevalier, "Security of Energy Supply in the European Union", European Review of Energy Markets (2006).

Inter-regional trade is growing (670 billion m^3 in 2008 to a projected 1,187 billion m^3 in 2035, a 77% increase), due primarily to the steady growth of the LNG (liquefied natural gas) industry whose share of exchanges will rise from 31% in 2008 to 42% in 2035, although pipeline gas transport (via major pipelines) will still dominate the exchanges.

To transport these additional quantities, the industry will need to develop new pipelines, as well as new LNG production, transportation and receiving capacities. The gas industry is extremely capital-intensive. The IEA estimates the need for investment in the global gas industry in 2010-2035 to be over $7,100 billion (2009 dollars), of which 64% would go towards E&P (hydrocarbon exploration and production), 27% towards transportation and distribution, and 9% for LNG.

Source: IEA 2010 World Energy Outlook, "new policies" scenario

European demand for natural gas is partially satisfied by European reserves. In 2009, 36% of the natural gas consumed in Europe (EU 27) came from within the European Union, with the remainder from Russia (23%), Norway (20%) and Algeria (10%). In 2009, the European Union's natural gas production was some 180 billion m^3, with 37% in the Netherlands (72 billion m^3) and 35% produced in the United Kingdom (64 billion m^3).

Source: Eurogas Statistical Report 2010

Given the expected decline in European production, an increasing percentage of Europe's natural gas supply will need to be imported to meet growing consumption. The IEA predicts that natural gas imports by European OECD countries will increase from 250 billion m^3 in 2007 (46% of consumption) to 428 billion m^3 in 2030 (66% of consumption), most of which will come from Russia and Algeria.

Source: IEA 2010 World Energy Outlook

The combination of the commissioning of new liquefaction capacity, slack demand and the arrival of large volumes of unconventional gas in the U.S. has since 2009 created a temporary situation of overcapacity inducing severe consequences on the market price for gas in the U.S. and to a lesser extent in Europe. Prices in Europe remained at a level below the long-term contract prices, which alone can guarantee the security of gas supply in Europe, notwithstanding the periodic reviews, which they undergo.

Renegotiations with producers in 2009-2010 led to the temporary introduction of spot indexation in long-term contracts. In the market conditions prevailing in early 2011, this resulted in a decrease in the contract price. The recovery in demand coupled with declining domestic European production suggests a gradual resorption in the medium term of the current surplus of the gas supply.

2

PRESENTATION OF ACTIVITIES

2.1 ORGANIZATION OF ACTIVITIES AND DESCRIPTION OF BUSINESS LINES

2.1.1 ENERGY FRANCE BUSINESS LINE

2.1.1.1 Mission

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

2.1.1.2 Strategy

The Energy France business line is a player committed to sustainable development in France mainly through:

- its production facilities, which have a low carbon footprint and include a high percentage of renewable energy sources;
- service ranges aimed at managing energy demand and promoting renewable energy sources in the home environment;
- initiatives to help low-income customers and a recognized corporate social responsibility.

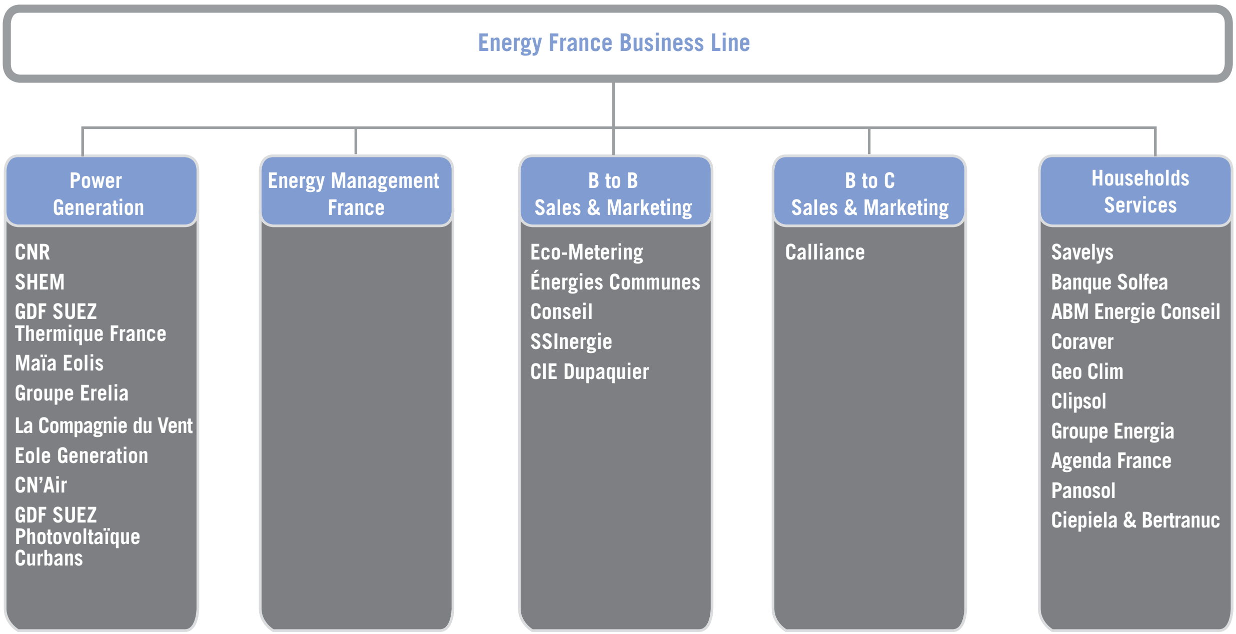
By integrating the upstream energy (electricity) activities with those downstream, the Energy France business line is attempting to create value for the Group and to be an energy engineer:

- principal challenger in electricity production and marketing;
- a leader in the long term in the marketing of natural gas;
- leader of eco-comfort solutions in the home environment.

The Energy France business line has set up three objectives:

- to develop and operate large electricity generation facilities in France, while maintaining a blend of capacities making it 75% carbon-neutral;
- to grow the value of its customer base;
- to build a strong position on the expanding residential eco-comfort market.

2.1.1.3 Organization



2.1.1.4 Key figures

In millions of Euros	2010	2009	Total change *(in %)*
Business line revenues	14,982	13,954	+ 7.4%
EBITDA	1,023	366	+ 179.5%

Power generation capacity *(in MW)* – Financial communication data (100%)	2010	2009
Thermal power plants	2,147	1,698
Hydroelectric power plants	3,728	3,720
Other renewable energy sources	926	602
Nuclear (drawing rights)	1,108	1,108
TOTAL	**7,909**	**7,128**

Natural gas sales *(in TWh)*	2010	2009
Residential and small and medium enterprises	152.3	139.0
Business and local authorities	140.1	135.1
TOTAL	**292.4**	**274.1**

Electricity sales *(in TWh)*	2010	2009
Retail customers	5.4	4.0
Key Account customers	9.1	8.6
Market sales	20.4	20.2
Purchase obligations	1.6	1.4
TOTAL	**36.5**	**34.2**

Electricity production *(in TWh)* - accounting consolidation method	2010	2009
Thermal power plants	7.7	6.1
Hydroelectric power plants	16.3	14.8
Other renewable energy sources	1.1	0.9
Nuclear (drawing rights)	7.6	7.5
TOTAL	**32.7**	**29.2**

Number of customers *(in thousands)*	2010	2009
Number of energy sites	11,322	11,319
Number of natural gas sites	10,183	10,394
Number of electricity sites	1,139	925
Number of boiler maintenance contracts	1,540	1,509

2.1.1.5 2010 highlights

- Launch of the DolceVita Zen Box offer;
- Start of the Curbans site (solar photovoltaic farm);
- Public enquiry about the offshore wind farm project "the Deux Côtes" (700 MW off the coast of the Seine-Maritime and the Somme districts);
- Launch of the Gaz de France DolceVita mobile website which allows individual customers to access their account online, request a move or get information about their water heater using their mobile phones;
- Acquisition of a majority shareholding on May 31st in Panosol, consultant engineers in solar, thermal and photovoltaic power covering much of the south-west, traditionally based in Toulouse;
- Acquisition of a majority shareholding on July 8th in PDF, which controls Agenda France, leader in France of statutory real estate troubleshooting, organized as a network of 150 franchises covering the whole of the territory;
- Entry into commercial service in July of the Combigolfe thermal power station (435 MW at Fos-sur-Mer);
- Provisional acceptance in November of the thermal power station at Montoir-de-Bretagne (435 MW).

2.1.1.6 Power generation BU

GDF SUEZ has followed its power generation capacity development with the commissioning of 781 MW to give it a total installed capacity of 7.9 GW at the end of 2010. GDF SUEZ is therefore the largest French operator of combined-cycle gas plants, the 2nd largest hydroelectricity producer and the largest wind farm operator in France.

The production base in France is carbon-light – with 73% of facilities having no emissions – and comprises a large share of renewable energy.

Thermal power

The Power Generation BU brought the Combigolfe combined cycle gas plant (435 MW at Fos-sur-Mer) into commercial service in July and went ahead with provisional acceptance of the SPEM combined cycle power plant (435 MW at Montoir-de-Bretagne) in November.

The Cycofos combined cycle power plant was shut down from the end of February until mid-October following a step-up transformer fault. As in 2009, DK6 has demonstrated excellent availability. In 2010, thermal energy production was 7.7 TWh.

Hydroelectric power

CN'Air brought the Cheylard power station (2.7 MW - Ardèche) into operation on January 1st, 2010. The CNR also has three PCH (small hydro-electric power concessions) under construction: the PCH at Chautagne (5.3 MW - Ain) and Belley (4 MW - Ain) and the Yenne sill development (0.5 MW - Ain).

Hydro-electric energy production for 2010 (CNR+SHEM) was 16.3 TWh, down compared with the potential resource owing to a low hydro-electric flow.

Other renewable energy sources

GDF SUEZ (via its subsidiaries Maïa Eolis, La Compagnie du Vent, Erelia, CN'AIR and Eole Generation) brought 320 MW of wind power capacity on stream during 2010. At the end of 2010, GDF SUEZ had 922 MW installed capacity in onshore wind power (807 MW Group share), making it the leader in wind power in France with 16% of the market.

Among the wind farms brought into service in 2010 are France's two largest: the Hauts Pays wind farm (78 MW in Haute-Marne, developed by Erelia), the Group's first wind farm and third in France to be connected directly to the national grid, over a 225,000 volts HT line; the Germinon wind farm (75 MW in the Marne, developed by Eole Generation).

GDF SUEZ is continuing its wind power development with a 150 MW farm under construction as at December 31st, 2010.

Through its subsidiary La Compagnie du Vent, GDF SUEZ is also studying offshore wind power. Its proposed construction of a 700 MW offshore wind farm off of the Somme and Seine-Maritime regional coastlines--the so-called "Deux Côtes" or "Two Shores" project--was the subject of a public hearing from April 28 to September 10, 2010. During this process, La Compagnie du Vent modified its plan to respond to the concerns expressed by stakeholders. [1]

The Group is also developing its activity in photovoltaic projects, sited on open land and on large roof structures. In 2010, 4 MWp was brought into commercial service by the CNR: the Saulce sur Rhône station (4 MWp - Drôme) and the Bollène station (0.1 MWp - Vaucluse). 40 MW are currently under construction, with the largest being that at Curbans (33 MWp - Alpes de Haute-Provence), the site for which was launched in February 2010.

In terms of actual production, the first half of 2010 recorded particularly low winds. Annual wind farm power generation totaled 1,100 GWh (accounting consolidation method) in 2010.

Nuclear power

In France, GDF SUEZ holds 1,108 MW drawing rights in the Chooz B and Tricastin plants, which produced 7.6 TWh in 2010.

(1) On January 25, 2011, the French President announced that a call for tenders for the installation of 3 000 MW offshore wind farm would be launched in early May 2011, including 750 MW in the Tréport zone.

2.1.1.7 Energy management BU

The mission of the Energy Management BU is:

- to optimize and maximize the value of the business line electricity assets portfolio;
- to supply and transmit energy to the marketing BUs at the best possible price and with the necessary flexibility and up to end-customer points-of-use for electricity, gas and environmental products (green certificates, CO_2 credits, etc.);
- to achieve portfolio management synergies within the Energy France business line and the Group's other business lines by capitalizing on the natural risk reduction in all activities (upstream-downstream integration, complementarity between production assets).

At the end of 2010, the Energy Management BU had a highly diversified electricity portfolio consisting of complementary technologies: nuclear drawing rights, four combined cycle gas plants and advanced run-of-river and cutting-edge hydro facilities.

In 2010, the BU intensified the routine exchange of interests with the Group's various portfolio management entities (CNR, the entity *"Trading and Portfolio Management Europe"* from the Energy Europe & International business line) for buying and selling energy (gas and electricity in France) in order to limit the need to deal on the wholesale market.

With the Global Gaz & LNG business line, this BU manages natural gas supplies to its combined-cycle plants and for the Energy France business line's sales and marketing BUs. It is also responsible for managing shipping over the gas distribution network within the scope of the business line and for hedging the France business line's gas-market risks.

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

- of sellers, by providing them with competitive sourcing;
- of an increasingly broad and diversified production asset base.

2.1.1.8 Provalys energy performance BU

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

As of December 31st, 2010, it managed a portfolio of almost 260,000 gas sites and more than 115,000 electricity sites. Its natural gas sales in 2010 were 140 TWh, compared to 135 TWh in 2009. The rise in sales in 2010 is attributable to the cold weather climate, which broadly offset customer losses.

The BU aims to:

- obtain the loyalty of its customers and sustain itsnatural gas sales volumes;
- continue developing its portfolio of electricity customers;
- support its customers in managing energy consumption through innovative offers, thereby maintaining its market share by building customer loyalty.

It aims to steer its customers towards a comprehensive approach to energy, combining business performance and respect for the environment.

It relies on a portfolio of recognized brands, including Gaz de France Provalys, and bases its action on two pillars: customer recognition (relevance, performance, proximity) and responsibility (sustainable relations and support to better energy management). It offers a range of innovative packages, for example the AlpÉnergie electricity offers, which provide access to a renewable electricity supply from GDF SUEZ hydro-electric energy production and offers for energy eco-control engineering.

It has added to its portfolio of service packages to local and regional authorities by developing its *Énergies Communes Conseil* subsidiary and relying on the GDF SUEZ Énergies Communes brand name - "the alliance for quality of life in the regions" – which targets elected officials and regional public servants.

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

2.1.1.9 Household and business customers BU

The Household and Business Customers BU markets natural gas to almost 9.7 million residential customers and 263,500 business customers and sells electricity to 939,000 residential customers and 85,000 business customers, and related energy services on these two markets, based on:

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

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

The BU's 2010 highlights

- **A solid position in the natural gas market and conquest of the electricity market in line with targets**

The BU maintains its competitive positions on its traditional natural gas market with a reduction in the number of customers limited to 207,000 in 2010 and the sale of 152.3 TWh of natural gas.

One of the BU's main challenges is to meet its customers expectations of dual offers (gas + electricity) and thus to retain their loyalty. In 2010, GDF SUEZ confirmed its position as the principal challenger in the electricity segment with 939,000 residential customers (214,000 residential customers added in 2010) and 85,000 business customers. The NOME (New Organization of the Electricity Market) law should enable the BU to contemplate a more sustained development on the electricity market, while creating fairer competitive conditions.

- **An improvement in customer satisfaction in 2010, in a context where the participants are highly sensitive**

Customer satisfaction improved, helped by a significant reduction in the number of complaints (-70% since 2008). These results were achieved while carrying out an extensive re-organization of the BU, which rationalized its call centers, again improving the level of professionalism, performance and the quality of its production system.

At the same time, a rise in power of the parties representing the consumer society has been observed (national energy mediator, consumer associations, French government mediator) who are responsible for putting forward their position on energy with greater impact in the media.

- **A sales positioning centered on customer-focused energy expertise that strongly reinforces its energy efficiency credentials**

The range of advice and support solutions focused on the BU's energy efficiency was reinforced in 2010 with the launch of the Zen Box offer, the interactive "Les Ecohabitants" (Eco-inhabitants) platform and a new range of DolceVita energy savings loans.

- **A corporate citizenship commitment, which resulted in the award, in 2010, of 2 Corporate Social Responsibility (CSR) labels**

In 2010, the BU obtained RSE certification as an integrated Contacts Center (certificate renewed) and as a Principal. These certificates, issued by the Social Responsibility Awards Association, testify to the BU's commitment to improving the well-being of its staff and the quality of its relations with service providers managing Customer Relations Centers.

2.1.1.10 Household services BU

The mission of the Household Services BU is to develop energy efficiency solutions for residential customers in their homes, incorporating renewable energy sources. This is a growth driver for the Energy France business line in a very fast-moving market.

The BU's offer aims to meet the *Grenelle de l'Environnement* [Environment Summit] objectives, while creating value and synergies among its various activities.

The Energy France business line is keen to consolidate its position as a leader in France of eco-comfort solutions for its domestic customers, with a clear position based on the quality of the plant in the long term, taking full responsibility for meeting the customer's requirements (advice-works-funding-maintenance) and the development of a package that brings together the energy system and building renovation (insulation).

It has three activities:

- maintenance of efficient energy systems (Savelys);
- design and installation of efficient energy systems (eco-comfort activity);
- financing of eco-efficiency projects (Banque Solfea).

Savelys

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

Savelys and its subsidiaries are present across France, with over 250 agencies and this makes them the market leader (over 1,540,000 boilers under contract) with approximately 30% market share and number two in Europe after British Gas.

Its portfolio is broken down as follows:

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

During 2009, French legislation was tightened up, making annual servicing of domestic boilers by a qualified professional compulsory.

Eco-Comfort

Customer demand and stricter regulatory restrictions have seen the Energy France business line commit voluntarily to energy efficiency and renewable energy for households (which it calls "eco-comfort"). Since 2009, the eco-comfort activity has been the leader in France of energy-efficient solutions for the individual customer, in particular with 8% of the market share being solar panel installations.

For 2010, turnover was €82 million (compared with €70 million in 2009), with a workforce of 535.

After 2009, which was marked by the integration of the first subsidiaries, the highlight in 2010 was an additional development with three acquisitions:

- acquisition of a majority shareholding on May 31 in Panosol, consultant engineers in solar, thermal and photovoltaic power covering much of the south-west, traditionally based in Toulouse;
- acquisition of a majority shareholding on July 8 in PDF, which controls Agenda France, leader in France of statutory real estate troubleshooting, organized as a network of 150 franchises covering the whole of the territory;
- purchase of Ciepiela & Bertanuc, Somme Gaz Dépannage Entretien, and Servi Chauffe, companies, which operate a portfolio of approximately 63,000 heating system maintenance agreements.

With its other subsidiaries - ABM Énergie Conseil (thermal engineering & design office), Clipsol (manufacturer of thermal solar systems and photovoltaic integration kits), Energia conseil, Coraver and La Maison des Energies Renouvelables (designer and installer of renewable energy solutions) - the eco-comfort activity is able to offer a wide range of packages: surveys, trouble-shooting, solutions including air/air and air/water heat pumps, geothermic, thermal solar and photovoltaic solar.

Banque Solfea

In 2010, Banque Solfea continued its development in the market for eco-efficiency in the home.

To achieve this, it focused on four main markets: financing of gas installations, thermal building renovation and insulation, which has developed through the zero-rated eco-loan as well as services (maintenance, trouble-shooting, etc.).

Photovoltaic solar energy, which has shown continuous growth since its launch in 2009, completes its commitment in the environmental segment. The bank has accordingly developed close partnerships with some ten corporations.

In August 2010, the Standard & Poor's rating agency confirmed its "A - negative long-term outlook" rating and "A1 short term" rating of Banque Solfea's capacity to issue €900 million worth of loans.

2.1.1.11 Regulatory framework

Risks related to administrative rates

Some of GDF SUEZ's energy and service sales are conducted under pricing that is subject to specific French laws and regulations. French laws and rules, European regulation and decisions by the regulators (in particular, the Energy Regulation Commission for access rates to some infrastructures) are likely to affect GDF SUEZ's sales, profits or the profitability of the sales and marketing activities in France, depending on the repercussions for supply costs or excluding supply in rates for natural gas sales.

Sale price of natural gas

GDF SUEZ sells natural gas based on two pricing systems:

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

Administrative rates

There are two types of administrative rates:

- public distribution rates for customers who use less than 5 GWh per year and are connected to the distribution network;
- subscription rates for customers who use more than 5 GWh per year and are connected to the distribution network or directly to the transmission network.

The overall pricing structure is fixed in France by the Law of January 3, 2003 and the Decree of December 18, 2009, which together regulate the rate of natural gas fuel sold via the French transmission and distribution networks. These provisions state that prices must cover corresponding costs. The decree clarifies the roles of government and the French Energy Regulatory Commission (CRE). Once a year, the government publishes a decree, after taking advice from the CRE, setting out the changes in non-material costs and the formula representing the changes in supply costs.

In the interval between any two governmental decrees, GDF SUEZ, after review by and advice from the CRE, can pass on changes in supply costs resulting from the implementation of the pricing formula.

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

- changes in supply costs are taken into account each quarter, based on the prices of oil products (domestic fuel oil and heavy fuel oil in Rotterdam, Brent) and the dollar/euro exchange rate over the six-month period ending one month before the price revision date;
- changes in non-supply costs (including a reasonable profit margin for this type of activity) are calculated based on the necessary costs in supplying natural gas to public distribution customers.

Formula representing supply costs

In its opinion of August 31*st*, 2010, the CRE confirmed that the formula used from 2008 to 2010 for the public service agreement is a correct approximation of GDF SUEZ's supply costs. In its opinion of December 2010, it also gave a favorable ruling on the use of the new formula proposed by GDF SUEZ. This incorporates the result of the latest agreements with suppliers on long-term contracts supplying the French market and introduces a market indexation of about 10%, consistent with its contracts. This formula was confirmed by the decree of December 9*th*, 2010.

Public distribution rates

Public distribution rates apply to approximately 9.5 million customers. There are currently six main categories of public distribution rates: four for residential use or small shared boiler rooms, as well as two seasonally adjusted rates (gas prices being higher in winter than in summer) for medium and large shared boiler rooms. The B1 rate (and similar) applies to individual heating, cooking and hot water for domestic purposes. This applies to the majority of customers, approximately 6.8 million as of December 31, 2010.

Change in public distribution rates

Pursuant to the new procedure, as defined by the Decree of December 18*th*, 2009 and the Order of December 21, 2009, natural gas public distribution rates were increased on average by 9.7% in April 2010 and by 5.1% in July 2010.

Subscription rates

As of December 31, 2010, subscription rates applied to some 900 customers. These rates change quarterly, as proposed by GDF SUEZ after advice from the CRE and taking into account any change in the dollar/euro exchange rate and price indices representative of supply contracts. The rate paid by any particular customer depends on consumption volume and maximum daily flow, as well as the distance between the primary transmission system and the point of delivery (for customers connected to the transmission network) or between the transmission network and distribution network to which the customer is connected.

On January 1, 2009, the pricing structure and rates levels were updated to reflect infrastructure costs and marketing costs. Subscription rates have moved upwards during 2010, given the changes in supply costs (+ €5/MWh).

2.1.2 ENERGY EUROPE & INTERNATIONAL BUSINESS LINE

2.1.2.1 Mission

GDF SUEZ Energy Europe & International (GSEEI) is responsible for the Group's energy activities and services all around the world excluding France. Electricity and natural gas are the core businesses with activities in electricity production, trading, marketing and sales, and on the gas side, transport, storage, distribution, marketing and sales, including LNG regasification terminals. GDF SUEZ Energy Europe & International manages a total of 67.9 GW[1] of capacity in operation with a further 16.6 GW in construction[2]. With operations in 32 countries, GSEEI customers include governments, industry, the tertiary sector (commercial and public undertakings), as well as residential energy users.

2.1.2.2 Business strategy & growth priorities

GSEEI has established a business model based around two complementary approaches: System player and Asset Developer.

As a system player GSEEI creates value through integration of its gas, electricity, and/or service businesses in a limited number of markets where our positions are already well developed and where the regulatory and market structure makes market entry and integration possible (e.g. Benelux & Germany, Italy, Romania, Hungary, US & Mexico, Brazil, Chile, Peru, Thailand, Singapore). The "system play" business model is a long-term strategy based on achieving industrial synergies, economies of scale, portfolio management, trading, marketing and sales capabilities, as well as credibility and reputation.

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

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

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

to develop existing positions into system plays or to optimize an existing system (portfolio management).

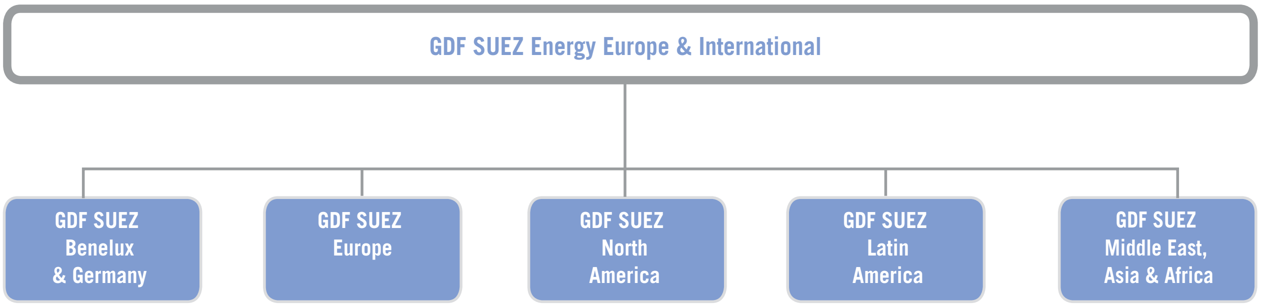
The main strategy guidelines can be summarized as following:

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

2.1.2.3 Organizational structure

The business line is organized around a matrix structure of five geographical business areas which interact with six support functions at the headquarters in Brussels. Both the support functions and each of the business areas report directly to the CEO.

The five business areas are the following: Benelux & Germany, Europe (excluding Benelux, Germany and France), Latin America, North America and Middle East, Asia & Africa, with respective headquarters in Brussels, Paris, Florianopolis (Brazil), Houston (US) and Bangkok (Thailand). Each business area is headed by a regional manager who is responsible for the financial performance of the operational activities of the relevant business area, and proposes strategic orientations and new development actions.



The business areas are coordinated by a ‘lean’ corporate structure at the Energy Europe & International business line’s headquarters in Brussels, organized in six functional clusters: Strategy; Finance; Human Resources, Communications and Legal; Business Development Oversight; Markets & Sales; and Operations. The functional support managers and their teams provide supervision, guidance, common methodologies and procedures, suggestions for improvements and knowledge and experience gathered from across the organisation to the regional teams.

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

Energy trading and optimization (portfolio management and trading)

GDF SUEZ Energy Europe & International business line is a frontrunner in energy trading in Europe. The business related to the energy markets in Europe is conducted by Trading and Portfolio Management Europe (TPM Europe).

TPM Europe connects the wholesale energy markets with the assets. The scope of the related trading activity is set by the asset portfolio and risk management needs.

During the last twelve years TPM Europe has been a leader in the development of European energy markets, today playing a key role in its core markets of Central Western Europe power, gas, coal and emission allowances while driving the development of less liquid power and gas markets in Eastern, Southern and South Eastern Europe.

Thanks to its experience and scope, TPM Europe can offer products and services by combining the physical supply of electricity and natural gas and financial instruments. It optimizes its global energy margin on markets (fuel purchases, optimization of electricity produced, and providing sales).

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

Over 2010, TPM Europe has optimized net flows of 131 TWh of power, 173 TWh of gas, 2 million tons of coal and 1.5 million tons biomass in Benelux and Germany, while expanding its activities in the rest of Europe.

The GDF SUEZ Energy Europe & International business line is also actively promoting better electricity market integration in Western Europe. As an active participant in these markets, it supports initiatives from the authorities and markets concerned. Since the end of 2006, Powernext (France), Belpex (Belgium) and APX (The Netherlands) have worked concurrently, and these three markets' hourly rates converge most of the time, while at least 2 markets have the same price during more than 98% of the time. The Energy Europe International business line welcomes the provided extension to Germany's EEX market as well as its coupling with the Nordic market in November 2010. The business line also appeals to further improve the temporary cross-border intraday systems between the mentioned markets with a continuous trading platform as this is the target model proposed by the Florence Forum. GDF SUEZ Energy Europe & International business line was in 2010 also closely involved in discussions with authorities and associations on upcoming legislative initiatives at EU and national level, in particular with regard to market transparency and integrity and the new auctioning regulation for CO_2 emission allowances.

GDF SUEZ has set itself the objective of setting up in 2011 a European leader in the energy trading activities. In this context, the Group initiated a project to unify its energy trading activities in Europe, currently being undertaken by the entity "TPM Trading" of GDF SUEZ Energy Europe & International and Gaselys (see section 2.1.7 for description of this project).

TPM Europe Presence in Energy Markets

Power

With first day experience in the liberalized European power markets, TPM Europe today has access to almost all European Power Exchanges (Spot and Futures), OTC-based power trading, cross-border capacity and structured products like virtual power plants.

Backed by strong risk management capabilities and extensive physical generation capacity, TPM Europe provides GDF SUEZ Customers with tailor-made solutions.

Natural Gas

Backed by an extensive gas-fired generation fleet and a strong gas customer base, TPM Europe is active on the main Natural Gas trading hubs and Exchanges throughout Europe and participates on Emerging gas hubs. It also covers Natural Gas transportation (physical and virtual), storage (physical and virtual) and Options markets, giving access to a wide range of instruments allowing optimizing power plants flexibility needs.

Currently, a substantial share of the European Natural Gas market is still linked to Oil and Oil Products (Brent / WTI, Oil Baskets, Heavy Fractions, Light-Ends and Distillates) through indexation mechanisms. Consequently, TPM Europe operates a fully-fledged Global Oil Desk giving portfolio management access to an extensive product range.

Green Products and Emission Allowances

TPM Europe was one of the early movers to offer a wide range of products and services in the environmental and renewable energy markets.

TPM Europe assists retailers, producers and traders in optimizing their environmental needs, risks and opportunities while arbitraging EUA and CER forward curves. The main focus is currently on the Dutch and Belgian Green Certificate markets, as well as on the European Emission Trading Scheme (ETS EUAs). TPM Europe is also investing resources in other local guarantees of origin markets and the Dutch NOx Trading Scheme.

Coal, Freight and Biomass Products

TPM Europe is active in the global physical and financial coal and freight markets. It deals in financial products on coal indexes such as API2, API4 and Newcastle, and also deals in FFAs (Forward Freight Agreements) on Dry Bulk Freight Indexes such as CS4TC and PM4TC.

TPM Europe is one of the prominent physical coal players on the ARA (Amsterdam Rotterdam Antwerp) and Richard's Bay (South Africa) coal marketplaces, where it actively contributes to the API2 and API4 indexes. TPM Europe sources and supplies physical coal and freight to the power stations in Belgium, The Netherlands and Germany.

Through its know-how in coal, freight and logistics, TPM Europe delivers coal and freight to various end-users and affiliate companies around the world.

It is also the single largest buyer of industrial wood pellets in the world. It ships these products from various sources globally, to ARA, where they are transported and supplied to power stations in Belgium and The Netherlands.

Cross Commodity Products

To optimize and manage operational margins of gas and coal fired plants TPM Europe has developed a cross-commodity expertise being strongly present in the European Spark and Dark Spread landscape.

Risk Management & Governance

The TPM Europe activities are governed by several risk policies. Risk control teams are reporting to the CFO of the business area Benelux & Germany and are thus fully independent from the TPM Europe managerial line. On a daily basis, risk control monitors the performance and market risk of the trading portfolio. Compliance with market risk limits as defined in the trading risk policy is monitored on a daily basis. Market risk is generally assessed based on Value-at-Risk, complemented by volumetric limits, tenor limitations and stress tests.

A “new product approval” process needs to be completed before engaging in any new product in the trading portfolio. The Risk Committee reviews on a regular basis the trading activities and any requests for new activities.

A credit risk policy defines the process for assessing the creditworthiness, setting credit limits and overall credit exposure monitoring. Risk control is responsible for assessing TPM Europe counterparts and setting the credit limits. TPM Europe is engaging in multiple actions for reducing credit risk, such as netting agreements, margining agreements, clearing, parent company guarantees, etc. The credit limits and exposure situation are systematically reviewed and ratified at each Risk Committee.

In the United States, the energy trading activities carried out by the companies of GDF SUEZ Energy North America (GSENA) involve integrated risk management related to the wholesale prices of staple products for the entire asset portfolio involved in electricity production, LNG, and retail electricity contracts of GSENA. GSENA manages its hedging activities in the United States through its affiliate GDF SUEZ Energy Marketing NA, its trading and portfolio management entity.

2.1.2.4 Key figures

Altogether, GSEEI activities represented nearly €31,770 million of revenues in 2010 for a total workforce of 35,862[(1)] people as of December 2010.

In millions of euros	2010	2009	Organic %
Revenues	31,770	28,350	%
EBITDA	5,831	5,027	%

Note*	BENELUX & GERMANY	EUROPE	NORTH AMERICA	LATIN AMERICA	MIDDLE EAST, ASIA & AFRICA
Capacity in operation *(GW)*	19.2	15	7.4	10.6	15.7
Capacity in construction *(GW)*	1.5	0.3	0.7	5.8	8.3
Electricity production *(TWh)*	92	50	27	55	69
Electricity sales *(TWh)*	131	54	60	49	26
Gas sales *(TWh)*	90	113	63	13	1

* *All information as of December 31, 2010. Installed capacity is consolidated at 100%; sales figures are consolidated according to accounting rules.*

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

2.1.2.5 GDF SUEZ Energy Europe & International 2010 Highlights

January 2010 - GDF SUEZ and Codelco announced the closing of the merger of all their electricity assets in the Chile's Northern Electricity Grid as well as gas transport and regasification activities into one entity, which is now named E.CL.

February - GDF SUEZ announced its increased ownership interest in the Astoria I power plant in New York in the United States to 58.54%.

March - The audit team from the International Atomic Energy Agency (IAEA) carried out an in-depth audit at units 1 and 2 of the Doel nuclear power station in Belgium, and acknowledged that safety is a priority and that efforts are continually being made to optimize safety and reliability at the facilities. As such, the general conclusions are in line with the results of a similar audit carried out earlier at the Tihange nuclear power station.

March - GDF SUEZ Energy Resources North America announced plans to enter into four new Pennsylvania retail electricity markets in the United States in 2011.

April - The GNL Mejillones regasification terminal in Chile started daily deliveries of two million cubic metres of regasified LNG to four major mining companies in Northern Chile and to the generation companies E-CL and Gas Atacama. The terminal will be supplemented with an on-shore LNG tank, which will be completed by 2013 and have a capacity of 175,000 m^3.

May - GDF SUEZ is awarded for the construction and operation of Barka 3 and Sohar 2, two new independent power projects in Oman. The financing for the two projects was completed in September.

June - GDF SUEZ and its partners announced that they will start construction of the Riyadh IPP power project, situated approximately 125 km west of the capital of Saudi Arabia.

July - GDF SUEZ laid the corner stone of the world's largest power station fuelled entirely by biomass in Poland.

July - GDF SUEZ confirmed USD 600 million investments in Peru, with the construction of a new hydroelectric power plant at Quitaracsa, and the conversion of the thermal power station at ChilcaUno to combined cycle.

August – GDF SUEZ and International power announced the merger of International Power with GDF SUEZ Energy Internationa(1), creating the global leader in independent power generation. The closing of the transaction occurred on February 3th 2011

October – Electrabel reached commercial operation of its new Maxima power station in the Netherlands. The plant comprises two ultramodern CCGT units of net 435 MW each, with efficiency of almost 60%. The Maxima power plant will produce enough electricity to cover the consumption of about 1.6 million households.

November - GDF SUEZ, Iberdrola and SSE established a joint venture company, NuGen, which aims at developing a new generation nuclear power station of up to 3.6 GW on land in West Cumbria, North West England.

2.1.2.6 Creation of Enlarged International Power

The takeover of the International Power ("International Power") group by the GDF SUEZ Group, announced publicly on August 10, 2010, became effective on February 3, 2011, the date on which the final conditions precedent stipulated in the Merger Deed of October 13, 2010 were lifted and after approval by the General Meeting of the Shareholders of International Power on December 16, 2010. The various regulatory authorizations required have been obtained. The prospectus for this transaction and all the associated documentation are available at *gdfsuez.com*. For the details of the takeover arrangements, see also in this reference document, memorandum on the financial statements no. 27 "subsequent events".

The combination of GDF SUEZ Energy International(1) and International Power results in the creation of the world's leading independent electricity producer, with the expanded asset base formed by the assets of International Power and GDF SUEZ Energy International. On completion of the merger, GDF SUEZ holds 70% of the voting rights in Enlarged International Power(2), listed on the London Stock Exchange. The shareholders of International Power (excluding the holders of new ordinary shares) received an extraordinary dividend of 92 pence per share. GDF SUEZ Energy International was transferred to International Power with €6.5 billion (£5.6 billion)(3) of net indebtedness (situation as at December 31, 2010)(4). After finalizing the transaction, the new unit is now part of the Energy Europe & International business line in the GDF SUEZ Group's organization.

(1) GDF SUEZ Energy International comprises the assets of the GDF SUEZ Energy Europe & International outside Europe as well as certain assets in the UK and in Turkey.

(2) Enlarged International Power is defined as the entity resulting of the combination between GDF SUEZ Energy International and International Power.

(3) Including IAS39.

(4) 2010 Audited GDF SUEZ Energy International combined financial information.

This transaction reinforces GDF SUEZ's strategic position substantially via the creation of the world's leading independent electricity producer, with 70 GW(1) of gross production capacity in operation and committed projects expected to deliver 17 GW of additional capacity.

Enlarged International Power will have leadership positions in major regional markets (Latin America, Asia, Australia and the Middle East), with an enhanced presence on fast-growing markets. Enlarged International Power will offer an attractive growth profile, given its balanced portfolio of assets, its diversified energy mix (strong presence in hydro-electric generation), its contractual environment (63% of contracted generation) and its significant pipeline of committed projects. This position will be further enhanced by the financial and operational synergies arising from the combination, as well as by the robustness of the financial structure and its improved access to funding.

International Power is a leading independent electricity producer, with 35.4 GW of gross capacity in operation and 2.5 GW of capacity under construction. International Power has more than 50 power stations across five core regions - North America, Europe, the Middle East, Australia and Asia. It has a pipeline of greenfield growth opportunities across its core markets, particularly in Asia, in the Middle East and in North Africa. International Power has a strong financial profile (sales of €4.4billion and EBITDA of €1.4 billion in 2010)(2).

GDF SUEZ Energy International is a leading independent electricity producer with 35.8 GW of gross production capacity and has strong positions in four main regions: North America, Latin America, Middle East and Asia. It is a leading electricity retailer for industrial and commercial companies in the United States, as well as a major LNG importer (Everett and Neptune LNG regasification terminals). It has a balanced portfolio in terms of assets, geographical location, energy mix (strong presence in hydro-electric generation) and contractual/regulatory environments (75% of contracted generation as at December 31, 2010). GDF SUEZ Energy International offers attractive growth prospects through a large portfolio of committed projects (14.7 GW), which includes Estreito and Jirau in Brazil and Ras Laffan C, Barka 3/Sohar 2 and Riyadh PP11 in the Middle East.

In 2010, GDF SUEZ Energy International generated sales of €11.4 billion and EBITDA of €2.6 billion.

The Relationship Agreement concluded between Electrabel, GDF SUEZ and International Power governs relations between GDF SUEZ and Enlarged International Power, as well as governance of Enlarged International Power. Following completion, Enlarged International Power will be the platform through which GDF SUEZ will drive its international development in energy infrastructure markets and, as part of the Combination, the parties will enter into a non compete arrangement for Continental Europe. Enlarged International Power will be able to grow its existing downstream LNG activities but nuclear activities, as well as future development in upstream and midstream gas / LNG activities, will be solely driven by GDF SUEZ.

The transaction is a value creator, accretive at the level of Earnings Per Share (EPS) as from the first year. The Group is increasing its international operations in the regions with the highest growth, while maintaining its financial flexibility. The accounts of the Enlarged International Power will be integrated into GDF SUEZ's financial statements with effect from February 3, 2011. The additional annualized synergies before tax are projected at €70 million at GDF SUEZ level.

This transaction is truly defining for GDF SUEZ, illustrating the Group's philosophy and strategy of long-term development based on industrial partnerships, balanced production facilities and a unique position in electricity, natural gas and services. It consolidates the international leadership of GDF SUEZ in the global utilities sector, moving the Group into first place in the sector in terms of annual revenue (over €89 billion in 2010). It also makes the Group the n° 1 utility by volume of gas managed in Europe (more than 1,300 TWh).

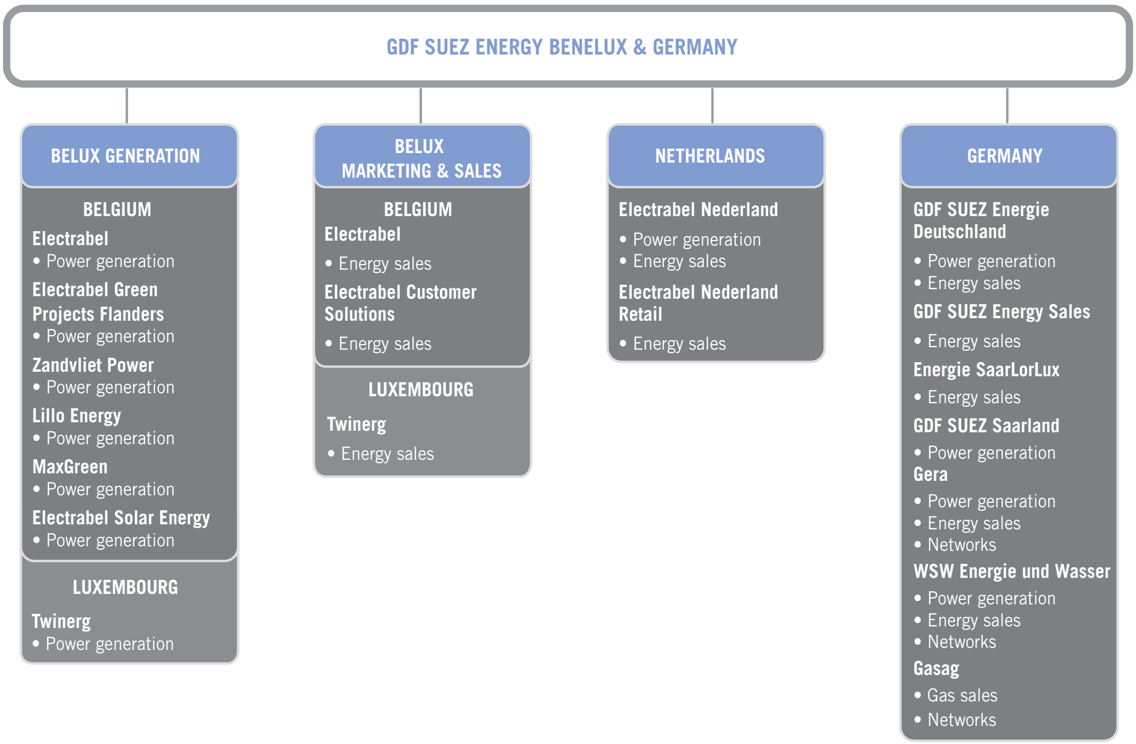
Finally, this merger will sharply accelerate GDF SUEZ's industrial development and allows it to reach its development objectives three years ahead of schedule. GDF SUEZ boosts its total production to more than 100,000 MW in installed capacity, which will increase to 130,000 MW within three years after the commissioning of the projects currently under construction.

(1) GDF SUEZ Energy International gross installed capacity as at December 31, 2010; gross capacity of International Power as at December 31, 2010; Al Hidd power station (approx. 1 GW) owned jointly by GDF SUEZ Energy International (30%) and International Power (40%).

(2) International Power's 2010 financial data have been restated to present date in accordance with the Group's accounting and presentation policy.

2.1.2.7 GDF SUEZ Energy Benelux & Germany

GDF SUEZ Energy Benelux and Germany is active in the areas of power and heat generation, and in trade and supply of power, natural gas and energy services. It is organized in 4 entities: two countries (the Netherlands and Germany) and two business segments in Belux (power generation and marketing & sales).



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

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

Belgium

In Belgium, GDF SUEZ's fully owned subsidiary Electrabel is the leading player in the power sector with a generation capacity of approximately 11,535 MW, including nuclear power units in Doel and Tihange, thermal power plants (mainly gas fired), a wide range of renewable energy installations and the pumped storage facility in Coo (1,164 MW). Electrabel has commissioned in 2010 a new 305 MW "Knippegroen" plant at the Arcelor Mittal site in Ghent which is fuelled by blast furnace gas from the steel plant and several CHPs and renewable energy based installations, mainly in partnership with industrial customers. The replacement of the steam generators in the Doel 1 nuclear power station increased its capacity by about 40 MW.

Electrabel has on the one hand an important portfolio of large industrial customers, mainly for power supply but also for natural gas, heat and energy services, and is on the other hand active in the electricity and gas retail market segments, with approximately 3.3 million electricity and 1.8 million gas customers.

As part of its commitment to sustainable development, Electrabel had launched in 2008 its plan “Together for less CO_2”, with 10 concrete commitments aiming at reducing its own carbon foot print and helping its customers to reduce their energy consumption and carbon emissions. The company has pursued this policy in 2010, amongst others by developing numerous renewable energy based installations and by promoting GreenPlus, a power product based on 100% Belgian renewable energy. Electrabel is now the leading supplier of “green power” in Belgium, and is also the most important “green producer” with a total installed capacity of 459 MW.

Electrabel has launched in October 2010 a large-scale campaign focusing on customer service, whose quality has substantially improved since the full liberalization but which remains a constant challenge and major objective. The external campaign is based on five concrete commitments towards its residential and professional retail customers and is supported by an internal campaign “We care” aiming at mobilizing its staff around these commitments: a response in maximum a minute - less administrative hassle - a problem dealt with on first contact - helping towards smarter energy use - opinions matter.

The company also focused on the service level for its business customers, in particular in three domains: experts at customers’ service; secure supply; accessible information and personal service.

In October 2009, GDF SUEZ had concluded an agreement with the Belgian State which marked a shared commitment to seeing the Group continue to operate in Belgium in a long-term stable legal framework. The main features of this agreement are:

- the Belgian Council of Ministers committed to review the legislation allowing an extension of the operational lifetime of the nuclear plants Doel 1, Doel 2 and Tihange 1 by 10 years (from 40 to 50 years);
- the nuclear producers committed to yearly contribute from 2010 to 2014 between €215 and €245 million to the State budget;
- the nuclear producers committed to launch a €500 million investment program in renewable energy;
- GDF SUEZ committed to recruit over 10,000 staff and gradually create 500 permanent training positions in Belgium by 2015;
- GDF SUEZ committed to substantially invest in research, in particular in energy efficiency and carbon capture storage and to spend €5 million to support nuclear research institutes;
- GDF SUEZ committed to maintain a high level of activity in Belgium and in particular to retain its Energy Europe & International business line and Tractebel Engineering bases in Belgium.

GDF Suez has confirmed at different occasions its willingness to respect the commitments that it has agreed upon and considers that the agreement is also binding for the Belgian authorities, although it has not yet been enacted in Belgian legislation. In this context Electrabel has paid its share in the nuclear tax due for 2010 (€212.3 million).

The federal elections in 2010 and the subsequent difficulties to set up a new government have led to a higher uncertainty of the legal framework in Belgium.

The electricity wholesale market is very open and the use of the interconnection capacity with the neighbouring countries is optimised in order to enhance market liquidity and competition. The available interconnection capacity amounts to almost 40% of Belgium’s domestic demand, which makes Belgium one of the most interconnected countries in the EU. The trilateral market coupling of the Belgian, French and Dutch spot markets has proven its ability to operate efficiently leading to converging prices in the three markets. The day ahead power market coupling has been extended to Germany as from November 9, 2010, which is an important step in the development of the Central West European market and its integration with the Nordic market. In 2010 further initiatives have been taken to also set up a cross border intraday power market, which should become an efficient instrument to cover the balancing and capacity reserve needs.

The involvement of Electrabel in grid activities in Belgium has been further reduced in 2010. The mixed intermunicipal Distribution System Operators (DSOs) have set up fully independent grid companies in each region to operate the electricity and gas distribution networks, and Electrabel now only holds a minority stake of maximum 30% in DSOs.

Electrabel’s participation in the national electricity Transmission System Operator Elia was already reduced to 24.35%. On March 30, 2010, Elia, Publi-T and the group concluded an agreement regarding the terms for the further stepping out of the capital of Elia by Electrabel. In this context Electrabel sold 12.5% of the shares of Elia to Publi-T for a total amount of nearly €160 million, and its remaining stake of 11.85% to institutional investors, thereby bringing the free float of the Elia shares to 52.10%.

The Group has in 2010 also completely stepped out of the capital of the national gas Transmission System Operator Fluxys. On March 23, 2010, the Group and Publigas reached an agreement on the sale to Publigas of the remaining participation Electrabel held in Fluxys (38.50%) for a total amount of €636 million. With this transaction, the participation of Publigas in Fluxys increased to 89,97%, while the free float remained at 10.03%.

The agreement also included the transfer of Electrabel's participation in Fluxys LNG to Fluxys and the handing over of its participation in the Interconnector to a subsidiary of Fluxys. Finally, GDF SUEZ is now totally exempt of the guarantees it granted to Fluxys in June 2008 for its transit activities, at the moment that Fluxys acquired Distrigas & Co. These guarantees are now taken up by Publigas.

The Netherlands

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

In July 2010 Electrabel Nederland has completed the construction of Maxima, its new gas fired power plant in Flevo (870 MW), and has continued in 2010 the construction of its new 800 MW coal/biomass fired power plant (which will be CO_2 capture and storage ready) near Rotterdam. Electrabel has also set up a joint venture with E.ON aiming at realising a large scale demonstration project for capture of CO_2 at E.ON's new coal fired power plant in Rotterdam. The project is designed to capture 1.1 million tons annually which will be transported to a depleted gas field in the North Sea for final storage. This project has been selected for co-funding under the European Energy Programme for Recovery, and will receive additional funding at national level.

In March 2010, a new facility allowing to use up to 25% biomass in co-combustion with coal has been commissioned in Electrabel's conventional power plant in Gelderland (590 MW).

Electrabel is actively involved, either directly or indirectly via the new national association "Vereniging Energie Nederland", in discussions on regulation, and is systematically assessing the impact of changes in legislation and market structure on its business. Specific issues of concern discussed in 2010 are: new retail market model linked to the planned large scale roll-out of smart meters – congestion management and in particular the impact of priority dispatch for renewable energy on its conventional power plants – supranational integration of the wholesale electricity and gas markets – new balancing regime for gas – and the national policy and action plan for renewable energy.

The legally forced unbundling of the vertically integrated distribution and supply companies Nuon and Essent and the acquisition of their supply assets by respectively Vattenfall and RWE has substantially changed the landscape, not only in the Netherlands but also in Belgium where both companies are competing with Electrabel on the retail market segments. The Dutch Law on ownership unbundling has been successfully challenged by two still integrated companies (Eneco and Delta) but the government has announced to enter appeal against the corresponding court decision.

Germany

The group is active in the energy sector in Germany via its subsidiary GDF SUEZ Energie Deutschland AG.

During 2010 the group has successfully integrated in its portfolio the three power plants that it has acquired as a result of a swap agreement with E.ON in November 2009. Its power generation capacity in Germany is now of 2,456 MW; it splits into coal fired power plants with a total capacity of 799 MW, 132 MW of hydroelectric capacity, nuclear power drawing rights for about 700 MW and 91 MW gas fired cogeneration capacity. The remainder consists of stakes in electricity drawing rights from cogeneration plants in Wuppertal, Gera and the Saarland.

GDF SUEZ will own a share of 416 MW in the new CO_2 capture ready 731 MW pulverised coal fired plant currently under construction in Wilhelmshaven. A large part of the civil works was already completed by end 2010. The company is also investing in the refurbishment of its power plant Römerbrücke in Saarbrücken. In the first quarter of 2011, a new and more efficient steam turbine and a new 10 kV switching station will replace the old installations.

The group has a limited but growing market share in the segment of large business customers for both electricity and gas, and is active in power, gas and heat distribution and retail supply through its participations in municipal utilities, in particular Energieversorgung Gera GmbH and Kraftwerke Gera GmbH, Energie SaarLorLux AG, WSW Energie & Wasser AG and GASAG Berliner Gaswerke AG. The sales activities of electricity and gas in the segment of large business customers have been integrated with the establishment in 2010 of GDF SUEZ Energy Sales GmbH.

In October 2010 the German government has adopted an energy concept that established the transition into the "era of renewable energies" as the overall objective of Germany's energy policy. A major element of this new energy policy is the allocation of supplemental production quotas to the nuclear power plants, corresponding to an extension of their operating life time with on average 12 years, and the introduction of levies amounting to some €30 billion that the concerned German utilities will have to pay in return. The market impact of this measure will be limited in 2011 and 2012 as only very few power plants will already have to rely on these supplemental production quotas during this period. There is however a significant regulatory risk that this decision to extend the nuclear lifetime will be challenged and might be revised as a consequence of federal elections or rulings of the constitutional court.

The group is closely watching the development of the regulatory framework for renewable energies in Germany and is exploring together with the municipal utilities in which it participates options for investing into renewable energy sources.

Luxembourg

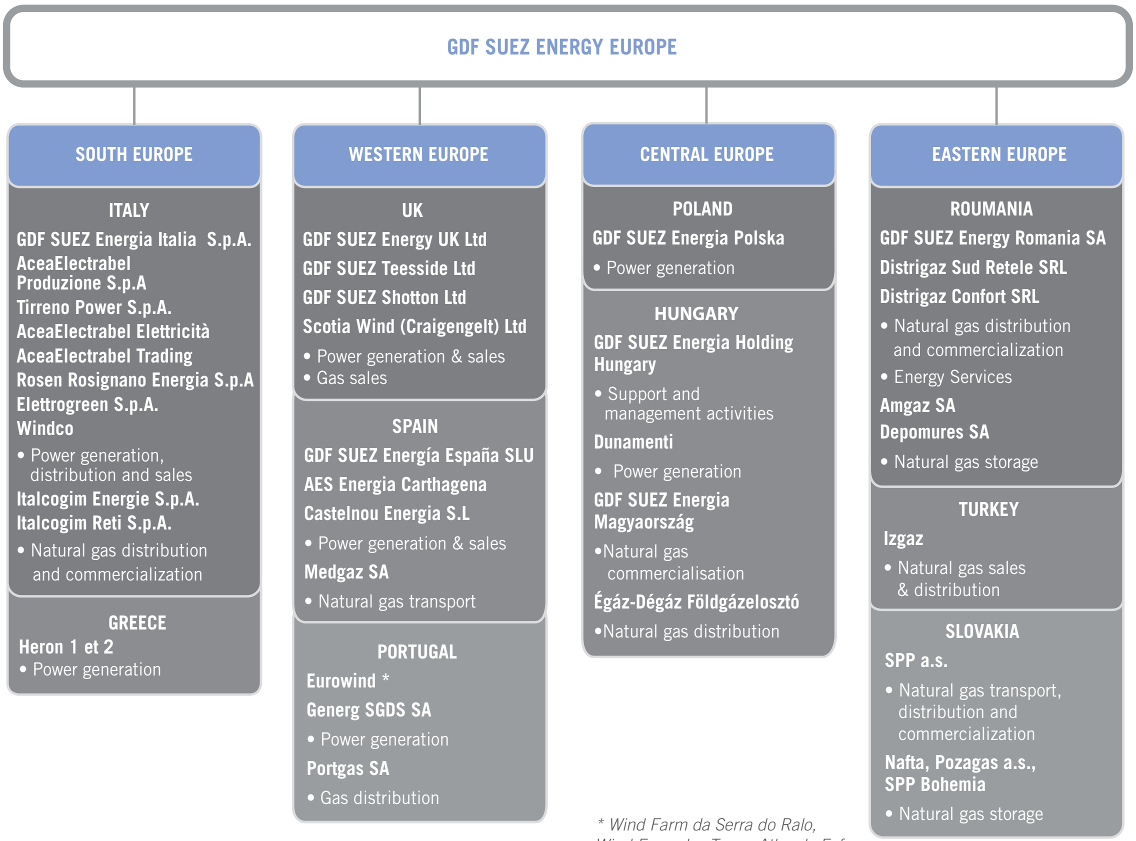
The group is a leading player in Luxembourg with the 376 MW gas power plant of Twinerg. Since end 2010, the company also provides heating services to the Belval region.

2.1.2.8 GDF SUEZ Energy Europe

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

The Energy Europe Business Area's main businesses are electricity production, energy transportation, distribution and storage of natural gas, sales, trading and portfolio management. GDF SUEZ Energy Europe is present in four geographic areas, known as Lead OpCos:

- Southern Europe: Italy and Greece;
- Western Europe: UK, Spain and Portugal;
- Central Europe: Poland and Hungary;
- Eastern Europe: Romania, Slovakia and Turkey (only for gas business).



* *Wind Farm da Serra do Ralo, Wind Farm das Terras Atlas de Fafe, Wind Farm de Mourisca, Wind Farm de Nave.*

The business areas' strategy aims at combining growth and value creation. GSEE pursues two objectives:

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

Southern Europe

Italy

The main activities of GDF SUEZ in Italy are production and sales of electricity, and distribution and sales of natural gas. Based on public information from AEEG[1], in 2010 GDF SUEZ ranked as:

- the third operator in the gas sales to final customers (excluding power generation consumption);
- the fifth operator in gas distribution;
- the sixth operator in power generation in terms of capacity[2].

Most electricity production and sales activities are led in partnership with ACEA, in which the Municipality of Rome holds a majority stake. Through this partnership:

- electricity production activities are conducted by:
  - AceaElectrabel Produzione group (AEP): thermal, hydraulic, and wind power plants, with a total installed capacity of 1,516 MW,
  - Tirreno Power S.P.A.: 3 thermal power plants and 18 hydraulic power plants, with a total installed capacity of 3,263 MW;
- electricity retail activities are conducted by AceaElectrabel Elettricità (AEE). In 2010 AEE had some 1.4 million electricity customers, mainly in Rome. AEE also owns stakes in four regional electricity companies;
- portfolio management and activities, as well as wholesale energy transactions, are conducted by AceaElectrabel Trading (AET).

In September 2010 GDF SUEZ and ACEA reached a preliminary agreement on the restructuring of the partnership between the two Companies in Italy. This transaction will allow both GDF SUEZ and ACEA to focus on their respective core strategic activities and development, while keeping their partnership in the water sector. The final agreement has been signed on December 17th, 2010 – and closing is expected in early 2011.

Upon completion of the transaction, ACEA will gain full control of the sales activities (AceaElectrabel Elettricità), as well as two power plants in Rome (Tor di Valle, Montemartini) and all the hydro-power assets currently owned by AceaElectrabel Produzione. ACEA will also benefit from an option to sign a power supply contract with GDF SUEZ for 5 TWh per year (until 30 September, 2016).

GDF SUEZ will retain most of the generation capacity and the trading activities currently in joint venture. GDF SUEZ will also increase its stake in Tirreno Power from 35% to 50%. Following this restructuring, GDF SUEZ will increase its net total installed capacity in Italy from 3,700 MW to 4,400 MW, obtaining a total electricity generation of 21.9 TWh.

Outside of the agreement with ACEA, GDF SUEZ owns:

- Rosen S.P.A, a 356 MW natural gas cogeneration plant in which Solvay owns a minority shareholding;
- majority stake in Elettrogreen, a trading company specialized in environmental commodities, including green and white certificates, and CO_2 quotas;
- 1,100 MW of virtual electric production capacity (VPP) with ENI, based on the combined cycle natural gas model for a 20-year period. The contract started on January 1st, 2009;
- Windco a 66 MW windfarm in Sicily owned by GDF SUEZ Energia Italia at 100%.

Distribution and sales of natural gas are another activity of GDF SUEZ in Italy. Italcogim Reti SpA, renamed in G6 Rete Gas as from January 1st, 2011, performs gas distribution through 472 concessions over Italy representing a network of 15,250 km. Italcogim Energie SpA works traditionally on sales of natural gas and is most recently growing in power sales; they serve over one million clients.

Greece

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

Western Europe

United Kingdom

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

(1) Source: AEEG (national regulatory authority) annual report published in July 2010; GDF SUEZ Energia Italy data.

(2) With the following consolidation hypothesis: 100% AceaElectrabel Produzione, 100% VPP contract, 50% Tirreno Power.

In October 2009, a consortium of GDF SUEZ SA, Iberdrola SA and Scottish and Southern Energy Plc (“SSE”) has been successful in securing an option to purchase land for the development of a new nuclear power station at Sellafield on the Cumbrian Coast from the Nuclear Decommissioning Authority. The project is currently in predevelopment stage. In November 2010, the consortium announced that their joint venture company, NuGeneration Ltd (NuGen), was fully established.

Portugal

GDF SUEZ electricity activities in Portugal are focused on renewable energy. Through its 100% owned subsidiary Eurowind, the Group controls a total of 214 MW installed and operating wind capacity. The Group also holds a 42.5% stake in Generg, a group of companies with 436 MW wind, 33 MW hydroelectric power and 13 MW of solar energy capacity.

GDF SUEZ has also natural gas distribution activities with a 25.4% stake in Portgãs which commercializes and distributes natural gas and propane in a concession in northern Portugal.

Spain

GDF SUEZ fully owns Castelnou Energia, a 774 MW combined-cycle natural gas facility, and holds a 26% stake in AES Energia Cartagena, a 1,199 MW combined-cycle plant. Under a tolling contract, the Group supplies the latter with natural gas, and receives in return the entire electric output generated by the plant. The energy of both power plants is sold to the wholesale market.

With a 12.5% stake in Medgaz consortium the Group is active in the gas pipeline between Algeria and Spain which has a capacity of 8 bcm and a length of 210 km.

Central Europe

Poland

The Group operates a coal/biomass co-combustion power plant in Polaniec of 1,657 MW. The plant has recently invested in a flue gas desulfurization (FGD) facility. In 2010, the Polaniec plant produced 8 TWh of electricity, of which 0.7 TWh is considered renewable from biomass.

The Group sells electricity to industrial customers and on the wholesale market. It is also active in energy related services, fuel trading, industrial cogeneration and energy outsourcing.

The Group’s new investments capacity is currently focused on diversification of fuel mix and in particular on RES production. A new unit of 190 MW entirely fuelled by biomass is being constructed next to the co-fired power station of Polaniec. After its COD at the end of 2012, this unit will be one the world’s biggest biomass units, and benefit from RES support system.

At the same time, the first Group’s wind farm in Poland, the 20 MW wind farm of Jarogniew-Moltowo, started its operations from January 1st 2011. In 2010, GDF SUEZ has acquired two other wind projects, Wartkowo (30 MW) and Pagow (51 MW), expected to come on line respectively in 2011 and 2012.

Hungary

In Hungary GDF SUEZ owns a majority stake in the Dunamenti power plant, which has a total electric capacity of 1,676 MW, and is fuelled mainly by natural gas. Dunamenti is one of Hungary’s largest conventional electrical production sites in terms of installed capacity, and is currently undergoing partial repowering of its facilities.

GDF SUEZ Energy Hungary also commercializes and distributes natural gas. On December 31, 2010, it supplied 717,000 customers in over 650 municipalities through a network of 22,940 km. In order to support and harmonise the activity of these fields GDF SUEZ Energia Holding Hungary S.A. has been set up in 2010.

Eastern Europe

Romania

GDF SUEZ Energy Romania SA is in charge of natural gas commercialization and distribution. The company supplied natural gas to around 1,4 million customers located mostly in the Southern part of the country in 2010 and operates, through its subsidiary Distrigaz Sud Retele, a 16,600 km long distribution network. It is also active in the energy services sector through its affiliate Distrigaz Confort which served 304,000 customers in 2010.

GDF SUEZ is present in natural gas storage, through its subsidiaries Amgaz and Depomures, which have a total of 350 Mcm of capacity available.

Slovak Republic

SPP is an integrated company active in the international transit, purchase, transport, storage, distribution and sales of natural gas in Slovakia. Through a joint (50:50) subsidiary Slovak Gas Holding BV (“SGH”), GDF SUEZ and E.ON hold together a 49% stake in SPP. The Slovak State holds the remaining stake. GDF SUEZ and E.ON, have joint control of the company. The Eustream transit subsidiary transported 71 bcm in 2010. SPP Distribucia, a subsidiary of SPP, owns and operates the Slovak gas distribution network. SPP is also active in natural gas sales, and supplied around 1.5 million residential customers in 2010 through a network of 32,730 km.

SPP holds several participations in natural gas storage facilities in Slovakia and Czech Republic through Nafta, SPP Bohemia and Pozagas. SPP’s stake in SPP Bohemia rose from 50% to 100% during year 2010.

Turkey

GDF SUEZ holds a 90% stake in Izgaz, Turkey's third largest natural gas distribution company. Izgaz distributes and markets natural gas to some 200,000 residential, commercial and industrial customers in the Kocaeli region, 80 km east of Istanbul. The volumes distributed in 2010 through a network of 3,100 km amounted to 18.8 TWh.

Regulatory environment

European Union legislation applies to all countries in which GSEE is active, except Turkey.

Poland – privatization program

In the context of the current Privatization Program (2008-2011), Polish state-owned electricity producers are being privatized. To facilitate the process, several changes to the legislation were made, among which: increase in the openness and transparency of the privatization process; authorization of the free transfer of stocks and shares owned by the Treasury to local government authorities; authorization of the sale of stocks/shares of companies by public auction; simplification and shortened length of privatization processes.

Turkey

Natural gas supply and supply contract management is ensured by BOTAS, the national oil & gas transport company, while gas distribution sector is serviced by private companies or municipal authorities. The country's second largest gas distribution company, Ankara based Baskent Dogalgaz, was privatized in 2010 and Igdas, Turkey's largest gas distribution company, which is serving Istanbul, is set for privatization in 2011.

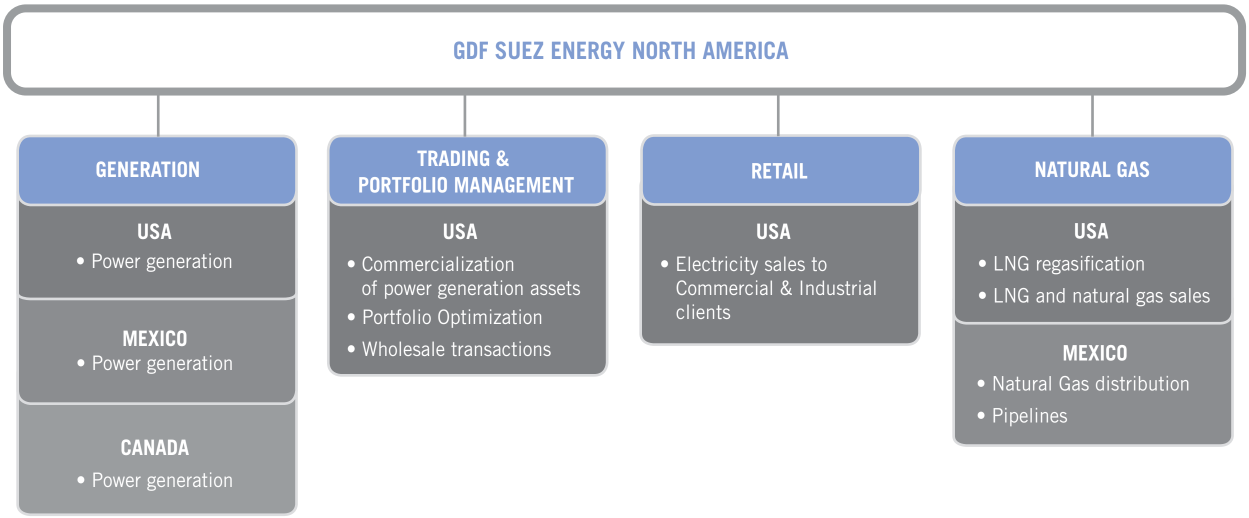
In May 2001 the Turkish Parliament passed a law for the liberalization of the gas market, aimed at ending the monopoly of BOTAS opening up the market in the import and distribution of gas to private companies. In 2010, 5 companies were active in gas imports, and around 10 companies were active in the supply business. A demerger of BOTAS has also been considered but no decision has yet been made. New gas laws are in the final stage of approval, with the aim of going further to open the market.

2.1.2.9 GDF SUEZ Energy North America

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

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

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



GSENA owns or has under construction a portfolio representing 8.0 GW from electric power and cogeneration plants, 3,000 tons per hour of steam production and 42,000 tons per hour of chilled water production. Of this capacity, 1.6 GW are powered by wind, hydro, and biomass. GSENA's natural gas assets include an LNG receiving terminal in Everett, Massachusetts, which began operations in 1971 and the Neptune LNG deepwater port close to Gloucester, Massachusetts. Neptune became operational in the first quarter of 2010. These facilities serve most of the gas utilities in New England and key power producers, meeting approximately 20 per cent of New England's annual gas demand.

In addition, through its retail entity, GDF SUEZ Energy Resources NA, Inc., GSENA currently serves commercial and industrial customers in 11 U.S. markets: Delaware, Texas, Massachusetts, Maine, Maryland, New York, New Jersey, Pennsylvania, Illinois, Connecticut, and Washington, D.C.

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

Business development in North America is currently focused on greenfield renewable projects, seeking to benefit from various government incentives for renewable resources. GSENA is also completing the construction of one gas-fired power generation facility in the state of New York.

United States

GSENA is headquartered in Houston, Texas, and employs over 2,000 people. GSENA owns and operates the Everett terminal just north of Boston, Massachusetts, which has the capacity to deliver approximately 700 million cubic feet of natural gas per day to the New England market. GSENA also partially commissioned the Neptune offshore LNG deepwater port in the first quarter of 2010. It is located 16 km off the coast of Gloucester, Massachusetts. When fully operational, the Neptune facility will have a design send-out capacity of 400 million cubic feet of natural gas per day, on average, and will supplement deliveries made to the Everett, Massachusetts terminal. GSENA also leases approximately 10 billion cubic feet of natural gas storage throughout the United States. GSENA owns, operates, or has under construction, a portfolio of nearly 7.4 GW of electrical power and cogeneration plants, 2,700 tons per hour of steam production and cold-water units in the US. The energy produced by these facilities is sold in the open market or distributed to commercial and industrial entities under long-term PPAs. In 2008 and 2009, GSENA was the largest importer of LNG into the United States and its territories according to the US Department of Energy, and has maintained this position in 2010.

GSENA operates the third largest biomass portfolio in North America, with 127 MW of biomass capacity. GSENA's retail affiliate serves over 60,000 customer accounts with an estimated peak load of over 9,770 MW in total. The business is ranked as the second largest retail electricity provider to commercial and industrial customers by the independent consulting firm, KEMA, in their August 2010 report.

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

Mexico

In Mexico, the Group's gas activities include six natural gas distribution companies (Guadalajara, Querétaro, Tampico, Tamauligas, Puebla, and Mexico Distrito Federal) delivering natural gas to 391,000 customers and two pipeline companies (Mayacan, Bajio). In Mexico, the company also manages three steam-electricity cogeneration plants with a total installed capacity of 279 MW. Output from these power plants is sold, under long term contract to industrial clients as well as to Mexican authorities.

Canada

GSENA's Canadian operations are built around a central theme of clean generation, including a wind power generation fleet of 207 MW located in eastern Canada, and a clean-burning natural gas plant of 112 MW in Windsor, Canada.

In Quebec, GDF SUEZ also held an indirect stake in Gaz Metro, a regulated natural gas distribution company, with interests in regional pipelines, storage assets, and renewable and conventional power generation. In February 2011, GDF SUEZ divested its stake in Gaz Metro Inc, which was part of the group's divestment in its share of Noverco Inc.

Regulatory Environment

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

United States

In the United States, interstate wholesale electricity and natural gas markets are regulated by the Federal Energy Regulatory Commission ("FERC"). Since landmark federal energy legislation was enacted by the United States Congress in 1992, the FERC has issued successive regulatory orders in the 1990s and during the 2000s to remove barriers to competition in wholesale electricity markets. Currently, over 60 percent of electricity consumed in the United States is delivered through one of the ten ISOs or RTOs that were created to facilitate electricity competition. The FERC is actively shaping development of demand response, smart grid/ smart meter and clean energy technology.

Separately, the Wall Street Transparency and Accountability Act of 2010 was signed into law on 21 July 2010. On December 1, 2010, The Commodity Futures Trading Commission issued further proposals on derivative trading regulations. The CFTC regulations are expected to become effective by July 2011. The precise impact on GSENA's operations in the US will not be known until the final regulations are published.

Retail electricity and natural gas sales to customers are regulated in the United States by each of the 50 states' public utility commissions (plus the utility commission in the District of Columbia). More than 12 states have introduced competition in to the retail electricity market, with 4 territories in the state of Pennsylvania opening to new competition in early 2011 with the expiry of rate caps.

Mexico

In Mexico, regulation of the electricity and natural gas markets is the remit of the Comision Reguladora de Energia (Energy Regulatory Commission). The aims of the Comision Reguladora de Energia include encouraging productive investment and promoting competition in the electricity, natural gas and oil markets. Regulators and natural gas development companies in Mexico are working together on issues arising in relation to the introduction of more natural gas to the consumer market which has been predominantly served in the past by bottled liquefied petroleum gas. The state electricity company, CFE, estimates it will need over 32 GW of new generation capacity between 2010 and 2024, and intends to make 12.6 GW of capacity available for tender through an IPP programme.

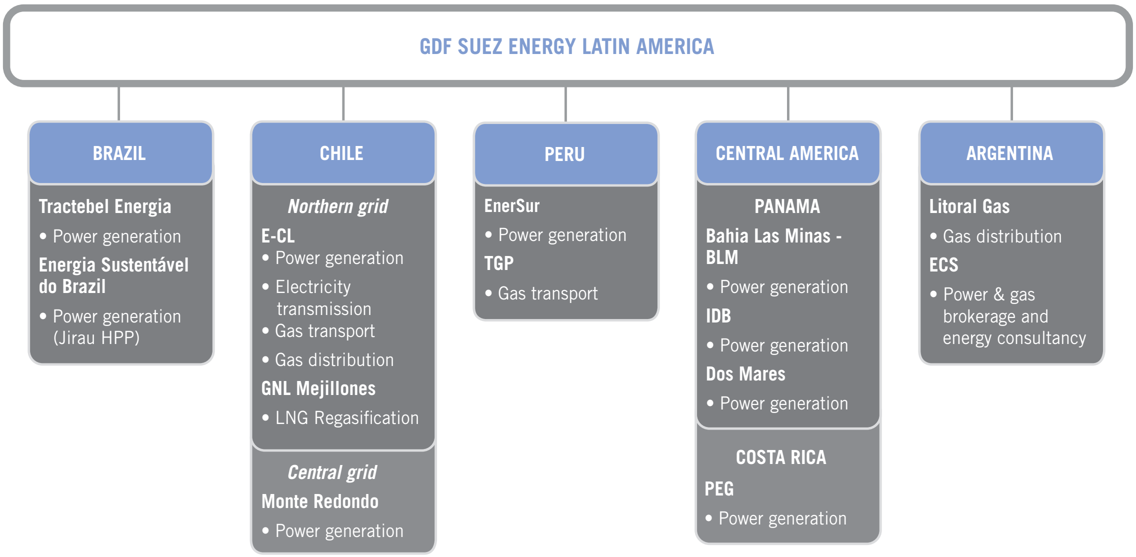
Canada

Canada's federal and provincial energy policies and announcements have been focused on the phase-out of coal-fired generation, and to replace it with additional renewable and lower CO_2 generation. Canada generates approximately 20% of its electricity from coal-fired generation, second behind hydro. The province of Ontario has led the way with a self-imposed deadline to close down all coal plants by the end of 2014. In 2009, Ontario's Green Energy and Green Economy Act was passed as the mechanism to promote this phase-out by providing Feed-in-Tariff (FIT) treatment for renewable resources. Other provinces such as Alberta and British Columbia are exploring FIT programs. In June 2010, the Canadian government announced it will establish regulations that require the phase-out of coal-fired plants and establish new emissions standards. The regulations would not include emissions trading, offsets or credit mechanisms. The legislation is expected to be passed in 2011.

2.1.2.10 GDF SUEZ Energy Latin America

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

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



GSELA manages more than 10.6 GW of power capacity in operation and a further 5.8 GW of power capacity is in the construction phase.

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

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

Brazil

In Brazil, GSELA's existing power assets and the development of selected small and medium sized power plants are managed by Tractebel Energia ("TBLE"). The development of large projects is carried out by GDF SUEZ Energy Brazil. TBLE, the country's largest independent electricity producer, is 68.71 percent owned by GSELA, and is traded on Sao Paolo stock exchange. The company operates an installed capacity of 7,437 MW mainly generated through hydropower projects. This represents approximately 7 percent of the total installed power generation capacity in Brazil. TBLE sells the majority of the electricity that it produces through bilateral contracts entered into with distributors and industrial customers. Two new power plants of TBLE became operational in Brazil in the course of 2010; the Areia Branca which is a small hydropower plant with 20 MW capacity and a 33 MW sugar cane bagasse fuelled facility called Ibitiúva Energética (formerly named Andrade), developed in partnership with a local sugar cane and ethanol producer. TBLE also holds a 40.07 percent interest in the 1,087 MW Estreito hydropower project, currently under construction in Brazil. This portion stands for 256 MW assured energy and has already been sold under 30-year contracts starting in 2012. The plant is currently expected to become operational in the first quarter of 2011. In November 2010, TBLE and the Banco de Desenvolvimento Econômico e Social – BNDES, signed a long term additional financing for the implementation of Estreito Hydroelectric Power Plant. The approved volume equals to R$ 308.5 million, referred to the TBLE's share in the project.

In July 2010, rating agencies Standard & Poor's and Fitch Ratings upgraded Tractebel Energia's ratings to "brAA+" and "AA+(bra)", respectively.

In 2008, GDF SUEZ Energy Brazil won the concession to build, own and operate the 3,300 MW Jirau greenfield hydropower project. The capacity of the project was increased to 3,450 MW, with the addition of two generating units. The project is 50.1 percent owned by GSELA and 30-year PPAs have been entered into with distributors for the off-take of 70 percent of the project's 1,975 MW expected assured energy production. The price payable under the PPAs was set through an auction process. These PPAs will become effective in January 2013 although the plant is scheduled to start commercial operations by March 2012. The remaining volume of assured energy not yet committed to be sold on PPAs has two components, i) anticipation energy, energy corresponding to the period between the plant becoming operational (expected to be March 2012) and the PPAs becoming effective (January 2013) and, ii) uncommitted long term assured energy that results from the 30 percent assured energy production beginning in 2013 not yet committed as well as eventual expansions. The remaining assured energy shall be sold to diverse markets segments including the free industrial market under different PPAs or alternatively to distributor companies through energy auctions. The project is in the process of seeking the necessary regulatory approvals to increase its total capacity by another 300 MW, as well as its corresponding assured energy.

In July 2010, the external auditors BVQI (Bureau Veritas) finalized the first of a series of six audits to verify the compliance of the socio-environmental standards of Jirau HPP with the ones set by the International Finance Corporation - IFC, BNDES and the Equator Principles.

Peru

In Peru, GDF SUEZ owns 61.73 percent of EnerSur, which has an installed power generation capacity of 1,043 MW. In 2010, EnerSur was the second largest private power generator in Peru, and the third overall. In the last 5 years, EnerSur accounted for more than half of the total new power generation capacity of Peru. EnerSur is traded on Lima stock exchange.

The new projects include the conversion of the 541 MW thermal power station at ChilcaUno near Lima to a combined cycle facility with an expected total capacity of about 800 MW; and the construction of a new 112 MW hydroelectric power plant at Quitaracsa, 500 km to the north east of Lima, which will be connected to the National Electricity Grid, and the construction and operation of a 400 MW thermoelectric plant located in Ilo (south of Peru), to guarantee the energy supply and power reliability of the National Interconnected Electric System (SEIN).

Chile

In January 2010, GDF SUEZ and Codelco (Corporación Nacional del Cobre de Chile) announced having completed the merger of all their energy assets and gas transport activity in Chile's northern electricity grid, into one entity named E-CL. GDF SUEZ has a 52.4 percent controlling interest in E-CL, Codelco holds a 40 percent interest and the remaining 7.6 percent is traded on the Santiago stock exchange. Under the terms of the merger, Electroandina, Edelnor, Gasoducto NorAndino (Chile and Argentina), the new CTA and CTH thermal power stations, became subsidiaries of E-CL.

Following the merger, E-CL has become the fourth largest generation company in Chile and is the leading company in electricity generation in Northern Chile, with an installed capacity of 1,691 MW (around 49% of the installed capacity of the SING system), which will increase to 1,991 MW with the commencement of operations of CTA and CTH power stations, expected for the first semester of 2011.

GDF SUEZ also holds a 63 percent stake in the Mejillones LNG terminal (GNL Mejilonnes or GNLM) which became commercially operational in April 2010 after receiving its first shipment of LNG in February 2010. The new terminal represents an investment of US$500 million and has a nominal regasification capacity of 5.5 million m^3 per day of natural gas, which is sufficient to generate up to 1,100 MW of electricity in the SING. This terminal will fuel approximately 20 percent of the total power generation needs of the SING which predominantly serves industrial customers. The facility incorporates a 700 m jetty with a floating storage unit and a further berthing site for supply vessels.

In November 2010, GNL Mejillones launched the construction of an onshore LNG storage tank. By this investment GDF SUEZ has consolidated its position in Chile, and has increased its equity stake in GNLM from 50% to 63%. The storage tank, which will be completed by 2013, will have a capacity of 175,000 m^3 and will be built according to the highest security and seismic standards.

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

- Monte Redondo, 38 MW Wind, which became fully operational in December 2009. The capacity of the wind farm has been expanded to 48 MW at the end of January 2011;
- Laja 1 Hydropower Plant, a 37 MW run-of-the-river plant under construction, commercial operations expected for the second quarter of 2012.

Panama

Currently, GDF SUEZ holds 349 MW installed capacity and is second largest independent electric power producer in the Panama electricity market.

GDF SUEZ holds the controlling 51 percent interest in the 241 MW Bahias Las Minas thermal generating complex, which is currently adapted to reach 249 MW in the first quarter 2011. GDF SUEZ also controls and operates the I.D.B Cativa 83 MW thermal plant. GSELA also acquired two concessions (Gualaca and Lorena y Prudencia) for the construction of three hydro-electric power plants, with an expected total capacity of 115 MW. The first hydro plant of 25 MW is already operational in Gualaca, and the construction of the two others is currently in progress, and it is expected that they will become operational in 2011.

Costa Rica

In 2008, GDF SUEZ entered the Costa Rica market and now controls and operates the 50 MW Guanacaste wind farm which became operational in 2009.

Argentina

In Argentina GDF SUEZ holds an indirect 64 percent interest in Litoral Gas SA. Litoral Gas SA is a gas distribution company which has approximately 600,000 customers and a market share of 12 percent in terms of volume delivered in 2010 according to the regulatory authority, ENARGAS. In addition, GDF SUEZ holds a 46.7 percent interest in ECS (Energy Consulting Services), an electricity and gas retail and consultancy company.

Bolivia

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

Regulatory Environment

Brazil

In 1997, a period of privatisation in the electricity sector began which resulted in the transfer of the majority of the distribution activities to the private sector, as well as 20 percent of the generation assets. Between 2003 and 2005, the Brazilian government introduced the current regulatory regime for the electricity market. In general terms, this system grants the federal government increased control at all levels of the electricity market by virtue of its involvement in the regulatory authority, the network management and the wholesale market. A pooling system was established to create a transparent framework for long-term contracts with distribution companies. The pool, which operates as a risk-sharing tool among producers, is a mandatory supply channel for distribution companies. The model involves auctions ("leiloes") held regularly by the government whereby concessions for the construction of new production capacity (especially hydroelectric) are awarded to those bidders prepared to offer the lowest energy rates. A distinction is made between "old" (existing capacity) and "new" (new developments and expansions of existing sites) energy, with the latter being awarded longer-term contracts.

Private and public power producers have participated actively in the new energy auctions and the new system has proven to be effective in attracting the investment needed to increase the country's energy production.

Peru

A significant portion of Peru's electrical production is still controlled by the Peruvian government, which owns ElectroPeru, the country's largest electric utility. Nonetheless, nearly all new investment in generation capacity is done by the private sector.

Chile

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

The electricity transportation system in Chile has not yet been fully integrated and consists of four independent networks. The SIC, Chile's central grid, represents approximately 76 percent of the installed capacity and supplies 90 percent of Chile's population. The SING is situated in the north of Chile and accounts for 23 percent of its installed capacity. It mainly supplies power to industrial and mining companies. Two other networks are located in the south of Chile and account for approximately 1 percent of Chile's total capacity. Each network is managed by a regional dispatch centre.

Panama

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

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

Costa Rica

The electricity market is vertically integrated, owned by the state and controlled by the Costa Rican government. The ICE (Instituto Costarricense de Electricidad) acts as the single buyer. The current regulatory framework allows private investment in renewable generation projects but such investment is capped at 50 MW per project and must be pursued through the "Build – Operate – Transfer" scheme. Only 15 percent of the country's capacity is permitted to be generated through private generators (private generation currently provides 10 percent of the country's total capacity). However, the regulatory framework does allow for 20-year IPP projects below 20 MW to be built under the "Build-Own-Operate" scheme.

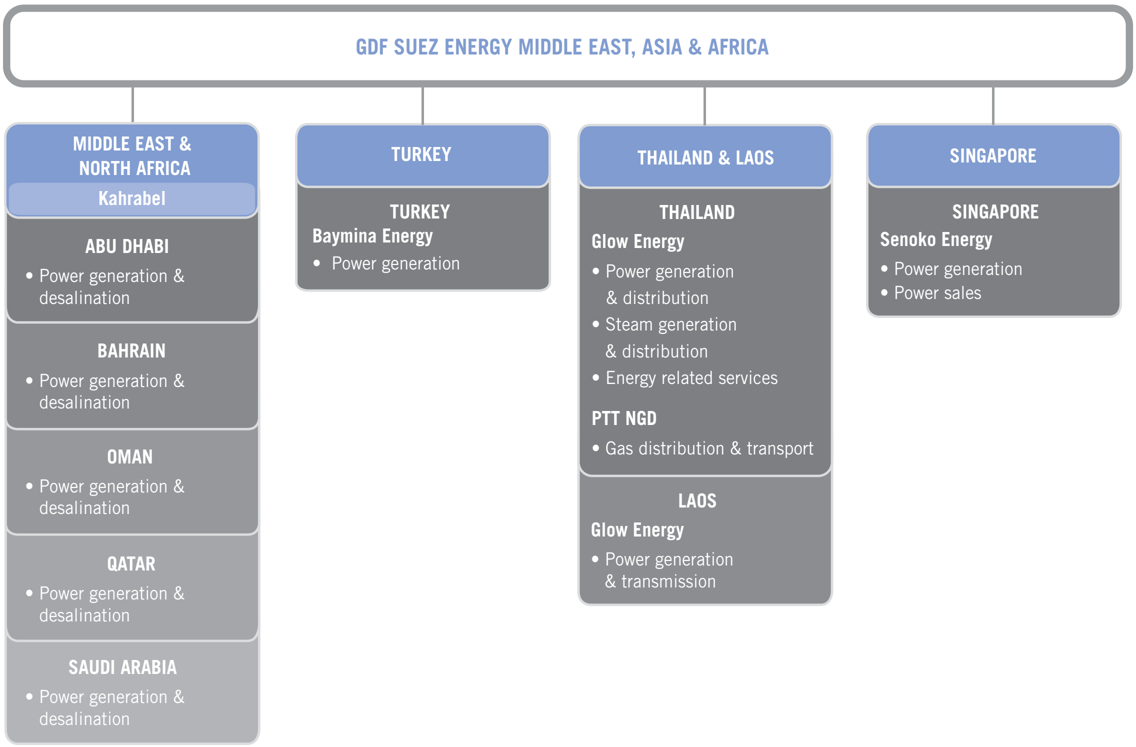
Argentina

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

2.1.2.11 GDF SUEZ Energy Middle East, Asia & Africa

GDF SUEZ Energy Middle East-Asia & Africa (MEAA) has three regional strongholds: Thailand, Singapore and the Middle East. Its businesses in Asia include the construction and operation of power plants and natural gas distribution systems, while in the Middle East the emphasis is on combined power and desalination plants.

The GDF SUEZ Energy MEAA Business Area is organised along geographic lines: Middle East & North Africa; Turkey; Thailand and Laos; and Singapore.



GDF SUEZ Energy Middle East, Asia & Africa Business Area's primary objective is to provide substantial, robust and profitable growth to the GDF SUEZ Group by being a leading developer and operator in a selection of the fastest growing energy markets in its region. To do this, the Business Area's strategy focuses on maintaining its strong positions in certain markets (Thailand, Singapore and the Gulf Cooperation Council countries) while developing in other markets that are characterised by relatively low reserve margins, acceptable regulatory environment and attractive investment and growth opportunities.

Middle East

GDF SUEZ manages all its Middle East and North African activities through a single operating entity Kahrabel, which oversees and manages the development, construction and operational activities of the Group's energy business in the region.

In the Gulf Cooperation Council countries (GCC), Kahrabel acts as an asset developer, selling the energy it produces directly to public distribution companies under long-term PPAs. Kahrabel is the leading private power developer in the region with a total power generation capacity (including capacity in operation and under construction) of 16,844 MW and more than 2.8 million m³ of water per day of desalination capacity.

In 2010 Kahrabel has added a total of 4,320 MW to its operational portfolio by achieving the full commercial operation of Marafiq IWPP in Saudi Arabia, and through the beginning of commissioning of Ras Laffan C in Qatar and Al Dur in Bahrain.

In the first half of 2010, in conjunction with consortium partners, Kahrabel GDF SUEZ won the right to “build-own-operate” two new IPP projects adding a gross capacity of 3,217 MW to its Middle East portfolio. The first of these projects, the 1,729 MW Riyadh IPP in Saudi Arabia, was awarded in early 2010. The second project, two power stations in Oman, Barka 3 and Sohar 2, each of which has 744 MW capacity, was awarded in May 2010. The electricity produced from the projects in both Oman and Saudi Arabia will be sold through long term PPAs.

Turkey

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

Thailand

The Glow group, in which GDF SUEZ holds a majority interest, is a major participant in the Thai energy market with a combined installed capacity in Thailand and Laos of 1,823 MW of electricity and 967 tons per hour of steam. The Glow group generates and supplies electricity to the Electricity Generating Authority of Thailand ("EGAT") under Thailand's SPP (Small Power Producer) and IPP (Independent Power Producer) programmes, in addition to supplying electricity, steam, industrial water and services to large industrial customers principally located in the Map Ta Phut area in Thailand and nearby.

The Glow group has an additional 1,002 MW of power generation capacity currently under construction.

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

Singapore

GDF SUEZ, as a member of a consortium alongside Marubeni, Kansai, Kyushu and Japan Bank for International Cooperation ("JBIC"), holds a 30% stake of Senoko Energy, one of the three Singapore's largest power generators with about 26 percent of the market share in power generation. Senoko Energy owns and operates a unique portfolio of power generation units offering a combined registered capacity of 2,550 MW.

Senoko Power Station has a repowering project ongoing that will replace a 750 MW oil-fired plant by two gas-fired units of 430 MW each that will be put into commercial operation in the summer of 2012.

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

Regulatory environment

Gulf Cooperation Council countries: The regulatory frameworks in the different countries of the GCC are quite similar, with competitive tenders launched by the power authorities calling for private power producers to bid for concessions to build power generation/water desalination assets. The output is then sold by the private producer to a public utility under long-term contracts, the terms of which are stipulated at the tender stage.

Turkey: Turkish electricity legislation was planned to be brought in line with EU legislation in March 2001 with the introduction of the Electricity Market Law. This legislation aimed to create a more competitive and transparent market and encourage much-needed private investment. The law superseded the old build, operate, transfer (BOT) and transfer of operating rights (TOR) schemes. In January 2004, the market was opened to consumers of more than 7.8 GWh per year. This threshold was lowered slightly in 2005 to 7.7 GWh resulting in 29 percent of customers in Turkey being eligible.

The reform of the energy sector also involved the progressive privatisation of 21 electricity distribution networks, which was finalized in 2010, as well as power generation assets, with the first tender expected to be announced in early 2011.

Thailand: EGAT (the Electricity Generating Authority of Thailand), a state-owned body, is the main entity in the electricity sector. Until liberalisation of the sector, EGAT generated around 95 percent of Thailand's power with the remainder being accounted for by captive generation. EGAT now directly accounts for about 50 percent of total generation capacity while the rest is accounted for by the non-government sector comprising independent power producers, small power producers and imports from Laos and Malaysia.

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

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

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

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

The Energy Market Authority of Singapore Act 2001 created the Energy Market Authority, a new regulator for the power sector in Singapore ("EMA"), and paved the way for the creation of a market framework for the supply of electricity in Singapore in order to promote and maintain fair and efficient market conduct and effective competition.

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

In order to promote efficiency and competition in the electricity market, vesting contracts were introduced on January 1st, 2004 pursuant to which generation companies are committed to sell a specified amount of electricity at a specified price (which is based on the long run marginal cost of a new entrant). EMA reviews both the vesting contract level and the parameters used to set the vesting prices every two years.

In the generation sector, all the assets that belonged to Temasek, an investment company owned by the government of Singapore, have been sold in 2008 to private investors, resulting in full privatisation of Singapore's power generation sector.

2.1.3 GLOBAL GAS & LNG BUSINESS LINE

2.1.3.1 Missions

The primary mission of the Global Gas & LNG business line is to supply the Group and its customers with competitively priced gas secured by short, medium and long-term contracts for gas and LNG concluded with third-party producers, by its own production, and by its access to organized markets. It optimizes the balance between GDF SUEZ's natural gas resources and needs by portfolio management activities. It develops GDF SUEZ's activities in the LNG sector directly or in collaboration with other Group entities. It also trades in natural gas and LNG on its own account. Lastly, it markets natural gas and related services to large European companies.

2.1.3.2 Strategy

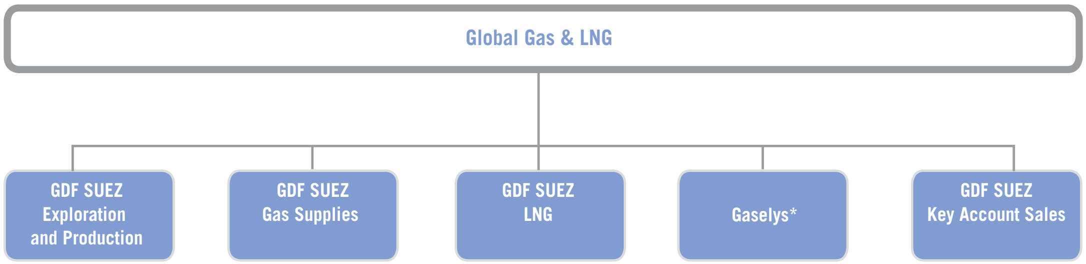
The main strategic objectives of the Global Gas & LNG business line are therefore:

- to capitalize on its sustainable relationships forged with natural gas producers, to grow its reserves, and to develop, secure and diversify its supply portfolio to satisfy its customers' needs;
- to consolidate GDF SUEZ's international leadership in LNG, by leveraging the expertise it has acquired as a Group in every segment of the LNG value chain;
- to continue developing sales to large European companies;
- to optimize the value of its assets within a stringent risk management framework.

Composed of five business units (BUs) plus steering and support functions, the Global Gas & LNG business line has some 2,650 staff[1].

(1) Including GAZOCEAN's workforce.

2.1.3.3 Organization



* 100% GDF SUEZ from September 30th,2010 (formerly Société Générale 49%)

2.1.3.4 Key figures

In millions of Euros	2010	2009	Total change *(in %)*
Business line revenues	20,793	20,470	+ 1.6%
Revenue contribution to Group	9,173	10,657	- 13.9%
EBITDA	**2,080**	**2,864**	**- 27.4%**

Key figures 2010:

- natural gas purchases: 695.2 TWh;
- hydrocarbon production: 51.2 Mboe;
- reserves on December 31, 2010: 815 Mboe;
- sales of gas to European Major Accounts: 171 TWh[1] (of which 164 TWh excluding intra-Group sales).

2.1.3.5 2010 highlights

In the first half, start-up of the shipping activity to supply Key Account customers in the Czech Republic.

In the United States, reception by the Everett terminal of the first cargo from the LNG regasifier GDF SUEZ Neptune. A few weeks later, receipt of its first unloading sourced from Yemen.

In Japan, delivery to GDF SUEZ LNG of the LNG tanker GDF SUEZ Point Fortin on a 20-year charter.

In Algeria, acquisition of 20% of the license for the South-Eastern Illizi license.

In Chile, reception by the LNG tanker BW GDF SUEZ Brussels, used as a floating storage facility at Mejillones, of its first LNG cargo, delivered by the BW SUEZ Boston.

In Singapore, opening of a joint office for Gaselys and GDF SUEZ LNG.

In Germany, acquisition of three exploration licenses to the South of Speyer and a decision to develop the Römerberg oil field.

In Indonesia, success of the first assessment well in the Jangkrik field.

Signature in June, at Saint Petersburg (Russia), of the agreement for access by GDF SUEZ to the capital of Nord Stream (9%, effective on July 1, 2010).

Reception by GDF SUEZ LNG of a second LNG regasifier, the GDF SUEZ Cape Ann; this was the delivery of the fifth new ship on long term charter in 10 months.

In the second half, in Egypt, start of gas production at Alam El Shawish.

(1) Including sales to administrations and intra-Group.

In Germany, creation of "GDF SUEZ Energy Sales GmbH", a joint subsidiary between the Global Gas & LNG business line and the Energy Europe & International business line for sales of gas and electricity to B-to-B and Giant customers.

In China, delivery of the first LNG cargo by the Group to the Shanghai terminal by the LNG tanker Gaselys, making the opening of the business line a reality on the Asian market.

In August, finalizing by GDF SUEZ LNG of its first medium-term LNG sales agreement to the South Korean company Kogas, the world's largest LNG buyer.

In the Netherlands, after 4 months of drilling, discovery of gas for GDF SUEZ E&P Nederland B.V. on the HP (1023 bars)/HT (183°C) offshore exploration well L5 Sierra.

Finalizing on September 30 of the buyback of Société Générale's shares in Gaselys, which then became a wholly owned subsidiary of GDF SUEZ.

Conclusion by GDF SUEZ LNG of a medium-term agreement to sell LNG to Gazprom, starting in 2011.

Signature in October with CNOOC (China) of a medium-term LNG sales agreement, starting in 2013.

In November, transfer of operatorship by Statoil to GDF SUEZ for the Gjøa field for the production phase.

Entry by GDF SUEZ into two offshore exploration licenses for Greenland. The Group holds 26.5% of each of the two licenses held by Shell (operator) and Statoil.

2.1.3.6 GDF SUEZ Exploration & Production

Principal key indicators

The Group's exploration & production activity is concentrated essentially in Europe and in North Africa. For some years, this activity has been developed in other regions of the world, such as the Caspian Sea, Asia or even Oceania. Today, the Group operates in 16 countries:

- five in Europe (the United Kingdom, Norway, the Netherlands, Germany and France);
- five in Africa (Egypt, Libya, Algeria, Mauritania and the Ivory Coast);
- Azerbaijan, Qatar, Australia, Indonesia, Greenland and the United States (Gulf of Mexico).

Work is also continuing with a view to entering Russia and Kazakhstan.

On December 31, 2010, the Group posted the following results:

- 362 exploration and/or production licenses held (of which 57% are in operation);
- proven and probable (2P) reserves of some 815 million barrels of oil equivalent (Mboe), of which 76% is natural gas and 24% liquid hydrocarbons;
- production of 51.2 Mboe, of which 74% is natural gas and 26% liquid hydrocarbons.

These performances confirm the growth strategy in the Group's exploration-production segment.

Missions

By its involvement in exploration-production, the Group is affirming its presence throughout the gas chain and is improving its natural protection against the risks of margin shifts. This position facilitates and improves its security of supply by diversifying the routes to accessing to resources, in particular through liquefied natural gas (LNG).

The business unit's activities

Legal framework of the Exploration & Production activities

The Group operates its exploration-production activities within the framework of licenses, concessions or production sharing agreements drawn up with the public authorities or national companies of the countries involved. Depending on the type of license, contract or legislation in force, GDF SUEZ undertakes to conduct an exploratory program and, if successful, is entitled to develop and work the fields involved for a certain amount of time, subject to national authorities approving its development plan. Throughout the production period, GDF SUEZ must pay royalties to those authorities, hand over part of the production, pay a share of its profits and/or pay certain taxes specific to the oil and gas sector.

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

GDF SUEZ has been recognized as an operator in most countries where it works. This qualification enables it to participate in production exploration projects in these countries, while at the same time giving a role as leader in the technical, financial and commercial fields.

2P reserves

In 2010, 17 exploration and assessment wells were drilled, nine of which were successful. These wells provided seven discoveries and two confirmations in six countries. The resources thus proved will contribute to reserves in the future.

The tables below show all of the Group's proven and probable (2P) reserves (including developed and undeveloped reserves[1]) and, for the dates shown, their geographical distribution:

DEVELOPMENT OF THE GROUP'S RESERVES[2]

	2010			2009			2008		
Mboe	Natural gas	Liquids Hydrocarbons	Total	Natural gas	Liquids Hydrocarbons	Total	Natural gas	Liquids Hydrocarbons	Total
Reserves as at December 31, N-1	580.8	182.1	762.9	494.4	209.3	703.7	492.5	174.4	666.9
Revisions + discoveries	76.9	29.1	106.0	124.1	(8.0)	116.2	15.75	45.4	61.15
Assets bought and sold	(4.0)	1.1	(2.9)	0.8	(4.9)	(4.1)	23.85	3.0	26.85
Production sales	(37.7)	(13.5)	(51.2)	(38.5)	(14.4)	(52.9)	(37.7)	(13.5)	(51.2)
Reserves as at December 31	616.1	198.9	815.0	580.8	182.1	762.9	494.4	209.3	703.7

DEVELOPMENT OF THE GROUP'S RESERVES BY COUNTRY

	2010			2009			2008		
Mboe	Natural gas	Liquids Hydrocarbons	Total	Natural gas	Liquids Hydrocarbons	Total	Natural gas	Liquids Hydrocarbons	Total
Germany	63.2	68.3	131.6	74.0	68.5	142.5	87.6	62.9	150.5
Norway	221.4	96.2	317.7	215.9	76.4	292.3	236.3	105.2	341.5
United Kingdom	82.2	21.1	103.3	74.8	24.0	98.9	51.9	24.5	76.4
Netherlands	89.5	2.7	92.2	98.2	3.2	101.4	114.4	3.8	118.2
Others[a]	159.7	10.5	170.2	117.9	10.1	127.9	4.2	12.8	17.0
TOTAL	**616.1**	**198.9**	**815.0**	**580.8**	**182.1**	**762.9**	**494.4**	**209.2**	**703.7**
Change	6%	9%	7%						

(a) 'Others' covers the Ivory Coast, the Gulf of Mexico and Egypt.

As of December 31, 2010, GDF SUEZ's 2P reserves of liquid hydrocarbons and natural gas were 815 Mboe, compared with 763 Mboe in 2009. Gas accounts for 76% of these reserves, which represents a volume of 99 billion cubic meters.

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

The Group's share in the 2P reserves for the fields in which it is a partner (*working interest reserves*[3]) has increased, moving from 946 Mboe at end of 2009 to 971 Mboe at end of 2010.

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

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

(3) Under production- sharing agreements, part of the hydrocarbons produced is returned directly in kind to the Government. These volumes are not booked as 2P reserves, which are therefore lower than the reserves calculated on the basis of the percentage interests held (working interest reserves).

Each year, a proportion of approximately one third of the reserves is evaluated independently by DeGolyer and MacNaughton, consultancy. Almost all the reserves are therefore evaluated over a three year cycle. On December 31, 2010, 28% of the 2P reserves were evaluated.

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

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

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

The 2P reserves replacement ratio for a given period is defined as the ratio of additions of 2P reserves for the period (discoveries, net acquisitions and revisions of reserves) to production for the period. The renewal rate for the Group’s 2P reserves was an average of 65% over the period 2006-2008, 153% over the period 2007-2009 and 195% over the period 2008-2010.

Production

During the fiscal year ended December 31, 2010, GDF SUEZ’s production of gas and liquid hydrocarbons was 51.2 Mboe.

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

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

	2010			2009			2008		
Mboe	Natural gas	Liquids Hydrocarbons	Total	Natural gas	Liquids Hydrocarbons	Total	Natural gas	Liquids Hydrocarbons	Total
Germany	6.4	3.1	9.5	7.2	3.3	10.5	8.1	3.2	11.3
Norway	7.3	6.5	13.8	6.2	6.5	12.8	4.2	6	10.2
United Kingdom	5.8	3.0	8.7	6.6	3.8	10.5	6.5	3.8	10.3
Netherlands	16.9	0.5	17.3	17.7	0.5	18.1	18.3	0.2	18.5
Other	1.3	0.5	1.8	0.7	0.3	1.0	0.7	0.2	0.9
TOTAL	**37.7**	**13.5**	**51.2**	**38.5**	**14.4**	**52.9**	**37.8**	**13.5**	**51.3**

Exploration & Production activity by country

France

The headquarters of the Exploration & Production activity directs and controls the operational activities of the affiliates and of the New Assets Development (NAD). The headquarters combines the acquisitions and sales, economics and finance, operations and development, as well as exploration and geosciences departments.

The main tasks of the New Assets Development Department are:

- to be responsible for and to develop E&P assets acquired recently in new countries;
- to develop and manage local offices if these are needed in the countries in question;
- to assess acquisition opportunities in countries for which it is responsible and to provide technical support to the Acquisitions Department;
- to transfer assets to an affiliate if the E&P activity in a relevant country becomes sufficiently important to justify the creation of such an operational affiliate.

The activity is managed through five affiliates and seven Representative Offices.

Activity in affiliates

Germany

GDF SUEZ E&P Deutschland GmbH generates almost 17% of German oil production and 11% of domestic gas production.

In 2009, GDF SUEZ sold its 5.26% stake in VNG, the East German gas company, to Gazprom’s German subsidiary. This transaction was finalized in March 2010.

In 2010, the Group decided to develop the Römerberg oil field and acquired five exploration licenses in the Rhine Valley.

As of December 31, 2010, the Group owned a stake in 55 oil and natural gas fields in Germany, including 51 in production, with proven and probable reserves of 132 million barrels of oil equivalent, including approximately 52% in natural gas form.

Norway

On November 25, 2010, GDF SUEZ became the operator of the Gjøa field for the production phase after its entry into commercial production, on November 7, 2010.

Moreover, in partnership with Statoil, GDF SUEZ E&P Norge AS discovered an oil and gas reservoir on the Brynhild prospect. This discovery, not far from Gudrun, will contribute to the development plan for this field, which was approved by the Norwegian Parliament in 2010.

The Group owns a stake in 22 oil and natural gas fields off the coast of Norway including 5 in production, its share of which was 318 Mboe of proven and probable reserves as at December 31, 2010 (including approximately 74% in gas form).

United Kingdom

In 2010, the two assessment wells drilled on Cygnus demonstrated the significant potential of this natural gas field. These drillings involved a reassessment of the development plan, in which the production phase is anticipated in 2013-2014.

During the past year, the Group sold to Centrica the shares that it owned in the York and Bains offshore fields, as well as the shares that it owned in four other marginal assets, under active management policy of the portfolio in the North Sea.

At the end of 2010, the Group held stakes in 22 fields in the North Sea, of which 13 were in production. As of December 31st, 2010, the share of proven and probable reserves held by the Group (including reserves held by its 22.5% stake in EFOG) in these fields represented 103 Mboe, of which some 76% was in the form of natural gas.

The Netherlands

At the end of 2010, GDF SUEZ increased its stake in Nord Offshore Gas BV Transports (NOGAT[(1)]) of which it is the operator, raising it to 48.2%.

In 2010, the Group made three discoveries of gas located on the Dutch continental shelf: the first two on the K9 block and the third on the L5 block.

The Group has stakes in 53 fields in Dutch territorial waters, of which 41 are in production. As at December 31, 2010, the share of 2P reserves held by the Group in these fields represented 92 Mboe, nearly all of which was in the form of gas.

Egypt

In 2010, GDF SUEZ successfully drilled a second exploration well, Papyrus, on the West El Burullus concession, after the first discovery WEB-1X well, drilled in 2008. The development plan is undergoing assessment.

Moreover, the Group has also obtained a fourth license (50%) covering the Ashrafi oil field, alongside Eni. Production from this concession dates from 1992.

In July 2010, the Group began to produce gas on the Alam El Shawish West concession, alongside the operator, Shell Egypt.

GDF SUEZ holds stakes in four concessions in Egypt, with two of these concessions in production.

Other countries

Algeria

In 2010, GDF SUEZ and Sonatrach created the Groupement TouatGaz, an association under Algerian law, for the development and operation of the Touat gas permit, registered in the Algerian Trade Register, on June 24th, 2010.

In July, the Groupement TouatGaz awarded the basic engineering design contract (FEED) for the construction of the central gas processing plant. This award represents a significant step in the development of the Touat project, for designing the infrastructures.

The invitation to tender for the EPC (engineering, procurement, construction) contract for these facilities will be launched during 2011 on completion of the basic engineering designs.

The Group was also selected, with Repsol (operator) and Enel to enter into the South-East Illizi license.

Other

GDF SUEZ also operates in Mauritania, Ivory Coast, Libya, the United States (Gulf of Mexico), Azerbaijan, Qatar, Australia, Indonesia, Kazakhstan, France and Greenland.

In Mauritania, GDF SUEZ entered into two offshore blocks: 24% in block 1 and 27.85% in block 7. An exploration well was drilled on block 7 in September 2010 and this resulted in the Cormoran discovery. The results are being analyzed.

In the Ivory Coast, GDF SUEZ wholly owns Enerci, itself having a 12% stake in the Foxtrot field and the adjoining discoveries. The offshore gas production feeds two power stations that provide 60% of the country's needs.

In Libya, GDF SUEZ holds 20% stakes in three onshore blocks.

In the United States, in the Gulf of Mexico, the Group made the decision to sell most of its assets as they lacked sufficient prospects and has kept only two assets, currently in production.

In Azerbaijan, the Group has acquired a 20% stake in an exploration license for the Absheron offshore site in the Caspian Sea.

In Qatar, GDF SUEZ has become the operator of block 4, with a 100% stake.

(1) In 2008, GDF SUEZ acquired from NAM a group of assets close to the NOGAT pipeline, of which GDF SUEZ has become the operator, with a stake of 30%.

In Australia, the Group has acquired 60% of the shares in three gas fields located in the Bonaparte basin, and will become the operator of these in 2011. This acquisition gives rise to the development of a floating gas liquefaction unit, which will enable the Group to enter the Asian-Pacific market as an integrated player in the LNG chain. The closing of this transaction took place in 2010. It marked the start of the Bonaparte LNG project, which came into being with the opening of the offices of the affiliate GDF SUEZ Bonaparte PTY Ltd in Perth. An assessment program is planned for 2011.

In Indonesia, two wells, Jangkrik 2 and 3, were drilled in the Muara Bakau offshore license. These operations increased gas volumes from the discovery. A development plan is being assessed. The gas produced will be piped to the Bontang liquefaction plant. The Capung well on the same license proved to be dry.

In 2009, in Kazakhstan, in partnership with Total, GDF SUEZ signed an agreement protocol for the acquisition of half of the 50% stake owned by KazMunaïGas (KMG) in an offshore exploration license of Khvalinskoye, located in the Caspian Sea, on the Russian side of the border between Russia and Kazakhstan. The operator, Lukoil, is currently employed on obtaining approval for the production-sharing agreement (PSA) by the Russian Parliament.

Since 2008, the Group has held a 50% stake in the Pays du Saulnois license in France. The Group has also made approaches to the French authorities with the aim of acquiring 20% of the shares owned by the American company, Schuepbach Energy LLC, in two gas licenses (unconventional), one located in the Ardèche département and the other in the Aveyron and the Hérault departments.

In December, GDF SUEZ acquired a 30% stake in two offshore exploration licenses for blocks 5 and 8 in Baffin's Bay to the west of Greenland. The other partners are Shell (operator), Statoil and Nunaoil, the national oil company.

In total, the Group has stakes in 16 fields (of which 5 are in production) in Algeria, Mauritania, Ivory Coast, Egypt, Libya, Indonesia, United States (Gulf of Mexico) and France. As of December 31, 2010, the share of 2P reserves held by the Group in these 16 fields represented 170 Mboe, some 92% of which was in the form of gas.

Gas marketing

In 2010, the Group produced a total of 64 TWh of natural gas. Approximately half the natural gas produced by the affiliates of GDF SUEZ Exploration & Production was marketed via other entities that are Group customers (GDF SUEZ Gas Supplies, GDF SUEZ LNG and Gaselys) in order to benefit from synergies between the Group's various entities.

This form of internal marketing enables the Group to diversify, to secure its access to resources and to capture a larger share of the added value. The use of Gaselys' services for forward sales (approximately 3 TWh in 2010) and hedging (physical or paper) improves the budget visibility while at the same time providing a flow to Gaselys which affords it the opportunity to generate market making and to win market shares.

The balance is sold directly to third parties, mainly under long term agreements, which were drawn up before the acquisitions of these companies. GasTerra in the Netherlands, E.ON and EGM in Germany are included among the affiliates' largest customers.

The market risks to which gas contracts are exposed involve entering into hedging agreements, which are signed with Gaselys.

The long-term contracts under which GDF SUEZ sells its gas production vary depending on the subsidiaries and the local market. They are indexed to gas spot prices and/or to oil product prices. Price reviews at regular intervals are stipulated in order to bring them into line with market developments.

Competitive position

The exploration-production activity is subject to intense competition between oil and gas operators for the acquisition of assets. The Group produced 51.2 Mboe in 2010. It is the first offshore producer in the Netherlands and is fourth among the production companies in Germany (2009 data). In Norway, following the transfer of the Gjøa operations, the Group is one among eight operators of fields in production on the Norwegian continental shelf.

GDF SUEZ Exploration & Production strategy

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

- to achieve the size and status of a major "independent E&P company" through growth creating value in the medium term and optimization of its assets portfolio.
- to promote synergies with other entities in the Group, mainly through integrated projects in LNG or electricity production.
- to carry on its business in a sustainable development scenario, by consolidating its health, safety and environmental performances, while respecting ethics and helping to reduce CO_2 emissions.

The Group's objective is to grow its 2P reserves and to increase its production through internal and external growth, market conditions permitting. To achieve these objectives, the Group is planning to maintain its portfolios in current production areas in Northern Europe, to speed up development in North Africa (in Algeria, in Egypt and in Libya) and to extend its operations in new areas such as the Caspian Sea (Azerbaijan and Kazakhstan), Asia (Indonesia), Australia, the Arctic (the Barents Sea and Greenland) and the Middle East.

2.1.3.7 GDF SUEZ Gas Supplies

The mission of GDF SUEZ Gas Supplies, the gas supply business unit, is to contract the natural gas volumes and transmission capacities needed by its internal customers in Europe, electricity producers and marketers. Upstream, it trades with large gas suppliers such as Norway, Russia, Algeria and the Netherlands.

Downstream, it works to balance the needs and resources of its customers. These activities, conducted interactively with GDF SUEZ LNG and Gaselys, give the Group a global vision that enables it to secure and optimize its gas portfolio. Local entities in the various business lines also participate in this optimization, enhancing the portfolio with opportunities captured at their level.

Principal key indicators

The table below presents the sources of the business line's supply portfolio for each of the three fiscal years ending on December 31, 2008, 2009 and 2010 (excluding its own consumption and losses).

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

	Fiscal year ending December 31		
TWh	2010	2009	2008
Long-term contracts with third parties	519.9	495.4	511.5
Purchases from the Exploration-Production BU	28.1	29.7	33.2
Short-term purchases	147.2	139.8	113.4
TOTAL	695.2	664.9	658.1

Missions

GDF SUEZ Gas Supplies is responsible for:

- supplying the Group's entities at a competitive price;
- marketing part of the Exploration-Production BU's production;
- controlling and optimizing the Group's natural gas supply portfolio structure:
  - managing the Group's natural gas resources/needs balance,
  - making the most of the storage, transmission and regasification rights that it manages,
  - selling natural gas or services to long- or short-term counterparties;
- managing relations with the Group's major natural gas suppliers.

GDF SUEZ Gas Supplies also contributes its expertise in building up the supply portfolio of some of the Group's subsidiaries.

Description of activity

A diversified portfolio

Diversifying its suppliers protects the Group, which operates in all segments of the customer base for the gas markets, against sporadic interruptions to supply and enables it to draw maximum advantage from "just in time" purchasing.

The table below shows the geographical distribution of the business line's gas supply sources (including its own resources and LNG) for each of the three fiscal years ending on December 31, 2008, 2009 and 2010.

GEOGRAPHICAL DISTRIBUTION OF SUPPLY SOURCES (INCLUDING OWN RESOURCES)

	2010		2009		2008	
Fiscal year ending on December 31	*TWh*	*(%)*	*TWh*	*(%)*	*TWh*	*(%)*
Norway	117.2	16.9%	145.1	21.8%	144.1	21.9%
Russia	92.6	13.3%	86.4	13.0%	97.1	14.8%
Algeria	89.9	12.9%	96.8	14.6%	101.7	15.5%
Netherlands	83.7	12.0%	92.2	13.9%	93.4	14.2%
Egypt	42.9	6.2%	54.1	8.1%	55.6	8.4%
Yemen	22.5	3.2%	-	-	-	-
Libya	19.8	2.9%	19.8	3.0%	20.1	3.1%
United Kingdom	19.1	2.7%	21.2	3.2%	24.3	3.7%
Germany	3.2	0.5%	3.9	0.6%	3.1	0.5%
Nigeria			2.6	0.4%	5.4	0.8%
Unspecified source	57.2	8.2%	2.9	0.4%	-	-
Other sources [(a)]	147.2	21.2%	139.8	21.0%	113.4	17.2%
TOTAL	**695.2**	**100%**	**664.9**	**100%**	**658.1**	**100%**

(a) Mainly purchases on short term contracts.

N.B.: Because amounts are rounded by the database, there may be insignificant variances between line items and totals.

Gas purchases

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

It consists largely of long term contracts with a term of some 20 years. As of December 31, 2010, the average residual term of these long-term contracts (weighted by volume) was 14.9 years. This portfolio is balanced through purchases in short-term markets through Gaselys. Through this, adjusts its supply to the group's needs by optimizing its purchasing costs. Close cooperation between the GDF SUEZ Gas Supplies and Gaselys allows that the portfolio can be finely balanced from day to day.

According to market practice, the long-term purchase contracts include take-or-pay clauses, according to which the buyer agrees to pay for minimum gas volumes each year, whether or not delivery occurs (except in the event of supplier default or force majeure). Most contracts also stipulate flexibility clauses: These are compensation mechanisms that allow volumes already paid for but not taken to be carried over to a subsequent period (make-up) or limited volumes to be deducted from the take-or-pay obligation, when the volumes taken over the course of previous years exceeds the minimum volumes applicable to these years (carry forward).

The price of natural gas under these contracts is indexed to the market price of energy products with which gas is directly or indirectly substitutable (mainly oil products). In addition, these contracts provide for periodic (two to four year) revisions of price and indexing formulae to account for market changes. Finally, most contracts provide for the possibility of adjusting prices (jokers' rights) in exceptional circumstances, over and above the periodic reviews.

In certain cases, it is possible to change other contractual provisions in response to exceptional events affecting their economic balance (hardship clause). The parties are then required to negotiate in good faith and can, in the event of disagreement, revert to arbitration.

Supply contracts stipulate one or more delivery points. The delivery points of gas delivered by pipeline are spread across the entire European transport system and, in the case of LNG, are mainly sited at vessel loading docks at suppliers' liquefaction plants.

GDF SUEZ Gas Supplies constantly seeks to match its portfolio to the market situation. This is materialized by drawing up new contracts and by price reviews. In a context marked by the decoupling of oil prices, to which the long-term contracts are indexed, from those of the gas sold in the market place, GDF SUEZ Gas Supplies started negotiations with all its main suppliers in 2009.

Short- and long-term booked capacities

Thanks to short- and long-term capacity reservation contracts, GDF SUEZ Gas Supplies has natural gas receiving and land and sea shipping capabilities downstream of the delivery points. It currently owns the use rights necessary for carrying out its supply contracts. In answer to questions posed by the European Competition Commission in July 2009, the Group has undertaken to make available on the open market, capacities at its terminals at Montoir-de-Bretagne and Fos Cavaou as well as at its points of entry at Taisnières and Obergailbach. In addition, from October 2014 at the latest, GDF SUEZ must hold no more than 50% of natural-gas entry capacity into France for a period of 10 years. It is the responsibility of GDF SUEZ Gas Supplies to translate these commitments into fact while enabling its supply contracts to be met.

Relationships with major natural gas suppliers

GDF SUEZ Gas Supplies has established long-term relationships with the Group's major suppliers. These relationships may be further enhanced by various partnerships that involve other Group entities. Thus, as part of its exploration-production activity, partnerships have been forged with UK, Norwegian, Dutch, Egyptian and Algerian companies, including stakes in LNG production plants owned by Snøhvit (Norway) and Idku (Egypt). A strategic protocol was signed with Sonatrach, which led to the 2001 creation of a joint commercialization company, MedLNG&Gas. Co-operation with Gazprom in the LNG segment initiated in 2005, in particular, allowed the sale in 2010 of 15 cargoes of LNG to Gazprom over a period of 2½ years. A highlight of this year was also the Group's taking of a stake in Nord Stream AG with Gazprom and its partners.

Optimized management of the Group's supply

With no supply contract being secured with one particular client or group of clients, GDF SUEZ Gas Supplies manages its natural gas portfolio, on the Group's various European markets, so that it optimizes the total cost of its supply.

The supplies are established first and foremost by long-term contracts. These contracts give the buyer a certain flexibility in delivery volumes.GDF SUEZ Gas Supplies optimizes its portfolio management, acting on prices as well as volumes, through its highly diversified supply sources. Short- or medium-term purchases from long-term suppliers or other dealers allow it to fine-tune the balance between the needs of its internal customers and the Group's resources.

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

It makes short and long term sales to European gas operators. The table below shows the change in sales to operators and in short-term markets for each of the last three years.

● GAS SALES (STATUTORY ACCOUNTS)

	Fiscal year ending on December 31		
TWh	2010	2009	2008
Operator sales	23	20	34
Short-term market sales	63	86	45
TOTAL	86	106	79

In addition to reconciling contracts in the best possible way with short- and medium-term operations, it uses its booked capacity in underground storage facilities as a management tool. Gas stored over the summer, in addition to using flexibility in its supply contract volumes, helps meet additional customer demand in winter by guaranteeing supply continuity to its customers to comply with the legal requirements governing all natural gas suppliers: In France, the Company must be able to supply all its customers without contingency clauses, to deal with severe weather conditions that statistically occur no more than twice a century - a condition known as the "2%" risk.

GDF SUEZ Gas Supplies also provides natural gas re-delivery and trading services to third-party operators, primarily Statoil, Shell, Total, ConocoPhilipps, Eni and Enel. In so doing, the BU enhances the Group's presence in the European value chain, in the supply, storage and transmission markets.

The interruption of Russian gas supplies via the Ukraine in 2009 showed the efficiency of its portfolio management at every step: its long-term portfolio diversification and its ability to respond quickly in the short-term markets meant that it was able to supply the countries worst hit by the Russian-Ukrainian crisis.

Competitive position

Being in a long-term relationship with all Europe's major gas suppliers, the BU manages one of Europe's most diversified supply portfolios.

The competitiveness of this gas portfolio relies mainly on:

- integrated management of supply contracts;
- the ability to balance assets and optimize the long-term and short-term supply mix, through its access to markets;
- the inherent flexibilities of long-term supply contracts;
- having multiple delivery points and transmission capacities in Europe.

Development strategy

The mission of GDF SUEZ Gas Supplies is to satisfy its internal customers' needs for secure and competitively-priced gas to help them maximize the value created by the Group. Its development strategy must therefore constantly be focused on:

- covering the Group's natural gas needs in Europe;
- strengthening the geographical diversification of its resources portfolio;
- using short-term markets and resources to manage unpredictable demand and meet certain customers' special requirements;
- ensuring it has gas storage and transmission capacities throughout Europe and diversified shipping solutions to the Group's various markets.

In cooperation with other business line or Group BUs, GDF SUEZ Gas Supplies is continuing to develop strategic partnerships with major suppliers. It also strives, along with the Group's marketing entities, to make the most of local opportunities and achieve all potential gas/electricity synergies.

2.1.3.8 GDF SUEZ LNG

The Group's positions in LNG

- Largest LNG importer in Europe[(1)].
- Leader in the Atlantic basin.
- 3rd largest LNG importer in the world[(1)].
- Management of a portfolio of long-term supply contracts from six countries.
- Regasification capacities in four European countries (France, Belgium, Spain and the United Kingdom), in the United States (New England, Gulf of Mexico) and Chile, in order to supply the Group's customers.
- At the end of December 2010, a fleet of 18 ships (owned or chartered), including two LNG regasifier tankers (also known as SRV, *Shuttle and Regasification Vessel*).
- Under development: an onshore liquefaction project in Cameroon and an offshore E&P/LNG integrated project in Australia (Bonaparte LNG).

Description of the LNG activities in the Group

GDF SUEZ's recognized expertise over the entire LNG value chain, from production to imports and marketing, including regasification terminal operation and maritime shipping, enables it to build on the strong growth in the industry. Despite the economic crisis, the LNG business will continue to grow quickly, at a rate much higher than gas pipeline trading, and on a global scale.

LNG gives the Group access to new natural gas resources and helps it diversify and secure its supply. In addition, LNG helps the Group to develop new gas markets and improves portfolio management of its gas supplies, enabling it to seize a wider range of optimization opportunities. The LNG business is being developed in coordination with Group's upstream activities (exploration & production) and downstream activities (natural gas supply, power production).

GDF SUEZ LNG's missions

- Safely, reliably and economical supply GDF SUEZ's various entities with LNG, as part of the Group's global gas supply portfolio, through the management of all the Group's LNG supply and vessel chartering contracts.
- Create additional value through business development (new internal and external markets, new sources of supply, new investments in liquefaction plants and regasification terminals) and physical and financial optimization of the Group's LNG portfolio.

(1) *Source: The LNG Industry – 2009, GIIGNL (International LNG Importers' Group), pubilshed in April 2010.*

LNG supply and positions in liquefaction

GDF SUEZ buys its LNG volumes under long-term (fifteen to twenty years) and medium term (one to five years) supply contracts. The Group also buys spot cargoes based on its needs or as the opportunity arises. The Group's contractual annual long-term commitments are as follows (as at December 31, 2010):

	Annual LT commitment	GDF SUEZ's stake in liquefaction plants
Algeria	102 TWh	-
Egypt	55 TWh	5% of Idku train 1
Nigeria (DES contract[1])	6 TWh	-
Norway (12% equity LNG, connected to the Snøhvit field)	7.5 TWh	12% of the Melkøya plant
Trinidad and Tobago[2]	29.5 TWh	10% of Atlantic LNG train 1
Yemen	39 TWh	-
Shell (LT agreement from 2014)	6 TWh	-

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

There are agreements for further potential supplies at later dates (in particular those connected to the Brass LNG project in Nigeria).

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

- an E&P/LNG integrated project in Australia: in August 2009, GDF SUEZ and Santos announced a strategic partnership to develop a 2 mtpa floating LNG liquefaction plant in the Bonaparte Basin, off the coast of Australia. Against this background, in February 2010 GDF SUEZ took a 60% stake in the Petrel, Tern and Frigate offshore gas deposits, which will supply the project and, in 2011, will become the operator for the entire project (E&P and LNG), on which it also has a 60% stake (see under 2.1.3.6 GDF SUEZ Exploration & Production). The Group will also market and transport the LNG. This project is currently in the design phase;
- an onshore liquefaction plant in Cameroon: the project will comprise the construction of an onshore liquefaction plant with a maximum annual capacity of 3.5 Mt, supplied by a national transmission network connecting it with Cameroon's offshore natural gas deposits. The site for the plant, allotted to the LNG project by the Government in May 2010, is located close to the planned deep water port at Kribi. In June 2010, under their partnership for the development of the LNG export project, GDF SUEZ and SNH (Société Nationale d'Hydrocarbures, the national company responsible for hydrocarbons in Cameroon) jointly awarded to Foster Wheeler the pre-FEED contract for producing the preliminary engineering designs. In December 2010, GDF SUEZ and SNH also signed a framework agreement setting out the key terms of the project. As of now, the decision on final investment and the launch of the project has not yet been taken.

LNG destination and positions in regasification terminals

In 2010, unloadings were carried out mainly in Europe, in North America and in South America and were developed to the east of the Suez Canal.

THE GROUP'S LONG-TERM POSITIONS IN REGASIFICATION ACTIVITIES IN 2010

	Regasification terminal	Access to regasification capacity	GDF SUEZ's stake in regasification terminals	Comments
France	Montoir	Yes	100%	*Terminals owned and operated by Elengy (a wholly-owned subsidiary of GDF SUEZ), subject to the access rules to LNG terminals for third parties.*
	Fos Tonkin	Yes	100%	
	Fos Cavaou	Yes	71.97%	*Terminal owned by STMFC (71.97% stake held by GDF SUEZ), operated by Elengy. The terminal entered commercial service in April 2010. It is subject to the access rules to LNG terminals for third parties.*
Italy	Panigaglia	Yes	-	*Access via a swap with Enel.*
Spain	Huelva, Cartagena	Yes	-	
United Kingdom	Isle of Grain	Yes	-	
Belgium	Zeebrugge	Yes	-	*GDF SUEZ sold its stake in Fluxys during the 1st half of 2010.*
United States	Everett	Yes	100%	*Terminals owned and operated by Distrigas of Massachusetts (a wholly-owned subsidiary of GDF SUEZ). The Neptune floating regasification terminal, installed off the Boston coast, entered into service in April 2010*
	Neptune	Yes	100%	
	Sabine Pass	Yes	-	
	Freeport	Yes	-	*Since 2010, the Group has had access to regasification capacity in the Freeport terminal in the Gulf of Mexico.*
Chile	GNL Mejillones	Yes	63%	*GNL Mejillones S.A. is 63% owned by the Energy Europe & International business line and 37% owned by Codelco. It received its first ship in February 2010. The LNG feeding the terminal is specifically supplied by GDF SUEZ LNG.*
Puerto Rico	Penuelas	Yes	-	*Access via a long-term sales contract.*
India	Dahej	No	10%	*Terminals owned and operated by Petronet LNG Ltd. (a company in which GDF SUEZ has a 10% stake).*
	Kochi (under construction)	No	10%	

GDF SUEZ has filed an application for authorization of a planned offshore terminal in Italy (Triton).

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

- a contract for the sale of 0.9 Mt of LNG to the Russian company Gazprom, starting at the beginning of 2011, covering a period of 2½ years;
- a sales contract for the delivery of 2.5 Mt of LNG to the South Korean company Kogas, beginning in the 4th quarter of 2010 and ending in 2013;
- a contract for the sale of 2.6 Mt of LNG to the Chinese company CNOOC, starting in 2013, for a 4-year period.

Maritime transport

In order to meet its maritime transport needs, GDF SUEZ uses a fleet of LNG tankers that it adapts in size to meet its long-term commitments and its one-off opportunities. The chartering terms vary from a few days to as much as twenty years. At the end of 2010, the GDF SUEZ fleet included 18 LNG carriers:

- 4 ships owned by the Group: Tellier (40,081 m^3), Matthew (126,540 m^3), Provalys (154,500 m^3) and GDF SUEZ Global Energy (formerly Gaz de France energY, 74,130 m^3);
- 1 ship, of which the Group is a co-owner: Gaselys - 154,500 m^3 (60%-owned by the NYK Group and 40%-owned by GDF SUEZ);
- as well as thirteen other ships chartered from other ship-owners, including five ships recently built and made available to the Group in 2009-2010 under long-term charter contracts: BW GDF SUEZ

Paris, BW GDF SUEZ Brussels, GDF SUEZ Neptune (regasifier vessel), GDF SUEZ Cape Ann (regasifier vessel) and GDF SUEZ Point Fortin.

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

- an 80% stake (with Japanese ship-owner NYK owning the remaining 20%) in GAZOCEAN, a ship management company which runs the Tellier, Gaselys, Provalys, GDF SUEZ Global Energy and Grace Cosmos (owned by the NYK group) vessels;
- a 40% stake in Gaztransport & Technigaz (GTT), which designs LNG cargo containment systems and develops the "membrane" LNG tank isolation techniques. In October 2010, these techniques equipped 67% of LNG tankers in operation worldwide and 87% of the vessels ordered (source: GTT).

Competitive position

Based on GIIGNL figures for 2009, GDF SUEZ is the largest LNG importer in Europe, the largest LNG importer in the United States and its associated territories and the third largest LNG importer in the world.

Strategy/development

The main strategic objectives are:

- developing and diversifying the supply portfolio by investing in integrated (E&P/liquefaction/market supply) projects and developing long-term purchase contracts with major producers (IOCs, NOCs);
- developing a portfolio of new sales contracts in close cooperation with the Group's other entities, in particular in the Asian-Pacific countries;
- creating added value by physically and financially optimizing the portfolio and by seizing opportunities linked to price differences between markets, with support from Gaselys.

2.1.3.9 Gaselys

With the increasing role of organized markets in the energy economy, in terms of physical volumes traded and the use of derivatives for hedging purposes, trading becomes an essential link in the gas/electricity value chain.

Formed in 2001, Gaselys is today one of the top natural gas traders in Europe.

Gaselys is active in the main European markets (organized and over-the-counter markets). Due to interactions between the various energy families - involving industrial substitution or complementarity - the company trades all the components of the mix, in physical and financial form for natural gas and electricity, and in financial form for oil and refined products, coal, and CO_2 emission quotas.

On the basis of this dual expertise - industrial and financial - Gaselys offers three major types of services:

- access to Europe's short-term markets, from intraday to multi-calendar terms;
- risk management in the form of hedging to manage the price risk resulting from fluctuations in energy prices;
- asset optimization solutions for physical assets (storage, transmission and production capacity flexibility management) or contractual assets (flexibility in purchase or sale contracts of natural gas or electricity).

Buyback by GDF SUEZ of Société Générale's shares in Gaselys and planned unification of the Group's energy trading activities in Europe

On September 30, 2010, GDF SUEZ bought the 49% stake held by Société Générale in Gaselys[(1)]. On this date, Gaselys therefore became a wholly-owned subsidiary of GDF SUEZ, after obtaining agreements:

- from the French "Autorité de Contrôle Prudentiel" (ACP), which confirmed the status of Gaselys as a regulated banking institution (as an Investment Services Provider - ISP);
- from the European competition authorities.

GDF SUEZ set itself the target of creating a European trading leader in 2011. The Group committed to a project to unify its energy trading activities in Europe, currently fronted by Gaselys and the entity "TPM Trading" from the Energy Europe & International business line (see in 2.1.7 for the description of this project).

Market solutions for GDF SUEZ and for its customers

Gaselys helps to improve the competitiveness of the Group's different activity segments across the board:

- exploration and Production: financial strategies to hedge gas and oil production, access to short-term gas markets (selling uncontracted volumes, buying replacement gas) and helping in the financing scheme of production assets purchasing;
- gas supply: help in optimizing the long-term portfolio through buy/sell transactions on Europe's physical hubs for balancing and arbitrage, financial management of the portfolio's indexations, and deriving value from residual flexibility;

(1) The Gaselys shareholders' agreement stipulated a periodic review of the partnership, with a date set for the first quarter of 2010. The discussions between the two groups on this subject resulted in a decision to pursue the development of the gas and electricity trading activity in Europe separately, each according to its own arrangements and in line with its other activities.

- LNG: hedging for LNG spot transactions, thanks to its ability to deal in European, American (nat gas US, basis) and Asian (Japanese Crude Cocktail) markets;
- electricity production from the Group's power stations in France and in the United Kingdom: hedging of *spark spreads, dark spreads, tolling* agreements and carbon-neutral solutions;
- marketing of energy to GDF SUEZ's key accounts in Europe: designed together with GDF SUEZ's sales teams, innovative price engineering solutions (risk management) embedded in natural gas supply contracts according to the risk profiles of major industrial groups - fixed price offers, indexed prices, price structures that include buy or sell options;
- marketing energy to other segments of the customer base in France: price engineering, enabling the Energy France business line to offer business customers various price structures (fixed or indexed) and private consumers fixed price deals for one or more years;

Gaselys has also developed its own activity through:

- the development of its own customer franchise, to which it diversifies and extends its range of services (from producers and midstreamers to financiers);
- proprietary trading and asset-backed trading activities, within strict limits. The objective is to arbitrage price discrepancies between the various underlying energies (gas, electricity, oil and coal) and to capitalize on anticipated price movements.

Positions in European markets

Gaselys is present over the entire energy mix

- Natural gas - Gaselys is a liquidity provider on the main European hubs: NBP in the United Kingdom, the Zeebrugge hub in Belgium, TTF in the Netherlands, NCG and Gaspool in Germany, PEG in France, Baumgarten (Central European Gas Hub), PSV in Italy. It acts as a market maker on the Powernext Gas stock market created in November 2008. It also deals in natural gas on the American markets, in order to optimize financially the transatlantic arbitrages performed in LNG.
- Electricity - Gaselys is developing its positions on the electricity markets: United Kingdom, France, Germany, Belgium, Netherlands, Spain and Italy, these last two markets on a financial basis.
- Oil: As most gas contracts in Europe are indexed to oil products, Gaselys trades these products, on a financial basis only, to manage GDF SUEZ's and its customers' exposure to these underlyings' price movements (crude oil, refined oil, distillates and JCC).
- Coal: coal indexation is also a price component on which Gaselys intervenes financially for hedging purposes (North-West Europe and other references).
- CO_2: To manage its customers' emission constraints, Gaselys deals in EUAs (European Union Allowances) and CERs (Certified Emission Reductions).
- Green certificates: Gaselys can offer "green" electricity based on the Renewable Energy Certificates System (RECS) and guarantees that the sources are European.

Governance and risk management

As a consequence of the takeover of Gaselys by GDF SUEZ, the Board of Directors has been re-organized. It now comprises the managers of the Group's business lines and of the finance department.

The Board takes a keen interest in monitoring Gaselys' activity. It supervises and controls the risk management system through several control committees, which ensure that business is conducted in accordance with its objectives: the Audit Committee, the Risk Committee and the New Product Committee.

As an investment services provider, Gaselys has thus developed a sound risk control culture, involving the measurement, monitoring and strict control of market, credit, liquidity, operational, and regulatory risks. It continuously structures and reinforces its support functions and internal processes to base its development on a secure footing.

Gaselys' Risks teams monitor **market risks** on a daily basis (commodity prices, FOREX rates and interest rate risks) and physical risks (asset failure risks). The **market risk** indicators are based on VaR (value at risk) and stress test models.

Regarding **credit risks**, lines of credit are allocated counterparty by counterparty. The limits set up are based on the Credit Value at Risk model. These risks are reduced through the implementation of various systems: *netting* agreements and margin calls, obtaining first demand guarantees and parent company guarantees, transaction *clearing*, etc.

Operational risks are assessed and managed by a specialist team. Periodic reviews and failure analyses ensure systematic improvement in internal procedures.

Liquidity risk is assessed by stress tests. Surpluses are invested in highly liquid products.

The risk-exposure limits defined for Gaselys' activities are measured and monitored daily, and General Management and the Risk Committee are automatically notified if a limit is overrun.

In accordance with the Basel II regulations, Gaselys tracks the equity needs on a daily basis and reports them to the ACP.

The **Compliance and Internal Control** system is based on safeguarding operations and ensuring compliance by employees with rules and procedures, particularly concerning compliance with regulations, rules of conduct, and internal safety standards.

The department in charge continuously monitors the effectiveness of the internal control system through preventive actions (development of ethics guidelines, education of operating personnel on safety issues), monitoring staff ethics and conduct, creating a program of random tests, following up on corrective measures identified during these procedures, and reporting to the regulators (AMF, ACP), management, and the Audit Committee.

It also follows up on all recommendations issued following internal controls and audits.

The banking regulatory framework clarifies the distinction between continuous monitoring and periodic checks. The **internal audit** department is responsible for complete, periodic checks of the functions performing continuous monitoring (operating departments that perform first-level checks on the reliability of operations, the Compliance and Internal Control department, the Information Systems Security Manager (ISSM), and the Risk departments). All these departments coordinate their work and seek to enhance the overall security of the internal control system.

The efficiency of the risk control framework is regularly tested in audits supervised by the Group's auditors and the banking supervisory authorities

Finally, as a key energy trading player in Europe, Gaselys is committed actively to working groups and business associations (ISDA, EFET, etc.)[1], in order to promote good trading practices and work on their harmonization in Europe.

2.1.3.10 GDF SUEZ Key Accounts Sales

Principal key indicators

- GDF SUEZ Key Accounts Sales [Key Accounts Sales] sold 171 TWh to its end customers in 2010 (164 TWh excluding intra-Group sales).
- More than 250 customers in over 1,000 sites across continental Europe make up the Key Accounts gas segment.
- Sales were made in Germany, Austria, Belgium, Spain, France, Italy, Luxembourg, the Netherlands and, for the first time, the Czech Republic. Sales in France, Belgium and Luxembourg accounted for almost 57% of volumes sold, compared with 60% in 2009 and 65% in 2008.

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

TWh	2010	2009	2008
France	72.8	94	105.9
Belgium and Luxembourg	23.6	25.7	23.7
Netherlands	20.7	27.7	25.9
Italy	25.4	24.9	24.7
Spain	3.9	4.1	2.2
Germany	20.4	22.3	16.1
Austria	1.9	1.3	0.3
Czech Republic	2	0	0
TOTAL	**170.7**	**200**	**198.8**

The volumes sold in 2010 are clearly down compared with those sold in 2009. This fall in sales was mainly observed in France. In this country, delivered volumes fell from 94 TWh in 2009 to 72.8 TWh this year, which represents a downturn of some 22.5%. Sales in Europe, excluding France, fell by 8 TWh (mainly in the Netherlands), with increased sales in new countries (Austria and the Czech Republic) limiting the lower demand noted in the other countries (except the Netherlands). This fall in volumes between 2009 and 2010 is attributable to two main phenomena:

- the economic crisis of 2009 impacted the whole of the portfolio. This was reflected in a decline in customers' activity, and thus lower gas consumption in 2010;
- increased competition, in particular in the Group's traditional markets, on which market prices tumbled because of an imbalance between supply and demand (leading to an economic mismatch with long-term contract prices, indexed mainly to oil).

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

Missions

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

In a constantly changing environment, it performs a competitive watch on its markets, defines the sales positioning by customer segment and prepares offers that fit its customers' needs while anticipating market developments.

It puts together complex, customized offers, in particular on energy optimization, thus contributing to its customers' economic performance.

(1) ISDA : International Swaps and Derivatives Association, EFET:International Swaps and Derivatives Association, EFET: European Federation of Energy Traders.European Federation of Energy Traders

It coordinates sales action for pan-European Key Accounts in close co-operation with sales teams from the Energy Europe & International and Energy France business lines. Local sales teams based in Europe ensure the business unit stays geographically close to its customers.

Description of activity

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

- Priority targets:
  - pan-European accounts: these are large European groups (mainly industrial groups) present in at least two of the countries served;
  - large national customers.

These customers behave in a particular way: they have a European energy purchasing organization and/or they need complex "tailored" packages.

- Additional targets:
  - distributors,
  - electricity producers.

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

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

- risk management and price engineering packages, primarily based on the Gaselys trading subsidiary's expertise. GDF SUEZ Key Accounts Sales is therefore able to offer its customers fixed or indexed prices for a given period, as well as services that allow them to manage their energy purchase prices dynamically throughout the year;
- packages that combine energy and performance optimization, supported by the Energy Services business line, such as:
  - the management or optimization of heating installations or energy consumption installations to accompany gas sales,
  - combined gas and electricity sales, possibly including steam, by optimizing the decentralized electricity production assets that clients may have or wish to obtain. In the latter case, the service provided includes, if needed and often as a partnership, the construction, financing and operation of electricity production units (cogeneration, trigeneration, or even combined cycles).

A cross-business line sales organization was set up to market energy and related services jointly to these very large customers, under a single brand, GDF SUEZ Global Energy (see below).

Competitive position

Through its offers to industrial and commercial customers, GDF SUEZ has kept a substantial market share in its traditional markets and has established itself as a major new player in continental Europe's largest markets. The GDF SUEZ Group is now a leading player on the European markets.

The penetration rate in various markets varies depending on a number of factors, including the regulatory framework as well as the actual ability to access the transmission infrastructures necessary to ship the gas.

MARKET SHARE*

	2010	2009
Germany	2.5%	3%
Belgium(1)	25.6%	20%
Spain	2.2%	3%
France	38%	51%
Italy	12.7%	14%
Netherlands(2)	11.9%	16%
Austria	5.3%	ND
Czech Republic	6.9%	0%

* *Market share: the volume of natural gas sales in the GDF SUEZ Group's Key Accounts Sales segment as a proportion of total estimated natural gas volumes sold in this segment in the given country (last estimate made by the Key Accounts Sales BU in 2010).*

(1) Market reduction related to the inclusion of different internal marketers (merger).

(2) Resizing of the 2009 market share owing to the change in scope of the benchmark market in the Netherlands (which previously included the entire industrial customer segment, but which is no longer the case in 2010).

Source: GDF SUEZ

Development strategy

GDF SUEZ Key Accounts Sales will continue, in a difficult competitive context, to supply a significant share of the French market. However, sales outside France will be the major growth driver for sales to major industrial and commercial customers.

Since the beginning of 2009, customers have had a dedicated brand, GDF SUEZ Global Energy, which provides them with natural gas and electricity offers and related energy services on a European scale. They will thus benefit from the reliability and diversity of supply that a major European gas importer can provide as well as access to electricity production that is balanced and competitive. This brand is carried by the Global Gas & LNG business line and by the Energy Europe & International and Energy France business lines.

Income from these sales will continue to be posted for each business line, and only natural gas sales will be included in the GDF SUEZ Key Accounts Sales (Key Accounts Sales) income statement in the Global Gas & LNG business line; income from electricity sales will be included in the other business lines' financial statements (Energy France and Energy Europe & International business lines).

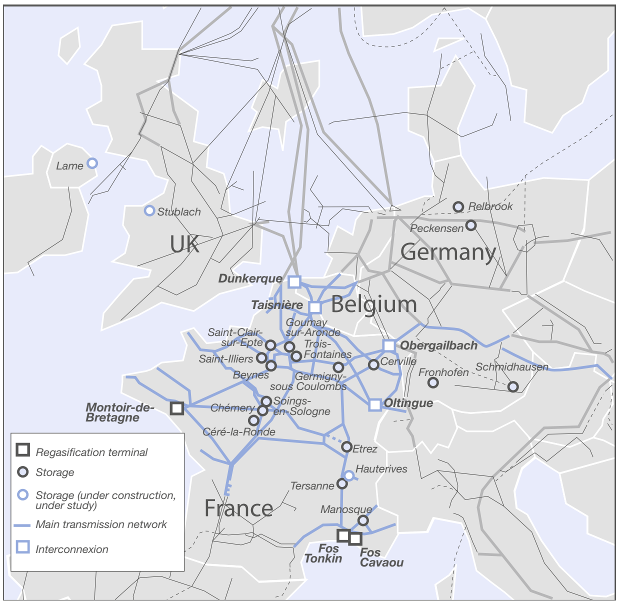
2.1.4 INFRASTRUCTURES BUSINESS LINE

2.1.4.1 Mission

The Infrastructures business line combines in a coherent body the Group's gas infrastructures in France, through four specialized subsidiaries in transmission, storage, LNG terminals and distribution, as well as storage subsidiaries in Germany and the United Kingdom. The business line also manages the Group's holdings in transmission companies in Germany (Megal) and in Austria (BOG).

Their combined positions make GDF SUEZ Group one of Europe's leading players in the gas infrastructures sector.

Its business model guarantees it steady, recurring revenues and cash flow that contribute effectively to the financial stability of the GDF SUEZ Group.



2.1.4.2 Strategy

The Infrastructures business line aims to:

- develop infrastructures to support the development of European natural gas markets while encouraging supply flexibility through multiple sourcing, thereby making natural gas more competitive and securing supply;
- facilitate the sharing of best practices in each business and between the business lines, as well as the best information systems and the best technologies;
- guarantee the business line's human resources expertise and needs on a lasting basis;
- achieve excellence in safety and reliability.

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

2.1.4.3 Organization

These activities within the Infrastructures business line are structured as four independent public limited companies (*sociétés anonymes*), wholly owned by GDF SUEZ:

- GrDF builds, maintains and develops the distribution network in France;
- GRTgaz manages the transmission network (pipelines and in-line compression stations) in France, and supervises GDF SUEZ's other subsidiaries and stakes in transmission infrastructures in Europe: GRTgaz Deutschland and Megal in Germany, BOG in Austria;
- Storengy manages storage sites in France and oversees GDF SUEZ's other storage subsidiaries in Europe;
- Elengy builds, maintains and develops the Montoir-de-Bretagne and Fos Tonkin LNG terminals and markets the associated capacities. Elengy also holds the Group's equity interests in Société du Terminal Methanier de Fos Cavaou (STMFC) and operates the Fos Cavaou terminal.

Each subsidiary has its own means to manage all its activities.

Besides the support and control functions (Finance, Strategy, Audit, etc.), the support services (work contract management, accounting, general services, IT and purchasing) are provided by five shared service centers (SSC), which are grouped into a single operating unit dedicated to the Infrastructures business line. These centers are grouped into a single operating unit dedicated to the Infrastructures business line.

Governance

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

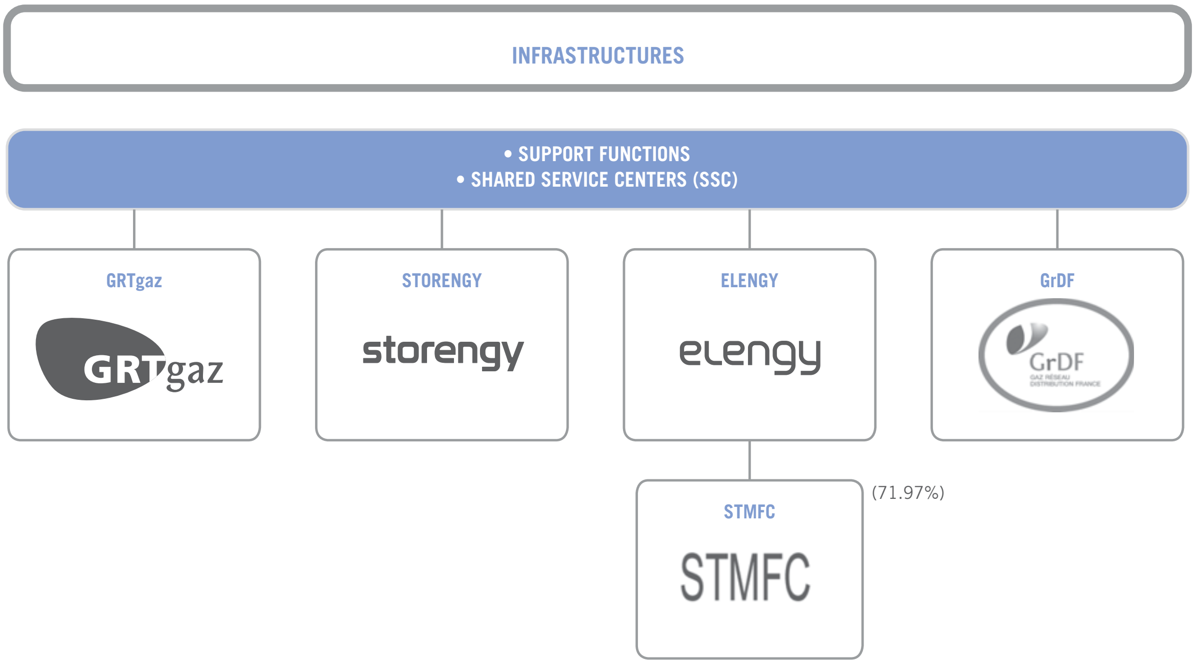
Inter-subsidiary services provided by the SSCs or the parent company are covered by contracts.

The business line's operational unit acts as employer for the five shared service centers. Each SSC has a Management Board that includes the SSC's customers (GRTgaz, GrDF, Storengy and Elengy) and is chaired by one of the customers. Each Management Board defines service levels in response to customer needs and assigns the respective SSC resources. It manages and controls the service, using key performance indicators in coordination with each customer.

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

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

DIAGRAM SHOWING THE MAIN SUBSIDIARIES OF THE INFRASTRUCTURES BUSINESS LINE



2.1.4.4 Key figures

In millions of Euros	2010	2009	Total change (*in %*)
Business line revenues	5,891	5,613	+ 5.0
Revenue contribution to Group	1,203	1,043	+ 15.3
EBITDA	3,223	3,026	+ 6.5

In 2010, GDF SUEZ Infrastructures accounted for 21% of the Group's EBITDA.

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

- Europe's largest natural gas transmission network (32,200 km in France plus 1,373 km(1) of network in the rest of Europe with equity stakes in several European transmission companies: (Germany and Austria);
- Europe's largest natural gas distribution network (192,202 km in France);
- the 2nd largest natural gas storage capacity operated in Europe (more than 10 billion m^3)(2)
- the 2nd largest LNG receiving and regasification capacity in Europe.

The Infrastructures business line had a workforce of 17,500 as of December 31, 2010.

2.1.4.5 Highlights

In January 2010, daily natural gas consumption on the GRTgaz' transmission network reached a new record at 3,053 GWh, due to a cold spell.

Starting from January 2010, application of new rates for access to LNG terminals, varying between terminals, for a 3-year period (regarding Fos Cavaou, starting from the date it enters commercial service).

Launching of the blog "With you... GrDF on the move". Aimed at individuals, as well as natural gas professionals, architects and members of local authorities.

Since April 1st, the new Storengy agreement has been using the Powernext Gas Spot organized market indices.

The Fos Cavaou LNG terminal received the LNG tanker "Gaselys", thus marking its entry into commercial service in April.

In July, GRTgaz launched TRANS@ctions, a secure gateway, which allows all customers who are natural gas shippers to make their routing capacity reservations directly on line.

Full commercial service of the Fos Cavaou LNG terminal, following issue of the order allowing full capacity operation by the Préfecture of the Bouches-du-Rhône on August 25, 2010.

Launch in September of the public enquiry into extending the operation of the Fos Tonkin LNG terminal.

In October, GRTgaz and Fluxys launched the marketing of bundled primary capacities between the Zeebrugge hub and the North PEG on Capsquare, their joint platform for buying and selling cross-border capacities.

GrDF is launching a new form of natural gas concession agreement.

GRTgaz inaugurated several new compression stations in 2010, as part of a large-scale program to modernize its compression inventory.

2.1.4.6 Underground natural gas storage

France

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

As of December 31st, 2010, Storengy was operating:

- 13 underground storage facilities (of which 12 are wholly-owned, one of which has two storage structures). Nine of these storage facilities are in aquifers (total useful storage volume 9 billion m^3), one a depleted field (total useful storage volume of 50 million m^3), and three are in salt caverns (total useful storage volume of 1.0 billion m^3);
- 50 compressors with a total power of 229.5 MW, needed to withdraw and inject natural gas;
- facilities for processing gas and for interconnection with the transmission networks.

Germany

Storengy Deutschland GmbH, wholly owned by the Group and founded at the end of 2007, operates four storage facilities with a total useful storage volume of almost 750 million m^3, of which 470 are marketed directly by this company. In 2010, the Behringen project, a storage facility in a depleted mine, started up fully and two new caves were brought into commercial service at Peckensen. On this latter site, works are in progress to bring into commercial service in 2013 and in 2014 respectively, two additional caves, which had been marketed previously in 2008 by means of auctions.

United Kingdom

Storengy UK Ltd., wholly owned by the Group, was created in 2007 to build and market the Stublach salt cavern storage project in Cheshire. The total planned capacity is 400 million m^3 of useful volume, broken down into 28 caves, which will make it one of the largest storage facilities in the United Kingdom. The first volumes should be marketed in 2013. Work started at the end of 2007 and the leaching of the first 10 caves (phase 1) began as planned in October 2009. The UK gas and electricity regulator, Ofgem (Office of the Gas and Electricity Market), granted it a third-party access exemption for phase 1 of the project. In addition, drilling of 10 more wells (phase 2), as well as the gas installation engineering, started in 2010.

(1) Cumulative lengths of the transmission networks in Germany (Megal, 1,088 km) and in Austria (BOG, 285 km).

(2) Source : internal analysis (2010 data). The Group is expected to become number 1 in terms of storage capacity sales after completion of the acquisition of several natural gas underground storage sites in Germany, pursuant to the acquisition contract signed in January 2011 and subject to the approval of the relevant authorities.

Ireland

The storage facility project in the salt caves at Larne, which was the subject of a partnership with Bord Gais, continued in 2010 with a seismic survey, which facilitated the identification of a geological structure which, on first impressions, is suitable for storage. To validate these early results, a drilling campaign will be conducted in 2011.

Canada

Storengy is also active in Quebec through an indirect 49% stake in Intragaz. As of December 31st, 2010, Intragaz was operating two underground storage facilities developed in former natural gas fields:

- Pointe du Lac, with a capacity of 20 million m^3;
- Saint Flavien, with a capacity of 100 million m^3.

Legal and regulatory framework for storage activities in France

Underground storage facilities are subject to mining law and can only be operated under a concession that determines the scope and the geological formations to which it applies. Concessions are granted by a Council of State decree after a public inquiry and a competitive tender process. The holders of underground gas storage licenses must operate them in a manner compatible with the safe and effective functioning of the interconnected natural gas networks.

GDF SUEZ holds mining rights that it farms out(1) to its subsidiary, Storengy, which operates them and thus holds the corresponding authorizations. This arrangement was approved by the Energy Minister.

The Law of August 9, 2004 provides for negotiated access to storage facilities for authorized suppliers. Storage operators are required to publish the general terms of use for such facilities.

The same Law, and the Decree 2006-1034 of August 21, 2006 set the access priorities for storage facilities. The same Decree sets out the conditions for granting and assigning storage capacity access rights and their distribution, and requires the authorized supplier or agent to maintain sufficient stores in order that, on October 31st of every year, they have enough natural gas to supply their customers from November 1st to March 31st. An annual decree sets the corresponding storage rights. Thus, the Decree of February 10, 2010 updates, for the year 2010, the Decree of February 7, 2007 on storage rights and profiles.

Finally, according to the Law of August 9, 2004, access to storage facilities can only be refused for a material reason.

Access to storage facilities

In April 2004, the Group introduced third-party access to storage in France. Third parties wishing to use Storengy's underground storage capacity to cover their end customer supply requirements have access to the six storage groups. These groups are set up to take into account the characteristics of each storage facility based on the nature of the gas stored (H gas or L gas), its performance (withdrawal speed) and its geographic location.

In addition, Storengy regularly makes available to markets capacities beyond those strictly necessary to cover suppliers' storage rights. In 2010, these capacities were sold at auction and in over the counter sales at a fixed price, according to the "first come, first served" principle. These provided the opportunity to market new products such as multi-year capacities or a "virtual multi-cycling" offer in the Northern region: Sédiane Multi.

Storage access prices

Storengy's offer is based on principles relayed to the Ministry for Energy and the *CRE*. "Negotiated" storage access prices are set by the storage players in a non-discriminatory process. Pricing varies according to the technical capacities of the tanks, the basic storage service and the type of additional operating services selected. All prices for capacities intended to supply end customers, as well as extra available capacity, will be published on the Storengy website.

Competitive aspects

Storage is one solution among many for allowing customers to cover fluctuations in consumption and the market's load matching requirements. Storengy's storage options compete with various other solutions, such as implementing supply flexibility, or managing demand (via a portfolio of customers whose service can be interrupted, for example). It should be noted that various changes underway throughout Europe, such as the development of gas hubs and the increase in gas pipeline transmission network capacities, will increase competition in the load matching market.

In 2010, Storengy marketed its capacity to 31 customers in France, selling a total of 104.6 TWh, of which 95.1 TWh were under access rights.

Storage strategy

Storage development requires considerable long-term investment.

Storengy envisages an average annual investment of some €300 million in France and internationally.

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

2.1.4.7 LNG terminal activities

LNG terminals are port facilities that allow LNG to be received and liquid natural gas to be regasified (changed from liquid state to gas).

Elengy is the 2nd largest European LNG terminal operator (*source: GIIGNL*). It was also one of the first to receive LNG, starting in 1965. It has developed and operated its facilities and markets the associated capacity.

The two LNG terminals at Fos Tonkin and Montoir-de-Bretagne had a total regasification capacity[1] of 15.5 billion m^3 per year on December 31, 2010. After having directed its construction, Elengy will operate the LNG terminal at Fos Cavaou, with a stake of 71.97% and representing an annual regasification capacity of 8.25 billion m^3.

In 2010, the GDF SUEZ Group sold its stake in the Zeebrugge terminal to Fluxys, which was already responsible for operating and marketing this terminal's capacity (total capacity 9 billion m^3).

Fos Tonkin Terminal

Brought into service in 1972, Fos Tonkin is located at Fos-sur-Mer on the Mediterranean coast and receives LNG primarily from Algeria and Egypt. Its regasification capacity was increased temporarily to 7 billion m^3 at the end of 2005, pending entry into commercial service of Fos Cavou, and it reverted at the end of 2010 to its initial capacity of 5.5 billion m^3 per year. It has a wharf that can accommodate ships transporting up to around 75,000 cubic meters of LNG and three tanks with a total capacity of 150,000 cubic meters.

A subscription call was launched to offer market players capacities resulting from the extension of the Fos Tonkin terminal beyond 2014. It proved impossible to obtain sufficient commitments to decide on the investments that would allow the operation to be extended until 2034. Elengy intends to go to the market again during 2011, based on amended investment plans.

The Montoir-de-Bretagne Terminal

Montoir-de-Bretagne, which was brought into service in 1980, is located on the Atlantic coast and receives LNG from various sources, including: Algeria, Nigeria, Egypt, Trinidad and Tobago, Qatar, Norway, etc. It has a regasification capacity of 10 billion m^3 a year, two wharves that can accommodate ships transporting up to around 220,000 m^3 of LNG and three tanks with a total capacity of 360,000 m^3. Following an open season tender process to extend terminal capacity, it was decided to launch a project to renovate the terminal's capacity, with a view to operating it at its current capacity until 2035.

After the European Commission accepted the commitments proposed by GDF SUEZ in December 2009 to help open up the French market, Elengy made available 2 billion m^3 of capacity a year at its Montoir-de-Bretagne terminal, in the form of two lots of 1 billion m^3 per year, starting in October 2010 and October 2011 respectively. The lot starting in October 2011 has found a lessee for a term of 10 years. Given the results of the call for marketing, the capacity corresponding to the other lot was returned to the conventional marketing process. On 31st December 2010, these capacities were reserved in full by various players until the end of 2014.

Fos Cavaou Terminal

Fos Cavaou, at Fos-sur-Mer, is the third LNG terminal that the Group is building in France to meet growth in the LNG market. This terminal received its first LNG cargo on October 26, 2009, which allowed it to start “cold running”. The first injection into the transmission network was on November 13, 2009 and the first commercial cargo was delivered in early April 2010, once several months of testing had been completed. The terminal has a regasification capacity of 8.25 billion m^3 a year, a wharf that can accommodate the world's largest existing LNG tankers and three tanks each with a capacity of 110,000 m^3, i.e. a total capacity of 330,000 m^3. This terminal is owned by a dedicated subsidiary, Société du Terminal Methanier de Fos Cavaou (STMFC), in which Elengy holds a 71.97% stake, and Total Gaz Electricité Holding France SAS holds a 28.03% stake. GDF SUEZ has subscribed regasification capacity of 5,175 billion m^3 a year, and Total has subscribed to 2.25 billion m^3 a year. The balance (10% of total capacity, in other words 0.825 billion m^3 per year) is reserved for shorter term operations.

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

The legal framework of regasification activity in France

LNG regasification does not need to be authorized. However, an LNG terminal is a facility subject to classification for environmental protection purposes (Seveso facilities) and, therefore, its operation is subject to a specific authorization by the prefecture. These authorizations were granted to Elengy, by prefectoral decree, on December 22, 2008 for the Fos-sur-Mer sites and on December 19, 2008 for Montoir-de-Bretagne. An Administrative Court annulled the operating authorization for the Fos Cavaou terminal in June 2009. Although Elengy has launched an appeal against this ruling, the appeal process does not suspend the annulment in the interim. However, the Court has authorized the terminal to operate at 20% capacity until it obtains a new authorization. It then extended this measure to 100% capacity by prefectoral order on August 25, 2010.

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

Access to LNG terminals: principles and tariffs

The Group opened up access to its LNG terminals to third parties in August 2000. The access tariffs, general terms and conditions, and allocation rules are available on the Internet.

Access tariffs to LNG terminals are regulated. They are set in accordance with provisions that incorporate the same general principles as those applicable to the access tariffs for the transmission network, namely, the application of a rate of return to an asset base recognized by the *CRE* (called the regulated asset base or RAB), and the incorporation of annual amortizations and operating expenditures.

New access tariffs to LNG terminals were specified by the Decree of October 20, 2009, formally approving the *CRE* rate proposal of July 16, 2009. These new tariffs, varying between terminals, were set for a three-year period, for Montoir-de-Bretagne and Fos Tonkin from January 1st, 2010, and for Fos Cavaou from the date it comes into commercial service. The total regulated asset base was €1,223 million on December 31, 2010.

The rate of return accepted by the *CRE* varies according to the age of the investment. The applicable rates of return are 9.25% (real pre-tax)[1] for assets put into service before January 1, 2004, 10.5% (real, pre-tax) for assets put into service after January 1, 2004 and decided prior to December 31, 2008, and 9.25% (real, pre-tax) for other assets. A 2% premium is applied to future investments to allow for capacity development and a rate of return is established for existing investments.

The regulated assets base consists primarily of unloading equipment and support facilities, regasification facilities, civil engineering work and buildings, and tanks.

To determine annual fixed costs, the *CRE* applies the straight-line depreciation method over 20-40 years to the various components of the LNG terminals. Most of the assets are depreciated economically over 40 years.

The rate formula with effect from January 1, 2010 uses five variables: The number of offloads, the quantities offloaded, the regasification capacity usage, and the "gas in-kind", along with a seasonal adjustment (called the regularity variable) appear as an incentive for distributing deliveries uniformly from one season to the next.

The subscription agreement includes a minimum payment obligation for the subscriber that is equal to 95% of the annual commitments, excluding any in-kind amount, based on the quantities offloaded and the number of offloads subscribed per terminal.

There are three standard services offered: a "continuous" service, a "band" service and a "spot" service.

Also, the possibility of carrying out reciprocal LNG trades and of entering into a secondary market for regasification capacities provides users with additional flexibility at each terminal.

The LNG terminal activities strategy

Elengy's strategic plan covers the period 2009-2016 and is centered on the following key points:

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

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

2.1.4.8 Distribution activities

GrDF is a wholly owned subsidiary of GDF SUEZ charged with developing, operating and maintaining natural gas networks, investment policy, managing concession contracts, as well as providing third parties with transparent and non-discriminatory access to distribution networks.

In the interests of structural continuity and while respecting the separation between EDF and GDF activities, their respective subsidiaries, GrDF and ERDF, have set up a joint service division in accordance with the provisions of the Law of April 9, 1946, amended by the Law of December 7, 2006.

GrDF

As of December 31st, 2010 the French distribution network operated by GrDF was the longest in Europe[2], at 192,202 km. Virtually all of the French municipalities with a population of more than 10,000 inhabitants within the service area are connected to this network. GrDF's networks include some 11.1 million delivery points[3] in 9,423 communities serviced by natural gas, representing some 77% of the population of France[4] .During the fiscal year ended December 31, 2010, close to 348.1 TWh of natural gas was distributed[5] compared to 313 TWh in 2009.

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

(2) Source: internal benchmark from public data for 2009.

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

(4) All the data for 2010 mentioned in this paragraph relates to the natural gas distribution activity alone. Consequently, its exlcudes data for propane services, because this activity is not part of the core business of the GrdF distribution subsidiary.

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

The main activity of the distribution business in France is to transport the gas sold by the shippers (suppliers or agents) to end-customers. The number of customers connected to the GrDF network who switched to an alternative natural gas supplier rose from 775,000 at the end of 2009 to 900,209 at the end of 2010.

GrDF's concessions

At December 31, 2010, GrDF had a portfolio of 6,174 natural gas concession agreements. These agreements are generally negotiated for an initial term of 25 to 30 years.

The 9,423 municipalities serviced by GrDF through these 6,174 agreements are divided into two groups:

- 8,920 municipalities to which Gaz de France or GrDF have exclusive rights pursuant to the Law of April 8, 1946;
- 503 municipalities through concession contracts allocated to Gaz de France for the 2003-2010 period for a term of 25 or 30 years at the end of a competitive bidding process initiated by the local authorities.

These concession contracts were all transferred to GrDF by Law 2006-1537 of December 7, 2006.

As of December 31, 2010, the average residual term of GrDF's concession contracts weighted by volumes distributed was 15.5 years

Organization of the distributor

Contractual relationships between ERDF and GrDF within the Joint Department

Article 5 of Law 46-628 of April 8, 1946 amended, makes it mandatory to create a joint department in the distribution segment, responsible for construction, worksite project management, network operations and maintenance, metering operations and other related functions.

The Joint Department's agents took almost 22 million gas meter readings in 2010 and made some 2 million technical interventions related to gas on customers' premises.

GrDF and ERDF are linked by an agreement defining their relationship within the joint department, its competences and the cost sharing resulting from its activities. This agreement was signed for an indefinite period and may be terminated at any time, subject to 18 months' notice, during which period the parties undertake to renegotiate an agreement.

Legislative and regulatory framework for gas distribution in France

Distribution monopoly

Pursuant to Articles 1 and 3 of the Law of April 8th, 1946, the distribution monopoly is currently assigned to GrDF. However, there are exceptions:

- according to Article 23 of the 1946 law, local gas operations that were already in the public sector were not to be nationalized, but were to have their status maintained;
- according to Article 50 of the Law of July 2, 1998 and Law 2005-781 of July 13, 2005, municipalities not supplied with natural gas may source their public distribution from any public operator they wish.

The concession system

Natural gas distribution is considered a communal public service under French law (see Article L. 2224-31 of the local and general collectivity code). Each community grants a concession to a distributor to operate this public service on its territory. The concessions, which thus link the municipalities and GrDF are entered into or are renewed, as the case may be, based on standard specifications established jointly by the French national federation of concession-granting and state-controlled municipalities (Fédération nationale des collectivités concédantes et régies or "FNCCR") and Gaz de France in 1994. In 2010, GrDF and the FNCCR signed a new standard concession specification. This draws on the experience gained from the application of the preceding standard, and embodies new commitments (performance indicators, connection of biomethane installations, etc.), which meet the requirements of the concession-granting authorities.

Distribution structures within the scope of the concession belong to the municipalities as soon as they are constructed, even though they are built and financed by the distributor, who has an exclusive right to use them (see the Law of December 7, 2006).

The municipalities and concessionaire agree to the term of the concession on a case by case basis, although it is generally 25 to 30 years. The grounds for terminating a concession contract early are strictly controlled (listed exhaustively) as is the date the concession can be terminated (cannot be in the first half of the contracted term). Termination also requires two years' notice and the concession-granting authority must pay compensation to the concessionaire for early termination.

Access to the gas distribution network

Transparent and non-discriminatory access to the natural gas distribution network is available to gas purchasers, suppliers and their agents. GrDF publishes the general conditions for using its equipment and distribution facilities on its website. Network users are required to comply with them and they are passed on to the *CRE*.

Transmission pricing in the gas distribution network

For a period of four years from July 1, 2008, GrDF has been applying the pricing elements set by the Ministerial decree of June 2, 2008, referred to hereafter as "ATRD3". The tariff structure is adjustable on July 1 every year. On February 28, 2008, the *CRE* issued its pricing proposals. The rate of return applied to the regulated asset base is 6.75% (real, pre-tax)[(1)] for all assets, irrespective of when they were put into service.

The RAB includes all distribution activity assets such as mains and connections, pressure regulation stations, meters and other technical and IT-related equipment. To determine annual capital expenses, the *CRE* applies a depreciation period of 4 to 45 years depending on the nature of the equipment. Mains and connections, which represent 94% of the assets appearing in the regulated asset

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

base, are depreciated over 45 years. The Regulated Asset Base on which the prices for using the distribution network are based, was €13,694 million on January 1, 2010.

The Decree of May 31, 2010, amending the Decree of June 24, 2009 implements for the second time the mechanical readjustment of the ATRD3 tariff as at July 1st, 2010. The GrDF rating table increased by 0.76% by applying to all the tariffs in force on June 30, 2010, a variation percentage, comprising:

- the average annual change in the consumer price index (CPI) excluding tobacco, as calculated by the French national statistics agency INSEE for all households in the country, which was 0.06% during 2009;
- the annual productivity target of 1.3% for the four-year pricing period;
- the final settlement of the Charges and Revenue Regularization Account (CRRA) over the period July 2008-December 2009, which has an impact of +2% on the rating table.

The next ATRD3 pricing adjustment will be on July 1, 2011.

In reply to the productivity incentive in the ATRD3 pricing structure, GrDF regularly publishes some 30 service quality indicators. The *CRE* published its 2nd report on quality of service in January 2011 and confirmed the improvements in major areas for satisfactory operation of the market, in particular the operation of the suppliers' gateway, OMEGA, the shortening of handling times for complaints from suppliers and end users.

The same pricing structure applies to all regions operated by the distributor. It includes main tariff options that depend solely on the consumption characteristics of the end customer concerned.

In addition, the decree of June 2, 2008 establishes the main tariff details for new concessions acquired after the competitive bidding process, which are not covered by the equalized ATRD3 tariff. The tariff offered by the operator must be determined by applying the same coefficient to all the terms of the ATRD3 tariff matrix, which is considered to be the reference matrix.

Any catalogue prices (for services offered to suppliers and end customers) not covered by the transmission tariff were updated on January 1, 2010 and on July 1, 2010 respectively after they were presented to the CRE and to gas suppliers.

Code of Conduct

As required by law, GrDF produces, and updates every year, a Code of Conduct. This sets out the measures put in place by the manager of the distribution network that serve to guarantee for all users (end-customers and natural gas suppliers) that its professional practices are objective, transparent and non-discriminatory, and respect the confidentiality of commercially sensitive information (CSI). A compliance verification procedure is in place to ensure that the code is observed. The results of this program and any improvement actions that may flow from it are published in an annual report by GrDF. The latest report was presented to the *CRE* in November 2010. Based on this annual compliance report and the audits that it carries out, the *CRE* prepares an annual report on the implementation of the codes of good practice and the independence of network managers.

Competitive aspects

The gas distribution activity in France is mostly carried out by GrDF. Twenty-two distributors who were not nationalized under the Law of April 8, 1946 represent 5% of the national gas distribution market. GDF SUEZ holds shares in the two largest local distribution companies: Réseau GDS (formerly Gaz de Strasbourg), with 24.9% of the capital and Régaz (formerly Gaz de Bordeaux) with 24%.

GrDF strategy

The strategy formulated by GrDF is the basis of its "Success Through Involvement" business plan.

GrDF will continue to make the safety of the natural gas network a key imperative. The level of investment dedicated to industrial safety will be maintained into the future. The priorities apply to making sites secure, reducing damage to the works and the time to make the network safe in the event of a leak. Particular efforts will be devoted to digitizing the mapping of GrDF works.

GrDF will also continue with its commitment to increase the number of customers connected to the network. Various discussions are ongoing with customers, clients and local authorities to promote the choice of natural gas and work with them in their choice of innovative and high- performance energy solutions. These discussions will thus allow the complementarity of natural gas with nuclear and new energies to be evaluated, in line with the principles set out by the Environment Summit.

In parallel, GrDF will endeavor to start up the biogas network, while promoting the injection of biomethane into its networks.

GrDF also has an ambition to exploit its expertise as a natural gas network operator internationally.

2.1.4.9 Transmission activities

GRT has the longest high-pressure natural gas network in Europe[1], to route gas for all its users.

(1) *Source: internal benchmark from public data for 2009.*

GDF SUEZ also has stakes in transmission networks in Germany (Megal, 1,088 km) and Austria (BOG, 285 km), with a cumulative length(1) of over 1,373 km and a contributive length(2) of 576 km.

GRTgaz

GRTgaz, which owns its own network, develops, operates and maintains the transmission network, regulates natural gas flows through the network, provides access services to the gas supplier network, and markets it.

As of December 31, 2010 the GRTgaz network in France consisted of 32,200 km of pipelines, of which 6,980 km were part of a primary high-pressure network and over 25,220 km were regional networks covering a broad extent of the country. During the fiscal year ending December 31, 2010, GRTgaz sent 60.2 billion m^3 of gas through the French network (688 TWh) compared with 57.8 billion m^3 in 2009 (661 TWh).

This change, of approximately 27 TWh, is attributable mainly to:

- a rise of approximately 24 TWh in industrial consumption: confirmed recovery of the activity of direct customers after the crisis of 2009 and increased consumption for centralized electricity production;
- a rise of approximately 34 TWh in public utility consumption;
- reduced by a fall of approximately 18 TWh, by exports of natural gas to other transmission networks and a fall of approximately 13 TWh by injections into storage facilities.

GRTgaz's main network transmits natural gas from the network entry points (LNG terminals, interconnection points with the international gas pipeline networks) to the regional network. The regional network transports natural gas to about 4,500 delivery stations connected to industrial customers and to local distribution networks. The average pipeline age(3) is 28 years.

GRTgaz also operates 25 compression stations, which are used to circulate the gas in the transmission lines and maintain the required pressure for optimum transmission conditions. On December 31st, 2010, these stations included 92 gas compressors for a total compression power of 583 MW. GRTgaz also uses compression facilities located at five storage sites operated by the Storengy subsidiary.

Legislative Environment governing the transmission of natural gas

To guarantee the independence of the network manager, the Group has separated the operational management of its transmission network from its supply and production activities, in accordance with EC Directive 2003/55. GRTgaz manages the transmission network. Statutory non-discriminatory access to the gas transmission networks is under the control of the *CRE*.

The law of January 3, 2003 states that the construction and operation of natural gas transmission pipelines must be authorized by a competent administrative body, the conditions for which are set by Council of State decree (in this case decree 85-1108 of October 15, 1985, as amended by decree 2008-944 of October 3, 2003). Authorizations are registered and non-transferable. Entities that obtain natural gas transmission authorizations must comply with the terms and conditions of these and any appended specifications.

Additionally, Directive 2009/73 of July 13, 2009, regarding common regulations for the natural gas market, was published on August 14th, 2009. It repeals Directive 2003/55 and specifically provides for the management by transmission managers of three independent transmission plans: the separation of the firm's generation assets from the transmission network ("ownership unbundling"), the independent transmission operator (ISO), or the independent transmission network operator (ITO). Because the directive has not yet been transposed into French law, its possible impacts on the Group are described in the "Risks", section 5.2.5.3. It should be noted that the Law of January 5, 2011 implementing various provisions for adapting French legislation to EU law authorizes transposition by order and stipulates that the "independent transmission network operator" option be applied to French operators.

GRTgaz transmission network shipping tariffs

Since January 1, 2009, GRTgaz has been applying the pricing structure set by the Ministerial Decree of October 6, 2008 approving the CRE tariff proposal of July 10, 2008. The rate of return applied to the regulated asset base (RAB) is determined by taking into account the inherent economic risk in operating natural gas transmission infrastructures.

The basic, real, pre-tax corporate rate was set at 7.25%. This was increased by 1.25% for assets brought into service between 2004 and 2008, or decided prior to 2008 and brought into service from 2009 onwards. A 3% increase was granted for any new investment that creates additional capacity in the primary network.

The RAB includes pipelines, compression stations and pressure regulation/metering stations. To determine the annual fixed costs, the CRE applies a depreciation life of 50 years for transmission pipes and 30 years for compression stations and pressure regulating/ metering stations. The Regulated Asset Base on which the tariff for using the distribution network is based, was €6,212 million as of December 31, 2010.

(1) Cumulative length of the network: total length in kilometres of the pipes for the network in question.

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

(3) Average pipeline age: weighted average calculated on the basis of the year the pipelines entered industrial services and their length in kilometres.

In return for the productivity incentive included in the tariff, GRTgaz regularly publishes some 30 service quality indicators. Thus, the *CRE*'s first report on service quality published in November 2009 notes improved performance in reducing the time taken to deal with customer complaints.

The GRTgaz tariff matrix is to be updated on April 1 every year starting in 2010. It will be set so as to cover, for each year, the revenue authorized by the CRE based on official inflation data and the best available predictions of capacity subscriptions for the year in question.

Network transmission tariffs in France, for GRTgaz, are currently calculated on a multi-region entry/exit principle based on a simplified division of the country into two regions and using the new 2009-2012 tariffs. This model is being rolled out across the whole of Europe in line with the recommendations of the "Madrid Forum" (a forum of European transmission operators) for the domestic gas market. The tariff for shipping through the GRTgaz transmission network reflects primarily the entry, exit, and subscribed network capacity terms.

GRTgaz Code of Conduct

As required by law, GRTgaz has developed a Code of Conduct. This sets out the actions that the transmission manager has put in place to guarantee: the transparency of the information that customers need to access or connect to the transmission network, the non-discriminatory treatment of every class of transmission network user and the confidentiality of commercially sensitive market information (CSI) to prevent its disclosure to anyone unrelated to the operator (except in circumstances required by law).

GRTgaz provides an annual report to the CRE on its implementation of the Code. The 2010 report is available on the GRTgaz website.

Transmission Europe

Germany

Megal GmbH & Co.KG ("Megal") owned by the GDF SUEZ Group (44%), E.ON Gas transport (51%) and the Austrian energy company OMV (5%) is a German registered company based in Essen. Its pipeline network was 1,088 km long as of December 31, 2010, linking the Czech Republic and Austrian borders to France. The company is consolidated on a proportional basis.

GRTgaz Deutschland GmbH, which is wholly owned by the Group, markets some 58% of Megal's network capacity. It launched its capacity marketing operations on October 1, 2005 and manages one of the seven H gas market regions in Germany. On October 1, 2009 GRTgaz Deutschland entered the largest market region in Germany by helping to set up NetConnect Germany alongside four other German transmission companies.

In July 2010, the Bundesnetzagentur (BNetzA or German Federal Network Agency) opened proceedings withdrawing tariff approval rulings with GRTgaz Deutschland and 6 other operators. Although the method for valuing the networks assets, which was used for these operators, was the basis for all German access tariffs on a replacement value of these assets, the BNetzA considered, given the German decree relating to transmission tariffs (July 2005), that it had to use book lifetimes for the former assets and not the theoretical lifetimes as set out in appendix 1 of the GasNEV regulation. This interpretation would have had a substantial financial impact on the authorized revenues for the operators involved. At the end of the exchanges with the BNetzA, the latter proposed a transaction agreement limiting the financial impact and spreading it over a period of time.

Austria

BOG is 34%-owned by the Group, 51% by OMV Gas and 15% by E.ON, and holds the exclusive market rights for some 285 km of pipeline capacity held by OMV Gas running from Baumgarten, on the Slovakian border, to Oberkappel, on the German border, where it is interconnected with the Megal network. This company is consolidated using the equity method.

Transmission business strategy in Europe

The Group's transmission subsidiaries contribute actively to building a European market through their participation in the work of GTE and the European Network of Transmission System Operators for Gas (ENTSOG) and in the harmonization of transmission offers in Europe.

Development projects undertaken by GRTgaz represent investments of some €3 billion between 2010 and 2019. They consist of improving the interconnection capacities with Belgium and Spain, connecting new customers, developing the network to meet its public service obligations and improving existing facilities in order to meet market demand by enhancing the fluidity of the transmission network and by improving security of supply for Europe in general and France in particular.

Additionally, various projects are being reviewed, which could result in investments in new infrastructures (interconnections with Switzerland, Luxembourg and Belgium, LNG terminal connections) and confirming France in its role as a gas hub in Europe.

2.1.4.10 Regulatory framework

European Directives have opened the electricity and gas markets to competition, which has seen:

- in 2003, the introduction in France of third-party access rights to transmission networks, distribution networks and LNG regasification facilities, that must be offered transparently and without discrimination. Access to these infrastructures is based on regulated tariffs that incorporate asset remuneration rates for the corresponding business line activities that vary according to the nature of the infrastructure operated;

- instituted in France in 2004, a right of access by third parties to storage facilities, which must be exercised transparently and without discrimination. Access to the storage facility will be granted based on negotiated tariffs[1]. A decree of August 21, 2006 sets out the conditions for calculating, granting, distributing and assigning storage capacity;
- the *CRE* (*Commission de Régulation de l'Énergie*), an independent administrative authority, has been the French natural gas regulator since 2003.

Some of the Infrastructures business line activities in France are regulated by the *CRE* as part of a stable, incentive-based regulatory framework based on:

- multi-year regulation periods: the distribution tariff has been in effect since July 1, 2008 and will apply until 2012. A new transmission tariff has been in effect since January 1, 2009 and will apply until March 2013, and a new LNG terminal tariff was adopted with effect from January 1, 2010 to apply for three years until 2013;
- the "RPI[2] – X%" method of price indexation, i.e., inflation reduced by a productivity factor;
- incentives to invest in LNG transmission and terminals, subject to certain conditions;
- adjustments for uncontrollable factors (weather, cost of fuel, etc.).

Positive rights in these matters derive from the laws based on EC Directive 2003/55 of June 26, 2003 (law 2003-8 of January 3rd, 2003, law 2004-83 of August 9, 2004, law 2005-781 of July 13, 2005, and law 2006-1537 of December 7, 2006). The Law of January 5th, 2011 authorizes the transposition by order of Directive 2009/73/CE of the European Parliament and of the Council of Europe, which repealed directive 2003/55.

Third-party access to infrastructures in France

To ensure every customer based in a Member State of the EU has the freedom to select a supplier in their State or another State, the law has introduced third party access rights to transmission and distribution networks and to LNG regasification and storage facilities.

The managing operators of the transport and distribution network and LNG and storage facilities must not discriminate in any way among the users or the categories of users of the structures or facilities they operate.

The refusal by an operator to sign a contract for access to its transport or distribution system or to LNG or storage facilities must be based on reasonable grounds and notified to the applicant as well as to the *CRE*.

All operators of natural gas transmission, distribution and storage structures or LNG facilities and all suppliers using them are required to provide the other operators with the information they require to ensure the smooth operation of the interconnected network and the storage facilities.

Additionally, to facilitate conditions of access by third parties to infrastructures, and to increase competition on the natural gas market, GDF SUEZ, GRTgaz and Elengy have made commitments to restore market capacities, made compulsory by the European Commission in the Access France procedure. This procedure is described in Section 10.2

Non-discrimination, confidentiality of information and separate accounting

The Law of August 9, 2004 requires network management activities to be conducted in accordance with a Code of Conduct that is kept updated and provided to the CRE every year to prevent discriminatory practices in granting third party access rights to the transmission and distribution networks. Every year since 2005, the CRE has published a report on compliance with the Code of Conduct and the independence of the transmission and distribution network managers.

All operators of natural gas transport, distribution or storage facilities or LNG facilities must keep confidential all information, disclosure of which could promote unfair competition. The operators involved must inform the CRE of the measures they have taken in this respect. Any operator violating these obligations will be fined under penal law.

The separate accounting requirement of the Law of January 3, 2003 is no longer relevant for these four activities since they have been incorporated as subsidiaries.

Separate management and then incorporation of the transmission, distribution, LNG terminals and storage activities

Pursuant to the provisions of Directive 2003/55, if the operator of a natural gas transmission or distribution network is part of a vertically integrated company such as GDF SUEZ, it must be made legally independent of the organization and decision-making processes of the entities managing other activities, particularly production and supply activities. The Directive also contains various provisions governing the directors of the transmission or distribution manager, aimed at ensuring their independence. However, the directives recognize a right of financial supervision and management of the integrated company. These provisions were transposed into French law by the Laws of August 9, 2004 and December 7, 2006. The transmission business was incorporated as a subsidiary on January 1, 2005 and the distribution business on December 31st, 2007. In addition, the LNG terminal and storage businesses were incorporated as subsidiaries on December 31, 2008.

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

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

(1) The tariff is set by the operator, published and applied to any customer under the same conditions.

(2) RPI: Retail Price Index.

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

The Energy Regulation Commission (*CRE*)

The CRE is an independent administrative authority created in 2000 to regulate the electricity sector in France, and the Law of January 3, 2003 broadened its terms of reference to include the gas sector.

It is empowered primarily to regulate the network by controlling access thereto and regulating the natural gas market.

The CRE recommends LNG transmission and distribution network access tariffs to both Ministers for Economic Affairs and for Energy and delivers an opinion on regulated gas prices.

The Law of December 7, 2006 grants the *CRE* power to approve or disapprove the investment plans of natural gas carriers. An arbitration and sanctions committee was also set up within the *CRE* pursuant to the same law.

In addition, acting on the advice it receives from the Competition Commission, the CRE approves or disapproves the separate accounting principles proposed by the consolidated entities.

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

Lastly, the *CRE* has the power to impose penalties as well as regulatory rules. It can temporarily prohibit access to infrastructures or impose monetary penalties if decisions it is empowered to make are not complied with. It also has additional regulatory powers to set out rules governing:

- transmission, distribution, storage and LNG terminal management tasks;
- terms and conditions for connecting and using LNG networks and facilities;
- network manager contracts to procure gas for their own use;
- the separate accounting perimeters for each activity and the recognition rules applied.

The Ministers for Economic Affairs and for Energy

The Energy Minister determines and publishes a tentative multi-year plan describing, on the one hand, the foreseeable changes in national demand for the supply of natural gas and its geographic distribution and, on the other, the investments scheduled to complete the infrastructures of the natural gas supply network. This plan forecasts the changes in the contribution of long-term contracts to French market supply over a ten-year period.

The Ministers for Economic Affairs and for Energy have decision-making powers concerning infrastructure usage tariffs (but gas storage fall outside their remit) and sales.

The Ministers for Economic Affairs and Energy have investigative powers, in particular for gathering any information about the activity of the gas companies needed for application of the Law of January 3, 2003 and the Law of July 13, 2005. The Minister for Energy can impose a financial penalty or announce the withdrawal or suspension, for a period not exceeding one year, of the authorization to supply or transmit natural gas or of the concession for underground storage of natural gas, against the perpetrators of offences against the provisions of the Law of January 3rd, 2003 or in the event of non-compliance with the concession specification.

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

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

These obligations relate to the safety of people and of the facilities, the continuity of gas supply, the security of supply, the quality and the price of the products and services supplied, environmental protection, energy efficiency, the balanced development of the territory, the emergency supply of gas to non-domestic customers responsible for missions of general interest and the continued supply to vulnerable people. This is also true for the supply of gas at the Special Solidarity Rate.

2.1.4.11 The sustainable development of infrastructure activities

Each company strives to obtain and renew the certifications for its underground storage, regasification, transmission and distribution activities. These certifications cover commercial services as well as industrial activities and the odorization of natural gas delivered through the network.

Storengy has been using an integrated Quality, Safety and Environment management system since 2000, which is reviewed each year against the international benchmark - ISRS© (International Safety Rating System) - developed by DNV. This system was used to renew the ISO 14001 (Environment) and ISO 9001 (Quality) certificates in 2009, as well as validate an advanced Health and Safety level. The “Environment” certificate covers the 12 natural gas underground storage sites in France, on the basis of its industrial operator activities, facilities renovation, construction of new facilities and drilling. The “Quality” certificate covers two processes, that of natural gas underground storage (or its marketing) and that of adding an odor to natural gas sent to the transmission network. The sites assessed in 2010 attained level 6, the level required for the types of activities that Storengy conducts. Storengy is implementing a voluntary inspection program for the work (collection facilities) linking exploration wells to the surface facilities of underground storage areas. In addition, compliance of the implementation of the “Major Risk Prevention” provisions with the Process Safety

Management regulations governing underground natural gas storage (decree of January 17, 2003) is confirmed each year by DNV using its additional ISRS tool: based on criteria tied to the SEVESO II Directive (96/82/EC) and the best practices identified. In addition, Storengy UK was awarded the Gas Industry Safety Award for its excellent safety record and for the effectiveness of the processes that it has implemented.

The regasification and natural gas odorization services at the Montoir-de-Bretagne and Fos Tonkin LNG terminals are certified ISO 9001 (quality) and ISO 14001 (environment). For its security and safety management system, the Montoir-de-Bretagne LNG terminal was rated level 7 in 2009 on the International Safety Rating System (ISRS) by DNV (an independent certification agency) thus becoming the first industrial site in France to obtain such recognition. A commitment charter for integration and jobs was signed in June 2010 at Martigues with the Syndicat d'agglomération nouvelle Ouest Provence and the Martigues Communauté d'Agglomération. This charter will be added to the agreement with CARENE (Communauté d'Agglomération de la Région Nazairienne et de l'Estuaire) to promote jobs in the Saint-Nazaire region, and with the local job promotion program PLIE (Plan Local pour l'Insertion et l'Emploi) signed in 2009 to boost local jobs as part of the "Cap Grand Ouest" initiative for the refurbishment of the Montoir-de-Bretagne terminal. These two initiatives demonstrate Elengy's desire to support the most vulnerable members of the public, while at the same time improving its local integration.

The GrDF management system has been certified according to the quality benchmark ISO 9001 and the environment benchmark ISO 14001 for all natural gas distribution activities in France since July 29t, 2008, both certifications having been renewed in 2010. Roll-out of the sustainable development policy, validated in mid-2009, and implementation of the associated sites is continuing. A particular highlight of 2010 was the production of the greenhouse gas emissions budget for GrDF's activities, based on the life cycle analysis method, the launch of an awareness briefing for all the company's employees on sustainable development and finally definition of the national framework for the Corporate Movement Plan.

GRTgaz operates the transmission network from its national distribution center in Paris. This integrated system allows it to monitor the safety of the installations, manage the gas transfers and control gas supplies to customers. In 2009, GRTgaz was granted a renewal of its ISO 9001 quality certification for all its activities (in particular, gas shipping and delivery, and odorization of transmitted gas), and renewal of its ISO 14001 environmental certification for its compression activities. At the end of 2010, 15 compression stations were included in the certification range. In 2001, GRTgaz also launched a multi-year transmission pipeline inspection and rehabilitation program. At the end of 2010, 80% of its transmission network had been inspected and 73% reinstated.

2.1.5 ENERGY SERVICES BUSINESS LINE

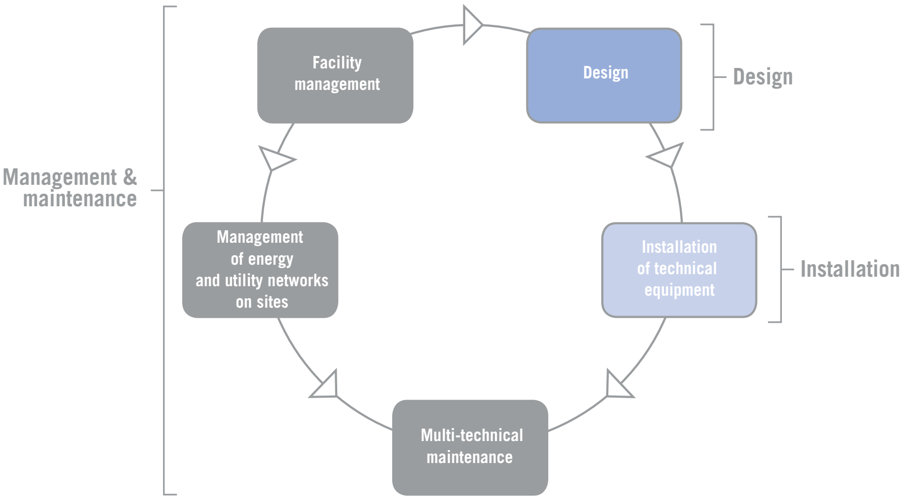
2.1.5.1 Mission

European leader in energy services, GDF SUEZ Energy Services offers environmental and energy-efficient solutions to its industrial, tertiary, local authorities, public administration, and infrastructure customers through services, which are:

- multi-technical (electrical, mechanical and HVAC engineering and system integration);
- multi-service (engineering, installation, maintenance, operation, facilities management);
- multi-energy (renewable energy sources, gas, etc.);
- multi-country.

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

● COMPREHENSIVE SOLUTIONS THROUGHOUT THE LIFE CYCLE OF OUR CUSTOMERS' FACILITIES AND SITES



Environmental and energy efficiency is a European priority in the fight against global warming and one of the major elements in sustainable development policies for companies and local authorities worldwide. It also lies at the core of GDF SUEZ Energy Services. More-efficient energy use means obtaining optimal service that reduces both the overall energy bill as well as its environmental impact.

Active throughout the energy services chain, from designing facilities to their long-term management, the GDF SUEZ Energy Services companies can work closely with their customers to guarantee them long-term performance.

Massive challenges exist both in industry, where management of the energy bill is a key source of competitiveness, and in the town and building sector, which harbor the main sources of CO_2 reduction. In this context, a partner like GDF SUEZ Energy Services can handle all of the problems and make a bespoke offer matched to the specific needs of each customer.

The GDF SUEZ Energy Services offer may include techniques such as cogeneration that have a high energy return, and may also include the use of renewable energy sources, such as biomass, geothermal or solar energy.

In addition, GDF SUEZ Energy Services companies are ideally placed - in terms of technical expertise, project management, contract relations, and geographical networking - to meet the major challenges that numerous industrial and service sector customers face:

- the need to refocus on core activities and outsource the search for integrated multi-technical and multi-service solutions, in both the private and public sectors;
- the need to implement energy-efficient solutions in industry or in the service sector, especially pertinent against the background of high energy prices and growing environmental constraints;
- modernization of public institutions: health care establishments, university campuses, military or penitentiary sites, etc.;
- the need to pay increasing attention to mobility and safety with, consequently, a major need to upgrade rail, road, and urban transport infrastructures;
- new forms of contracts that allow performance-based indexing or the sharing of savings made.

2.1.5.2 Strategy

With a turnover of €13.486 billion, GDF SUEZ Energy Services is the leading player operating on the European energy services market, trading under recognized commercial trademarks: Cofely, Axima-Seitha, Omega Concept, Endel, Fabricom, INEO, and Tractebel Engineering.

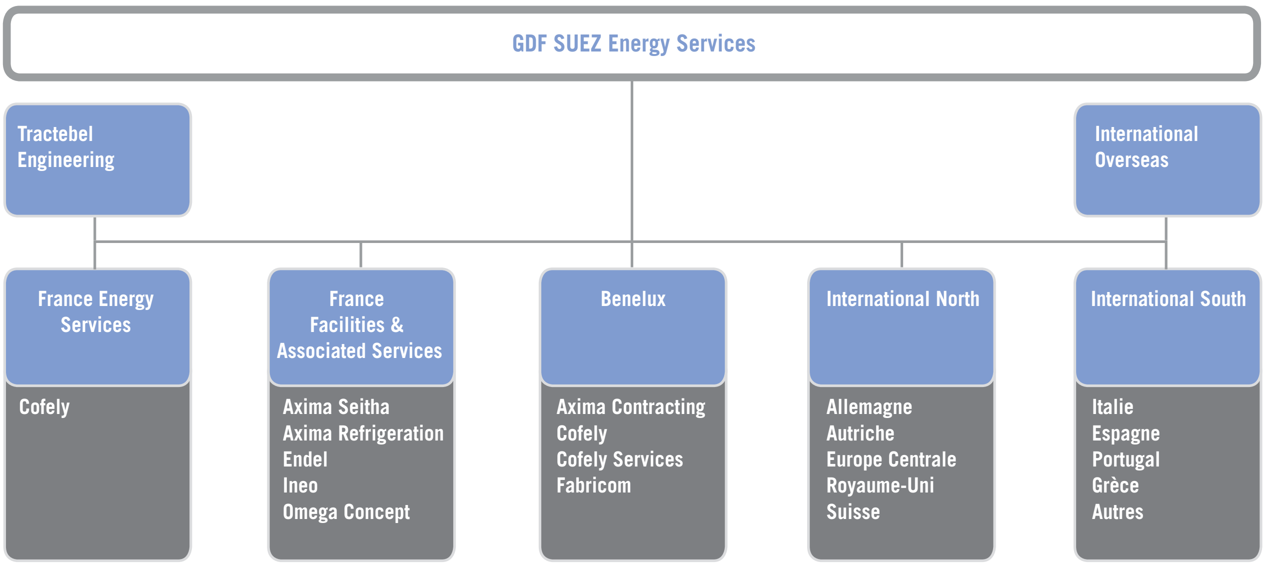
The GDF SUEZ Energy Services business line is currently number one in France, Belgium, the Netherlands and Italy. It occupies a strong position in countries such as the United Kingdom, Germany, Spain, Switzerland and Austria, and has bases for development in other countries, such as Portugal and Greece,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

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

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

2.1.5.3 Organization

GDF SUEZ ENERGY SERVICES: A BUSINESS ORGANIZATION BY COUNTRY



The entities that make up GDF SUEZ Energy Services are structured around a geographical organization, consisting of 6 BUs (France Installations & Services associés [Facilities & Related Services], France Services Energétiques [Energy Services], Benelux*, International Nord [North], International Sud [South] and International Outre-mer [Overseas]) and one other BU specializing in engineering (Tractebel Engineering).

Each BU is placed under the authority of a single manager who answers for its results directly to the business line's General Management. The business line's management is deliberately decentralized to ensure that decisions are made as close to the ground as possible. Commercial and technical cooperation between the GDF SUEZ Energy Services entities and other GDF SUEZ entities is encouraged in order to achieve optimum efficiency in terms of sharing technical and commercial expertise and costs.

The GDF SUEZ Energy Services offer covers the entire multi-technical services value chain:

- design engineering;
- electrical, mechanical and HVAC engineering; system integration; large projects; industrial maintenance;
- multi-technical management;
- energy network and site utilities management;
- facilities' management.

* *Merger of the Belgian and Dutch BUs on May 1st, 2010.*

2.1.5.4 Key figures

In millions of Euros	2010	2009	Total change (in %)
Business line revenues	13,486	13,621	-1%
EBITDA	923	921	+ 0.2%

Its activities generated €13.486 billion in revenues for 2010.

The business line has 77,000 employees in almost 30 countries, most of them in Europe where it is active on some 1,300 sites.

2.1.5.5 Highlights

In January, Axima and Seitha merged to strengthen their position as French leader in HVAC engineering and refrigeration in France. Axima Seitha produces more than 1,000 sites each year in installation and maintenance in the HVAC engineering, refrigeration and fire protection segments.

For the Indian gas operator GAIL, Tractebel Engineering has a consultancy contract to manage the planned pipeline from Jagdishpur to Haldial, a distance of more than 2,050 km, consisting of a main pipeline 800 km in length and several branch lines with a total length of 1,250 km.

In March, Cofely (Portugal) signed a facilities management contract (maintenance, security guards and support) for the Continental plant at Porto.

In April, Ineo (France) signed a contract for the financing, design, installation and maintenance-operation of a CCTV system and 1,106 associated cameras with the Paris Préfecture de Police.

In May, Cofely (Italy) signed a contract to supply an integrated system for servicing and managing technical facilities in three medical centers for ASL (Regional Health Authority) in Cuneo.

GDF SUEZ Energy Services increased its green power generation capacity in New Caledonia with the acquisition from Aerowatt of two wind farms installed in the Mont-Dore (Southern Province) district. They will be operated by Alizés Énergie, a subsidiary of EEC, the GDF SUEZ Group's main company in New Caledonia. With this acquisition, GDF SUEZ Energy Services will now be operating a wind farm with 50 generators and an installed output of 13 MW and will thus be producing more than 20 GWh of wind-sourced electrical energy in New Caledonia, i.e. almost 30% of the electricity sold in the Mont-Dore district.

GDF SUEZ Energy Services acquired the Utilicom Group and its subsidiaries, a company in the IDEX Energy UK Limited grouping. This strategic investment underpinned the creation of Cofely District Energy Limited, the new leader in urban hot and cold management in the United Kingdom.

In June, Fabricom (Belgium) won the Information Technology and Communication contract for the railway tunnels and the station at Brussels National airport, awarded by Infrabel as part of the Diabolo project. The contract requires the supply, installation, connection and commissioning of the following cables and equipment: basic equipment and structured cabling, transmission, fire detection, CCTV, access control, emergency telephones, PA, train notice boards, dynamic evacuation guides and the fire network scenario.

In July, Ineo/Axima Seitha (France) signed a contract as a member of a consortium with AIA and Fondeville for the design and construction of the new hospital at Carcassonne.

Ineo (France) signed a Public-Private Partnership agreement with "Grand Dijon" for the design, construction, financing and maintenance for 26 years of all the electrical equipment and control systems for the two future tramway lines, as well as management of the energy supply.

Cofely (France) signed a contract for the design, construction and operation of the biomass heat network for the city of Sens.

Ineo (France) was selected with Vinci for the design/construction of the High Speed Line (HSL) from Tours to Bordeaux, the largest planned transport infrastructure concession in Europe.

In August, Cofely Services (Belgium) created a joint venture - SportOase - with Van Roey on signing a public-private partnership agreement with the Société Autonome de Développement Urbain [Independent Urban Development Company] Knokke-Heist for the design, construction, financing, maintenance and management of the Duinenwater sports complex at Knokke-Heist.

Fabricom (Norway) signed with Statoil a framework agreement for the maintenance and modifications (M&M) of several offshore drilling platforms in the Sleipner field (natural gas and light oil). The agreement covers the designs, detailed engineering, manufacture and installation works, as well as operational support services.

In September, Cofely (France) won ten projects for the construction and operation of wood-fired heating systems, with a total output of 100 MW. These projects were part of the Biomass Heat for Industry, Agriculture and the service sector (French abbreviation - BCIAT) set up by the Minister for Ecology, Energy, Sustainable Development and the Sea at the end of the Environment Summit.

In October, Ineo (France) signed the first Photovoltaic Public-Private Partnership in France. More than 60,000 ground-mounted solar panels, representing a total power of 14.7 MW, will be installed at 4 landfill centers in the Vendée and operated by the Syndicat d'électrification de la Vendée through its public sector company REVe.

In November, Cofely (Netherlands) signed a contract for the installation of heating, ventilation and air conditioning equipment, electrical equipment and sprinkler systems; gas distribution systems (compressed air, nitrogen, fluorine) and water treatment systems, as part of the construction of a clean room for a factory making the latest generation of wafer scanners.

In December, Cofely (Germany) signed an agreement protocol for the acquisition of Proenergy Contracting GmbH & Co. KG, supplier of installed energy services at Bochum in Germany. Proenergy Contracting and its subsidiaries currently manage 3,400 sites in Germany, Austria, Hungary and Romania and post annual revenues of more than €60 million.

2.1.5.6 Description of activities

Description of activities

Engineering

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

Facilities and related services

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

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

Energy services

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

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

Electricity production and distribution

GDF SUEZ Energy Services produces and distributes electricity in Monaco and in the Pacific (New Caledonia, French Polynesia, Vanuatu, Wallis and Futuna), while being a development partner in these territories.

Principal markets

The region covered by GDF SUEZ Energy Services is mainly Europe: in revenue terms, the Energy Services business line is ranked number one in France, Belgium, the Netherlands and Italy. It has a strong position in neighboring countries as well as bases for expansion into countries further afield, such as Central Europe.

The business line is active in four main markets:

- public services, accounting for some 30% of its business. The Energy Services business line has a strong presence in multiple occupancy buildings, public buildings, hospitals, university campuses, etc;
- private services, accounting for some 30% of its business, mainly in offices and business centers, shopping malls, *data centers*, the private residential market, etc;
- industry, also accounting for 30% of its business. The major industries, which are the business line's customers, are the oil industry, the paper industry, chemicals, electricity production, steel making, etc;
- the remainder of its activity is in the infrastructures segment. The business line carries out installation and maintenance work for the electricity and gas networks, ports and airports, and street lighting networks.

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

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

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

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

2.1.5.7 Regulatory framework

The main regulatory changes impacting GDF SUEZ Énergy Services at European, national or regional level are:

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

Combined with increased energy prices in the medium term, these changes essentially represent a development opportunity for GDF SUEZ Energy Services. In fact, they encourage customers to seek the services of specialists in heating, electricity, and the environment who are capable of designing, developing and managing their facilities under optimum technical and financial conditions. With its unique blend of activities and expertise, GDF SUEZ Energy Services is ideally placed to satisfy these growing demands.

2.1.6 ENVIRONNEMENT BUSINESS LINE

PRINCIPAL KEY FIGURES FROM THE CONSOLIDATED INCOME STATEMENT

(In millions of Euros)	2010	2009
Revenues	13,869.3	12,296.4
EBITDA	2,339.4	2,059.9
Current operating income	1,024.8	926.0
OPERATING INCOME SUEZ ENVIRONNEMENT COMPANY SHARE	**564.7**	**403.0**

(SUEZ Environnement Company 2010 Reference Document data)

CONSOLIDATED BALANCE SHEET - PRINCIPAL KEY FIGURES

(In millions of Euros)	December 31, 2010	December 31, 2009
Non-current assets	18,395.0	13,683.2
Current assets	7,535.4	8,864.4
TOTAL ASSETS	**25,930.4**	**22,547.6**
SUEZ Environnement Company shareholder capital	4,772.6	3,675.9
Non-controlling interests	1,854.2	742.2
Other liabilities	19,303.6	18,129.5
TOTAL EQUITY AND LIABILITIES	**25,930.4**	**22,547.6**

(SUEZ Environnement Company 2010 Reference Document data)

With revenues of €13.9 billion and about 79,550 employees as at December 31, 2010, SUEZ Environnement is a benchmark player in the environmental market worldwide (water and waste).

SUEZ Environnement is active in all water and waste cycles and is thus an expert in those areas. It operates on behalf of both local authorities and private entities.

SUEZ Environnement's water-related activities include, in particular:

- capture, treatment and distribution of drinking water;
- network maintenance and plant operation;
- customer management;
- municipal and industrial waste water collection and treatment;
- design, construction, occasional funding and operation of drinking water production plants and waste water treatment plants, as well as desalination and treatment plants for recycling it back into use;

- studies, master plans, modeling of underground water tables and hydraulic flows, and project management of infrastructure and water management projects;
- biological and energy recovery of sludge from sewage plants.

SUEZ Environnement waste activities include, in particular:

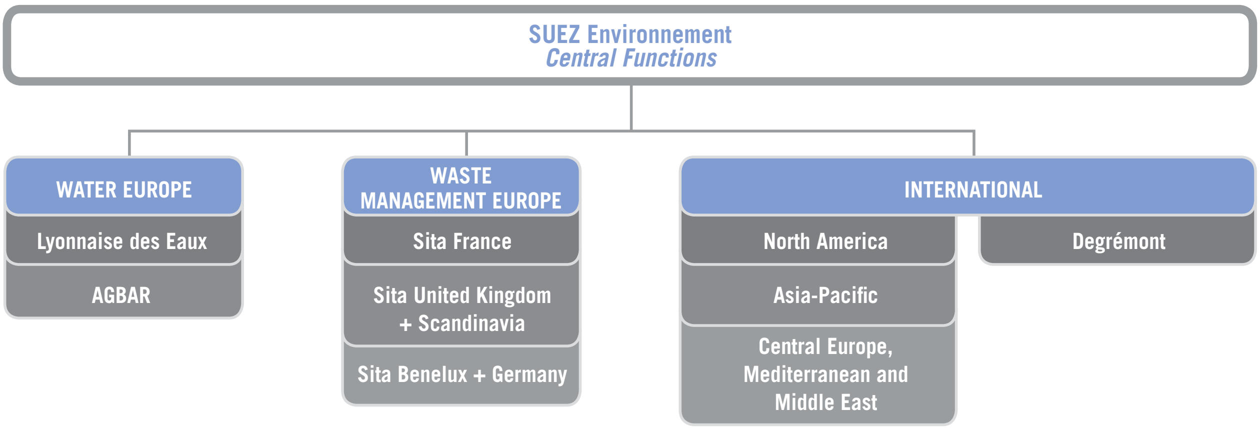
- waste collection (from households, local authorities and industries; non-hazardous and hazardous, excluding waste that may be contaminated by radioactive residue from nuclear activity) and urban cleaning;
- pre-treatment of this waste;
- sorting, recycling, energy recovery from organic and recycled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

SUEZ Environnement's business dealings with public and private customers take the form of various types of contracts:

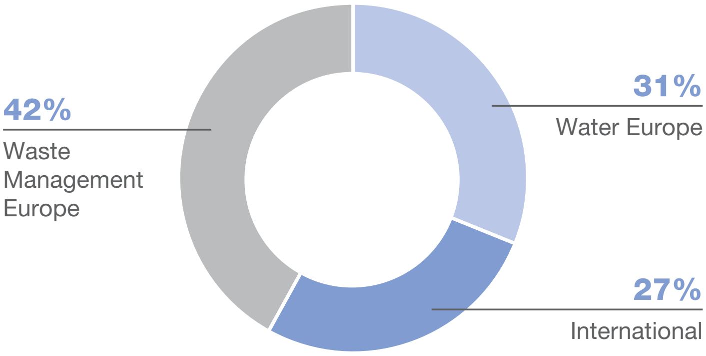
- in water, it signs mainly public service delegation contracts (leasing contracts or concessions), and public sector contracts, but also service, operation and maintenance contracts and construction and engineering contracts;
- in waste, it signs service contracts, management contracts, (delegated or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

In 2010, 53% of SUEZ Environnement's consolidated revenue came from the water segment and 47% from waste. In water, in 2010 SUEZ Environnement operated some 1,200 drinking water production plants, servicing 91 million people. SUEZ Environnement also operated more than 1,800 wastewater treatment plants for 61 million people. In waste in 2010, SUEZ Environnement treated over 40 million tons of waste, and provided waste collection services for about 50 million people as well as over 430,000 clients in the services and industry sector. Degrémont, the world leader (in terms of revenue) in designing and building wastewater treatment plants, also offers SUEZ Environnement a key competitive advantage that sets it apart from its competitors.

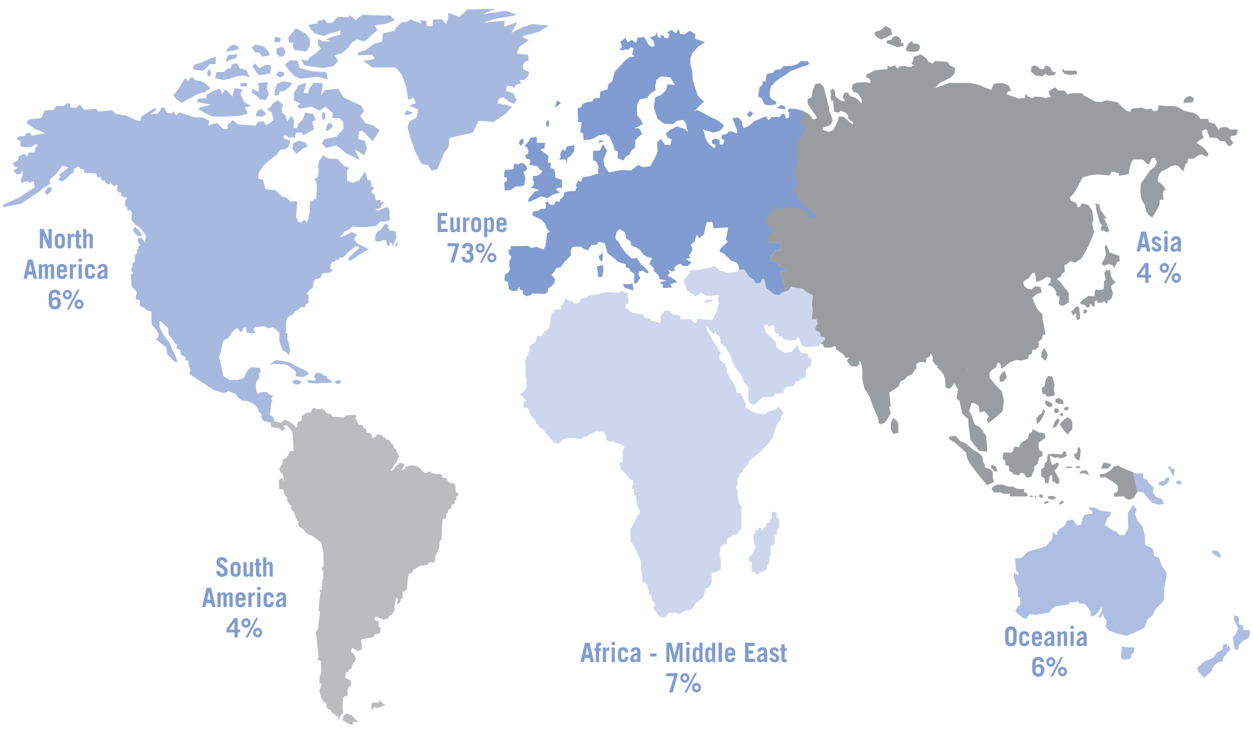
SUEZ Environnement is structured around three main segments: Water Europe, Waste Europe, and International (Degrémont and activities outside Western Europe) - split into nine business units. Another segment, called Others, covers only corporate functions.



The chart below shows SUEZ Environnement's consolidated revenue breakdown as of December 31, 2010, in terms of its structure ("Others" is not shown as it covers only the corporate functions grouped under SUEZ Environnement):



Traditionally, SUEZ Environnement Group finds its source of growth in the European market, which remains its benchmark region. On the basis of this European stronghold, which is particularly marked in France, SUEZ Environnement is adept at adapting its expertise and skills for use in other continents. The chart below shows the SUEZ Environnement revenue broken down by geographical area as at December 31st, 2010[(1)]:

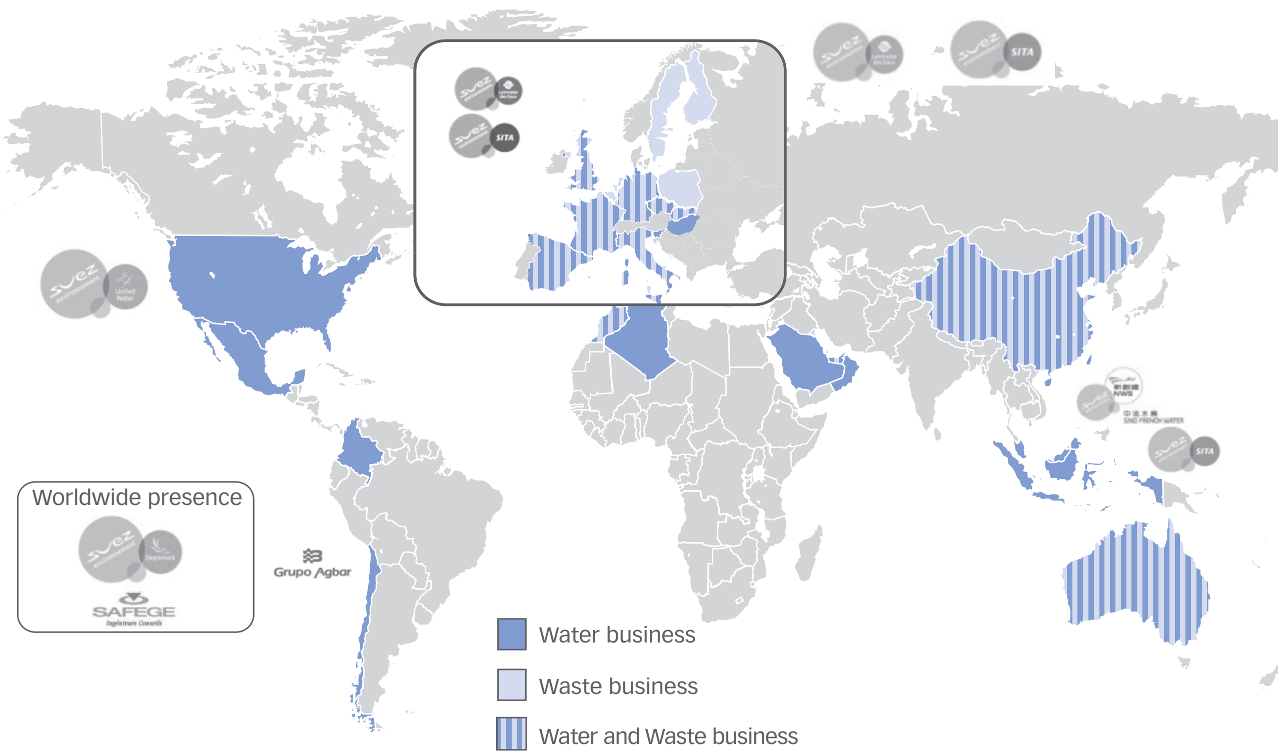


(1) *This chart shows the geographical distribution of SUEZ Environnement's sales, independently of the accounting segmentation used in the Group's consolidated financial statements.*

SUEZ Environnement has a broad network of subsidiaries and branches; at the end of 2010, it was operating in over 35 countries. As a result, outside Europe, major cities such as Hong Kong, Casablanca, Jakarta, and more recently Melbourne have turned to SUEZ Environnement to manage all or part of their water, sanitation and waste management services, or for the construction of large infrastructures in those areas. SUEZ Environnement usually operates in partnership with local public or private entities (industrial companies, finance companies, or their associates) that have an in-depth knowledge of the local context, following the example of its historic partnership with La Caixa (Agbar in Spain), or with New World (Sino-French Holdings in China).

SUEZ Environnement operates around the world under various well-known brands, in particular SITA in the waste segment, and Lyonnaise des Eaux, United Water, Degremont, and Ondeo Industrial Solutions in the water segment.

The map below shows the locations of the main subsidiaries as well as the main brands, under which SUEZ Environnement was active around the world as of December 31, 2010.



Finally, SUEZ Environnement has always placed research and development (R&D) at the heart of its business, particularly through major partnerships, teaming up with both public agencies (e.g., Cemagref, the French national center for scientific research (CNRS), the Universities of Tongji and Tsinghua in China, University of California Los Angeles (UCLA) in the United States) as well as private entities (R+i Alliance partnership involving Lyonnaise des Eaux, Agbar, United Water, Northumbrian Water, and SUEZ Environnement).

For more detailed information about SUEZ Environnement Company, see its reference document.

2.1.7 UNIFICATION OF THE GROUP'S TRADING ACTIVITIES IN EUROPE

GDF SUEZ has committed to unifiy its energy trading activities in Europe, currently managed by Gaselys and Electrabel's TPM Trading BU, entities described in Sections 2.1.3.9 and 2.1.2.3 respectively.

This operation is taking place against the background of an ambitious project intended to produce in 2011 a European trading leader, combining physical and financial trades.

Currently the two platforms, which both cover the entire energy mix, occupy strong and complementary positions in the European gas and electricity markets, Gaselys being active mainly in crude oil, oil products and gas and TPM Trading in electricity, gas, coal and CO_2.

The Group's unified trading entity will have the status of Investment Services Provider (ISP), subject to gaining approval from the French (ACP) and Belgian (CBFA) regulators, and will maintain its current locations in the two cities of Paris and Brussels.

It will serve all the Group's BUs and will develop its own customer franchise. It will also provide the initial platform for expansion outside Europe.

In a context where energy commodity prices are volatile and where the regulatory framework is changing rapidly, GDF SUEZ will therefore rely on unified, efficient trading and implementing best risk control practices. The new trading structure will support the Group's activities by providing:

- access to the wholesale physical and financial energy markets in order to help optimize the portfolio (production plants, long-term contracts, etc.);
- support to GDF SUEZ Sales teams offers via risk management solutions embedded in energy supply contracts in response to customers' needs.

In addition, unified trading will continue to create value through its own activities:

- by developing a sales franchise and tailored offers for certain customers or intermediaries;
- by taking directional positions due to its understanding of the markets and of their characteristics.

2.2 REAL ESTATE, PLANTS AND EQUIPMENT

The Group owns or rents a significant number of real estate properties, facilities, and plants around the world, most of which are in Europe. Many Group activities involve operating very large plants that the Group only partially owns.

As of December 31, 2010, the Group operated electricity power plants, natural gas terminals and storage facilities in over 30 countries.

The tables below show the main facilities in operation, either wholly or partially owned by the Group. Leased properties are covered in notes 20 and 21 of Section 11.2.

● POWER STATIONS (> 400 MW)

Country	Site/plant	Total capacity *(MW)*	Type
Germany	Fenne	420	Coal fired plant
	Zolling	519	Coal fired plant
Saudi Arabia	Marafiq	2,741	Natural gas fired plant
Bahrain	Al Dur	406	Natural gas fired plant
	Al Ezzel	954	Natural gas fired plant
	Al Hidd	938	Natural gas fired plant
Belgium	Amercoeur	420	Natural gas fired plant
	Coo	1,164	Pumped-storage plant
	Doel	2,911	Nuclear plant
	Drogenbos	538	Natural gas fired plant
	Herdersbrug	460	Natural gas fired plant
	Rodenhuize	526	Biomass, coal-fired plant
	Ruien	879	Natural gas, biomass, coal- fired plant
	Tihange	3,016	Nuclear plant
Brazil	Cana Brava	450	Hydroelectric plant
	Ita	1,450	Hydroelectric plant
	Jorge Lacerda	773	Coal-fired plant
	Machadinho	1,140	Hydroelectric plant
	Salto Osòrio	1,078	Hydroelectric plant
	Salto Santiago	1,420	Hydroelectric plant
Chile	Tocopilla	938	Natural gas, coal, fuel oil fired plants
United Arab Emirates	Taweelah	1,592	Natural gas- fired plant
Spain	Cartagena	1,199	Natural gas- fired plant
	Castelnou	774	Natural gas- fired plant
United States	Astoria	575	Natural gas- fired plant
	Hot Spring	746	Natural gas- fired plant
	North Field Mountain	1,080	Pumped-storage plant
	Red Hills	1,186	Natural gas and coal-fired plant
	Wise County Power	746	Natural gas- fired plant
France	CombiGolfe	435	Natural gas- fired plant
	CyCoFos	487	Plant fired by natural gas and steelworks gas
	DK6 (Dunkirk)	788	Plant fired by natural gas and steelworks gas
	Montoir-de-Bretagne	435	Natural gas- fired plant
Greece	Viotia	422	Natural gas- fired plant
Hungary	Dunamenti	1,676	Natural gas-fired, cogeneration and other plants
Italy	Torre Valdaliga	1,445	Natural gas- fired plant
	Vado Ligure	1,372	Natural gas and coal-fired plant
Oman	Al-Rusail	665	Natural gas- fired plant
	Barka II	678	Natural gas- fired plant
	Sohar	585	Cogeneration plant

Country	Site/plant	Total capacity *(MW)*	Type
Netherlands	Bergum	664	Natural gas- fired plant
	Eems	2,455	Natural gas- fired plant
	Flevo	870	Natural gas- fired plant
	Gelderland	590	Coal-fired plant
Peru	Chilca	541	Natural gas-fired plant
Poland	Polaniec	1,657	Coal-fired plant
Qatar	Ras Laffan	1,833	Natural gas-fired plant
United Kingdom	Teesside	1,875	Natural gas- fired plant
Singapore	Senoko	2,445	Natural gas and fuel oil-fired plant
Thailand	Bowin	713	Natural gas-fired plant
Turkey	Ankara	763	Natural gas- fired plant

UNDERGROUND NATURAL GAS STORAGE

Country	Location	Useful storage volume (Mm³) net*
France	Gournay-sur-Aronde (Oise)	1,280
France	Saint-Clair-sur-Epte (Val-d'Oise)	530
France	Germigny-sous-Coulombs (Seine-et-Marne)	880
France	Beynes (Yvelines)	497
France	Saint-Illiers-la-Ville (Yvelines)	690
France	Soing-en-Sologne (Loir-et-Cher)	220
France	Chémery (Loir-et-Cher)	3,710
France	Céré-la-Ronde (Indre-et-Loire)	545
France	Cerville (Meurthe-et-Moselle)	650
France	Etrez (Ain)	579
France	Tersanne (Drôme)	173
France	Manosque (Alpes de Haute-Provence)	137
France	Trois-Fontaines	50
Germany	Reitbrook	175
Germany	Fronhofen	35
Germany	Peckensen	220
Germany	Schmidhausen	50
Germany	Grunewald	246
Canada	Pointe du Lac	10
Canada	Saint-Flavien	50
Slovakia	Nafta	300
Slovakia	Pozagas	270
Romania	Amgaz	33
Romania	Depomures	177

* *Pro rata to the stake held*

● LNG TERMINALS

Country	Location	Total capacity
France	Montoir-de-Bretagne	10 Gm^3(n)/year
France	Tonkin (Fos-sur-Mer)	5.5 Gm^3(n)/year(1)
France	Cavaou (Fos-sur-Mer)	8.25 Gm^3(n)/year
United States	Everett	6.3 Gm^3(n)/year
United States	Neptune	3.5 Gm^3(n)/year
Chile	Mejillones	1.7 Gm^3(n)/year

(1) Capacity, temporarily lifted to 7 Gm^3/yr end 2005, was reduced to 5.5 Gm^3/yr end 2010.

2.3 INNOVATION, RESEARCH AND DEVELOPMENT POLICY

2.3.1 INNOVATION IS AT THE HEART OF THE GDF SUEZ STRATEGY

GDF SUEZ is a benchmark energy provider in the gas and electricity activities, as well as in energy and environmental services: the development and implementation of solutions for tomorrow are an integral part of its mission. This requires continuous innovation for activities such as promoting electricity production facilities that emit the least greenhouse gas, managing the liquefied natural gas value chain and offering environmentally and energy-efficient solutions to all our customers: private individuals, businesses and local authorities.

The Group's expertise is the fruit of a dynamic research and innovation policy that relies on an international network of research centers and laboratories and on partnerships with recognized international bodies. More than 1,100 researchers, driven by a passion for innovation and the development of new solutions contribute to the technological excellence in all the Group's activities.

Their work is focused on four areas: security of supply, improving technological, industrial and economic performance, reducing environmental impact, and combating climate change.

GDF SUEZ works on tasks relevant to the technologies of the future as part of its inter-departmental prospective research programs and meets business line requests for research tasks to improve operations.

5 key transversal corporate R&I programs have been launched to prepare for the technologies of tomorrow: renewable energy sources, CO_2 (CCS) capture, transport and storage, *offshore* LNG and gas chains of the future, city of tomorrow and smart energy and environment.

A few highlights from the programs:

- in renewable energy: development, in partnership, of pilot projects and demonstrators on biomass gasification and electricity production with a concentrated solar power (CSP) pilot facility based on Fresnel technology;
- in CO_2 capture, transport and storage : development, in partnership, of a major demonstrator project for CO_2 capture, transport and storage and the launch, with support from the ADEME, of the "France Nord CO_2 storage" project as one of the projects from its demonstrator fund;
- in smart energy (smart metering, smart grids and energy storage): development of various pilot initiatives in a number of the Group's Business Lines, as well as Research and Innovation efforts in these areas, including the launch of a demonstrator covering networks and intelligent meters in Belgium and active participation in the launch of the "Energy Storage Club", set up by the ATEE (*Association Technique Énergie Environnement*) in France.

In 2010, expenditure on research & development in technology amounted to €222 million with some 3,200 patents in its portfolio (including SUEZ Environnement).

The Group's systematic drive to stimulate and promote innovation has enabled it to become a benchmark in its areas of competence.

- This is why, in December 2010, the Innovation Bearing Point/ Expansion Trophy Management panel awarded the GDF SUEZ Group a trophy in the "panel's special prize" category. This trophy rewards GDF SUEZ for its approach to innovation, as shown by the emphasis placed on innovation at all levels of the organization, from corporate to Business Unit level.
- Three examples were hailed by the panel's special prize insofar as they embody the efforts and maturity of the GDF SUEZ Group in innovative schemes: the Household and Business Customers business unit from the Energy France business line for the MIX'ID idea sharing initiative; SUEZ Environnement for drawing up and rolling out the WIKTITM methodology for transferring expertise; Lyonnaise des Eaux for the Zone Libellule®, which is used to decontaminate water in areas consisting of various plants and micro-organisms placed downstream of purification stations in order to improve both biodiversity and maintain water quality.
- The natural gas solutions proposed by the CRIGEN and the Energy France business line also won prizes on the 9th occasion of the Innovative Housing challenge organized by the Union des Maisons Françaises [French Housing Union].
- Finally, the Internet gateway "*Ma Future Installation*" (My Plant of the Future), enabling a customer to simulate and maximize the energy efficiency of his home, was lauded at the 9th Trophées Batiactu Construction & Innovation, organized by the SMABTP Group and Batiactu.

In 2010, innovation and performance were still at the heart of GDF SUEZ's business culture with a major *corporate* event: the Innovation Trophies. These have now become an annual event involving the entire GDF SUEZ workforce and they reflect the Group's four fundamental values: requirement, commitment, daring and consistency. In 2010, 439 initiatives were put forward and 13 Grand Prix and 6 Value Creation Labels were awarded.

2.3.2 A GLOBAL NETWORK OF RESEARCH CENTERS

Research and Innovation activity is directed by the Research and Innovation Department and is carried out mainly in specialist research centers:

- the **CRIGEN** (*Centre de Recherche et Innovation Gaz et Énergies Nouvelles* - Gas and New Energies Research and Innovation Center), a *corporate* research center located near Paris, brings together 450 employees and manages a portfolio of 1,166 patents. Its work covers the development of packages for the various segments of its public market (residential, industrial, local authorities, etc.), new energy sources (renewables, energy storage, CO_2 capture and storage, etc.), gas infrastructures (safety, performance, etc.), LNG, web innovations and workstation mobility solutions. CRIGEN's R&D budget in 2010 was €103 million.

  Key successes:

  - optimizing the efficiency of the engines of LNG vessels for better fuel consumption, lower emission of pollutants and maximizing propulsion efficiency,
  - architecture of the innovative "Zen Box" package, enabling a private customer to manage his energy consumption. This work is taking place against the background of the current drive to develop smart metering services,
  - "*Ma future installation*" (My House of the Future), a simple and practical Internet tool for simulating and optimizing energy efficiency in the home. It offers the consumer the best solutions for producing energy savings, specifies their impact on the energy bill and the work to be done,
  - performance of an analysis comparing greenhouse gas emissions (GES) over the life cycle of various vehicles: petrol, diesel, LPG and biomethane fuels. The results show that coupling biomethane fuel with a hybrid gas vehicle can reduce greenhouse gas emissions by 95%,
  - launching of a technical and commercial *field test* with 250 new generation wall units in order to demonstrate the maturity of the ecogenerator,
  - launching of a partnership with Saint-Gobain for partial replacement of fossil fuels by a synthetic gas, a by-product of biomass gasification in its bottle production furnaces (ANR BioVive project),
  - development of a controlled drilling micro-machine and a drilling head fitted with a mini-georadar intended for producing gas and water distribution networks and connections,
  - delegated project management for the "Monitoring the ageing of transmission pipelines" project, initiated by the Minister for Energy to improve the management of the techniques for inspecting and monitoring hydrocarbon transmission pipelines.
- **Laborelec**, attached to the Energy Europe & International business line, is the GDF SUEZ Group's center for research and skills in electricity technology located near Brussels. In 2010, it employed 250 people and posted sales of approximately 47 million Euros in 2010. Its skills and activities cover the energy production, transmission, distribution, storage and end use areas. Its expertise focuses on reducing environmental impact,

improving availability and maintenance, and the energy systems of the future.

Key successes:

- obtaining a Value Creation label at the GDF SUEZ Innovation Trophies for the Laborelec Diagnostic Center,
- significant improvement of the steam turbine simulator (obtaining a prize at the GDF SUEZ Innovation Trophies),
- obtaining a *Grand Prix* at the 2010 GDF SUEZ Innovation Trophies for a gas turbine blade life cycle management system,
- production of a pilot installation for testing thin layer solar panels,
- development of a very effective tool for predicting wind generator power output,
- development of a predictive gas emission monitoring system,
- marketing of an innovative system to steer fish away from the water intakes of power stations.

- **SUEZ Environnement:** Its R&D centers (CIRSEE, DENARD, CETAQUA and Shanghai Chemical Industry Park, Sino French Water Development Co. Ltd.) and networks of experts are based in France, Spain, the United States and China. In 2010, SUEZ Environnement's network of research centers was expanded. Degrémont and United Water merged their R&D strengths in North America: an alliance by the name of "Water & Environment Research Center", based in Richmond was therefore set up with the aim of creating a single center of expertise on water matters in the region. In addition to working to solve the major issues posed by health and environmental risks, the Group's research and development efforts also aim to meet the major challenges of sustainable development: to combat climate change, to limit the impact of the Group's activities, to manage the environmental impact as well as health and environmental risks. SUEZ Environnement invested €73.3 million in research, technological development and innovation in 2010. In all, there are over 400 researchers and experts working full-time on technological Research and Development tasks.

Key successes:

- **In Research:**
  - energy production from biogas created from biomass (storage center, purification sludges), energy savings in infrastructure operations, improvement of energy recycling from incineration units and energy recycling and development of the potential of renewable energy sources,
  - monitoring of health and environmental risks monitoring; emerging pollutants, nanotechnology,
  - technical efficiency of drinking water networks: specifying the asset base and its management and maintenance.
- **In Development:**
  - CityBiose®: Safege offers local authorities an evaluation and visualization tool for managing the environmental performance of the services they provide in terms of drinking water, waste water treatment, waste, public transport, street lighting, and energy for public buildings,
  - Improving sorting techniques: optical sorting, floating sorting.
- **In product innovation:**
  - Degrés Bleus: a Lyonnaise des Eaux technology that uses the calorific value of wastewater to heat buildings,
  - Development of an all-electric collection vehicle by developing the Hybris alternative fuel system,
  - NOSE is controlling odor pollution from sewage and waste cleansing facilities.

In 2011, SUEZ Environnement intends to continue its innovation strategy by increasing its efforts to improve its environmental efficiency and that of its customers, and by developing industrial partnerships in order to integrate external technology, as well as partnerships with highly innovative start-ups. In 2010, in order to work as efficiently as possible with this ecosystem, SUEZ Environnement set up an innovation investment fund for new water and waste technologies, Blue Orange, which actually began at the end of 2010 and will take off in 2011.

- **Cylergie**, attached to the Energy Services business line, is based near Lyons. Its competencies are used for energy services activities. Special attention was paid to energy efficiency, management of air quality and health, and monitoring performance commitments. Its research priorities are: heating and cooling networks, energy management, metrology and tele-systems, renewable energy sources and new technologies for energy, air quality and health.

Key successes:

- development of a software-based heating system management simulator (SCORE) for use initially by technicians in energy and management training, by identically reproducing all the control actions possible on a heating system in order to optimize them for better management of facilities,
- work on inside air quality (Elena, Filtration, Collectair, etc.).

- **Tractebel Engineering**, attached to the Energy Services business line, with operations in Belgium, France, Italy, Poland, Romania, the Czech Republic, India, and Brazil, concentrates its R&D activity on three areas: sustainable energy (thermal production with low CO_2 emissions and renewable energy sources), nuclear energy and transmission and distribution networks.
- **INEO**, attached to the Energy Services business line, is based in France and concentrates its R&D and innovation activities in four areas: operational communication systems (specialized transmissions, infrastructure protection), transmission systems (support to operations, passenger information), electrical systems

(digital command and control, intelligent buildings) and intelligent networks (street lighting, electric vehicle-charging infrastructures, smart grids and smart metering). With this in mind, INEO maintains a presence with competitive clusters, conducts a monitoring policy with innovative SMEs and participates in partnership research programs sponsored by European funds, ADEME or the Agence Nationale de la Recherche [National Research Agency].

- **The Exploration & Production business unit**, attached to the Global Gas & LNG business line, carries out R&D for the Group in geosciences for exploration-production and underground storage needs.
- **In the nuclear field**, R&D strategy is set by the Nuclear Activities Department and the Research and Innovation Department contributes to carrying it out. Various R&D activities are undertaken in the following areas: surface and deep storage of nuclear waste, decommissioning and dismantling of nuclear facilities, improvement of existing technologies, safe extension of the serviceable life of facilities, chemistry of primary, secondary and tertiary circuits, and participation in the development of new technologies (4th generation fast-neutron or high temperature thermal nuclear reactors (GEN IV), experimental international thermonuclear fusion reactor (ITER), etc.).

2.3.3 INTELLECTUAL PROPERTY RIGHTS

2.3.3.1 Patents

GDF SUEZ SA

- 13 new patents were filed in 2010. 7 were filed by the DRI (6 for CRIGEN and 1 for Laborelec), 4 by the Energy Services business line (2 for Climespace, 1 for Endel and 1 for CPCU), and 2 by the Infrastructures business line (1 for GRTgaz, 1 for GrDF).
- 17 applications for extensions abroad were filed with the patent offices of various countries (Europe, Russia, Australia, China, India, Japan, Canada and the USA).
- The GDF SUEZ SA patent portfolio amounted to 1,193 French and foreign patents, including 194 “master” patents.
- 11 licenses were granted, covering 2 patents and 9 software applications (Persee 7, LNG expert, Ocsygen, Bore@s, etc.).
- 1 transfer of patent title to GDF SUEZ SA.

SUEZ Environnement

- SUEZ Environnement has a portfolio covering 239 patent categories. In 2010, 19 new patents were registered in the name of SUEZ Environnement or its subsidiaries including Degrémont, Lyonnaise des Eaux France, SITA France and Safege. They cover the entire range of water and waste activities, with strong momentum
- In total, SUEZ Environnement holds some 2,000 national patents, filed in over 70 countries.

2.3.3.2 Brands

GDF SUEZ SA

- 15 French trademarks are filed, including filings of the GDF SUEZ Foundation logo (“Energy to act, Fondation GDF SUEZ”) in English and French versions, as well as The Golden Mission (French trademarks with extensions internationally).
- 6 national filings abroad.
- Applications to file 2 international trademarks, which designate 3 and 4 countries respectively.
- Filing of 3 community trademarks (Cameroon LNG, etc.).
- The GDF SUEZ SA portfolio comprises some 1,400 trademarks, which represents 2,530 intellectual property titles.
- Signing of 3 trademark licenses with GNVert (French trademarks GNVert and GNV de Bordeaux, community trademark GNVert), GDF SUEZ Energia México (Mexican trademarks GDF SUEZ, Maxigas and Maxigas Natural) and Electrabel SA (community trademark of GDF SUEZ Global Energy).
- Signature of a co-existence agreement with LEDA, which wants to file the name Climater (French trademarks Climatech and Options Climatech).
- Sale of the trademarks “Eurexcter, European territorial excellence, a plan, an ambition” (French trademark, Irish national trademark and international trademark designating the Benelux countries, Germany, Spain and Italy) to the association with the same name.

SUEZ Environnement

- As of December 31, 2010, SUEZ Environnement held a portfolio of some 500 trademarks,
- In 2010, 27 new trademarks were filed by the Group (1 by SUEZ Environnement, 14 by Lyonnaise des Eaux, 7 by Degrémont, 1 by Ondeo IS, 2 by R+i Alliance and 2 by SITA), including: Eaux du Mont Blanc, Ciclope, Géobain, Terre de Seine, Biomix, Blue Orange, La Séquanaise, Oxyblue, etc.

2.3.3.3 Software

The CRIGEN

- 22 applications were registered - 20 on behalf of CRIGEN and 2 for subsidiaries (1 for Ecometering and 1 for Storengy),
- 1 sale of the title to the OPAL PRO software application to Storengy.

2.3.3.4 Domain names

GDF SUEZ SA

- 182 domain names were purchased, including about one hundred domain names for use by the Energy France business line.
- In 2010, 2,097 domain names were held in the portfolio.
- Two domain name user licenses were granted.

3

SUSTAINABLE DEVELOPMENT AND ETHICS

3.1 SUSTAINABLE DEVELOPMENT

In 2009, after more than five years of work under the auspices of the ISO Committee involving experts from over 90 countries, 40 international organizations and nearly 500 stakeholders, France adopted the ISO 26000 international standard. ISO 26000 provides organizations with guidance on social responsibility, enabling them to approach and structure the notion of corporate social responsibility vis-à-vis their stakeholders in line with internationally shared principles and methods. It systematically addresses the seven core subjects of social responsibility: organizational governance, human rights, labor practices, the environment, fair operating practices, consumer issues, and community involvement and development.

These are areas that the Group has been heavily involved in for several years. For this reason, GDF SUEZ officially supported the launch of ISO 26000 in France on December 7, 2010.

3.1.1 A COMMITMENT AT THE HEART OF THE GROUP'S STRATEGY

Sustainable development is an integral component of GDF SUEZ's identity. It is also a growth driver for the Group and a tool for controlling risks.

The Group aims to develop sustainable growth based on its assets and businesses: energy, water, and environment. These businesses supply solutions to help customers reach their own sustainable development objectives. They are also active locally and require long-term investments. Sustainable development is thus at the heart of the Group's strategy.

Because of the nature of its businesses, sustainable development is an essential part of the GDF SUEZ strategy. In light of expected developments in global markets over the medium and long term, the economic, environmental, and social aspects of sustainable development have in fact become key ingredients in the Group's evolving business models.

At GDF SUEZ, sustainable development is pursued in a way that adds to the Group's value creation, first by developing projects that contribute to greater cash generation, and second by leading activities that reduce the risks related to the cost of capital.

3.1.2 SUSTAINABLE DEVELOPMENT AT GDF SUEZ

GDF SUEZ was one of the first companies to join the Global Compact when it was launched in July 2000. The Group's sustainable development policy, its principles of governance, and its key charters all comply with the 10 principles of the Global Compact.

3.1.2.1 The sustainable development policy

In September 2009, Gérard Mestrallet and Jean-François Cirelli officially established the Group's sustainable development policy, which aims at promoting sustainable growth based on the Group's assets and businesses (water, energy and waste management) so that it can establish itself quickly as a reference for sustainable development. This goal addresses three key areas:

- Innovating for development and anticipating changes in energy, water and waste management markets
- Ensuring continuity and local acceptance of our operations
- Enhancing GDF SUEZ's attractiveness, effectiveness and cultural cohesion.

GDF SUEZ's sustainable development policy is described in full in the 2009-2010 Expert Report on Sustainable Development.

3.1.2.2 Organization of sustainable development within the Group

The Sustainable Development department is part of the Group's Strategy and Sustainable Development division. Its role is to lead and coordinate activities related to corporate social and environmental responsibility within the Group. It monitors the Group's performance and coordinates communications on these topics.

In each of the business lines, a sustainable development manager supported by a dedicated team is tasked with:

- implementing the sustainable development policy in the business line;
- leading sustainable development action plans in the business line;
- including sustainable development in the business line's strategic planning process (strategic plan, medium-term business plan) and investment decisions;
- educating and training all employees in sustainable development;
- documenting and sharing the business line's experiences.

The sustainable development organization is built on an international network of Sustainable Development department representatives and Sustainable Development managers and teams in the business lines, BUs and subsidiaries, as well as in the functional departments and divisions (purchasing, human resources, health and safety, communications, international affairs, research and development, French regional office delegates, etc.).

3.1.2.3 Management of sustainable development

Integrating sustainable development into GDF SUEZ management processes allows the business entities to consider environmental and social criteria in steering their operations. This is done through governance systems, a dedicated organization, management procedures, and reporting tools, all within a process that seeks to continuously improve the Group's approach.

Governance

Sustainable development governance is organized around principles and an oversight structure composed of bodies initiated at the highest corporate level. Those bodies are the following:

- **the Ethics, Environment and Sustainable Development Committee of the Board of Directors.** In sustainable development, the Committee has an ambitious scope covering policy, forecasts and action plans. In 2010 it heard a report on the Group's sustainable development policy, its research and development policy in this field, and its action plans;
- **the Group Executive Committee**, led by the Chairman and Chief Executive Officer, which decides on policy issues in sustainable development;
- **the Group Sustainable Development Policy Steering Committee** is made up of the business lines' Sustainable Development managers, representatives of the Sustainable Development department and representatives from the functional departments (Human Resources, Health and Safety and Management Systems, Ethics and Compliance, Research and Innovation, Purchasing and Business Development France). Its role is to prepare annual action plans, monitor their implementation, gather experiences across the various entities, and encourage exchange on major sustainable development strategies (including the fight against climate change and corporate social responsibility).
- **the Sustainable Development Network** is comprised of people involved more broadly in achieving the Group's sustainable development policy. Its purpose is to disseminate the Group's policies and the best practices of the BUs.

Medium-term business plans and action plans in the business lines

Each business line's medium-term business plan now incorporates sustainable development. The business line's sustainable development manager uses the business plan to develop the annual action plan. The results, which are aggregated in the Group's sustainable development indicators, are analyzed to confirm the implementation of the sustainable development policy Group-wide.

Sustainable development scorecard

The sustainable development scorecard expresses the goals and measures the degree of implementation of the sustainable development policy. It is composed of indicators that ensure balanced coverage of the main focuses of the sustainable development policy and its key areas of application: quality, health and safety, environment, and corporate social responsibility.

3.1.2.4 Performance

The Group has set initial targets to be achieved by 2011. These targets—both quantitative and qualitative—have varied deadlines and their achievement is measured based on monitoring indicators in the sustainable development scorecard. These figures are validated by management and commented on by the relevant operating entities.

Quantitative targets

- 20,000 MW of installed capacity in renewable energies in 2014.
- More than 3% of new permanent hires annually in the Group of people aged 50 and over.
- Accident frequency rate below 7.5 in 2012.
- Phase-out of replaceable CMR chemicals before the end of 2012 (CMR = carcinogenic, mutagenic, repro-toxic).
- 100,000 new hires by 2015.
- 12% of employees aged 55 and over in relation to the Group's total permanent workforce in France by December 31, 2012.

Performance assessment

Sustainable development is assessed in performance reviews at a rhythm appropriate to each business line. Reviews are conducted at least once a year based on the assessment of achievement of sustainable development action plans. Internal control and audit programs and mechanisms ensure the integration of certain aspects of implementation, in coordination with the Strategy and Sustainable Development division.

Reporting

Social and environmental reporting includes the publication of a set of indicators which are verified by the Statutory Auditors. Each year, the Group aims for a «reasonable» level of assurance for a growing number of indicators. Only a small number of groups impose such requirements on themselves today.

Non-financial indices

Since 2009, the merged Group has been included in the ASPI Eurozone® index (Advanced Sustainable Performance Indices), which is the reference European index for companies and investors committed to corporate sustainable development and corporate responsibility.

In December 2009, GDF SUEZ joined the Italian ECPI Ethical Index EMU, a classification by E. Capital Partners, a firm rating socially responsible investments, which brings together the 150 most responsible European companies in the EMU (Economic and Monetary Union) market according to Environmental, Social and Governance (ESG) requirements.

In January 2010, GDF SUEZ received an "A" rating from Innovest, the world leader in social and environmental analysis and rating.

Also in 2010, the Group published its 2009 Sustainable Development Expert Report, rated "B+" by the Global Reporting Initiative (GRI).

3.1.2.5 Examples of cross-cutting actions and projects

Sustainable Marketing

The Group has developed B-to-B offerings with a strong sustainable development component. It promotes synergies between its businesses to respond comprehensively and with all of the Group's know-how—and as precisely as possible—to the sustainable development expectations of its customers. This action will be expanded geographically and will gradually include all of the Group's businesses in this B-to-B segment.

Investments

Since March 2010, sustainable development criteria have been built into the decision process for capital expenditures. Each proposed capital expenditure is evaluated according to 10 sustainable development criteria, including ethics, CO_2 emissions, social impact, human resources, environmental management of ecosystems, cooperation with stakeholders, and health and safety. This additional analysis enables the assessment of both the risks and opportunities generated for the Group in sustainable development by a new capital expenditure.

Sustainable Purchasing

In order to comply with GDF SUEZ's sustainable development requirements in the purchasing process, the Group has implemented a specific policy. GDF SUEZ has adopted a "Guide to Ethics in Supplier Relations", published in 16 languages. This seminal text stipulates that each buyer must observe the "Group's commitments to sustainable development and social responsibility" in the purchasing process.

Tools are now available to the entire community of Group buyers via the Purchasing intranet (contractual clause, CSR commitment form, etc.). Sustainable purchasing training specific to GDF SUEZ will be launched soon to encourage buyers to implement the action plan internally.

3.2 ENVIRONMENTAL COMMITMENTS

Environmental challenges, including climate change, limited water and energy resources, and protection of the natural environment, are at the heart of GDF SUEZ's activities. Although the Group's activities can have a positive environmental effect, they also have an impact on natural habitats and resources that must be measured, controlled and reduced to a minimum, as part of a process of continuous improvement.

3.2.1 LEGAL AND REGULATORY FRAMEWORK

Environmental laws are increasingly stringent. In this context, the diversity of the Group's activities is such that any regulation aimed at reducing emissions into the air, water and soil and the impact on biodiversity and health is likely to have a direct consequence on the operation of facilities. Recent developments in environmental regulation are discussed in Section 5 of this Reference Document. The Group actively monitors changes in regulations, making its positions known as they are being drafted, and implementing them as soon as they have been published. For example, taking account of the REACH regulation has been managed as a corporate project involving all of the Group's business lines. Innovative tools (e-learning) have been specifically developed to ensure awareness of regulations at all levels.

3.2.2 THE ENVIRONMENTAL MANAGEMENT SYSTEM(1)

While it is difficult to summarize environmental performance, the implementation of environmental policies and environmental management systems provides a relevant indicator for measuring it. At the end of 2010, the entities that announced an environmental commitment policy or declaration accounted for 96.8% of relevant Group revenue(2) in terms of environmental impact. These commitments may lead to the implementation of Environmental Management Systems (EMS), based on economic conditions and the importance of such a procedure.

These EMS may then be subject to external certification, when justified. At December 31, 2010, 65.7% of relevant revenue was covered by certified EMS (ISO 14001 certifications, EMAS registrations(3), ISO 9001:2000 certifications with the environment component, and local certifications).

● PERCENTAGE OF RELEVANT REVENUE COVERED :

Indicator title	GDF SUEZ 2009	GDF SUEZ 2010	Scope covered in 2010 (% of relevant revenues)
By an EMAS certification ■■	6.3%	7.6%	97.6
By an ISO 14001 (non-EMAS) ■■	42.6%	44.5%	97.7
By other external EMS certifications	5.3%	13.5%	98.1
By an internal certification (but not by a certified EMS)	17.2%	18.9%	98.7

■ *Verified by the Auditors with a "moderate" assurance.*
■■ *Verified by the Auditors with a "reasonable" assurance.*

When the implementation of a certified or registered management system is not economically justified, entities are encouraged to define an internal environmental management system ensuring concern for the environment in carrying out their strategy. Thus, some Group entities have deemed it more advisable to define their own management system standard—better suited to their activities and generally more stringent—and to recognize it internally.

To supplement its Environmental Management Systems (EMS), GDF SUEZ uses a **dynamic self-assessment system** to evaluate the maturity of EMS environmental management processes, which allows operating sites to easily identify areas for improvement and evaluate the adequacy of their EMS to local circumstances. This system also enables them to monitor their progress and make comparative analyses with other Group sites, whether or not they are in the same field of activity.

(1) See Appendix B "Statutory Auditors' Report on the Review of Selected Environmental and Social Indicators"

(2 Relevant revenue: excluding revenue generated by activities not considered relevant in terms of environmental impact.

(3) "Eco Management and Audit Scheme": European regulations established by the European Commission to provide a framework for voluntary eco-management approaches using an EMS. Any business already ISO 14 001 certified can obtain an EMAS certificate if it publishes an environmental declaration that meets the EMAS criteria.

3.2.3 ENVIRONMENTAL RESPONSIBILITY PERFORMANCE CONTROL AND MEASUREMENT SYSTEMS

To direct the implementation of its environmental policy, control environmental risks and encourage the communication of its environmental performance to stakeholders, GDF SUEZ has developed a specific reporting system that goes beyond the requirements of the French NRE law[1], based on work conducted within international bodies such as the Global Reporting Initiative (GRI) and the World Business Council for Sustainable Development (WBCSD). The information from this reporting system is also released in the Group's Business and Sustainable Development Report.

Environmental reporting is closely tied to operational performance reporting, thus becoming a management tool. The Group's Executive Management transmits this goal of making environmental concerns an integral part of management responsibilities. Auditors trained in the Business Units and corporate auditors perform environmental audits to ensure that environmental regulations are observed in the field and to evaluate major environmental risks.

A system of letters for environmental compliance ensures operational management involvement by committing management to provide qualitative information, consistent with the standards of reference, controlled, verified and approved.

Directive 2004/35/EC of the European Parliament and Council of April 21, 2004 on environmental liability with regard to prevention and remedying of environmental damage, has been transposed into national laws. It defines an additional liability scheme with regard to a new third party: the environment (limited to water, soil, species and natural habitats). Damage may be determined (by public authorities) even if there is no proven fault and even if the facility causing the damage is in compliance with permits and authorizations. According to this Directive, the operator is the primary responsible party. The text stipulates non-retroactivity and will therefore apply only to damage caused after the date of transposition.

3.2.4 METHODOLOGICAL ELEMENTS OF THE 2010 ENVIRONMENTAL REPORTING

To ensure the transparency and reliability of published data, GDF SUEZ has initiated a process that progressively verifies, through its independent auditors, the quality of certain published environmental and corporate indicators. This approach had been used by Gaz de France since 1999 and by SUEZ since 2001.

GDF SUEZ conducts its environmental reporting using a dedicated tool that allows data to be reported following a defined methodology. This tool, called CERIS, is an environmental reporting IT solution used to manage the network of environmental correspondents, to handle the management and documentation of the scope of environmental reporting, for the data entry, monitoring and consolidation of indicators, as well as to publish reports and provide or produce the documentation necessary for gathering data and monitoring data reporting.

CERIS is deployed in each of the business lines and thus covers the entire GDF SUEZ organization.

Some entities which do not yet have direct access to CERIS fill out an Excel version that is then imported into the tool.

The procedures for defining the scope of environmental reporting are used to gather data on the performance and impact of the facilities over which the Group has technical operational control. The legal entities included within the scope of reporting are those whose operations are relevant in terms of environmental impact (thus excluding the energy trading and financial and engineering activities) and that are consolidated either fully or proportionately (based on the rules of financial consolidation). They report the performance and impact of the facilities where they hold technical operational control, including facilities operated for third parties.

This rule was established to ensure maximum compliance with the Global Reporting Initiative (GRI) guidelines. It involves a structure of stakeholders or partners (from the business world, audit companies, human rights, environmental and labor organizations, and government representatives), which creates a shared framework for disclosing sustainable development data.

In addition, 100% of the impacts reported are consolidated when the entities are fully consolidated. For entities proportionately consolidated, the environmental impacts are consolidated in proportion to the Group's level of financial consolidation whether it has 100% technical operational control or whether this is shared with other shareholders.

(1) The New Economic Regulations (NRE) Act requires French companies listed on a regulated market to report annually on their management of the social and environmental impacts of their activity.

In addition, based on consolidated revenue, relevant revenues (after excluding revenue generated by businesses deemed not relevant in terms of environmental impacts) are estimated for each legal entity. The coverage of these relevant revenues by each of the environmental management indicators is reported.

The procedures of environmental data reporting encompasses a general procedure based on a standard guideline to be implemented at the appropriate levels of the reporting process. The implementation of the procedures throughout the Group is based on a network of duly authorized environmental correspondents and coordinators. These procedures and guidelines at Group and business line level describe in detail the environmental data collection, control, consolidation, validation and transmission phases at different levels of the organization, as well as the rules for defining the scope of consolidation. They include technical documents that provide methodological guidelines for calculating certain indicators. Depending on its activities, each entity is assigned a profile that determines the indicators that it must use. The list of the entities included in the scope of environmental reporting is attached to the procedures and guidelines.

The definitions of the indicators used to measure environmental performance of Group's businesses have been revised based on the auditors' comments. They also take into account the comments by line managers represented in a dedicated work group. The entire documentation is available from the Group upon request.

The following should be noted about the data published in this report and in the annual Sustainable Development Report:

1. Concerned about what becomes of the waste generated by its activities, GDF SUEZ Group has indicators on its waste recovery. These are based on definitions of waste and recovery established by local regulations.
2. The reliability of the scope covered by environmental reporting is a GDF SUEZ priority which evolves in an international context of business disposals and acquisitions. The scope is determined on June 30 of the fiscal year. For disposals after that date, the entity is expected to complete the environmental questionnaire with the data available on the last day of the month prior to the disposal. Acquisitions made after June 30 are not taken into account, unless the head of the business line has requested an exception be made, and subject to the data being available.
3. Data related to LNG vessels' activity, including impacts and consumption, have been incorporated as operating sites and are therefore reported as such. The vessels included in the calculations are those in which GDF SUEZ has majority ownership or those operated by a subsidiary in which GDF SUEZ has a majority stake, as well as long-term chartered vessels (> 2 years). This leads to a list of 17 ships: Maran Gas Coronis, LNG Lerici, Grace Cosmos, Cheikh Bouamama, Lalla Fatma N'Soumer, BW SUEZ Everett, BW SUEZ Boston, Matthew, Tellier, Provalys, GDF SUEZ Global Energy, Gaselys, BW GDF SUEZ Paris, BW GDF SUEZ Brussels, GDF SUEZ Neptune (SRV), GDF SUEZ Point Fortin, and GDF SUEZ Cape ANN (SRV). The possible ISO14001 certification of vessels is also taken into account.
4. Environmental indicators for the Cartagena site are not reported due to the particular structure of the contract: the Group has production capacity, but does not bear the industrial risks of operation.
5. For the sake of consistency, the factor for converting thermal energy produced (GWhth) into electric energy (GWhe) is set at 0.44 for all Group businesses.
6. It should be noted that only leachates from class 2 storage centers are reported.
7. Significant environmental impacts resulting from subcontractors during services performed at one of the Group's facilities are included in the Group's impacts except when a specific contractual clause provides that the subcontractor is liable for impacts generated at the site while providing the service. Data provided by subcontractors is not subject to systematic internal verification before being included in Group data and is the responsibility of the subcontractors alone.
8. Regulations and legal obligations related to the environment may differ from one country to another, and certain data may thus be sometimes more difficult to gather (e.g. water consumption in the United Kingdom).
9. In 2009, GDF SUEZ introduced a new calculation tool for natural gas transmission and distribution pipeline losses. Compared to the 2008 data, this constituted a breakthrough for calculating methane emissions of GrDF, which now uses the gas pipeline emission factor method. The year 2009 therefore marked a new time T=0 for measuring GrDF's emissions, with a notable impact on the Group's CO_2 eq. In 2010, the deployment of this tool continued in our facilities outside France.
10. Water used in the regasification circuits of LNG terminals was returned to its natural environment at 100%. The consumption of surface water for industrial use at these sites is therefore nil.

The conformity between the Group's environmental performance indicators and NRE law (New Economic Regulations) and the Global Reporting Initiative guidelines is documented in the summary table of environmental performances. It is published in the annual Sustainable Development Report.

3.2.5 GROUP ACTIONS

3.2.5.1 Climate change

The Group is conscious of the impact of its activities on the climate and strives to minimize them by using the best technologies to reduce emissions, by improving the energy efficiency of all its facilities, and by incorporating low-carbon and no-carbon sources into its energy mix. The Group has embarked on a comprehensive study to reduce its emissions, which will lead to the adoption of ambitious targets in 2011. It actively participates in the work of civil society in this area, contributing its operating know-how in negotiations at all levels. This expertise is also available to the Group's customers through a range of commercial offerings, whether for participation in the carbon market, technical solutions, or the support or implementation of strategies and action plans to reduce GHG emissions.

To communicate openly about what is a major issue for the Group, GDF SUEZ has in recent years taken part in the Carbon Disclosure Project survey. This year, the PricewaterhouseCoopers' study shows that the Group's efforts are paying off: its performance in terms of kg CO_2-eq emitted per kWh of energy production in Europe is below the average of its competitors. This result, which won the Gigaton award presented at the Cancún summit attended by the Group, proves that one can be both a leader in power generation capacity, offering a highly diversified portfolio of energy sources and solutions, as well as one of the most effective players in environmental issues.

The Group's 2010 greenhouse gas (GHG) emissions (excluding tertiary and ground vehicle emissions) totaled 109 million tons of CO_2 equivalent. It should be noted that the scope used for environmental reporting is specific (it includes facilities where GDF SUEZ has technical operational control) and thus differs from the one adopted, for example, for evaluation of the electricity generation fleet.

Indicator title	GDF SUEZ 2009	GDF SUEZ 2010	Scope covered in 2010 *(% of relevant revenues)*
Total GHG emissions (excluding tertiary and ground vehicle emissions) ■■	97,405,418 t CO_2 eq.	109,324,454 t CO_2 eq.	97.6
GHG emissions – vehicle fleet	792,350 t CO_2 eq.	846,845 t CO_2 eq.	
GHG emissions per business unit – energy production	365.6 kg CO_2 eq./MWheq	317.6 kg CO_2 eq./MWheq	
GHG emissions per business unit – gas exploration and production	6.8 kg CO_2 eq./MWheq	7.1 kg CO_2 eq./MWheq	
GHG emissions per business unit – gas storage	7.7 kg CO_2 eq./MWheq	1.2 kg CO_2 eq./MWheq	
GHG emissions per business unit – gas transport (excluding LNG fleet)	1.1 kg CO_2 eq./MWheq	0.9 kg CO_2 eq./MWheq	
GHG emissions per business unit – LNG terminals	1.5 kg CO_2 eq./MWheq	1.5 kg CO_2 eq./MWheq	
GHG emissions per business unit – gas distribution	2.2 kg CO_2 eq./MWheq	3.7 kg CO_2 eq./MWheq	
GHG emissions per business unit – incineration	335.6 kg CO_2 eq./t	386.1 kg CO_2 eq./t	

■ *Verified by the Auditors with a "moderate" assurance.*

■■ *Verified by the Auditors with a "reasonable" assurance.*

Renewable energies

In 2010, renewable energy accounted for roughly 13.4 GW of installed electric equivalent, or 18.8% of the Group's total installed capacity.

Indicator title	GDF SUEZ 2009	GDF SUEZ 2010	Scope covered in 2010 *(% of relevant revenues)*
Renewable – Net installed power (electric and thermal) ■■	12,591 MWeq	13,357 MWeq	97.2
Share of renewable resources in installed capacity	18.5%	18.8%	96.8
Renewable – Electricity and heat produced ■■	50,009 GWheq	61,434 GWheq	97.3
Energy produced – share of large hydraulic	81.8%	82.2%	
Energy produced – share of small hydraulic	2.1%	1.7%	
Energy produced – share of wind	3.5%	4.4%	
Energy produced – share of geothermal	0.1%	0.1%	
Energy produced – share of solar	0.0%	0.0%	
Energy produced – share of biomass (excluding thermal)	8.4%	7 .9%	
Energy produced – share of biogas	1.8%	1.4%	
Energy produced – incineration share of biodegradable share of waste	2.3%	1.8%	

■ *Verified by the Auditors with a "moderate" assurance.*

■■ *Verified by the Auditors with a "reasonable" assurance.*

These capacities correspond to the scope of the environmental reporting specified in Section 3.2.5 (excluding equity accounted and non-controlled installations).

Energy efficiency

Primary energy consumption and electricity consumption are managed to achieve the highest level of energy efficiency. The Group uses its expertise to improve the environmental performance of its own facilities as well as those of its customers. GDF SUEZ has increased contracts for sustainable management of energy facilities, which enables to offer global solutions with guaranteed results, especially in connection with energy and environmental performance contracts (reduction of consumption over the long term).

Indicator title	GDF SUEZ 2009	GDF SUEZ 2010	Scope covered in 2010 *(% of relevant revenues)*
Primary energy consumption – total ■■	**391,214 GWh**	**403,092 GWh**	**96.1**
Share of coal/lignite	21.7%	24.5%	
Share of natural gas	68.8%	66.8%	
Share of fuel oil (heavy and light)	3.5%	2.6%	
Share of alternative fuels	2.2%	3.1%	
Share of biomass	3.6%	4.1%	
Share of waste	0.1%	0.1%	
Share of other fuels	0.2%	0.2%	
Electricity consumption (excluding auto-consumption) ■■	**6,036 GWh**	**6,520 GWh**	**95.7**
Energy efficiency of fossil fuel power stations (including biomass) ■■	**43.8%**	**43.9%**	**96.2**

■ *Verified by the Auditors with a "moderate" assurance.*

■■ *Verified by the Auditors with a "reasonable" assurance.*

Nuclear energy

The downstream portion of the nuclear fuel cycle represents all operations related to this fuel after its use in a nuclear reactor. The costs for this portion are and will be covered by total financial provisions of €3,923 billion at the end of 2010. The Belgian law of April 11, 2003 governs the terms for creating these specific provisions. A safety case, prepared by Synatom every three years, has been submitted to and approved by the Belgian Commission for Nuclear Reserves. Provisions were also made for the costs of dismantling nuclear plants after their decommissioning pursuant to the law of April 11, 2003. The provisions established at the end of 2010 amounted to €2.2 billion.

Indicator title	GDF SUEZ 2009	GDF SUEZ 2010	Scope covered in 2010 *(% of relevant revenues)*
Radioactive gas emissions			
• rare gases	12.52 TBq	5.05 TBq	95.7%
• iodines	0.10 GBq	0.07 GBq	95.6%
• aerosols	0.01 GBq	0.01 GBq	95.7%
Radioactive nuclear waste (weak and average activities)	291.6 m^3	275.3 m^3	95.7%
Radioactive liquid wastes:			
• Beta and Gamma emitters	12.36 GBq	10.08 GBq	95.7%
• tritium	108.38 TBq	102.57 TBq	95.7%

3.2.5.2 Water

Water resource management includes all issues related to water and sanitation services (resource conservation, agriculture, land management) and the resolution of potential disputes through negotiation with all users and consumers. Quality control of drinking water produced and distributed, as well as of discharge from wastewater treatment stations, is performed locally via self-monitoring controls and reported to the head office, which monitors performance evaluations. In the area of wastewater treatment, SUEZ Environnement, in partnership with the local authorities for which it operates, ensures compliance with, and if possible, anticipates standards for waste water discharge and use of sludge.

The indicators reported concern the consumption of water related to the industrial process.

Indicator title	GDF SUEZ 2009	GDF SUEZ 2010	Scope covered in 2010 *(% of relevant revenues)*
Water consumption for industrial use ■	76.80 Mm^3	70.99 Mm^3	97.7%
• Consumption of surface water	44.90 Mm^3	40.14 Mm^3	
• Consumption of ground water	7.15 Mm^3	6.09 Mm^3	
• Consumption of public network water	24.74 Mm^3	24.77 Mm^3	
Water consumption for cooling ■	152.36 Mm^3	110.32 Mm^3	96.1%
• Consumption of evaporated surface water	138.51 Mm^3	94.59 Mm^3	
• Consumption of ground water	8.04 Mm^3	9.97 Mm^3	
• Consumption of public network water	5.81 Mm^3	5.77 Mm^3	
Linear water loss rate ■■	13.5 m^3/km/day	12.91 m^3/km/day	98.8%
Pollution load treated in sanitation networks (DBO5 treated) ■■	489.7 kt/an	691.8 kt/an	99.9%

■ *Verified by the Auditors with a "moderate" assurance.*
■■ *Verified by the Auditors with a "reasonable" assurance.*

3.2.5.3 Waste

The percentage of waste recovered as materials or energy accounts for 41% of the total treated waste in the waste treatment sector (45.2% in 2010 for sewage sludge).

In the hazardous waste sector, SUEZ Environnement is also developing its high-temperature incineration operations or recovering this waste as alternative fuels, particularly with its cement plant partners. Another way to recycle hazardous waste is to regenerate used oils and solvents. SUEZ Environnement is also substantially expanding its activities in soil rehabilitation and cleanup, either by operations performed *in situ* or by extracting materials for treatment at its network of specialized facilities.

Indicator title	GDF SUEZ 2009	GDF SUEZ 2010	Scope covered in 2010 *(% of relevant revenues)*
Total quantity of non-hazardous waste and by-products discharged (including sludge) ■	6,415,606 t	6,843,677 t	97.8
• Fly ash, Refioms	2,975,623 t	3,131,016 t	
• Ash, bottom ash	2,141,481 t	2,328,439 t	
• Desulphurization by-products	260,888 t	278,721 t	
• Sludge from waste water treatment and drinking water stations	667,156 t	842,840 t	
Total quantity of non-hazardous waste and by-products recovered (including sludge) ■	5,082,930 t	5,406,842 t	97.3
Total quantity of hazardous waste and by-products discharged (excluding radioactive waste) ■■	522,770 t	556,441 t	98.1
Total quantity of hazardous waste and by-products recovered (excluding radioactive waste) ■■	17,198 t	17,308 t	97.1
Quantity of leachates collected in storage centers	3.70 Mm^3	3.79 Mm^3	100%
Quantity of leachates processed (externally or internally) ■	3.77 Mm^3	3.79 Mm^3	100%

■ *Verified by the Auditors with a "moderate" assurance.*
■■ *Verified by the Auditors with a "reasonable" assurance.*

3.2.5.4 Atmospheric pollutants

GDF SUEZ uses a wide range of techniques to further reduce its emissions: reduction at the source using a tailored energy package; water injection to reduce particle emissions; urea injection to control nitrogen oxides; and optimization of combustion and smoke treatment.

Indicator title	GDF SUEZ 2009	GDF SUEZ 2010	Scope covered in 2010 *(% of relevant revenues)*
NO_x emissions ■	136,663 t	106,515 t	98.6
SO_2 emissions ■	168,883 t	184,924 t	98.6
Fine particle emissions ■	7,613 t	7,924 t	95.7

■ *Verified by the Auditors with a "moderate" assurance.*
■■ *Verified by the Auditors with a "reasonable" assurance.*

3.2.5.5 Management of biodiversity

As an energy supplier and service provider, GDF SUEZ is already active in protecting biodiversity and is extending its efforts in order to incorporate this issue into its environmental policy. The Group has therefore decided to develop broad guidelines for the preservation of biodiversity and to develop an action plan for structuring the work done in the field by the various Group entities.

To support this process, in May 2008 the Group established a partnership with the French Committee of the International Union for the Conservation of Nature (IUCN France). In 2009, GDF SUEZ also initiated a three-year study with France Nature Environnement on the preservation of natural habitats and biodiversity in France. Its ultimate aim is to define a methodology for taking account of and promoting biodiversity in the design and management of the Group's sites and installations (existing or future), to explore the potential contribution of GDF SUEZ's installations to environmental continuity, and to develop educational tools for biodiversity.

To increase its employees' awareness on the subject, the Group has adopted a communication tool developed by the IUCN's Biodiversity and Business working group. In addition, the Group supports IUCN initiatives and projects such as the French "Red List" of endangered species and studies on biodiversity.

3.2.5.6 Active prevention of environmental risks

To support the corporate audit program on the management of environmental issues, the business lines are encouraged to implement their own system of environmental audits in order to accelerate the coverage of their sites. Specific internal procedures are being deployed at most of the sites in order to define environmental management responsibilities and monitor the performance of environmental audits, which assess the level of environmental compliance of the facilities.

In the waste services business, each waste treatment site has undergone at least one environmental audit every three years. These audits enable to identify potential non compliances in reference to current regulations, detect specific risks and implement corrective plans.

In the water sector, each subsidiary is responsible for its own environmental risk management system. A centralized control process has been set up, similar to the one established for waste. Lastly, risk prevention plans are part or precede the implementation of an environmental management system.

In 2010, there were 98 claims and 93 sentences for environmental damages, with total compensation amounting to €784,000. This is very low considering Group's size, the industrial nature of its activities and its direct expenses to protect the environment. In 2010, environmental expenses (capital expenditures and regular operating expenses related to environmental protection) totaled €5,690 million.

Indicator title	2009 data	2010 data	Scope covered in 2010 *(% of relevant revenues)*
Environment-related claims	61	98	98.93%
Environment-related sentences	12	93	98.97%
Amount of compensation *(€ thousands)*	1,507	784	98.93%
Environmental expenses *(€ millions)*	2,848	5,690	92.91%

The management of industrial and environmental risks has two components: risk prevention and crisis management.

Indicator title	2009 data	2010 data	Scope covered in 2010 *(% of relevant revenues)*
Environmental analyses	68.8% relevant revenue	78.7% relevant revenue	99%
Environmental risk prevention plan	75.7% relevant revenue	73.0% relevant revenue	99%
Plan for management of environmental crises	80.2% relevant revenue	88.6% relevant revenue	99%

The operating entities have implemented crisis management plans that involve two levels of response: an emergency standby system to ensure immediate mobilization of the crisis management resources and a crisis mechanism, strictly speaking, to effectively manage crises throughout their duration. This plan provides, among other things, for the organization of a crisis unit that is capable of taking internal or external impacts into consideration, whether they are related to technical, social, health, economic or other matters. For this purpose, the plan emphasizes training and education of crisis management teams, particularly through simulations, and developing a culture of dialogue among local teams and their outside contacts.

3.3 CORPORATE SOCIAL COMMITMENTS[1]

GDF SUEZ seeks to implement its corporate social responsibility (CSR) in every country where it operates. This commitment is of major importance in the present economic crisis. The Group strives to include CSR aspects in its tender bids, with a long-term perspective, to ensure sustainability and acceptance of its business activities by the various communities affected. This approach currently involves providing significant resources in terms of social empowerment, both at corporate level and at the Group's operating entities. The Group›s social commitment is multi-dimensional and includes providing assistance to disadvantaged customers, implementing a social solidarity policy in France, supporting non-profit and public interest organizations, and facilitating communities' access to Group services and products, as well as supporting local economic development and the regional economy and also social actions linked to investment projects.

3.3.1 ASSISTANCE TO DISADVANTAGED CUSTOMERS

The Group implements specific policies to help customers in need in all countries where it operates. The ways it does this are varied, and may involve either the application of regulatory obligations or voluntary Group measures. In December 2009, the Group established an in-house observatory on energy and water insecurity to identify and monitor the practices of the different GDF SUEZ subsidiaries vis-a-vis disadvantaged customers, document best practices and success factors, and encourage the rise of "lifeline" products in France and worldwide.

In November 2010, the Observatory held an international conference in Paris on energy insecurity which brought together some 150 participants involved in this issue on a global scale. This conference was part of a broader program for 2010, designated the "European Year for Combating Poverty and Social Exclusion." The Group's intent is to highlight initiatives that are tailored to local cultures and the people who carry them out in its various subsidiaries.

3.3.2 SOCIAL ACTIONS RELATED TO INVESTMENT PROJECTS

The Group develops many social actions as part of its investment projects, several of which demonstrate the Group's ability to innovate in this field. Below are some examples of this commitment.

UNELCO, a subsidiary of GDF SUEZ, began in 2007 to provide access to energy to 80% of the population on the Vanuatu islands, spread over 900 kilometers in the Pacific Ocean. The company identified 3,130 sites concerning 116,000 people; 100 sites were targeted for immediate action, involving 40,000 people. This program includes a preliminary needs analysis, selection of appropriate technology (individual solar, collective solar or wind, light diesel and coconut oil, heavy diesel and coconut oil), and a specific study to ensure the economic viability of the business model and present it to the public financing authorities.

In Brazil, a number of social and environmental responsibility programs have been carried out as part of the São Salvador hydroelectric plant project on the Tocantins River, led by Energy Europe International. The audit performed by Bureau Veritas, following the Sustainability protocol established by the International Hydropower Association, showed a high level of sustainability of the programs embarked upon, especially within the framework of dialogue with stakeholders.

Sponsored by Tractebel Energia, construction has begun on the Centre for Culture and Sustainable Development at Entre Rios do Sul in the state of Rio Grande do Sul. The goal of this center is to promote local culture and reinforce the concept of sustainable development and social inclusion, thus helping to reduce the rural and urban exodus. The project also includes initiatives on sustainable construction. The center will be headed by a development association in the municipality of Villa Alegre, which groups several local communities.

From 1995 to 2008, SUEZ Environnement brought clean water to nearly 11 million people in emerging countries, including 9.2 million through individual access and 1.8 million through communal water points. SUEZ Environnement also connected 5.3 million people to

(1) For a complete overview of the Group's corporate social responsibility policy, see also Section 4.2 "Diversity - Equal Opportunities".

a sanitation network. For these projects, SUEZ Environnement innovated and established practices to ensure their success: financial and commercial engineering based on local currencies and local partners to contribute to economic and political stability; the gradual transfer of expertise through training; innovative rate setting to allow cost-sharing and provide access for the greatest number to drinking water and sanitation services.

Everywhere, communities working in partnership with SUEZ Environnement are on track to meet or exceed the Millennium goal for water. (The Millennium Declaration of the United Nations identifies eight development objectives with targets to be reached by 2015, including halving the percentage of the population without access to drinking water or basic sanitation services). In Casablanca (Morocco), one-half of the unserved population was connected to drinking water and sanitation networks in seven years. In Jakarta (Indonesia), two-thirds of the unserved population were connected to drinking water in seven years. Finally, in La Paz and El Alto (Bolivia), four-fifths of the unserved population were connected to drinking water in eight years and one-half to sanitation networks.

3.3.3 SOCIAL SOLIDARITY IN FRANCE

3.3.3.1 Support for social mediation

Through its commitment to corporate social responsibility, GDF SUEZ seeks to encourage local economic development, relying on local players and facilitating access to Group services for all, especially the most disadvantaged populations. This commitment takes several forms.

A mediator listening to customers

In France, GDF SUEZ customers have access to a mediator whose task is to improve relations with the Group's 10 million customers and deal with claims that are being resolved out of court. The mediator manages each case with impartiality and is an important contact for the Group in France, particularly vis-a-vis public and professional institutions. After contacting a customer directly, and then consulting with the Group departments concerned, the mediator proposes a tailored solution. The mediator's ideas and suggestions also help the entire business organization to achieve progress in handling customer claims.

Social Mediation Partners (SMP)

In late 2009, the Energy France business line established a network of mediation partners at 208 customer assistance centers. Customers in difficulty can go to these centers, often run by non-profit associations, for information, advice and guidance on, among other things, avoiding electricity shut-offs in the event of non-payment. The number of customers helped by this network has greatly increased.

A pilot program in mediation launched by the Group is underway with eight SMPs. The mediation process consists of providing the mediation partners with lists of customers having received a payment reminder notice for their power bills. The association's mediators can then contact these customers and offer them mediation services aimed at finding a comprehensive and lasting solution to their situation.

3.3.3.2 ISIGAZ

Since late 2005, ISIGAZ (Information Sécurité Intérieure GAZ) has gone into low-income neighborhoods to educate residents about safety and natural gas equipment inside homes and about how to reduce energy consumption. This action includes a visit by mediators to check the connections of cooking appliances and, if they are obsolete or defective, to replace them free of charge with screwed-tip flexible tubes with unlimited life. The Group pays for the program, allocating €3 million to it for the 2008-2010 period. More than 165,000 households, or 640,000 people, have already benefited from the initiative in 115 neighborhoods in 100 cities in France.

3.3.3.3 Financial contribution

In France, GDF SUEZ helped to quickly implement the Tarif Spécial de Solidarité (lifeline rates – "TSS"), intended for the most disadvantaged customers, which assists both customers who have individual natural gas contracts for their principal residence and those in multi-unit buildings which have a communal natural gas-powered boiler. In 2010, GDF SUEZ gave assistance to more than 300,000 customers, who benefited from the lifeline rate program, for a total contribution valued at nearly €22 million.

The French solidarity housing fund (FSL) provides financial assistance to disadvantaged individuals and families to enable them to obtain or maintain housing. GDF SUEZ contributes €5.8 million to the FSL. That amount includes a voluntary contribution of €3 million to the company's legal obligation (public service contract).

3.3.4 SUPPORT FOR NON-PROFIT AND VOLUNTARY SECTOR ORGANIZATIONS

For GDF SUEZ, social dialogue is central to its activities and businesses and is built on trusted partnerships with recognized actors in the non-profit world.

3.3.4.1 Partnership with Emmaüs

Emmaüs and GDF SUEZ signed a new 2010-2012 three-year agreement on February 12, 2010. In the last year, the Group continued to assist with, among other things, energy audits and energy-efficiency improvements at Emmaüs community buildings, and training in water and energy management for employees and volunteers at Emmaüs-affiliated groups.

3.3.4.2 Partnership with employee-sponsored non-profits

The Group supports three NGOs created at the initiative of Group employees. The Group encourages employee participation in non-profit organizations and community-based activities.

Aquassistance: Created in 1994 by Lyonnaise des Eaux employees, Aquassistance is an independent non-profit organization that receives support from GDF SUEZ through SUEZ Environnement. This association was founded to address the precarious situation of millions of people around the world in the area of water and the environment. Its mission is to provide on-the-ground assistance to distressed populations by contributing the skills of its volunteers and appropriate material means in the fields of water, environment and waste management. The association is designed to take action in all cases where the intervention of experts from the water and environment businesses is warranted, whether for emergencies, development or rehabilitation.

CODEGAZ: This humanitarian association was created in 1989 by Gaz de France employees. Its mission is to meet the basic needs of disadvantaged populations in 16 developing countries. State-approved, it works in the fields of nutrition, water, health, childhood, education and economic micro-development. A portion of its work is in support of social programs related to GDF SUEZ industrial developments in the countries concerned.

Energy Assistance: This association›s primary mission is to facilitate energy access for poor people living in the remote areas of some thirty countries in Africa, Asia and Latin America by focusing on health care centers, orphanages, schools and community centers. The energy solutions it provides mostly rely on totally renewable production solutions, mainly PV or micro hydro when geography permits, or hybrid (diesel/PV) when basic needs are greatest. This organization has 270 members and donors. Energy Assistance has completed over 100 projects since its founding in 2001. Some 60 projects are currently under consideration or underway.

3.3.4.3 University partners

HEC Chair

The HEC «Business Sustainability» Chair was created in July 2010 by GDF SUEZ and the HEC Group (*Hautes Etudes Commerciales*) - a leading European business school under a five-year partnership. The purpose of this new chair is to contribute to a better understanding of the relationship between corporate performance and sustainable development.

Fondaterra

The goal of Fondaterra, the university-based European Foundation for Sustainable Territories, is to create in the public interest a major interdisciplinary center of excellence in Europe in the area of local sustainable development. It brings together a range of actors (individuals and organizations involved in research and higher education, regions, corporations, schools and civil society organizations) and enhances a host of diverse skills that promote interdisciplinary projects including multiple actors. GDF SUEZ is involved in the development of pilot projects in the fields of building and energy efficiency, sustainable mobility, sustainable housing and eco-neighborhoods, and the adaptation of territories to environmental changes.

Éco-École

In May 2010, GDF SUEZ signed a three-year partnership agreement in France with Éco-École, an international program of environmental and sustainable development education for elementary schools, middle schools and high schools. Developed by the Foundation for Environmental Education in Europe and sponsored by the Ministry of Education and supported by the Ministry of Ecology, Sustainable Development, Transportation and Housing, the objective of Éco-École is to produce concrete achievements in improving the environmental impact of participating schools.

3.4 ETHICS AND COMPLIANCE

The GDF SUEZ' ethics policy adopted in 2009 defined its ambition to act everywhere and in all circumstances in accordance with its values and commitments, observing laws and regulations. To achieve this goal, GDF SUEZ has set itself the goal of building ethics into the Group's strategy, management and professional practices and adopting methods for measuring compliance with this commitment.

The Group's ethical commitments are described in:

- the Ethics Charter, which sets forth ethical principles and the ethics governance system; and
- the Guidelines "Ethics in Practice", which describes the methods for implementing ethics in business situations on a daily basis.

In 2010, as an extension of its ethics policy, the Group created an Integrity Referential, which is the *modus operandi* to implement the ethical principle "Establishing a culture of integrity". The Referential approved by the Executive Committee is also the foundation for the Group's program on preventing and fighting against fraud and corruption. A priority action plan helps to monitor and measure the successful implementation of this program.

To measure compliance with its ethical practices and commitments, the Group has established fundamental elements as the basis for ethics governance.

A dedicated organization and structures

Within the General Secretariat, the Ethics and Compliance Division oversees achievement of the Group's ethics and compliance objectives. It drafts the basic documents and standard references in this area, and promotes their implementation by business lines and functional departments. It also organizes internal and external reporting on these matters.

The Ethics and Compliance Division also leads a worldwide network of more than 140 ethics officers, who are responsible for promoting these objectives within their entities. To this end, the Division provides the necessary support to ethics officers and managers to diffuse the ethics rules to the teams and ensure that the rules are understood. Standard texts are made available (the Ethics Charter and the Guidelines "Ethics in Practice" in the 20 most commonly spoken languages within the Group), and different business ethics training modules, awareness-raising sessions on cross-cutting managerial responsibilities including ethics, as well as educational presentations allowing appropriation of the principles.

A managerial guidance system involving the Group's entire management chain

The commitment to ethical practices is led and managed at the highest corporate level by the CEO and the Secretary General, a member of the Group Executive and Group Ethics Officer. GDF SUEZ top Executives are the first responsible for the implementation of ethical practices. However, ethics and compliance-related responsibilities are defined at all levels of management chain.

Business line managers have each named a business line ethics officer, chosen from their respective Executive Committees.

The Ethics Officer' Steering Committee, made up of Ethics and Compliance Division managers and business line ethics officers, promotes and oversees the achievement of Ethics Action Plans and confirms the operational feasibility of the measures proposed.

The Compliance Committee, chaired by the Group's Ethics Officer, promotes and oversees implementation of compliance procedures. He keeps abreast of ethical problems and ensures that appropriate measures are taken. The Compliance Committee reports to the corporate governance and Executive Management regarding implementation and oversight of the GDF SUEZ ethics program.

Compliance management which links compliance procedures, incident reporting, audits and management of ethical risks

An annual compliance procedure allows for monitoring the implementation of the Group's ethics policy within the entities. The ethics officers prepare a report on their entity's progress and ethical organization. The reports from the ethics officers, accompanied by a compliance letter from the entity's manager, are sent to the CEO via the business line ethics officers. Based on these reports, the Group Ethics Officer prepares the GDF SUEZ annual compliance report. The annual compliance procedure has been revised. For an easier understanding of the developments occurred within the Group's entities, the compliance report is now structured around four topics:

- diffusion and managerial support of the Group's ethics principles;
- integration of ethics in the management culture;
- management of ethical risks;
- compliance management.

The Ethics and Compliance Division has implemented an ethics incident reporting procedure, INFORM'ethics, which has been deployed in the business lines and BUs in the domains of accounting and financial integrity and business ethics. Incidents are reviewed by the Compliance Committee, which if it deems necessary, may request audits and special investigations. The related reporting tool has been declared to the CNIL [French privacy watchdog].

Finally, in risk management, and to continue with the work on ethical risks carried out in 2009, in 2010 the Group established an ethical risks map as part of its enterprise risk management (ERM) policy. An ethical risks review is annually presented to the Ethics, Environment and Sustainable Development committee, a subcommittee of the Board of Directors.

4

SOCIAL INFORMATION

In the area of human resources, the Group has three fundamental principles, called the GDF SUEZ "Human Resources Fundamentals", as follows:

- the Group has a socially responsible role to play towards its employees, to ensure that it constantly upgrades their job capability;
- the Group builds its future through promoting internal talent, cooperation between its members, and through employee development;
- the Group conducts a constructive, transparent dialogue with its employees and their representatives.

HR officers support the Group's managers and employees to ensure that these principles are followed.

The HR function also pursues three key objectives: 1) to contribute to successfully integrating the Group's diversity; 2) to guarantee the right skill, in the right place, at the right time; 3) to promote GDF SUEZ as an exemplary employer.

4.1 THE GROUP'S HUMAN RESOURCES POLICIES

4.1.1 RECRUITMENT PRINCIPLES

GDF SUEZ faces significant needs in human resources for the years to come. Recruitment is thus a strategic tool for the Group's development and performance in the long term. Recruitment policies are implemented through a decentralized organization that is close to the needs on the ground and integrates the major recruitment "principles and guidelines" that have been developed and disseminated since 2009.

According to these principles, recruitment should:

- contribute to the Group's development and performance in the long term;
- respect the Group's commitments, particularly in terms of equality and diversity;
- support and promote the "employer promise";
- be decentralized operationally.

These principles are shared through a professionalization program that uses a recruitment guide and an internal communication campaign to reach those actively involved in the process – i.e., HR personnel and Group management. These communications efforts, as well as the roll-out of the employer brand (see Section 4.1.2 below), together with actions upstream of the recruitment process which favor apprenticeships, internships, and relationships with schools, allow the Group to guarantee that it has the right skill, in the right place, at the right time.

4.1.2 EMPLOYER BRAND

To promote its employer brand, "Generation Horizons", in 2010 GDF SUEZ significantly raised its profile on the Internet and social networks, thereby contributing to the Group's attractiveness and to the recruitment and retention of the talent it needs for its development.

For example, the Group launched a very innovative contest this year, the «Golden Mission», a multi-activity and multi-country experience for some 2010 graduates of France's top-ranking colleges (*grandes écoles*). Four winners were chosen and given the task of chronicling, on a dedicated blog, their around-the-world, six-month immersion in GDF SUEZ's core business activities.

Recent external surveys on employer reputation, such as those conducted by Trendence and Universum, all show a positive trend in GDF SUEZ's draw as an employer.

4.1.3 INTEGRATING APPRENTICES

In 2010, GDF SUEZ continued its proactive policy towards work-study programs (programs that alternate periods of study with periods of on-the-job training) and aligned its actions with the government's goal of training one in five young people through this mechanism by 2015.

As of December 31, 2010, there were 3,938 such participants in work-study programs in the Group in France, or about 3.7% of the workforce. This trend is the result of precisely targeted actions, including the launch of a recruiting campaign through a national media plan.

GDF SUEZ has also been actively involved in innovative projects such as the *École Vaucanson*, school that offers work-study programs to holders of a vocational baccalaureate, and in projects to develop greater support for young people hired under a "*contrat de professionalisation*", as well as in innovative projects.

Other initiatives were also deployed in 2010: the *Plan d'Accompagnement à l'Emploi* (Employment Assistance Plan), developed with the Fondation Agir Contre Exclusion (Foundation for Action Against Exclusion (FACE)), aimed at young graduates who were not hired at the end of their apprenticeships and innovative projects that promote long term professional integration as part of the publicly-sponsored *Plan Espoir Banlieues* (Suburbs Hope Plan).

4.1.4 MOBILITY POLICIES

GDF SUEZ's professional mobility policy aims essentially to allow all employees who so desire to benefit, at their own initiative, from a change of job, region or entity within the Group.

This objective is based on the conviction that professional mobility contributes to:

- attracting and retaining employees and securing their commitment;
- optimizing the alignment of internal skills with the needs of our business activities;
- strengthening cultural integration, cooperation and equal opportunities;
- developing employability;
- encouraging the sharing of know-how and fostering innovation.

To this end, principles and rules have been defined at the Group's level, based on enhanced access to internal opportunities (the priority given to candidates who are already Group employees, the possibility to initiate a professional move confidentially; and transparency and legal safeguards in moves between two distinct Group companies).

23 "job families" have been identified and constitute a single point of reference for all of GDF SUEZ's employees.

A "GDF SUEZ Profession Guide" was published in 2009 and updated in 2010 to increase awareness of the wealth of the Group's professions. It provides a shared overview of around 300 jobs that are most representative of the activities and needs of the Group.

4.1.5 HRNEWWAY

HRNewWay is a program that contributes to the search for performance in Human Resources. Collaborative work with the business lines, particularly in France, led to the design of two platforms of HR shared services offerings, in operation since January 1, 2011:

- The Recruitment & Mobility platform offers all business lines in France project management services in the processes of internal mobility and external recruitment on permanent contracts, defining the desired profiles with its internal customers, posting job vacancies through the most suitable channels, and short-listing the best candidates for each opening.
- The Training Expertise platform provides assistance and support to the Group's training teams in the area of outside training services.

Also under HRNewWAy, a project to clarify job and operation processes of shared service centers in the area of "payroll / administrative management / time and activity management" was well underway in 2010 for roll-out in 2011 to 2013.

4.1.6 EXECUTIVES DEVELOPMENT POLICIES

4.1.6.1 Identifying and developing high potential executives

To ensure the succession of its leaders, GDF SUEZ has developed a program for the identification, guidance and development of high-potential executives across the Group, called "Leaders For Tomorrow" (LFT).

This program focuses on internal talent and seeks to promote diversity among management teams. It is articulated around three objectives:

- know and develop the personnel who could one day succeed current leaders;
- actively prepare these high-potential executives, based on individual and personalized guidance;
- retain the best employees through tangible signs of recognition.

To date, the Group has just over 2,000 LFTs representing 36 nationalities, and working in 37 different countries.

4.1.6.2 Experts policy

The policy launched in 2009 for managing and developing the Group's technical experts was ramped up in 2010. It aims to identify and develop the Group's valued technical personnel in its core business activities (e.g., nuclear, gas storage, LNG, exploration & production, water treatment, etc.). Already some 500 key experts have been identified as being skilled in these areas.

The main aim of this new policy is to develop the Group's experts and, more generally, technical careers; to prepare the next generation of experts; to improve their career support and development; and to have better visibility on the expert resources across all the Group's activities and so to take the needed steps to meet its evolving needs.

4.1.6.3 GDF SUEZ University

To promote the Group's success, GDF SUEZ has established a corporate learning center, the "GDF SUEZ University", which supports its leaders, future leaders and executives throughout their careers.

GDF SUEZ University is an important vehicle for enhancing GDF SUEZ's operations and strategy through its three key missions:

- Discover and integrate;
- Learn and share;
- Reflect on and manage change.

New programs have also been developed to support the implementation of the identification and management policy of high-potential managers.

A major project to define the GDF SUEZ Management Way was presented to the Group's management in 2010.

It is the result of the collaboration of 25 executives brought together to reflect on the habits that they need to cultivate as leaders of the Group (individually and collectively). The Management Way covers three areas: Group Leadership, Business Leadership, and People Leadership.

New, targeted programs for Group executives were developed concurrently and will be rolled out in 2011. The GDF SUEZ Management Way will provide the architecture for all University programs beginning in 2011 to support the GDF SUEZ strategic project.

4.1.6.4 Development Center

GDF SUEZ operates a Development Center for its managers, intended primarily for top executives and for high-potential managers.

A tool for development and personal knowledge, it allows interested parties, referred by Human Resources, to gain awareness of their strengths and their areas of potential development, as well as to begin thinking about their careers and their goals for advancement.

4.1.6.5 Managing the Group's top executives

The two management companies incorporated in France and Belgium have welcomed more than 75% of the top executives from both countries, thus promoting their functional and geographical mobility while enhancing the attractiveness of the Group for outside candidates due to the new system's fresh approach.

In 2010, 28% of internal moves by top executives were from business line to business line, or between the Centre and the business lines, thus encouraging variety in work experiences.

4.1.7 RECOGNIZING EXEMPLARY EMPLOYEES

The Group has begun to study ways to recognize exemplary employees, with a goal of enhancing the professionalism of its technical personnel by building on existing good practices, in particular those of the INEO "Energy Masters". An internal Group certification program is currently under development.

4.2 DIVERSITY AND EQUAL OPPORTUNITIES(1)

The Group is pursuing its commitments as a socially responsible enterprise, active in regionally-based development and support of non-profit organizations. Numerous actions were taken in 2010 in the field of Corporate Social Responsibility (CSR), such as organizing seminars (in March in Belgium on «CSR and Risk Management» and in November in Lyon, France), an internal audit on the topic of CSR, and the establishment of an intranet, "Solidario", available in three languages and containing good practices in the field of CSR, among other things.

GDF SUEZ was awarded two CSR labels by the Association for the Promotion and Development of the Corporate Social Responsibility Label (*l'Association pour la promotion et le développement du Label de Responsabilité Sociale*) and on October 13, 2010 was given the Grand Prize in the Corporate Action and Diversity Awards (*Prix de l'Action Entreprise et Diversité*) competition for three initiatives: The mentoring program for the women of the Group; SITA Rebond, with a focus on two initiatives in Gennevilliers and Nice; and the Solidario initiative with the launch of the intranet in December 2009.

4.2.1 COMBATTING DISCRIMINATION

The labeling process by the French Association of Normalization (AFNOR) is underway within GDF SUEZ SA and the Energy Services business line with the aim of obtaining the "Diversity" label in late 2011.

In the area of sourcing and integrating the most vulnerable populations, the Group relies in France on local missions, "Pôle Emploi" (the state Employment Bureau), and Mozaïk RH, a non-profit organization that promotes diversity in recruitment for work-study programs. A "Sourcing Diversity" agreement has been signed with several partners including the *Association pour Faciliter l'Insertion professionnelle des Jeunes diplômés* (Association to Facilitate the Professional Integration of Young Graduates) and Forces Femmes (a non-profit that helps women find jobs). Synerjob in Belgium has implemented a proactive apprenticeship policy. GDF SUEZ participates in numerous recruitment forums for vulnerable people.

The Group in France and in some European countries (Belgium, Norway, Netherlands, Spain, Germany) conducts sensitivity training with FACE and Altidem consultancy on "Equal Treatment and Combatting Discrimination". In Belgium, these trainings will be rolled out for the nine Business Units operating in the country.

4.2.2 EDUCATION AND TRAINING

GDF SUEZ has continued its policy of grants to support young people in their career journey and has taken action to promote education, training and research with partners in France and Belgium such as the *Centre National des Arts et Metiers* (CNAM), the *Association Tremplin*; the *Institut d'Etudes Politiques de Paris, Université Paris-Dauphine*, and the Applied Sciences faculties.

In the first half of 2010, a "Diversity Management Chair" created by the *Université Paris-Dauphine*, and co-founded by GDF SUEZ, welcomed its first class of managers to a certification program in a continuing education format.

(1) For a comprehensive view of the Group's Corporate Social Responsibility policy, please also refer to section 3.3 «Corporate Social Commitments».

4.2.3 AFFIRMATIVE ACTIONS FOR TARGET POPULATIONS

The three-year Professional Equality agreement that GDF SUEZ SA signed in July 2008 involves follow-up committees with its social partner signatories. A day of action was organized in Paris on March 8, 2010 by GDF SUEZ and FACE Paris involving the RATP (Paris public transport operator) and Groupe Alpha private equity firm which allowed more than 100 women to explore jobs in traditionally "male" fields and to interview for such positions.

On December 8, 2009, the Group and the CFE-CGC, CFDT and CFTC unions signed a three-year agreement covering France on the employment and careers of older workers. In 2010, talks on second-half career development established by this agreement are under way in various Group entities.

On the topic of disability, the Group's actions aim to raise awareness to increase understanding and acceptance of disability; to support access to employment for disabled persons within the Group; to customize workstations for the disabled; to find solutions allowing their continued employment; to patronize businesses in the sheltered employment sector; to support the aims of non-profit organizations; and to encourage initiatives by the Group's employees. In 2010, numerous agreements and conventions were signed by Group companies in France:

- with trade unions: GRTgaz, Storengy and CNR;
- with AGEFIPH (fund for the vocational integration of persons with disabilities): Degrémont ; Endel (renewal) and Cofely.

In Belgium, as of October 31, 2010, eight athletes had been hired by GDF SUEZ (seven temporary and one permanent hire) under the agreement with the Belgian Paralympic Committee.

4.2.4 INTEGRATION - HELP IN LANDING A JOB

The Group is multiplying its actions for integration and help in landing a job, largely through dedicated structures.

SITA Rebond (a subsidiary of SITA France, group SUEZ Environnement) specializes in the economic integration of populations in difficulty. It develops and implements projects to enhance professional integration and offer social support for the long-term unemployed, recipients of social minima benefits, unqualified young people under the age of 26, workers with disabilities and older workers. For over a year, SITA Rebond has reinforced its action by creating around its units "Company Clubs", spaces of dialogue and reflection leading to the establishment of a comprehensive integration policy. Since its launch in 2003, SITA Rebond has helped more than 3,000 people including 800 young people under 25 years of age. More than 400 of these young people have found stable employment.

With FACE (*Fondation Agir Contre l'Exclusion*), GDF SUEZ is involved in a variety of actions in France: the «Ambition 30,000» project; Job Academy; "Driving licence, Sports, Jobs" (*Permis, Sport, Emploi*)"; and "A Goal For Jobs" training program (which in two years has allowed 172 young people out of 271 trained to find long-term employment, including 12% in the Group). FACE established its first operations outside of France, with seven companies, including GDF SUEZ SA, Electrabel and Cofely, signing the «BE.FACE» bylaws on September 16, 2010 in Brussels.

The *Fondation Agir Pour l'Emploi* (FAPE) was created in 1995. This foundation, created by the employees of several companies in the electricity and gas industries (EGI) sector which includes GDF SUEZ, promotes integration through employment and acts positively against discrimination. It is financed by donations made by current and retired employees, with the company also adding contributions. In 2010, FAPE received over € 2 million, one-third in donations from employees and retirees and two-thirds from the contributions of participating companies. In 2010, FAPE helped create more than 600 jobs and consolidate another 2,000.

In 2010 the Group also continued its participation in the *Plan Espoir Banlieues* (Suburbs Hope Plan). Gepsa, a subsidiary of Cofely, led integration and training initiatives. In addition, GDF SUEZ is a partner of two publications: "*Un emploi pour les jeunes, le kit de survie pour trouver son premier emploi*" ("Jobs for the Young: A Survival Kit for Landing Your First Job") - 2010/2011 Edition and "*Premier emploi : Quand les jeunes racontent*" ("First Job: Young People Tell All").

4.3 SOCIAL RELATIONS IN THE GROUP

4.3.1 EMPLOYEE REPRESENTATION IN THE GROUP

Discussion between management and employee representatives, particularly regarding GDF SUEZ industrial, economic, financial and social strategy, is channeled through representative bodies.

4.3.1.1 The European Works Council (EWC)

The EWC at GDF SUEZ was established under the agreement of May 6, 2009, which collected the signatures of all European social partners.

The EWC is composed of 64 members, representing 191,900 employees in 20 countries where the Group is present in Europe. Its purpose is to develop and strengthen European social dialogue, ensure balanced representation between the Group's countries and main business activities, and develop social dialogue within these activities.

This dialogue is based on working groups by business area (Energy, Environment, and Services) or by theme (jobs, training, mobility, diversity, professional equality - in health and safety and social guarantees - and social reporting), and on a 14-member secretariat representing nine countries and meeting once a month.

In 2010, the EWC held four full-session meetings, 13 meetings of the EWC secretariat and five working group meetings. In addition, the EWC held a three-day training seminar that brought together all 120 members of the EWC (including alternates).

4.3.1.2 French Group Works Council

An agreement signed on June 2, 2009 launched the French Group Works Council. This body represents more than 106,603 employees in over 300 companies in France. Two meetings were held in 2010.

4.3.2 COLLECTIVE BARGAINING AGREEMENTS

In 2010, negotiations at Group level and covering France produced agreements on the following topics:

- a Group-wide agreement to set up a collective retirement savings plan (*Plan d'Épargne Retraite Collective* - PERCO) and develop a Group savings plan (*Plan d'Épargne Group* - PEG) (see Section 4.4.1 below);
- Jobs and careers for older workers (see Section 4.2.3 above), signed by three trade unions on December 8, 2009;
- Prevention of psychosocial risks by improving the quality of work life, signed by the five trade unions on February 18, 2010.

On February 23, 2010, two agreements were signed at the European level on the following topics:

- Management and planning of jobs and skills;
- Health and safety policy. This agreement was extended for global scope.

A global agreement on fundamental rights, social dialogue and sustainable development was signed on November 16, 2010 with several global union federations.

4.3.3 INTERNATIONAL SOCIAL OBSERVATORY

To meet the social demands of globalization, GDF SUEZ has continued to support the generation of ideas and promote dialogue with all stakeholders involved in the *Observatoire Social International* (OSI) (International Social Observatory). Through working groups bringing together business leaders, trade unionists and academics, the Observatory has focused on well-being at work, on corporate governance (corporate social responsibility policies, composition of management bodies, management indicators and criteria, remuneration policies), on a prospective vision of the role and training of managers, and on the issues of financial mechanisms developed within a social policy framework (employee savings and solidarity funds, employee shareholding, socially responsible investing.) On April 7, 2010, the OSI announced a commitment to well-being at work and the universal right to health, which was signed by 15 major companies and trade union confederations, and supported by the French Labor Minister. Several OSI meetings ("*Rendez-vous de l'OSI*") have been organized with the support of GDF SUEZ, such as one on global labor regulation with Pascal Lamy, Director General of the World Trade Organization (WTO).

The OSI, in partnership with *Entreprise & Personnel*, pursued its work on labor regulations in China with six companies that are present there, and participated in the 2nd World Forum on Lifelong Learning held in Shanghai in July 2010. It continued to support the activities of its branch operations in Morocco (Symposium on Occupational Health in June 2010) and Chile, and planned a conference in Brazil with the ultimate aim of launching a new branch there.

4.4 GROUP EMPLOYEE SAVINGS PLAN (FRANCE)

4.4.1 GROUP EMPLOYEE SAVINGS PLANS POLICY

4.4.1.1 GDF SUEZ Group Savings Plan (France)

Since late 2009, employees of GDF SUEZ companies in France (fully consolidated companies, i.e., the majority of whose capital is held directly or indirectly by GDF SUEZ SA or by SUEZ Environnement Company SA) have had access to a Group Employee Savings Plan (*Plan d'Épargne Groupe*, (PEG)) which includes the employee shareholding funds as well as a large range of diversified savings options.

Employees who are tax residents in France and who elected to do so were able to pay into this PEG in 2010 any GDF SUEZ shares they had been allocated under the Gaz de France or SUEZ Group free share plans set up in 2008 (see Section 4.5.2 below). Participation in the PEG also allowed Group employees in France to subscribe to the capital increase reserved for employees: "Link 2010" (see Section 4.5.1 below).

4.4.1.2 GDF SUEZ Group Perco (France)

Since January 1, 2010, all Group employees in France can, at their own pace, build funds for retirement by paying into a GDF SUEZ Group collective retirement plan (*Plan d'Epargne Retraite Collectif* (PERCO)).

In order to take into account the heterogeneity of local economic and social situations, implementation measures and information are spread progressively, business by business.

Through the chosen financial architecture, the plan manager is able to combine responsiveness, performance and security in offering a list of multi-management funds.

4.4.2 INCENTIVE AND PROFIT-SHARING PLANS

Due to the co-existence of separate legal companies, there cannot be one single employee profit-sharing and incentive plan for the Group.

With respect to GDF SUEZ SA:

- the incentive agreement signed on June 6, 2008 covers the years 2008-2009-2010. The amount paid in 2011 as incentive for 2010 is €27.4 million and concerns 9,895 employees. The amount paid in 2010 as incentive for 2009 was €24.9 million and concerned 12,810 employees;
- the employee profit-sharing agreement for GDF SUEZ SA was signed on June 26, 2009. GDF SUEZ became eligible for profit-sharing from the 2008 fiscal year following the merger-absorption of SUEZ SA by Gaz de France SA. Application of the statutory profit-sharing formula for 2009 resulted in no payment being made to employees in 2010.

4.5 AGREEMENTS PROVIDING FOR EMPLOYEES SHAREHOLDING IN THE ISSUER'S SHARE CAPITAL - EMPLOYEE SHAREHOLDING

4.5.1 A DYNAMIC EMPLOYEE SHAREHOLDING

GDF SUEZ intends to continue the voluntary employee shareholding policy originally applied within the Gaz de France and SUEZ groups. In 2010, this policy took the form of a capital increase reserved for employees in France and internationally pursuant to Resolution 17 of the Combined Ordinary and Extraordinary General Shareholders' Meeting of July 16, 2008 and Resolution 13 of that of May 4, 2009.

Employees could subscribe to the capital increase reserved for them under the GDF SUEZ Group employee savings plan via the employee shareholding plan called "Link 2010". They were offered two investment options: a "classic" investment plan, exposed to changes in the GDF SUEZ share price and a plan combining leverage and capital protection. Employees were offered a 20% discount on the share price. Under the classic plan, they also received a matching contribution in the form of free shares, under the following procedure: for the first 10 shares subscribed, 1 bonus share per share subscribed, and for the next 40 shares subscribed, 1 bonus share for 4 shares subscribed, or a matching contribution of up to 20 bonus shares per 50 shares subscribed.

For legal and tax reasons the allocation of additional free shares was carried out in different ways in France and outside of France:

- in France, in accordance with Article L. 3332-21 of the French Employment Code and as authorized by the Shareholders' Meeting of July 16, 2008 in its 17th resolution, shares were allocated free of consideration by GDF SUEZ instead of the employer's matching contribution, in accordance with the terms of the Group Employee Savings Plan as amended on December 22, 2009;
- outside of France, employees were granted rights to the free allocation of shares whose quantity was determined based on the number of shares subscribed under the Classic plan according to terms similar to those for the above-mentioned employer matching contribution provided for under the Group employee savings plan as amended on December 22, 2009. These rights to free allocation of shares were granted in accordance with Articles L. 225-197-1 *et seq.* of the French Commercial Code and as authorized by the Shareholders' Meeting of May 4, 2009 in its 15th resolution under which the Board of Directors is authorized to allocate shares free of consideration for 18 months from that date. The Board of Directors determined the conditions and adopted the rules for the free share allocation plan on May 3, 2010.

The offer reserved for employees led to a capital increase of € 488.6 million (24.7 million new shares subscribed by 67,276 employees in 29 countries). On December 31, 2010, employees held 2.8% of the share capital (including 2.2% held through the employer-sponsored mutual fund (*Fonds Communs de Placement d'Entreprise* or FCPE). Pursuant to article L. 225-100-3 of the French Commercial Code, it is specified that the exercise of the voting rights attached to the securities held by these FCPE, as well as the decision to bring such securities to public tender offers, as the case may be, belong to the FCPE supervisory boards.

4.5.2 SETTLEMENT OF FREE SHARE ALLOCATION PLANS IMPLEMENTED IN 2008[(1)]

In May 2008, the Boards of Directors of Gaz de France and Suez each decided to set up a global free share allocation plan to involve all employees in the global success of the Group and to increase their stake in the Company's share capital.

Employees of both groups were thus granted rights to free shares (30 for employees of Gaz de France, except for employees in shared service centers between ErDF and GrDF, and 16 for employees of SUEZ) subject to a condition of continuous service on the vesting date and a condition of performance for the 2007-2009 fiscal years.

The shares were to be delivered to the beneficiaries after a two- or four-year vesting period, depending on the country.

The Board of Directors on March 3, 2010 reviewed the achievement of the performance condition for the two plans and agreed to deliver 15 bonus shares under the Gaz de France plan (except for employees in shared service centers between Gaz de France SA and EDF SA and shared services between GrDF SA and ErDF SA which, according to their basis for allocation, received either 7 or 5 shares) and 10 bonus shares under the SUEZ plan.

(1) *Information related to stock-options exercised in 2010 appear in Section 11.2 "Consolidated Financial Statements – Note 23 (Share-based payments)".*

Accordingly, about 2,302,564 shares were to be delivered under the 2008 plans. Of this amount, 1,532,934 shares were delivered in 2010 to beneficiaries for which the share vesting date was June 1, 2010, or nearly 151,000 employees, including 135,000 in France. There were 435,524 shares deposited into the Income subfund of the Action Gaz 2005 mutual fund (FCPE) and 1,097,410 shares deposited into a registered account.

The shares acquired after the vesting period are recorded in an account registered in the beneficiary's name. In France beneficiaries could also choose to deposit their shares into the Group employee savings plan (PEG), in the Income subfund of the Action Gaz 2005 mutual fund (FCPE).

4.6 SOCIAL ACTIVITIES

GDF SUEZ SA helps fund social activities for workers in the Electricity and Gas Industries (EGI) sector based on a percentage of its revenue for France (and not a percentage of its payroll). Companies operating in this category qualify for special legal regime. Such social activities are funded by all companies in the EGI sector and administered by a *Caisse Centrale d'Activités Sociales* (Social Activities Central Fund) which is a legal entity and is comprised solely of employee representatives of companies in the EGI sector. This Fund is overseen exclusively by public authorities. In 2010, GDF SUEZ contributed a total of € 140 million to organizations coordinating social activities for the employees.

4.7 HEALTH AND SAFETY POLICY

4.7.1 RESULTS

Health and safety results improved for the Group's personnel in the 2010 fiscal year (accident frequency rate of 9.7 and severity rate of 0.42) compared to 2008 (frequency rate of 11.2 and severity rate of 0.44). The Energy Services, Energy Europe & International, and Energy France business lines continued their steady progress of the last several years, while the Global Gas & LNG business line maintained its solid results and those of the Infrastructures business line were unchanged (frequency rate of around 4). In contrast, the Environment business line's results worsened in 2010 compared to 2009 which caused the overall accident frequency rate to stabilize and kept the Group from meeting its target of 9 in 2010.

In addition, despite the best efforts of the business lines (see paragraph 4.7.3 below), the number of work-related fatal accidents rose from 11 in 2009 to 12 in 2010 for Group employees and from 6 in 2009 to 10 in 2010 for subcontractor employees and interim staff.

An analysis of the Group's health and safety results and improvement actions is presented and discussed at meetings of the Health and Safety Steering Committee, whose members include employee representatives, as well as at meetings of the Executive Committee, the Ethics, Environment and Sustainable Development Committee and the Board of Directors. These results are sent quarterly from the Executive Management to all Group top executives. They are also relayed via the health and safety newsletter and the Group intranet.

4.7.2 TARGETS

Quantified progress targets reflect the basic health and safety principles of the Group's collective bargaining agreement. These targets were set for the 2010-2012 period and cover both the reduction in work-related accidents (reduction of frequency rate, severity and eradication of fatal accidents linked to the Group's activities) and improvements in occupational health (elimination of replaceable products containing carcinogens, mutagens or reprotoxins (toxic to reproduction), or CMRs). They also take into account the training of managers to health and safety management.

4.7.3 IMPROVEMENT ACTIONS

The Health and Safety Action Plan describes the improvement actions to be implemented for 2012 and provides forecasts through 2015. It formalizes the implementation of the Group's health and safety policy developed in 2010 based on the terms of the agreement on basic health and safety principles signed on February 23, 2010 with European trade unions and applicable at the global level. These actions cover three areas: reduction of accidents, improved working conditions and improved control of industrial safety. They include measures to consolidate management systems and various levers to move towards a proactive and shared culture.

4.7.3.1 An extended set of standards

The Group has added new policies to its minimum required standards regarding accidents. These cover supervision of subcontractors and interim staff, accident and incident management, and road traffic risk prevention.

To assess the maturity of the management system in subsidiaries and business lines, and its compliance with the Group's requirements, Health and Safety personnel conducted 41 audits in France and abroad.

Management reviews performed by the central office in the business lines were extended to the business lines, with their BUs, in order to assess the results and to fix targets.

4.7.3.2 Managers' involvement

Security inspections by management are mandatory to allow managers to verify first-hand that the requirements, and fundamental principles that underlie them, are known, understood and shared. In 2010, several actions were led to professionalize these inspections.

In 2010, a second tool, *Assistance et Développement aux Ambitions des Managers* (ADAM) (Manager Ambition Support and Development) was developed internally. Recognized by the European Foundation for Quality, this four-step process begins with a self-assessment of the adequacy and effectiveness of management mechanism to achieve the set targets.

Finally, occupational health and safety is an integral part of the individual targets set annually for Group managers.

4.7.3.3 Dialogue with social partners

In 2010, dialogue with employee representatives and trade unions on health and safety continued, at the local level, the Group level, and in each activity. The Health and Safety Steering Committee monitored the Group's results, analyzed the causes of serious accidents and preventive measures put in place, and gave its opinion on proposed changes in the Group's frame of reference. This dialogue was formalized on February 23, 2010 by the signing of an agreement on fundamental health and safety principles, extended by decision of the Group's executive management to all Group companies worldwide. A second agreement signed February 18, 2010 with all trade unions set the framework for measures to be taken for the prevention of psychosocial risks for all Group companies in France.

4.7.3.4 Training and sharing of good practices

In 2010, 1,155,613.84 hours of Quality, Safety and Environment training were dispensed, representing 28.6% of total training hours. Managers continued to receive training through GDF SUEZ University to ensure a common foundation in occupational health and safety management, as well as in human and organizational factors. A module for Health & Safety professionals supplements this mechanism. In 2010, 1,251 managers received training, 50% of them in France and 50% abroad.

Reflex, the health and safety magazine for all Group employees (240,000 copies published in eight languages), talks about good reflexes in prevention and habits to be adopted in everyday life. The sharing of expertise is also promoted by expert clubs, the *Prevention News* newsletter, the Intranet and annual Health and Safety conventions held by the Group and each of the business lines.

Supplementing these actions are feedback forms concerning major risks in the area of fatal work-related accidents.

4.8 SOCIAL DATA[1]

			Energy France			Energy Europe & International		
			2010	2009	2008	2010	2009	2008
Workforce by geographic region	■■	**LA1**	11,033	10,787	10,104	25,002	24,279	23,919
France		LA1	11,033	10,787	10,081	103	114	133
Belgium		LA1				7,215	7,603	7,561
Other European Union		LA1			23	10,646	10,915	11,271
Other European countries		LA1				0	0	0
TOTAL EUROPE		**LA1**	**11,033**	**10,787**	**10,104**	**17,964**	**18,632**	**18,965**
North America		LA1				2,035	2,012	2,009
South America		LA1				3,263	2,259	2,076
Asia - Middle East - Oceania		LA1				1,740	1,376	869
Africa		LA1				0	0	0
% reporting			*100%*	*100%*	*100%*	*100%*	*100%*	*100%*
Breakdown of workforce by Socio-Professional Category		**LA1**						
Managers	■■	LA1	2,436	2,242	1,137	4,998	5,142	5,693
Non-managers	■■	LA1	8,597	8,545	5,328	20,004	19,137	18,201
% reporting			*100.0%*	*100.0%*	*64.0%*	*100.0%*	*100.0%*	*99.9%*
Proportion of women in Group								
Proportion of women in workforce	■■	LA13	31.4%	32.8%	33.0%	26.1%	27.5%	27.5%
% reporting			*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*
Proportion of women in management		LA13	27.7%	26.5%	23.2%	22.7%	21.1%	20.0%
% reporting			*100.0%*	*100.0%*	*18.1%*	*100.0%*	*100.0%*	*66.1%*
Breakdown of workforce by type of contract		**LA1**						
Permanent		LA1	93.4%	94.3%	98.6%	96.3%	96.0%	94.1%
Other		LA1	6.6%	5.7%	1.4%	3.7%	4.0%	5.9%
% reporting			*100.0%*	*100.0%*	*54.2%*	*100.0%*	*100.0%*	*66.5%*
Age pyramid of permanent employees	■	LA1						
Under 25 years	■	LA1	6.0%	6.2%	5.3%	3.0%	3.6%	5.4%
25-29 yrs	■	LA1	14.3%	14.6%	11.3%	12.8%	13.6%	15.1%

■ Moderate assurance.
■■ Reasonable assurance.

(1) See Appendix B "Statutory Auditors report on the review of selected environmental and social indicators".

Global Gas & LNG			Infrastructure			Energy Services			SUEZ Environnement		
2010	**2009**	**2008**	**2010**	**2009**	**2008**	**2010**	**2009**	**2008**	**2010**	**2009**	**2008**
2,452	2,310	1,909	17,500	17,341	17,395	75,872	76,766	77,883	79,554	65,895	65,382
1,028	984	699	17,436	17,274	17,343	39,473	39,701	40,483	34,792	32,398	32,835
23	20	18		0	0	10,426	10,278	10,263	2,092	2,050	2,219
1,216	1,162	1,058	64	67	52	19,809	20,387	21,548	30,104	19,167	19,877
167	139	101		0	0	2,797	2,927	2,939	81	78	80
2,434	**2,305**	**1,876**	**17,500**	**17,341**	**17,395**	**72,505**	**73,293**	**75,233**	**67,069**	**53,693**	**55,011**
0	1	0	0	0	0	337	367	11	3,347	3,281	3,250
4	3	4	0	0	0	784	868	719	252	269	222
14	1		0	0	0	2,196	2,182	1,920	4,892	4,582	3,381
	0	29	0	0	0	50	56	0	3,994	4,070	3,518
100%	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*
1,302	1,211	807	3,518	3,393	3,146	13,282	13,050	11,295	10,665	8,649	8,358
1,150	1,099	372	13,982	13,948	14,207	62,590	63,716	58,474	68,889	57,246	57,024
100.0%	*100.0%*	*61.8%*	*100.0%*	*100.0%*	*99.8%*	*100.0%*	*100.0%*	*89.6%*	*100.0%*	*100.0%*	*100.0%*
30.1%	30.8%	28.7%	21.9%	20.9%	20.1%	12.0%	11.8%	11.8%	19.4%	18.5%	18.2%
100.0%	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*
30.3%	31.4%	35.0%	26.9%	25.2%	-	13.8%	13.2%	13.0%	25.6%	24.2%	23.7%
100.0%	*100.0%*	*2.6%*	*100.0%*	*100.0%*	*0.0%*	*100.0%*	*100.0%*	*89.6%*	*100.0%*	*100.0%*	*100.0%*
95.0%	95.6%	100.0%	95.5%	96.0%	100.0%	93.5%	93.4%	92.6%	91.3%	92.3%	91.8%
5.0%	4.4%	0.0%	4.5%	4.0%	0.0%	6.5%	6.6%	7.4%	8.7%	7.7%	8.2%
100.0%	*100.0%*	*37.4%*	*100.0%*	*100.0%*	*95.8%*	*100.0%*	*100.0%*	*94.2%*	*100.0%*	*100.0%*	*100.0%*
1.0%	1.9%	2.3%	4.9%	4.9%	4.7%	4.6%	5.1%	6.0%	3.1%	3.6%	4.2%
11.1%	11.1%	15.6%	9.5%	9.0%	8.6%	11.8%	11.9%	11.9%	9.4%	9.6%	9.7%

			Energy France			Energy Europe & International		
			2010	2009	2008	2010	2009	2008
30-34 yrs	■	LA1	15.0%	14.9%	16.7%	15.9%	15.5%	13.9%
35-39 yrs	■	LA1	16.5%	16.9%	16.9%	15.0%	15.0%	13.8%
40-44 yrs	■	LA1	13.8%	13.0%	12.7%	15.9%	16.1%	14.2%
45-49 yrs	■	LA1	12.6%	12.7%	14.7%	13.4%	13.6%	14.4%
50-54 yrs	■	LA1	13.9%	13.8%	16.1%	12.9%	13.1%	12.9%
55-59 yrs	■	LA1	7.0%	7.0%	5.8%	8.6%	8.0%	8.5%
60-64 yrs	■	LA1	0.8%	0.7%	0.4%	2.2%	1.4%	1.6%
65 and over	■	LA1	0.0%	0.1%	0.1%	0.3%	0.1%	0.2%
% reporting			*100.0%*	*100.0%*	*38.7%*	*100.0%*	*100.0%*	*64.4%*
Staff and job movement								
Turnover	■	LA2	5.13%	5.96%	0.90%	5.37%	9.80%	5.60%
% reporting			*100.00%*	*100.00%*	*18.30%*	*100.00%*	*100.00%*	*60.20%*
Voluntary turnover	■	LA2	3.65%	4.17%	2.40%	2.76%	2.30%	3.40%
% reporting			*100.00%*	*100.00%*	*97.80%*	*100.00%*	*100.00%*	*94.40%*
Entrance rate	■	LA2	11.37%	13.65%	10.30%	8.42%	10.38%	14.10%
% reporting			*100.00%*	*100.00%*	*97.80%*	*100.00%*	*100.00%*	*94.40%*
Rate of hiring on permanent contract		LA2	48.77%	55.72%	61.60%	71.83%	73.92%	75.00%
% reporting			*100.00%*	*100.00%*	*18.30%*	*100.00%*	*100.00%*	*60.20%*
% with disabilities			1.94%	1.62%	1.31%	0.70%	0.64%	0.25%
Professional Development								
% of workforce trained	■■	LA10	58.51%	73.46%	75.90%	83.80%	77.35%	79.00%
% reporting			*100.00%*	*100.00%*	*97.80%*	*81.92%*	*94.47%*	*70.30%*
Proportion of women in trained workforce		LA10	34.89%	33.57%	31.30%	25.18%	27.88%	28.10%
% reporting			*100.00%*	*100.00%*	*94.40%*	*81.92%*	*94.47%*	*71.00%*
Proportion of managers and non-managers in trained workforce:		LA10						
Managers		LA10	23.87%	21.24%	32.90%	19.99%	20.98%	25.50%
Non-managers		LA10	76.13%	78.76%	67.10%	80.01%	79.02%	74.50%
% reporting			*100.00%*	*100.00%*	*18.30%*	*81.92%*	*94.47%*	*62.40%*
Training expenses per person trained (€)			1,407	1,480	934	1,135	958	1,626
% reporting			*100.00%*	*100.00%*	*18.30%*	*81.92%*	*91.55%*	*65.70%*
Number of training hours per person trained		LA10	39	33	32	55	54	68

■ Moderate assurance.
■■ Reasonable assurance.

Global Gas & LNG			Infrastructure			Energy Services			SUEZ Environnement		
2010	2009	2008	2010	2009	2008	2010	2009	2008	2010	2009	2008
16.3%	16.2%	22.9%	11.1%	10.8%	10.4%	13.1%	12.8%	12.5%	12.3%	11.7%	11.9%
17.0%	15.8%	18.5%	12.7%	12.0%	12.2%	13.2%	13.4%	14.0%	15.0%	15.2%	15.8%
12.8%	11.9%	12.6%	12.2%	12.4%	12.7%	15.3%	15.5%	15.6%	16.7%	16.9%	17.2%
12.1%	13.2%	11.3%	16.7%	18.8%	21.0%	15.0%	14.7%	14.2%	16.6%	16.5%	15.9%
14.9%	16.0%	9.8%	24.6%	24.8%	24.7%	13.2%	13.2%	13.0%	13.7%	13.6%	13.0%
11.8%	11.2%	6.3%	7.8%	6.8%	5.6%	10.5%	10.3%	9.9%	9.6%	9.3%	8.9%
3.0%	2.6%	0.4%	0.5%	0.4%	0.1%	3.1%	2.9%	2.6%	3.2%	3.2%	2.9%
0.0%	0.1%	0.1%	0.0%	0.0%	0.0%	0.3%	0.3%	0.2%	0.5%	0.5%	0.5%
100.0%	*100.0%*	*36.2%*	*100.0%*	*100.0%*	*95.8%*	*100.0%*	*100.0%*	*88.2%*	*100.0%*	*100.0%*	*98.9%*
3.34%	2.53%	2.20%	0.84%	0.37%	-	7.26%	6.26%	7.50%	6.46%	7.39%	8.40%
100.00%	*100.00%*	*2.60%*	*100.00%*	*100.00%*	*0.00%*	*100.00%*	*100.00%*	*90.40%*	*100.00%*	*98.43%*	*99.50%*
2.68%	2.12%	1.40%	0.74%	0.23%	0.10%	3.79%	3.61%	5.90%	3.03%	3.31%	5.20%
100.00%	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*98.43%*	*99.50%*
13.34%	15.01%	13.70%	7.11%	6.66%	5.40%	13.22%	12.69%	19.20%	20.61%	15.70%	19.50%
100.00%	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*98.43%*	*99.50%*
76.16%	78.31%	0.00%	58.77%	57.12%	-	56.73%	57.10%	56.40%	36.41%	46.14%	57.40%
100.00%	*100.00%*	*2.60%*	*100.00%*	*100.00%*	*0.00%*	*100.00%*	*100.00%*	*90.40%*	*100.00%*	*98.43%*	*99.50%*
1.55%	1.34%	0.00%	2.24%	2.05%	0.00%	1.63%	1.54%	1.43%	1.52%	1.49%	1.46%
90.71%	81.99%	60.60%	77.58%	66.68%	54.60%	64.33%	59.57%	61.10%	61.20%	59.73%	57.20%
100.00%	*86.56%*	*100.00%*	*100.00%*	*99.99%*	*100.00%*	*86.02%*	*88.80%*	*88.10%*	*98.15%*	*98.02%*	*99.00%*
30.18%	30.96%	34.60%	17.90%	16.77%	16.60%	10.31%	10.58%	9.80%	19.13%	18.70%	19.70%
100.00%	*86.56%*	*92.10%*	*100.00%*	*99.99%*	*95.30%*	*86.02%*	*88.80%*	*87.60%*	*98.15%*	*98.02%*	*100.00%*
55.17%	57.83%	70.00%	17.91%	18.15%		18.13%	16.83%	15.90%	15.03%	15.11%	15.60%
44.83%	42.17%	30.00%	82.09%	81.85%		81.87%	83.17%	84.10%	84.97%	84.89%	84.40%
100.00%	*86.56%*	*2.60%*	*100.00%*	*99.99%*	*0.00%*	*86.02%*	*88.80%*	*78.50%*	*98.15%*	*98.02%*	*99.00%*
2,677	2,193	2,243	1,827	1,603		687	744	1,068	532	579	820
100.00%	*70.96%*	*2.60%*	*100.00%*	*99.99%*	*0.00%*	*85.67%*	*88.80%*	*78.50%*	*98.15%*	*97.98%*	*98.60%*
34	20	38	36	38	37	26	29	27	26	23	24

		Energy France			Energy Europe & International		
		2010	2009	2008	2010	2009	2008
% reporting		*100.00%*	*100.00%*	*97.80%*	*81.92%*	*94.04%*	*70.30%*
Number of training hours per woman trained		30	27	31	43	55	68
% reporting		*100.00%*	*100.00%*	*94.70%*	*81.92%*	*94.04%*	*71.00%*
Training expenses per training hour (€)		36	44	23	21	18	23
% reporting		*100.00%*	*100.00%*	*18.30%*	*81.92%*	*91.55%*	*64.00%*
Hours of training by topic							
Business techniques		52.70%	58.25%	40.00%	49.41%	45.88%	40.80%
Quality, safety & environment		17.57%	15.25%	30.70%	19.70%	15.23%	18.70%
Languages		3.24%	2.34%	4.10%	12.03%	12.29%	16.20%
Other		26.49%	24.17%	25.20%	18.86%	26.61%	24.30%
% reporting		*100.00%*	*100.00%*	*18.30%*	*81.92%*	*94.04%*	*64.00%*
Work conditions	**LA7**						
Days of absence per person		16	19	11	11	11	14
% reporting		*100.00%*	*100.00%*	*97.80%*	*100.00%*	*99.98%*	*73.60%*
Overtime	LA7	0.84%	1.20%	1.51%	3.48%	3.01%	4.15%
% reporting		*100.00%*	*100.00%*	*18.30%*	*100.00%*	*99.98%*	*65.40%*
Occupational safety(*)							
Number of accidental deaths (employees)		1	0	0	0	2	2
Frequency		12.7	14.3	14.9	1.6	2.2	2.2
Severity (according to French frame of reference)		0.52	0.46	0.33	0.07	0.08	0.06
Severity (according to OIT frame of reference)		0.36			0.05		
% reporting		*100%*	*100%*	*100%*	*100%*	*100%*	*100%*

■ Moderate assurance.
■■ Reasonable assurance.
(*) Scope: see Section 4.8.2.1

Global Gas & LNG			Infrastructure			Energy Services			SUEZ Environnement		
2010	2009	2008	2010	2009	2008	2010	2009	2008	2010	2009	2008
100.00%	*52.69%*	*100.00%*	*100.00%*	*99.99%*	*100.00%*	*86.02%*	*88.80%*	*88.10%*	*90.56%*	*98.02%*	*99.00%*
29	27	36	29	30	29	26	29	27	25	26	22
100.00%	*52.69%*	*92.10%*	*100.00%*	*99.99%*	*95.30%*	*86.02%*	*88.80%*	*87.60%*	*90.56%*	*98.02%*	*100.00%*
78	111	54	51	42		26	26	39	22	25	35
100.00%	*52.69%*	*2.60%*	*100.00%*	*99.99%*	*0.00%*	*85.67%*	*88.80%*	*78.50%*	*90.56%*	*97.98%*	*99.40%*
26.96%	22.55%	26.80%	52.75%	52.40%		45.94%	47.49%	46.00%	28.37%	30.61%	31.10%
22.48%	4.72%	1.20%	23.69%	24.20%		34.64%	31.77%	30.90%	36.64%	41.65%	39.70%
19.05%	23.88%	69.40%	1.70%	1.57%		2.93%	3.39%	4.10%	5.19%	4.14%	6.40%
31.51%	48.85%	2.60%	21.86%	21.83%		16.50%	17.35%	19.00%	29.81%	23.59%	22.90%
100.00%	*52.69%*	*2.60%*	*100.00%*	*99.99%*	*0.00%*	*86.02%*	*88.80%*	*78.50%*	*90.56%*	*98.02%*	*99.40%*
10	15	16	20	21	10	12	12	14	12	12	15
100.00%	*99.21%*	*85.50%*	*100.00%*	*99.99%*	*99.39%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*99.00%*
2.51%	2.15%	0.00%	2.47%	2.41%	-	2.90%	2.83%	2.49%	4.36%	4.89%	4.96%
100.00%	*99.21%*	*2.60%*	*100.00%*	*99.88%*	*0.00%*	*100.00%*	*99.99%*	*90.40%*	*100.00%*	*100.00%*	*99.40%*
0	0	0	4	2	1	2	3	0	5	4	2
1.0	2.3	0.0	4.4	3.4	5.0	7.9	8.7	9.6	16.3	15.4	17.5
0.01	0.09	0	0.09	0.2	0.28	0.38	0.39	0.42	0.68	0.64	0.65
0.01			0.08			0.23			0.43		
100%	*100%*	*100%*	*100%*	*99.70%*		*100%*			*100%*		

4.8.1 NOTE ON METHODOLOGY OF SOCIAL INDICATORS

4.8.1.1 Tools used

Magnitude, a financial consolidation application, was used to produce social data for 2010.

This business software collects, processes, and reports data entered by local companies that are subsidiaries of the GDF SUEZ group.

The financial consolidation method is applied to each of these entities, including during the HRD phase: full consolidation (FC), proportional consolidation (PC), and equity method consolidation (EMC).

The workforce analyses in this report relate exclusively to fully consolidated entities, companies which GDF SUEZ controls in both capital and management terms, and do not take into account proportionately consolidated entities.

Once a company is fully consolidated in GDF SUEZ's financial statements, its social data is completely integrated, regardless of the amount of the company's capital owned.

4.8.1.2 Scope of reporting

A scope of reporting percentage is attributed to each indicator, corresponding to the indicator coverage as a percentage of Group workforce (workforce of companies fully consolidated in the GDF SUEZ financial statements).

If a company happens not to have communicated its data or has entered information that contains inconsistencies, we exclude the data in question from the scope of reporting.

Certain low reporting percentages for 2008 are due to the fact that some indicators were not requested from all of the Group in that year. Harmonization of Group workforce reporting did not come into effect until January 1, 2009.

Workforce data for the Agbar group retroactively cover the entire year based on this group's administrative scope at the time it was fully consolidated.

4.8.1.3 Methods for the consolidation of indicators

The quantitative corporate data in this report comes from the Group's financial consolidation software. After being collected the data was processed and consolidated according to clearly defined procedures and criteria.

Structural data, employee turnover, working conditions, training and safety data were consolidated by aggregation.

The following points should be noted with respect to the data published in this report:

1. The total number of employees in business lines is 3,395 less than the published total. This difference is due primarily to the number of employees at head offices in Paris and Brussels and to the number of employees in financial sector activities who are not attached to one of the six operational business lines;
2. The geographical breakdown of employees corresponds to that of the IFRS financial reporting scope. Also, although the companies in the global gas and LNG business line are located in Africa, they are considered part of Europe;
3. Indicators for 2008 have been restated to the extent possible on a pro forma basis for the current Group.

   In order to harmonize the workforce concept in 2008, the «workforce under work-based learning contracts and internships» indicator has been added to the workforce of the former Gaz de France.

   The same restatement was carried out for the female workforce.
4. In the socio-professional breakdown, administrative employees are recognized under "senior technicians and supervisors" for greater consistency.
5. Although it is a core feature of business culture in France, the French concept of *cadres* (managers) is sometimes difficult to understand in other countries where GDF SUEZ in present. This can lead to a slight underestimation of the number of managers because some entities may take only their director-level management into account.
6. The employee turnover indicator only takes account of dismissals and resignations.

   It is calculated on the basis of yearly movements compared to the average annual workforce.
7. Given the timelines involved, the data relating to training and hours worked is not always final and therefore reflects the most recent situation and, in some cases, a forecast of the workforce, training expenses and hours worked by year-end.
8. With respect to the number of people with disabilities, the figures cited represent the total number of persons with declared disabilities at the end of the period for the business line concerned. These figures provide the best information possible on the integration of people with disabilities into GDF SUEZ companies. We do not consider it relevant to provide a scope definition for this indicator.

4.8.2 NOTE ON METHODOLOGY OF HEALTH & SAFETY INDICATORS

4.8.2.1 Scope

With respect to health and safety data for 2010, the analyses in this report relate exclusively to fully consolidated companies that GDF SUEZ controls in terms of both capital and management. They do not incorporate proportionately consolidated entities.

Once a company is fully consolidated in GDF SUEZ's financial statements, its corporate data is completely integrated, regardless of the amount of the capital held.

Note that the Environment and Energy France business lines incorporate data from entities acquired into their reports three years after their consolidation by the Finance department. This rule was laid down in the 2009 review of the health and safety reporting procedure.

4.8.2.2 Methods for checking and consolidating indicators

After being collected, the quantitative health and safety data in this report is checked and consolidated according to clearly defined procedures and criteria.

For the Infrastructures business line, in consolidating the data for the GrDF distribution BU, which operates jointly with ErDF, only the "natural gas" part of hours worked is taken into account.

The following points should be noted with respect to the data published in this report:

1. In contrast to social reporting, health and safety reporting includes the data of entities acquired specifically for the Environment and Energy France business lines. This situation produces a slight difference in the scope of the workforce covered by the two types of reporting;
2. The frequency and severity data provided by the Global Gas & LNG business line takes into account interim workers and subcontractors, whereas the other business lines do not. This is specific to the Exploration & Production BU.

5

RISK FACTORS

The Group operates in a rapidly-changing environment that can lead to a host of risks, some of which are beyond its control. The major risks to which it is exposed, based on the Group's assessment, are described below. Other risks not mentioned or unknown to date could also have an impact on the Group. If any of these risks occurred, they could have a significant negative impact on the Group's operations, financial standing and results, image and outlook and on the GDF SUEZ share price.

5.1 RISK MANAGEMENT PROCESS

The Group has a global risk management policy (*Enterprise Risk Management*), the principles of which are consistent with professional standards (ISO 31000, *Federation of European Risk Management Associations* in particular). The policy states the Group's ambition to manage its risks better in order better to achieve its targets, mainly to preserve and continuously improve its value and its reputation, as well as internal motivation.

5.1.1 ROLE OF THE AUDIT COMMITTEE

The risk management policy has been approved by the Executive Committee and presented to the Audit Committee of the Board of Directors. The Audit Committee examines the Group's risk review at least once a year. At its request, it is moreover informed throughout the year of GDF SUEZ's exposure to financial risks and to other strategic and operational risks. This allows the Board to perform its duty of monitoring the effectiveness of risk management and internal control systems required by the Decree of December 8, 2008 transposing into French law the Eighth European Directive on corporate governance.

5.1.2 GDF SUEZ'S ENTERPRISE RISK MANAGEMENT POLICY

In its supervisory and decision-making role, the Executive Committee approves the GDF SUEZ enterprise risk management policy. At least once a year, the Executive Committees of the Group and of the business lines scrutinize and approve the risk review by their entity and decide on how to treatthem. The Group's numerous decision-taking processes, such as the Medium Term Plan, the Commitments Committee, the Energy Market Risks Committee and the Monitoring and Security Committee take risks into consideration.

The Group defines a risk as "any event likely to have a positive or negative impact on the Company's continuity, its reputation or the achievement of its strategic, financial and operational objectives". The Group encourages reasonable and financially viable risk-taking in compliance with laws and regulations and in line with generally held opinion.

To achieve this aim, GDF SUEZ has appointed the Executive Committee member in charge of the Audit and Risk Management Department as "Chief Risk Officer". The Risk Management Department, which reports to the Chief Risk Officer, coordinates the Enterprise Risk Management (ERM) network. The Risk Officers at the head office, business lines, business units and operating departments support the managers in the process of identifying and evaluating risks using the Group's methods, and assessing the resources used to limit and treat them. Risks are managed by their owners and coordinated, as appropriate, by the Functional Departments.

The BUs complete their risk mapping and review during the 1st half of the year. The business lines and operating divisions use this information to perform their risk review during the 2nd half year, updating the data if need be. This information, collected via a dedicated information system, has been sorted and summarized at Group level to identify GDF SUEZ's main risks. The Executive Committee, the Audit Committee and the Board of Directors examine these risks before finalizing the financial statements for 2010. The main risk factors which result from this are described in this chapter.

The Internal Audit Department recommends the Group's audit plan based largely on the results of the most recent risk review, which allow it to identify the most relevant audit concerns and evaluate risk treatment. Similarly, the results of an audit serve to update the risk review. Similarly, the internal control program takes into account the findings of the ERM process, and in returncontributes itself to risk control.

5.2 A CHANGING ECONOMIC ENVIRONMENT

5.2.1 A CHANGING ECONOMIC ENVIRONMENT

2010 was characterized by a fragile economic recovery in the developing countries and a depressed economic environment in Europe and North America, affecting the majority of economic players. Given the nature of its activities, GDF SUEZ is sensitive to a number of economic factors. Their potential impacts are described below.

5.2.1.1 The Group's exposure to economic cycles and changes in demand

Some of the Group's activities - such as services or energy supplies to industrial customers - are sensitive to economic cycles. Any economic slowdown reduces industrial investments, including maintenance operations and thus reduces demand for the installation and engineering services that the Group's service entities provide, as well as energy demand. This fluctuating demand can cause significant changes in the level of activity and margins of these businesses.

The economic effects of the 2008 crisis could last beyond 2010 and result in a prolonged slowdown of operations among the Group's major customers. This could contribute to a decline in unit or overall demand for energy, water, waste, and related services, thus affecting the Group's business volumes and margins. The Group's considerable geographic and sectoral diversity provides only partial protection against this risk.

In Western Europe, some of the Group's activities could be affected by relocation of their customers' operations to low-wage countries. Specifically, in the energy businesses, large electricity-intensive customers (including metallurgy and chemistry) could relocate production to regions where energy costs are lower than on domestic markets and this might affect the Group's revenue stream.

5.2.1.2 The Group's exposure to changes in consumption patterns

Numerous societal, regulatory and technological factors are contributing to slow the growth of electricity, gas and water consumption and waste production. In Europe, a decrease of activity is noticeable in the natural gas sector, associated *inter alia* with improvements to the energy and environmental efficiency of industrial processes and in the building industry (new and existing buildings), the adoption by individuals of environmentally friendly attitudes and the image of gas associated with that of a fossil energy source emitting CO_2.

Environmental activities reflect similar trends, with a decline in the volume of operations in the water and waste sectors, as consumers have adopted environmentally friendly attitudes. In view of these risks, monitoring mechanisms have been implemented and business models have been adjusted, as necessary.

5.2.1.3 The Group's exposure to changes in production methods

With respect to electricity production methods, the restrictions imposed in order to reduce CO_2 emissions, coupled with renewable energy support schemes and other regulatory and tax schemes, increase the complexity of the competitive equilibrium among different forms of energy and increase uncertainty in terms of relevant technological choices for the future (including gas, nuclear, coal and renewable energy sources). Incorrect forecasting regarding these changes in the energy mix could lead to misguided investment choices and damage the Group's future profitability. The diversity and balance that characterized the Group's portfolio of assets and customers, and the moderate level of CO_2 emissions of its facilities, limit its exposure to this risk, particularly when compared to less-diversified primary competitors or those with higher emissions as a result of their production mix.

The pursuit of non-conventional gas development, particularly in the USA, has led to falling market prices and a marked difference between spot and long-term contract prices. The competitiveness of long-term contracts indexed to oil prices could be endangered if this discrepancy persists and if it should prove difficult to invoke price revision clauses.

5.2.2 FINANCIAL RISKS

The section below describes the financial risks to which the Group is exposed:

5.2.2.1 Commodities market risk

The Group is exposed mainly to two types of commodities market risk inherent to its business: price risks related directly to fluctuating market prices and volumes (weather-related and or business-related risks).

The Group is exposed to commodities market risks as part of its everyday business, specifically gas, electricity, coal, oil and oil products, other fuels, CO_2 and other green assets.

The Group trades on the energy markets, either for supply purposes, or to optimize and secure its energy production and selling chain, by means of current transactions (spot or forward). The Group also relies on derivative products linked to energy in order to provide its customers hedging instruments and to hedge its own positions.

Approximately 80% of its electricity production business outside Europe is committed in the form of long-term electricity sale contracts (PPA), often with local authorities, in which variations in operational expenses, in particular fuels, are transferred as *pass through* into electricity sale prices. This greatly limits exposure to price fluctuation risks, even if the transfer is imperfect in some contracts.

To the extent that most of the business lines face market risk, the Group has defined a policy delegating its management to the business lines based on a defined framework that includes quantitative limits that are adapted to their specific activities. For example, exploration-production activities are covered by a hedging policy, combining the objective of being reasonably capable of stabilizing income, with the opportunity to benefit from potential rises in oil and gas prices, while including the taxation impacts caused by price fluctuations. The Gas Supply business follows a hedging policy intended to produce a balance between competitiveness and stability of supply costs, while incorporating as far as possible the uncertainties caused by climatic fluctuations and the results expected from price reviews and renegotiations. On the other hand, marketing activities are not intended to bear this type of risk and must either hedge or transfer them internally.

With the exception of trading activities, market risks are assessed by means of their impact on the EBITDA. Accordingly, the main risk indicators for managing the energy portfolio include sensitivity to unit price changes, the *EBITDA at Risk*, portfolio hedging ratios and stress tests based on predefined unfavorable scenarios. For trading activities, and in accordance with market standards, the risk indicators include sensitivities, Value at Risk (VaR) and stress tests (see Note 15.2.3.3 in Chapter 11.2).

The Group has implemented specific governance to control market risks based on (i) the general principle of separation of risk management and control, (ii) a Group-level Energy Market Risks Committee (EMRC) that is responsible for validating the business lines' risk policies and monitoring consolidated exposure, and (iii) a specific risk control unit coordinated by the Finance Department. This type of organization is incorporated in each business line. The EMRC is also responsible for energy counterparty risks (see below).

5.2.2.2 Counterparty risk

The Group's financial and operational activities are exposed to insolvency risks when its counterparties (customers, suppliers, partners, intermediaries and banks) are unable to honor their contractual obligations. This risk results from the combination of payment risk (non-payment for services or deliveries made), delivery risk (non-delivery of services or supplies paid for), and a risk of replacement of defaulting contracts (called Mark-to-Market (MtM) exposure corresponding to replacement under terms different to those originally established).

The risks are generated via standard mechanisms such as third-party guarantees, "netting" agreements and margin calls or via the use of dedicated hedging instruments. Operational activities may involve prepayments or suitable recovery procedures (especially for retail customers).

To the extent that all the business lines and the Finance Department bear counterparty risk, sometimes on the same counterparties, the GDF SUEZ Group has defined a policy that delegates the management of these risks to the business lines, while still permitting the Group to maintain control over exposure regarding the largest counterparties.

Counterparty creditworthiness is assessed based on a rating process applied to major customers and intermediaries who exceed a certain level of commitment (as well as to banks) and on a simplified scoring process applied to commercial customers whose consumption level is lower. These processes are based on measures that have been formalized and are consistent within the Group. Consolidated exposures are monitored by counterparty and by segment (including creditworthiness and business sector) based on indicators of current exposure (payment risk, MtM exposure) and of future potential exposure (Credit VaR).

The governance and mechanism established to control market risks are included in the control of counterparty risks. In addition, the EMRC assigns limits to the main common counterparties and determines the exposure levels desired, as necessary.

5.2.2.3 Currency risk

The Group is exposed to foreign exchange risks defined as the impact on the balance sheet and the income statement of exchange rate fluctuations as it performs its operational and financial activities. These are broken down into (i) transactional risk related to current operations, (ii) specific transactional risk related to investment or merger-acquisition projects and (iii) translational risk, related to consolidation in euros of the subsidiaries' accounts where the accounting currency is different. This risk is concentrated on stakes in the United States and assets considered on a dollarized basis - Brazil, Thailand, Poland, Norway and United Kingdom (see note 3.3 of chapter 11.2).

Transactional risk is systematically hedged under the Group's foreign exchange risk policy when the risk is material, given that the foreign exchange risk created by energy positions derives from the energy market risk policy (see above). Specific risk is subject to a case-by-case hedging strategy incorporated in the examination of investment matters. Finally, risk related to the consolidation of financial statements is subject to a dynamic hedging strategy aimed at protecting the Group's equity by taking foreign currency levels and euro interest rate differentials into account. With this in view, the Group relies primarily on foreign currency debt and the income from foreign exchange (see Note 15.1.3 in Chapter 11.2).

With respect to terms of governance and control, the business lines and the Finance Department are responsible for identifying, measuring and hedging their respective transactional risks. The EMRC validates the materiality thresholds proposed by the Finance Department and also monitors residual exposures. Specific risk is the responsibility of the Commitments Committee, which creates a framework and limits for each project. Finally, consolidation-related risk is hedged on the basis of a hedging plan per currency, prepared by the Finance Department management, based on the equity that the Group wishes to protect.

Also see chapter 11.2 - note 15.1.3 (currency risk) for a complete presentation of foreign exchange risks.

5.2.2.4 Interest rate risk

As at December 31, 2010, after accounting for financial instruments, approximately 56% of the Group's gross debt was fixed rate and 44% was variable or capped variable rate. Since nearly all the Group's surplus is invested on a short-term basis, as at December 31, 2010, 78% of net debt was fixed rate and 22% was variable or capped variable rate.

The Group's objective is to control its financing cost by limiting the impact of interest rate changes on its income statement and, with this in view, to create a balanced distribution among the various reference rates over the medium term (five years). The Group's policy is thus to diversify the net debt reference rates among fixed, variable and protected variable ("capped variable") rates. The equilibrium allocation may change based on the market context, as it did in 2009. This was the case in 2010 when, given the very sharp drop in long-term euro and dollar interest rates, the Group increased the fixed rate hedging ratio and increased the duration of its hedges to lock in these attractive rates over the medium term.

In order to manage the interest rate structure for its net debt, the Group uses hedging instruments, primarily rate swaps and options. As at December 31, 2010, the Group had a portfolio of hedge options (caps) protecting it against an increase in short-term euro, US dollar and pound sterling rates. Given the historically low levels of all short-term rates during the 2010 fiscal year, almost none of the euro, US dollar and pound sterling hedge options have been activated for the time being.

A 1% increase in short-term interest rates (uniform across all currencies) on the balance of net variable-rate debt and on the variable-rate portions of derivatives would increase net interest expense by €83 million. A 1% decrease in short-term interest rates would reduce net interest expense by €102 million. The asymmetrical impacts are attributable to the low level of short-term rates (below 1%) applicable to a certain number of financial assets and liabilities.

A 1% increase in interest rates (uniform across all currencies) would generate an unrealized gain of €210 million on the income statement attributable to the change in the fair-market value of undocumented derivatives or derivatives designated as net investment hedges. Conversely, a 1% drop in interest rates would generate an unrealized loss of €239 million. The asymmetrical impacts are associated with the interest-rate options portfolio. A change of approximately 1% in interest rates (uniform across all currencies) would generate, in terms of shareholders' equity, a gain or loss of €273 million associated with the change in the fair value of documented cash flow hedging derivatives.

Managed centrally, rate positions are reviewed quarterly and when any new financing is raised. Any substantial change in the rate structure requires prior approval from the Finance Department.

5.2.2.5 Liquidity risk

In its everyday operations, the Group is exposed to a risk of lack of liquidity necessary to meet its contractual obligations. In addition to the risks inherent in managing working capital requirements, the Group also faces those associated with the margin calls required by certain market activities.

The Group's liquidity is based on maintaining cash and cash equivalents and access to confirmed credit facilities. These facilities are appropriate for the scale of its operations and for the timing of contractual debt repayments. Confirmed credit facilities had been granted for a total of €16.1 billion on December 31, 2010, of which €14.5 billion was available and not drawn down. 75.2% of the total lines of credit and 83.4% of the lines not drawn are centralized. None of these centralized facilities contain a default clause linked to financial covenants or minimum credit ratings.

On December 31, 2010, bank loans accounted for 35% of the gross debt (excluding bank overdrafts, amortized costs and the impact of derivatives, the remaining debt being raised on the capital markets (including €24.9 billion in bonds, or 56.6% of gross debt).

Cash, including cash and cash equivalents, qualifying financial assets designated at fair value through income, net of bank overdrafts, totaled €11.1 billion on December 31, 2010.

The Group's financing policy is based on:

- centralizing external financing;
- diversifying sources of financing between credit institutions and capital markets;
- achieving a balanced debt repayment profile.

The GDF SUEZ Group pools nearly all of the cash flow needs and surpluses of the Group's subsidiaries, as well as most of their medium and long-term external financing needs. Financing vehicles (long-term and short-term) provide centralization, as do the Group's dedicated cash-pooling vehicles in France, Belgium and Luxembourg.

The surpluses carried by the pooling vehicles are managed under a single policy. Unpooled cash surpluses are invested in instruments selected on a case-by-case basis in light of local financial market imperatives and the financial strength of the counterparties.

The Group diversifies its financing resources by carrying out public or private bond issues within the scope of its Euro Medium Term Notes program. It also issues treasury notes in France and Belgium and Commercial Paper in the United States.

The balance of short-term paper issues (treasury notes and commercial paper) represented 8.6% of gross debt and totaled to €3.8 billion on December 31, 2010 (see Note 14.2.1 in Chapter 11.2). These programs are used in a cyclical or structural manner to finance the Group's short-term cash needs, given their attractive cost and liquidity. However, the full amount of commercial paper outstanding is backed by confirmed bank credit lines so that the Group can continue to finance its activities in the event that access to this financing source was to dry up.

Since the 2008 financial crisis and the increased counterparty risk that followed, the Group has adjusted its investment policy, with an objective of extreme liquidity and protection of the invested capital (on December 31, 2010, 86% of centralized cash was invested in term bank deposits or in standard money market funds with daily liquidity), and daily monitoring of performance and counterparty risk on these two types of investments, allowing for immediate response.

Unpooled cash surpluses are invested in instruments selected on a case-by-case basis in light of local financial market imperatives and the financial strength of the counterparties concerned.

5.2.2.6 Stock price risk

As of December 31, 2010, the Group held a number of equity interests in publicly-traded companies (see Note 14.1 in Chapter 11.2), the value of which fluctuates on the basis of trends in the world's stock market.

A decline of 10% in the stock market price of these listed securities would have a negative impact of about €113 million on the Group's overall income. An example of an impairment indicator for listed securities is when the value of any such security falls substantially or remains below its historical cost for a protected period of time.

The Group's portfolio of listed and unlisted stocks is managed under a specific investment policy and is subject to regular reporting to Executive Management.

5.2.3 COMPETITIVE ENVIRONMENT

In its different businesses, the Group is confronted with increased competitive pressure, both from major international players as well as, in certain markets, from private and public sector niche players.

5.2.3.1 Competition in the energy sector

Deregulation of electricity and gas markets, both in Europe and in the United States, has opened the door to new competitors, introduced market price volatility and called the viability of long-term contracts into question. It may also open up to competition certain service concessions: The European Commission is reviewing the possibility of such an initiative in 2011. If gas were included in the scope of competitive bidding, the GDF SUEZ Group could be impacted specifically through the gas distribution concessions awarded to GrDF in France.

In recent years, we have witnessed a trend towards concentration of major energy players in Europe. In the gas sector, major producers are becoming interested in the downstream value chain and are entering into direct competition with established distribution companies, including those that belong to the Group. The restructuring of the energy market is continuing. Increased competitive pressure could have a significant negative effect on the sales prices, margins and market shares of the Group's companies.

5.2.3.2 Competition in the environmental sector

In the environmental sector (water and waste services), the Group's activities are subject to strong competitive pressure from both local and international operators, resulting in tension on selling prices to industrial and municipal customers, as well as in a risk of non-renewal of major contracts when they expire. We are observing a trend towards consolidation of market players in waste services in Europe, particularly in the United Kingdom, Germany, Belgium, the Netherlands and Luxembourg. In addition, new forms of competition have emerged recently, including aggressive strategies on the part of investment funds, involvement of certain public sector operators and attempts by local authorities to regain control of these services.

5.2.3.3 Competition in development activities

The Group's growth relies in part on the development or acquisition of new energy production infrastructures. This activity is subject to competition on a global scale, with a limited number of players, all with high levels of expertise enabling them to bid successfully in invitations to tender issued most frequently by local authorities for the development of production infrastructures and systems. Increased competition may increase the cost of acquiring or developing certain assets. If this leads to excessive increases in production capacity in a given market, competition may create tensions, with falling prices and damage to the positioning of existing assets.

5.2.4 CLIMATIC UNCERTAINTY

Energy businesses, particularly those involved in sales to consumers, are directly affected by changing weather and the measures taken to reduce "climate change".

5.2.4.1 Weather conditions

In the energy sector, significant changes in weather (mainly temperature, but also waterfall conditions[1] and wind) from one year to another can cause substantial fluctuations in the electricity and gas supply-demand balance: for example, the energy supply is tighter duringperiods of low waterfall and less restricted in the contrary case; demand is greater during colder years and there is an excess of supply in warmer years. These factors, which combine price and volume impacts, have a direct effect on the Group's income.

5.2.4.2 Measures to fight climate change

The aim to reduce climate change is now widespread and has produced extensive regulations in environmental and tax law in France, in Europe and internationally (see section 3.2.1. for more details). These developments could have a profound impact on the economic models the Group has chosen. For example, coal, oil and natural gas could be replaced in certain areas due to their carbon content, thereby creating competitive distortions in the electricity sector via exemptions, incentives or subsidies. Margins might be reduced by price squeezes. This would prevent passing on CO_2 quota costs or the cost of any carbon content tax.

While such measures may negatively affect the Group's earnings, they also offer new business opportunities in renewable energy, nuclear energy, carbon storage, energy efficiency services and gas-coal substitution. The Group could thus extend the scope of its development, but also confront a new form of competition.

The market for trading greenhouse gas emissions rights in Europe (EU-ETS[2]), coupled with national CO_2 quota allocation plans, creates volume and price risks on these quotas (most of which will have charges and fees starting in 2013) for the entire energy sector. This also creates arbitrage and trading opportunities for players such as GDF SUEZ. The Group is working to limit "carbon" risks by actively monitoring and diversifying its energy portfolio and by producing low carbon electricity. In the medium term, efforts are focusing on boosting the share of low-carbon energy sources (nuclear, renewable energy and natural gas) in the total energy mix, improving the capture of biogas from waste storage sites and harnessing the energy produced by incineration, landfills and anaerobic sludge treatment facilities as renewable energy.

In the long term, the Group seeks to diversify its energy sources and is already developing a demonstration program to capture and isolate CO_2 emissions so that coal facilities can operate even under a regime of increased carbon restrictions.

These measures to fight climate change and conserve natural resources are described in Section 3.2: "Environmental commitments", of this Reference Document.

(1) *Water reserve contained in dams, dependent on rainfall.*

(2) *Community Emission Quotas Exchange System (SCEQE), introduced by directive 2003/87/EC.*

5.2.5 CHANGES IN THE REGULATORY ENVIRONMENT

The legal and regulatory landscape for the Group's businesses is changing in terms of both environmental issues and energy sector deregulation.

5.2.5.1 Stricter environmental and social laws

The Group's businesses are subject to a host of laws and regulations that address environmental protection, promote zero or low greenhouse gas emissions, reduce energy consumption, protect health and develop safety standards. These laws and regulations specifically concern air quality, the promotion of renewable energy, greenhouse gas emissions, waste water treatment, drinking water quality, hazardous and household waste treatment, soil contamination, the management of nuclear facilities, gas transmission networks, storage facilities, LNG terminals, and CO_2 storage facilities.

Changing or tightening regulations could generate additional costs or investments for the Group. If such changes occur, the Group could be forced to terminate an activity without any guarantee that it would be able to offset the cost of such termination. Finally, regulations imply that both the Group and its customers – particularly local governments that grant concessions to meet compliance requirements – could face greater investments and higher operating expenses.

The European "Climate-Environment" package was adopted in May 2009. This package notes the measures that Member States shall take in order to meet the targets of reducing greenhouse gas emissions by 20% compared to 1990 levels by 2020 and of achieving a European energy mix composed of 20% renewable energy sources by that same year. The package is made up of four pieces of legislation: a directive on promoting renewable energy to be applied in Member States as of 2011; a directive setting forth the rules for the 2013-2020 period of the European Union Emissions Trading System (EU ETS); a decision regarding the efforts that Member States must undertake to reduce emissions in sectors not covered by the quotas (including transportation, agriculture and construction), as of 2012; and lastly, a directive on promoting CO_2 capture and storage facilities. However, Governments are tempted, in the current economic context, to reduce financial help for renewable energies and energy efficiency.

The Directive regarding building energy performance was revised, requiring Member States to adopt ambitious plans for energy-efficient, or very low energy-consuming buildings ('passive buildings'), to be defined by 2020, or strict energy performance standards for the renovation of new or existing buildings.

The new directive, adopted on November 8, 2010 (published in the EU OJ [EU Official Journal] on December 17, 2010 under the reference 2010/75/EU) covering industrial emissions (known as the IED directive) incorporates existing European legal documents, such as the directives covering integrated pollution prevention and control (IPCC), large combustion facilities and waste incineration, whilst at the same time making the law stricter. The IED directive in particular, strengthens the role of those documents referring to the best available techniques for large combustion facilities (BREF) and the associated emission thresholds.

In the United States, a draft law in preparation at Federal level is aimed at implementing a greenhouse gas (including CO_2) reduction program and should strengthen the regulatory scheme which, at the moment, is limited to regional initiatives, such as the RGGI (Regional Greenhouse Gas Initiative), mainly in the New England states.

Given the merger with International Power completed on February 3, 2011, the Group will resume the management of power stations in Australia. These are vulnerable to a risk of stricter greenhouse gas emission regulations and this could potentially close a number of sites.

Beyond contractual precautions negotiated on a case by case basis, the Group works to limit all of these risks, principally as part of an active environmental protection policy (see Section 3.2.5.6, "Active prevention of environmental risks") and by managing a comprehensive insurance program (see Section 5.6 "Insurance").

In France, the adoption of the "Grenelle 2" laws introduced measures (rules relating to layouts, procedures for authorizing renewable energy projects, water law, etc.) adversely affecting a certain number of the Group's activities in a scenario where economic support is falling (buyback prices, tax credits). At the same time, the energy companies are subject to stricter obligations relating to Energy Savings Certificates (CEE) and are forced by the Government to participate substantially in the financing of social support measures (fuel poverty, etc.). All these schemes may have a significant impact on the Group's earnings.

5.2.5.2 Activities that require obtaining or renewing permits and authorizations

To engage in its activities (for example, the Seveso concessions and sites), the Group must obtain a number of permits and authorizations. Dealing with the regulatory authorities concerned in or to obtain or renew them can be a long and costly process.

Local residents or associations may object to the installation and operation of certain equipment (including nuclear, thermal and renewable energy power stations, LPG terminals, gas storage facilities, waste treatment centers, incinerators and waste water treatment plants). They may claim that such facilities and equipment constitute a nuisance, harm the landscape or have broader environmental impacts. Such objections can make it more difficult for the Group to obtain or renew (in the absence of exclusive rights) these building and operating permits and authorizations or to expand its business.

Finally, official bodies that issue licenses and permits to the Group may introduce significantly tighter restrictions.

Despite the efforts undertaken on behalf of stakeholders, as described in Section 3.3.2, "Societal actions related to investment projects", in this Reference Document, if the Group cannot obtain permits and authorizations, cannot obtain them in a timely fashion, cannot renew them, faces challenges or is subject to tightened restrictions, these events could have a negative impact on its activity, financial standing, earnings and growth prospects.

5.2.5.3 Changes in energy sector regulations

Many aspects of the Group's businesses, including electricity production, transmission and distribution, the operation and maintenance of nuclear facilities, the conveyance, distribution and storage of "gaseous" natural gas or liquefied natural gas (LNG), water management and waste collection and treatment, are subject to stringent regulation at the European, national and local levels regarding competition, licenses, permits and authorizations. Regulatory changes may affect the Group's operations, prices, margins, investments and, consequently, its strategy and profitability. This risk is particularly marked in a general context where the public finances of the European countries are particularly stretched.

Current regulatory changes and plans at both the European and national levels could have an impact on the GDF SUEZ risk profile.

In the short term, the primary changes involve the transposition into national legislation and application as of March 2011 of European directives 2009/72/EC and 2009/73/EC, comprising the third package on the internal electricity and gas market. Adopted on July 13, 2009, they provide in particular for three independent transmission operator regimes: separation of transmission network assets ("ownership unbundling"), independent network operator ("independent system operator") and independent transmission operator. The Group has developed a structure to analyze and monitor the economic and financial impacts of this change in order to limit its impacts, while complying with legislation in effect.

This "internal market" package grants regulators extensive powers in the competitive arena, increases consumer rights and provides for the creation of ACER, the Agency for the Cooperation of Energy Regulators. Moreover, in certain states, and at the European level, a desire for a return to, or the emergence of, state intervention in the energy sector is making itself known via the regulation and extension of market regulators' prerogatives in the area of competition. This may take the form, in particular, of price controls, the continued existence or the intent to reintroduce regulated tariffs for both gas and electricity sales at levels incompatible with procurement or production costs, discriminatory measures such as "windfall taxes" on energy operators' profits, the ring-fencing of provisions accrued for dismantling nuclear power stations, regulator intervention in the deregulated market to encourage increased competition or the intent to restore control of services to local authorities. Controlling these risks necessarily involves direct negotiation with the states and active monitoring of draft European legislation. National budget deficits and high levels of indebtedness help to increase this risk.

In France, following publication of the Champsaur report in 2009, the law implementing a New Organization of the Electricity Market (NOME) was passed by Parliament on November 24. It forces EDF to sell electricity to alternative suppliers at the economic conditions of France's traditional nuclear energy portfolio. The practical and economic conditions of this supply, in particular the price level set for the ARENH (Regulated Access to Traditional Nuclear Energy), still undefined at the beginning of 2011, could affect the Group's ability to offer competitive packages to its customers.

Despite the monitoring systems established by the Group, it is impossible to predict all regulatory changes. However, the Group is diversifying this risk in part by locating its main activities in different countries which have seperate regulatory systems. Furthermore, certain regulatory developments offer new market opportunities for the Group's activities.

The risks arising from the legislative and regulatory framework are also described in the following paragraphs of Chapter 2 of this Reference Document:

- 2.1.1.11 "Regulatory Environment" for the Energy France business line;
- 2.1.2 for the Energy Europe & International business line (context and data provided by country);
- 2.1.3.6 for exploration and production activities;
- Regulatory context components presented by activity in the Infrastructures business line: 2.1.4.6 for storage operations in France; 2.1.4.7 for LNG terminal operations; 2.1.4.8 for distribution activities; 2.1.4.9 for transmission activities;
- 2.1.5.7 "Regulatory framework" for the Energy Services Business Line.

5.3 BUSINESS MODEL LIMITATIONS

5.3.1 SHORT AND LONG-TERM ENERGY PURCHASES

5.3.1.1 Long-term take-or-pay gas procurement contracts with minimum volume commitments

The gas business in Europe operates largely on the basis of long-term “take-or-pay” contracts. According to these contracts, the seller agrees to serve the buyer on a long-term basis, in exchange for a commitment on behalf of the buyer to pay for minimum quantities, whether or not they are delivered. These minimum amounts may vary only partially depending on weather contingencies. These commitments are subject to protective (*force majeure*) and flexibility conditions.

To guarantee availability of the quantities of gas required to supply its customers in future years, a major proportion of the Group’s contracts are “take-or-pay” contracts. Regular price revision mechanisms included in long-term contracts guarantee competitive gas prices to the buyer on the final market. If the purchased gas loses its price competitiveness, GDF SUEZ would only be exposed to the “take-or-pay” risk on the quantities purchased prior to the next price revision.

Most long-term procurement contracts are indexed on oil products price indices. However, with the emergence of short-term gas markets, gas prices are increasingly changing independently of oil prices, which is creating a conflict between short-term and long-term gas prices. A situation where the gas price remains constantly below the price of oil indexed contracts could have a significant impact on the Group’s revenues, in particular if the Group fails to renegotiate its long-term gas procurement contracts satisfactorily against the backdrop of a prolonged mismatch between gas and oil prices.

5.3.1.2 Dependence on a limited number of suppliers in some activities, in particular for natural gas purchases

The Group has entered into long-term contracts with its main suppliers, with the assurance of a broadly-diversified portfolio, especially in geographical terms. The Group also benefits from flexibility and modulation (flexibility of long-term contracts, considerable storage and regasification capacity and purchasing on markets). However, if one of the Group’s major suppliers were to fail over an extended period of time for any reason (geopolitical, technical or financial), the cost of replacing the gas and transporting it from an alternate location could be substantially higher and would affect the Group’s margins, at least over the short term.

In addition, Group companies that manage water treatment plants, thermal power stations or waste treatment plants may depend on a limited number of suppliers for their supplies of water, household waste, various fuels and equipment. For example, the market for turbines and foundry parts for electrical power plants is, by nature, oligopolistic and may at times prove particularly tight.

Any interruption in supplies, any supply delay or any failure to comply with the technical performance guarantee for a piece of equipment, even if caused by a contractual breach on the part of a supplier, could impact the profitability of a project, despite protective contractual provisions put in place.

The variety of the Group’s businesses and their diverse geographical locations produce a broad range of situations and provide partial protection against the risk of failure of a major supplier.

5.3.2 IMPORTANCE OF REGULATED MARKET SALES

5.3.2.1 Dependence on a limited number of customers in certain activities, in particular in electricity sales and water concessions

Whether in the energy or the environmental sector, some of the Group's subsidiaries have signed contracts, particularly with public authorities, where performance may depend on just a few customers or even a single customer. Moreover, these are often long-term contracts, running for up to 30 years or more. This is the case, for example, for delegated water management agreements or certain electricity production and sales activities with medium and long-term purchase agreements ("power purchase agreements") or even for household waste incinerator management contracts.

The refusal or the inability on the part of a customer to meet its long-term contractual commitments, particularly in the area of tariff adjustments, may compromise the economic balance of such contracts and the profitability of any investments the operator may make. If the contracting parties fail to meet their obligations, despite contractual provisions for this purpose, it may not always be possible to obtain full compensation, which could affect the Group's sales and earnings.

The variety of the Group's businesses and their diverse geographical locations produce a broad range of situations and types of customers (industrial, local government and individual consumers). The Group believes that no relationship exists binding it to a customer for which termination would have a significant impact on the Group's financial situation and earnings.

5.3.2.2 Authorities' failure to observe the rules for changing regulated, administered or controlled prices

In France, some of the Group's energy and service sales are made in the context of administered prices that are subject to regulations. French laws and rules, European regulation and decisions by the regulators (in particular, the Commission for Energy Regulation (CER) decisions regarding access rates to certain infrastructure) may affect the Group's sales, profits or the profitability, depending on the partial impact of procurement costs, the costs of infrastructure and commercial costs on rates for natural gas sales or the partial impact of costs on gas infrastructure access rates.

The public service contract signed on December 23, 2009 in France defines the overall framework for setting and changing gas tariffs. This mechanism improves transparency with regard to conditions for changes regulated rates, establishes rules and addresses the responsibilities of the various players over the 2010-2013 period. Any delay or divergence in applying the formula is likely to affect the Group's revenues. A new pricing formula, representative of procurement costs, was approved by decree for implementation in 2011. However, the decree maintained tariffs in January 2011 at their level of July 2010. In practice, the first effects of the formula on prices should thus be seen as from April 2011.

Administered prices also affect the distribution and sale of energy to consumers and industrial customers in other countries, including Italy, Hungary, Romania, Slovakia and Mexico.

5.3.3 INTERNATIONAL DEVELOPMENT

5.3.3.1 COUNTRY RISK

Although the Group's activities are concentrated mainly in Europe and North America, which together accounted for 89% of consolidated revenues and 85% of industrial capital employed in 2010, it also trades on worldwide markets, specifically in emerging countries such as Brazil and China and, following the tie-up with International Power concluded on February 3, 2011, in Pakistan. A significant share of gas supplies and exploration-production business comes from countries such as Russia, Algeria, Egypt, Libya or Yemen.

The Group's activities in these countries entail a certain number of potential risks, particularly in the areas of GDP volatility, economic and governmental instability, changes to, or imperfect application, of regulations, nationalization or expropriation of privately-owned assets, payment difficulties, social unrest, corruption, human rights violations, major interest rate and exchange rate fluctuations (rampant or severe devaluation), taxes by governments and local authorities, exchange control measures and other unfavorable interventions or restrictions imposed by governments. In addition, the Group could be unable to defend its rights before the courts in these countries in the event of a dispute with the government or other local public entities.

The Group manages these risks within partnerships or contractual negotiations adapted to each location. It chooses its locations in emerging countries by applying a selective strategy on the basis of an in-depth analysis of country risks. Whenever possible, the Group protects its interests by way of international arbitration clauses and political risks insurance.

5.3.3.2 Risks affecting external growth operations

External expansion, notably by means of acquisitions, could lead the Group to issue equity securities, borrow or record provisions for impairment of assets. Acquisitions also present risks related to integration difficulties, failure to achieve expected benefits and synergies, involvement of managers of acquired companies and departure of key employees. Moreover, in the context of joint companies in which it has an equity holding, the Group may find itself in a conflict of interest or conflict of strategy with its partners which, in some cases, hold the majority interest in these ventures. Risks linked to the valuation of liabilities or expected earnings could arise at the end of the acquisition process.

5.3.3.3 Risks affecting organic growth transactions and major projects

The Group is basing its growth on various major industrial asset construction projects, such as gas and electricity plants and waste treatment or seawater desalination facilities. The service life of such assets lasts several decades and their profitability depends greatly on cost control and construction times, operational performance, and changes in the long-term competitive environment, which could reduce the profitability of certain assets or result in lost revenues and asset impairment charges.

5.3.3.4 Risk affecting development due to reciprocity issues

For reasons of reciprocity, some EU member States may introduce provisions to prohibit companies such as GDF SUEZ and its subsidiaries from participating, under certain conditions, in calls for tenders for the granting of gas or water distribution or local public utility concession contracts.

5.3.3.5 Risks of termination of partnerships formed by the Group

The Group develops its operations in partnership with local authorities or private local operators.

These partnerships constitute one of the ways in which the Group can share the economic and financial risks inherent to some major projects, by limiting its capital employed and allowing it to adapt more appropriately to the specific context of local markets. In addition, the local regulatory environment may require such partnerships. Partial loss of operational control is often the price that must be paid to reduce exposure in terms of capital employed, but this situation is managed contractually on a case-by-case basis.

However, any change in the project, a partner's economic standing or strategy or even in the local political and economic context may, in certain circumstances, lead to termination of a partnership, notably through the exercise of put or call options on partnership units among the partners, a request by one partner to dissolve the joint venture or the exercise of a preemption right.

In such situations, the Group may also to decide to increase its financial commitments to certain projects or, in the case of a dispute with the partner or partners, to seek solutions before competent courts or arbitration bodies.

5.3.3.6 Risks related to design and construction activities

In the areas of energy, services and the environment, the Group works on the facility design and construction phases, in particular through specialized subsidiaries such as Tractebel Engineering and Degrémont.

Although these projects are always subject to in-depth studies and the Group benefits from acknowledged expertise, construction deadlines may not always be met. Consequently, penalties may be imposed on the Group, construction costs may be higher than anticipated, the facilities' performance may not comply with the specifications, and subsequent accidents may trigger the Group's civil liability, professional indemnity or criminal liability. Such events could have a negative impact on its image, financial situation, earnings and outlook.

However, the design, equipment purchase and construction activities are to a large extent sub-contracted to global or regional suppliers through EPC (Engineering, Procurement, Construction) contracts, in order to benefit, at least in part, from compensation should a risk listed above occur.

5.4 INDUSTRIAL SAFETY

The areas of activity in which the Group operates entail major industrial risks capable of causing damage to persons and property (including employees, subcontractors, neighboring residents, consumers and third parties), exposing it to claims for civil, criminal and environmental liability. These risks may concern facilities belonging to the Group or managed by the Group on behalf of third parties (manufacturers, local authorities). The industrial safety of the facilities that the Group operates remains one of its major concerns. Reducing these risks includes in-depth monitoring and targeted investments.

5.4.1 INDUSTRIAL ACCIDENTS OR SERVICE INTERRUPTIONS

The Group manages its industrial activities within a regulatory framework that includes safety rules as part of infrastructure operating procedures or for providing services. However, sustained vigilance in the design, building and operation of its projects cannot prevent all industrial accidents that might interrupt the Group's activities, result in loss of life and financial losses or create significant liability.

Risks exist in relation to operating gas transmission, distribution and storage systems, exploration-production facilities, LNG tankers, regasification facilities, electrical power plants, cogeneration and energy service facilities, waste incineration plants, water networks and water purification facilities, as well as certain services provided in an industrial environment. These risks can lead to industrial accidents, such as operating incidents, design flaws or external events beyond the Group's control (including third-party actions and landslides). These incidents can cause injuries, loss of life, major property or environmental damage, as well as activity interruptions and operating losses.

A variety of events - the unavailability of a major structure such as an LNG terminal or storage facility, a high voltage grid, a drinking water production plant, etc., due to natural disasters (earthquake, volcanic activity, flood), a political crisis between production and transit countries, loss of control of manufacturing resources or a bottleneck - could halt gas deliveries, resulting in lost revenues, concomitant claims for compensation, negative impacts on the Group's image and/or breaches of a public service obligation.

These industrial risks are controlled by implementing a safety management system at each site based on the principle of continuous improvement, which is intended to reduce the level of residual risk by responding to the highest risks on a priority basis. The Group's Health, Safety and Management Systems Department implements and coordinates a monitoring process based on an internal standard. It covers approximately forty sites or subsidiaries annually, across all business lines, and is audited regularly.

For the most part, these risks are covered by insurance policies, notably in the area of the Group's civil liability coverage. However, in the event of a major claim, given certain limitations, these policies could prove insufficient to cover all liabilities incurred, lost revenues and increased expenses (see Section 5.6 "Insurance").

5.4.2 ENVIRONMENTAL POLLUTION

Facilities that the Group owns or manages on behalf of third parties entail risks of damage to the natural environment (air, water, soil, the habitat and biodiversity), and may pose health risks to consumers, neighboring residents, employees and subcontractors.

In the course of its operations, the Group handles and even generates hazardous products and sub-products. This is the case, for example, with fissile material, fuels and some chemical products used especially for water treatment. In the area of waste management, some of the Group's facilities specialize in treating hazardous industrial or medical waste that may be of a toxic or infectious nature.

Depending on the activities, gaseous emissions and atmospheric pollutants to be considered are greenhouse gases, gases that stimulate air acidification, toxic gases (including chlorine), dust and micro-organisms (including Legionnaires' disease bacteria).

In the absence of adequate facilities management, the Group's activities could have an impact on the water present in the natural environment: leaching from poorly controlled landfill facilities, diffusion of heavy metals into the environment or watery waste from incineration facility smoke processing systems. These various emissions could pollute water tables or waterways. Risks may also relate to soil pollution in cases of accidental spills resulting from the storage of hazardous products or liquids, leaks in processes involving hazardous liquids, and from the storage and spreading of treatment sludge.

These health and environmental risks are governed by strict national and international regulations and are subject to regular inspections by Group staff, outside auditors and public officials, both older facilities (such as closed landfills or decommissioned gas plants) as well as sites currently in operation.

Various mechanisms are deployed to ensure control of the above-mentioned risks. The legislation and contracts governing the Group's operations define the sharing of responsibilities between the different parties in terms of risk management and financial liabilities, but failure to comply with standards may lead to contractual financial penalties or fines.

Accrued provisions and insured or guaranteed amounts may prove insufficient in the event of environmental liability claims against the Group, given the uncertainties inherent in forecasting expenses and liabilities associated with health, safety and the environment.

Consequently, if the Group should be held liable due to environmental and industrial risks, that liability could have a significant negative impact on its image, business, financial situation, earnings and outlook.

5.4.3 OPERATION OF INDUSTRIAL FACILITIES CLASSIFIED AS "HIGH THRESHOLD SEVESO" SITES IN EUROPE

The Group operates a variety of high-threshold Seveso sites (or considered as such by the Group), including: LNG terminals, underground natural gas storage facilities, LPG (liquefied petroleum gas) stations, thermal power plants, and hazardous waste treatment centers.

For each facility of this type, the Group has defined and implemented a safety management system that complies with European Directive 96/82/EC[1] known as "SEVESO II" for high-threshold Seveso sites, and with the Group's Health and Safety Policy. Specifically, these systems cover: the identification and evaluation of industrial risks (hazard studies), change management, the development of emergency plans, monitoring of industrial safety performance, inspections and continuous improvement.

Each subsidiary is responsible for a management system certification or evaluation policy, based on a standard such as:

- ISRS (DNV standard) for LNG terminals in France and underground natural gas storage facilities in France;
- OHSAS 18001 for storage in Romania and for the thermal plant in Dunamenti in Hungary;
- Institut Bauen und Umwelt e.v. for the polluted soil treatment plant at Herne in Germany.

In addition to the "high-threshold" Seveso sites identified as such in Europe, the Group operates other hazardous industrial sites where it seeks to apply the same high-level industrial safety standards. Against this background, the Group conducts periodic inspections and audits to ensure that these obligations are discharged.

Third-party civil liability risks resulting from the operation of Seveso or equivalent sites are covered by the Group general insurance program for civil liability (see Section 5.6 of this chapter).

The Group believes that no reasonably-foreseeable cost or commitment regarding the points mentioned above will have significant repercussions on its consolidated financial situation, cash flow and earnings. However, such costs could have adverse consequences for the Group in the long term.

(1) Directive 96/82/EC, known as "Seveso II", as amended by EC regulation no. 1882/2003 and directive 2003/105/EC.

5.4.4 OPERATION OF SEVERAL NUCLEAR PLANTS IN BELGIUM

The Group owns and operates seven nuclear reactors of the pressurized water type at two nuclear electricity production sites at Doel and Tihange in Belgium. Although these sites have operated since 1975 without any incidents resulting in danger to employees, subcontractors, the general population or the environment, this type of activity could present civil liability risks for the Group, in particular should there be a nuclear accident or an incident where large quantities of radioactive waste are discharged into the environment.

The operators of nuclear plants hold special certifications obtained upon completing a specific theoretical and practical training program, including exercises on a simulator. Compliance with safety rules and conditions at the facilities are subject to inspections by an independent agency (Bel V) and by a government agency responsible for nuclear safety (AFCN).

To maintain a high level of safety, nuclear plant operators exchange experiences at international level and submit to audits by the World Association of Nuclear Operators (WANO), at their own request, or the International Atomic Energy Agency (IAEA), at the request of the nuclear safety authority, in order to maintain high safety standards. In 2007, a team of 15 IAEA experts conducted an in-depth audit of the safety procedures and systems in place at the Tihange plant. This audit, known as OSART (Operational Safety Review Team), reached a positive conclusion with regard to safety levels of the Tihange plant and was confirmed by a follow-up audit in late 2008. Its scores were among the highest internationally. The Doel plant underwent a similar audit in March 2010. These assessments, made by an independent international authority, confirmed the maturity of the Group's nuclear safety and the priority given to safety in its nuclear plants. In addition, all nuclear sites are OHSAS 18001, ISO 14001 and EMAS-certified.

GDF SUEZ has always made sure that the level of security of its power plants was increased, taking into account events that took place at operating plants worldwide. The Group will learn from the accident that occurred in Japan in March 2011.

The Group regularly reduces its discharges of radioactive liquid and gaseous effluents, while controlling the volume of low and medium radioactive waste produces during operations. All nuclear waste management is under the responsibility of the Belgium public agency, the National Agency for Radioactive Waste and Enriched Fissile Material (ONDRAF). This is true also for the vitrified waste coming from spent fuel reprocessing programs operated at the Areva NC site in The Hague. Spent nuclear fuel is stored at electricity production sites pending a political decision on the fuel cycle downstream process (recycling or not).

Costs associated with the management of spent fuel are included in the costs of electricity production from nuclear sources and are the subject of provisions (see Note 17.2.3 in Chapter 11.2 of this Reference Document). Under an October 22, 2009 agreement between the Belgian government and GDF SUEZ, the provisions of Belgian law on phasing-out nuclear energy for electricity production, adopted in January 2003, were suspended for the three oldest units (Doel 1/2 and Tihange 1), which may continue to operate until 2025, rather than, 2015 at the conclusion of safety inspections. GDF SUEZ is still awaiting promulgation of the *"décret d'application"* (a decree explaining how a law will be applied). In addition, the Group is bidding to build and operate new nuclear plants within and outside of Europe.

5.4.5 RISKS SPECIFIC TO HYDROCARBON EXPLORATION-PRODUCTION ACTIVITIES

Exploration-production activities require high investments and are exposed to particular economic risks and opportunities, including the difficulties associated with the specifics of subsoil and the characteristics of hydrocarbons, as well as the impact of local taxes.

Geological risks and the risks of a major industrial accident (hydrocarbon leak, fire, explosion, loss of control of a well) are among the highest risks from the exploration-production activity. To reduce their impact, the Group carries out its activities as part of a consortium in which it can act as an operator or just a partner. The Group also insures its facilities, in particular against structural damage, loss of production and civil liability lawsuits, including pollution, in accordance with best practice in this industry.

The Group is following with interest the information available on the accident at the Macondo platform in the Gulf of Mexico in order to draw lessonswhich are applicable to the Group's business.

5.5 ORGANIZATION IN THE FACE OF CROSS-GROUP RISKS

5.5.1 ETHICAL RISKS

Acts by employees, agents or representatives of GDF SUEZ that violate the Group's principles could expose it to criminal and civil penalties and to loss of reputation.

Despite the Group's efforts to comply with applicable regulations, many risks remain, due mainly to imprecise drafting of certain regulatory provisions, the fact that regulatory agencies may change instructions for their application, and the possibility that legal rulings may be overturned. The competent regulatory authorities have broad prerogatives and powers in the area of energy and environmental services, which cover issues related to business ethics, money laundering, respect for personal privacy, data protection, and the fight against corruption. Regulatory agencies and legal bodies have the power to initiate administrative or legal proceedings against the Group. These could result, in particular, in the suspension or revocation of one or more permits or authorizations held by the Group, injunctions to cease or desist from certain activities, fines, civil penalties, criminal convictions or disciplinary sanctions, which could unfavorably and significantly affect the Group's activities, image and financial situation.

GDF SUEZ's ambition is to act, everywhere and under all circumstances, in accordance with its values and commitments and to comply with applicable laws and regulations. To achieve this goal, the Group relies on the structuring elements set out in section 3.4 of this Reference Document:

- a dedicated organization and structure;
- a managerial guidance system involving the Group's entire management chain;
- a compliance management system specifying compliance procedures and incident reporting;
- a system for managing ethical risks as an integral part of the Group's approach to risk management.

Against this background and in line with the Group's ethical policy, on July 26, 2010 the Executive Committee validated GDF SUEZ' Integrity Referencial, which is the foundation for the program on preventing and fighting against fraud and corruption.

5.5.2 LEGAL RISKS

The Group faces legal risks in all its businesses and on its world markets These risks, arising from the legal and regulatory context, operational activities, partnerships in place and contracts entered into with customers and suppliers are covered in the respective sections of Chapter 5.

Major lawsuits and arbitrations to which the Group is a party are described in Section 10.2 of this Reference Document.

5.5.3 RISKS RELATED TO HUMAN RESOURCES

5.5.3.1 Expertise

The Group conducts its activities across a broad spectrum of businesses that call for a wide variety of skills. The ageing of the population affects the Group in general and specifically affects several of its areas of technical expertise. Major skills renewal will be necessary in the coming years. The Group is expecting to recruit large numbers in the future and, with this in mind, is enhancing its appeal with recognition systems intended to make GDF SUEZ a benchmark employer.

In order to ensure that it has the right skills in the right place at the right time, mobility between business lines is an essential career management tool. The Group's international growth has impacts in terms of changes in activities that call for new expertise and considerable personnel mobility, particularly among managers. To mitigate this risk, the Group places special value on international experience in terms of career prospects.

Negotiated at European level, an agreement covering early career and skills management must give the means to the Group which will allow it to predict changes to its activities and invest in the employability of its personnel. The aim is to have good visibility of the workforce numbers needed by broad job groupings, while setting out attractive career paths for employees.

5.5.3.2 Social dialogue

The Group's development and frequent organizational changes can mean that consultation and negotiation no longer play their part in governing social relationships. Should negotiation processes cease to operate, the social climate of the company could deteriorate and affect the Group's image both outside and in-house, in particular causing lack of motivation and a loss of confidence by its employees.

GDF SUEZ employs the two bodies set up in 2009 to represent the workforce, the European Works Council (CEE) and the Groupe France Committee, in order to discuss changes concerning the Group with its social partners.

Social dialogue has been a key success factor in managing planned organizational changes, such as integration and social support for the employees. Within GDF SUEZ SA, the French trade unions (CFDT, CGT, CFE-CGC and CGT-FO) signed an employment agreement on employee guarantees, which establishes a support system for employees who could be required to change job, residence, and/or workplace.

These representative bodies have also seen their field of activity extended to cover new topics. Forward-looking management of jobs and skills, mobility, fundamental rights have been treated by the European Works Council (EWC); older workers' policy, Collective Pension Savings Scheme (French abbreviation - PERCO) and prevention of psycho-social risks by the Comité France. This framework for consultation and negotiation means that social partners are involved at an early stage in the strategic objectives pursued by GDF SUEZ.

5.5.4 RISKS RELATED TO HEALTH AND SAFETY AND PROTECTION OF CORPORATE ASSETS

5.5.4.1 Workplace health and safety

GDF SUEZ is firmly committed to reducing workplace accidents, thus confirming the move to a reduction in the accident rate observed in the statistics in recent years. A 2010-2012 Action Plan, looking ahead as far as 2015 has therefore been drawn up. Rules for temporary workers, integration of health and safety performance in managers' assessments, accident and incident control, have been approved and distributed.

Addressing the risk of death at the workplace is part of the overall system for controlling the risk of occupational accidents. The measures include the analysis of fatal accidents for which the Group has been found liable by a committee established to review serious accidents (*Commission des Examens des Accidents Graves*, CEAG).

A health crisis of epidemic proportions (such as a flu pandemic) could have consequences for the health of employees and sub-contractors and risk impacting continuity of the services provided by the Group. The limited severity of the 2009 flu pandemic provided the Group an opportunity to update plans for handling this risk and to limit its impact (see Section 5.5.6. "Crisis Management").

5.5.4.2 Employee security

The security environment, already highlighted by acts of terrorism, radical movements, armed conflicts and organized crime, has remained tense in 2010. In addition, case law considers that the risks related to terrorism cannot be deemed *force majeure* immediately the employer was (or should have been) aware of the danger to which he was exposing its personnel in a post in an area at risk.

Employee security systems rely on coordinating and centralizing security measures on behalf of the Group's expatriate and seconded employees in addressing the full range of threats they may face. This mission is the responsibility of the Security Department, which operates as part of the international GDF SUEZ Security Network (GSSN) and includes the head office, the business lines and business units. To carry out its mission, this department may rely on specialist contractors in the health and security sectors. The Group also has monitoring capabilities and is prepared to act in response to unconventional situations and handle potential repatriations in partnership with the Authorities.

5.5.4.3 Protection of tangible and intangible corporate assets

The policy for protecting the corporate tangible and intangible assets, approved by the Group in July 2010, requires availability of proven solutions for risk reduction and includes technical (including IT), legal, managerial and organizational segments. Sensitive sites where tangible corporate assets are located are subject to protective measures against potential malicious acts, based on the individual requirements of the site. With this in mind, the Group adopted a “no photography policy” for sensitive sites in 2010.

Pursuant to the French decree of February 23, 2006, relating to the “activities of vital importance” sector, the Group had its Operator Safety Plan (OSP) approved on October 16th, 2009. This plan defined Vitally Important Points (VIP) for the Group, for which special protection plans are in preparation, mainly relating to a potential terrorist threat. Similar measures were passed at European level, following the Council directive 2008/114/EC dated December 8, 2008.

The Group is continuing to invest in the protection of its intangible assets, in order to prevent any internal or external action aimed at capturing sensitive information and to deal with any incidents detected.

A transversal Committee was formed in 2010, chaired by the Secretary General (Information Security Committee) to coordinate and control at a strategic level all actions by the Group aimed at protecting its intangible assets.

5.5.5 RISKS RELATED TO INFORMATION SYSTEMS

Information systems (IS) are critically important in supporting all the processes related to the Group’s activities. As they are increasingly interconnected and cross-cutting among activities, their failure could result in loss of business or data and violations of confidentiality.

In addition, a plan for continuous security improvements was implemented and security management was strengthened with the implementation of an IS Security Management System.

5.5.6 CRISIS MANAGEMENT

The Group has established its own crisis management and communication system, incorporating the various kinds of crises (including industrial, human, media, financial and image) that could affect the Group. In 2010, the Groupe adopted a crisis management and communication policy which set out the general operating principles and the roles of the various players. Periodic exercises and feedback analysis have allowed the plan to be continuously improved and the Activity Continuity Plan for the entity in question to be updated.

5.6 INSURANCE

The GDF SUEZ Insurance Department, whose management directs the internal network of experts, is composed of business line teams and a central team whose members exercise a dual responsibility. First, in the insurance fields of corporate asset protection (property damage and loss of profits), employee benefits, third party liability (civil liability), automobile insurance and accident prevention, they are responsible for developing, implementing and managing cross-departmental programs. Second, as business line insurance managers, they are also responsible for managing the programs and cover specific to their business line.

For each one of these fields:

- severity risks are transferred to the insurance market as often as possible;
- the rationalization of the financing of low or moderate-level hazard risks is based largely on self-insurance plans, either directly

through deductibles and retentions, or indirectly through the use of consolidated captive reinsurance tools. Those commitments range from €500,000 to €25 million per claim, which on a cumulative basis represents a maximum loss of approximately 0.4% of the Group's 2010 revenues.

The annual premium volumes (all taxes included) for fiscal year 2010 for the primary risk transfer programs implemented by the Group in the areas of (A) corporate asset protection (property damage and operating losses) and (B) third-party claims (liability) were, respectively, approximately 0.19% and approximately 0.09% of the Group's 2010 revenues.

However, the Group could, in certain cases, be required to pay out sizeable compensation that the current insurance program does not cover or could incur very high costs that its insurance policies do not reimburse or reimburse inadequately. Although the Group has excellent insurance coverage, specifically with regard to civil liability and environmental risks, it could be liable beyond the maximum insured amount or for events not covered (specifically due to the common insurance exclusions).

5.6.1 MAIN INSURANCE PROGRAMS

5.6.1.1 Civil liability

A D&O (Directors & Officers) liability program covering the representatives of GDF SUEZ, its subsidiaries and Group representatives within its equity holdings.

A general civil liability program (including for environmental damage) has been taken out for all the Group's business lines in a total amount of €800 million, all damages combined. This program operates either at the first Euro or in excess of the underlying coverage taken out by certain business lines, such as SUEZ Environnement or Energy Europe & International business line (usually with cover of $50 million).

5.6.1.2 Nuclear civil liability

As an operator of nuclear power plants in Doel and Tihange (Belgium), Electrabel's nuclear operator's liability is governed by the Paris and Brussels Conventions. They established a unique system that departs from common law to ensure that victims receive compensation and to encourage solidarity among European countries.

This liability falls exclusively on the operator of the facility where the nuclear accident occurs. In exchange for this strictly objective liability, the amount of compensation is capped per accident and establishes a 10-year statute of limitations. The signatory states to the conventions created a mechanism that provides additional compensation, beyond this maximum amount.

The Belgian national law of ratification requires the operator to provide a financial guarantee or take out a civil liability insurance policy. Electrabel's insurance program satisfies this requirement.

5.6.1.3 Property damage

The Group's business lines have property insurance covering the facilities that they own, lease or manage on behalf of third parties. However, pipeline transmission and distribution networks are generally excluded from this coverage.

The main programs provide cover based either on new replacement value or on contractual limits per loss event. In the latter case, the limits are set on the basis of major scenarios in accordance with insurance market rules and may reach US $2.7 billion.

Insurance covering business interruption and additional operating costs is taken out based on each risk analysis and in consideration of existing assistance plans.

Construction projects are covered by "Erection All Risks" programs taken out by the client, project manager or prime contractor.

Exploration-production activity, which is carried out primarily off-shore, is covered by a specific insurance program tailored to this sector's risks and in accordance with its practices.

5.6.1.4 Marine Liability

An insurance contract covers LNG transportation by gas tanker, limited to €40 million per shipment.

Marine insurance contracts cover liability as ship owner (limited to $5 billion, except for war risk limited to $500 million and pollution risk limited to $1 billion) or as charterer (limited to $750 million). Damage to ships is covered up to their agreed value.

5.6.1.5 Employee protection programs

The operational entities develop programs covering employees against the risk of accidents and medical expenses, in accordance with legislation in effect and pursuant to company agreements.

6

MANAGEMENT REPORT

6.1 MANAGEMENT REPORT

The Group delivered an excellent performance in 2010, spurred by its international electricity business and by very favorable weather conditions. The economic environment remained tough and energy prices proved very volatile.

EBITDA surged 7.7% to over €15 billion, reflecting the Group's bumper results buoyed by a particularly cold year (28.5 TWh), the growth in international business and the impact of implementing the new public service contract in France in the first half of the year, as well as by the positive results obtained from the Efficio cost-cutting program rolled out by the Group.

Current operating income advanced 5.4%, underperforming EBITDA growth due to the increase in net depreciation, amortization and provision expense as a result of business combinations and the commissioning of new facilities in the period.

Net income Group share rose 3.1% year-on-year to €4,616 million. The sharp earnings improvement fueled by business combinations and other non-recurring items, was offset by an increase in asset impairment losses and financial expenses on net debt.

Cash generated from operations before tax came in at €14,738 million, up 13.2% on the previous year.

Net debt remains under €34 billion, at €33,835 million, despite the Group's ongoing growth push, with total investments of €11.9 billion in 2010 (gross maintenance, development and acquisitions).

6.1.1 REVENUE AND EARNINGS TRENDS

In millions of euros	2010	2009	% change (reported basis)
Revenues	**84,478**	**79,908**	*5.7%*
EBITDA	**15,086**	**14,012**	*7.7%*
Depreciation, amortization and provisions	(5,899)	(5,183)	
Net disbursements under concession contracts	(265)	(263)	
Share-based payment	(126)	(218)	
CURRENT OPERATING INCOME	**8,795**	**8,347**	**5.4%**

Revenues for the Group came in at €84.5 billion in 2010, up 5.7% on 2009. On an organic basis (excluding changes in exchange rates and the scope of consolidation), revenues rose 3.3% year-on-year.

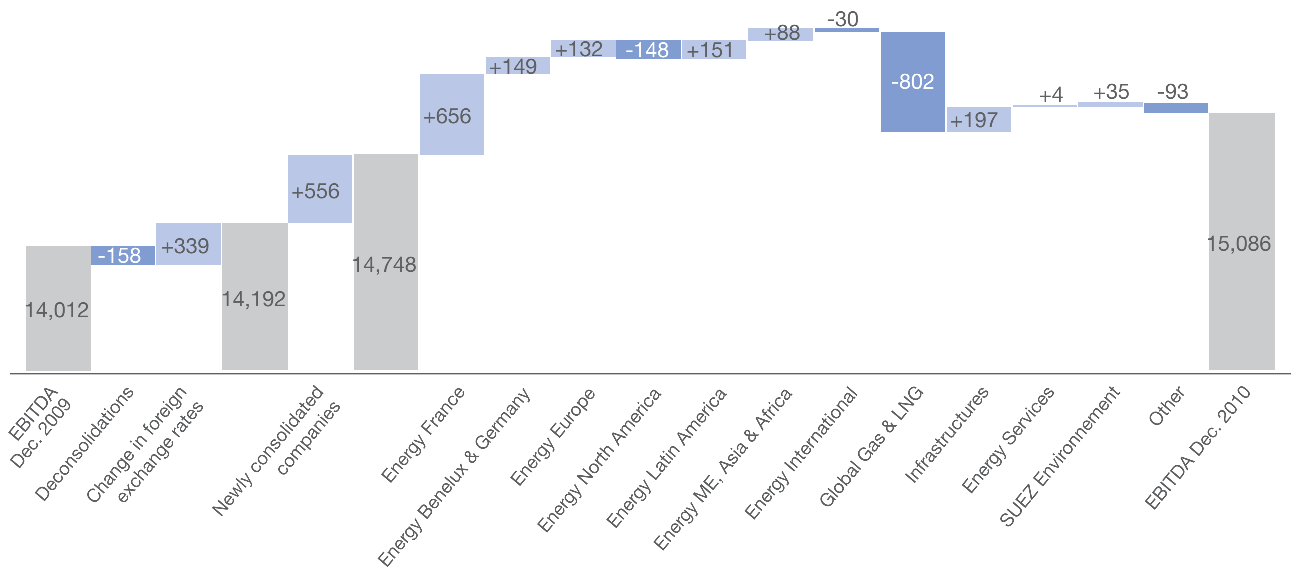
Changes in Group structure had a positive €772 million impact.

- Additions to the scope of consolidation in the year added €1,722 million to revenue, mainly in Energy Europe & International (controlling interests acquired in the Astoria 1 power plant in North America and in electricity and gas businesses in Chile) and SUEZ Environnement (controlling interests acquired in Agbar and water management companies in France).
- Departures from the scope of consolidation had a negative impact of €950 million and essentially concerned Energy Services (Restiani) and SUEZ Environnement (disposal of cross-holdings in water management companies in France and of Adeslas, Agbar's health business).

Exchange rate fluctuations had a positive €1,136 million impact, mainly related to the appreciation in the US dollar, Brazilian real and pound sterling.

While Global Gas & LNG and Energy Services business lines reported a drop in sales, due to a reduction in short-term gas sales and sales to European Key Accounts, and a fall-off in installations activities outside France, respectively, the Group's other business lines reported revenue growth, powered by the commissioning of new facilities and more favorable weather conditions.

EBITDA surged 7.7% to €15,086 million. Stripping out the impact of changes in exchange rates and the scope of consolidation, EBITDA was up 2.4%.



Changes in Group structure had a net positive impact of €398 million on EBITDA.

- Additions to the scope of consolidation added €556 million to EBITDA and chiefly concerned the transactions described above in Energy Europe & International and SUEZ Environnement.
- Departures from the scope of consolidation had a negative €158 million impact on EBITDA and related mainly to the impacts of the sale of assets to E.ON (Energy Europe & International) and the sale of Adeslas (SUEZ Environnement).

Exchange rate impacts totaling €339 million stem from the same factors as those described above for revenues.

EBITDA climbed 2.4% (€338 million) on an organic basis:

- the Energy France business line (up 179%) was buoyed by improved electricity output, favorable weather conditions, and the implementation of the new public service contract in the first half of the year;
- growth in the GDF SUEZ Energy Benelux & Germany business area was driven by an improvement in the availability of production assets compared with 2009 (despite a number of unplanned stoppages at the Doel 4 and Tihange 3 plants), the commissioning of the Flevo plant in the Netherlands and the Knippegroen/Sidmar facility in Belgium, and non-recurring items. Growth was nevertheless tempered by the sharp fall in spreads in the Netherlands and Belgium;
- growth reported by the GDF SUEZ Energy Europe business area came on the back of non-recurring indemnities collected in Spain, various assets commissioned in Italy, and the impact in the first half of 2010 of a more favorable pricing structure introduced in Hungary. However, difficulties in the gas sales businesses in Slovakia and Romania held back growth gains;
- the GDF SUEZ Energy North America business area saw a decline in EBITDA for its LNG activities, due to the fall in commodity prices in 2010 and the positive impact of items in 2009 that did not recur in 2010. The retail energy sales business benefited from a rise in volumes sold as well as wider margins. The electricity production business remained stable;
- the GDF SUEZ Latin America business area grew sharply on the back of wider margins on bilateral sales, improved hydro conditions in Brazil and the commissioning of the LNG terminal in Chile;
- the GDF SUEZ Middle East, Asia & Africa business area reported robust growth buoyed by an increase in returns on project developments in the Middle East, persistently high sales prices in Thailand despite a fall in the price of fuel and advances in the Singapore business;
- Global Gas & LNG posted a fall in EBITDA due to a difficult gas market and unfavorable basis for comparison, with first-half 2009 boosted by non-recurring items. EBITDA for the Exploration & Production business remained stable, with favorable price trends offsetting a slight dip in production;
- the Infrastructures business line delivered EBITDA growth on the back of favorable weather conditions, positive price effects, and the gradual commissioning of Fos Cavaou;
- EBITDA remained stable for the Energy Services business line, testifying to the resilience of its balanced business model in an economic environment which remained tough for its activities;
- SUEZ Environnement benefited from favorable price/volume effects in its International businesses and from the sharp rise in the price of recovered secondary raw materials, which offset the decline in landfill volumes reported by Waste Europe. However, EBITDA was hit by a decline in Water Europe activities due to the termination of the Paris contract, lower year-on-year volumes and new business launch costs.

Current operating income moved up 5.4% to €8,795 million. Stripping out the impact of changes in exchange rates and the scope of consolidation, current operating income edged up 0.6%. Growth in current operating income underperformed EBITDA growth, due to the increase in net depreciation, amortization and provision expense as a result of companies entering the scope of consolidation and the commissioning of new facilities during the period.

6.1.2 BUSINESS TRENDS

6.1.2.1 Energy France

In millions of euros	2010	2009	% change (reported basis)
Revenues	**14,982**	**13,954**	7.4%
EBITDA (A)	**1,023**	**366**	179.3%
Depreciation, amortization and provisions (B)	(374)	(75)	
Share-based payment (C)	(3)	(4)	
CURRENT OPERATING INCOME = A + B + C	**646**	**288**	**124.2%**

● VOLUMES SOLD

In TWh	2010	2009	% change
Gas sales (1)	292.4	274.1	+6.7%
Electricity sales	36.5	34.1	+7.0%

(1) Contributive volumes.

● CLIMATE CORRECTION - FRANCE

In TWh	2010	2009	Change
Climate correction volume *(negative sign = warm climate, positive sign = cold climate)*	+25.8	-4.3	+30.1 TWh

In the year to December 31, 2010, the Energy France business line contributed **revenues** of €14,982 million, up 7.4% on 2009.

The €1,028 million increase in revenues reflects a positive €19 million impact resulting from changes in Group structure (consolidation of companies acquired in the Housing Services segment[(1)]) and organic growth of €1,009 million (up 7.2%).

Revenue based on average weather conditions for the period was virtually flat (-0.2%), with the decline in gas sales based on average temperatures offset by the growth in sales of electricity. Year-on-year trends also reflect price movements in the period, with the reduction in gas prices introduced in April 2009 (impacting first-quarter 2010 sales) offset by the rises in public distribution tariffs between April 1st and July 1, 2010.

Sales of natural gas totaled 292 TWh, up 6.7% (18.3 TWh) on 2009, due mainly to particularly harsh weather conditions in 2010. Based on average weather conditions, natural gas sales retreated 11.7 TWh on the back of market trends (decline in unit consumption) and fierce competition. Nevertheless, GDF SUEZ continues to hold around 90% of the retail market and around 73% of the business market.

(1) Poweo, Ciepiela & Bertranuc, Panosol, Agenda service subsidiaries.

Electricity sales climbed 7% year-on-year to 36.5 TWh, due mainly to growth in the retail portfolio, which had 939,000 customers at the end of 2010, a rise of 214,000 over the year. There were a total of 1.14 million retail and business sites in France at the end of 2010.

2010 electricity production (32.7 TWh) rose 11.2%, thanks to better hydro conditions than in 2009, the expansion of combined cycle gas turbines (commissioning of the 435MW Combigolfe facility in Fos in summer 2010, delivery of the 435MW Montoir-de-Bretagne facility in November 2010) and the start-up of 324MW in wind farms, bringing installed capacity up to 922MW at the end of the year.

EBITDA came in at €1,023 million compared to €366 million in 2009. The €657 million increase is chiefly attributable to growth in volumes of gas sales (weather conditions), the development of the electricity business (production and sales), and the implementation of the new public service contract.

Current operating income moved up €358 million. This increase underperforms EBITDA growth, due mainly to depreciation and amortization charged against the fair value of assets and liabilities recognized as part of the business combination.

Price trends

Public distribution tariffs

The table below shows the average change in public distribution tariffs adopted since 2008:

Year	Average level of tariff change
2008	
January 1	€1.73 per MWh
April 30	€2.64 per MWh
August 15	€2.37 per MWh
October 1	-€ per MWh
2009	
January 1	-€ per MWh
April 1	-€5.28[1] per MWh
2010	
April 1	€4.03 per MWh
July 1	€2.28 per MWh
October 1	-€ per MWh

(1) As of April 1, 2009, the B1 price decreased by €4.63/MWh.

Subscription tariffs

Subscription tariffs are revised quarterly to account for any changes in the euro/dollar exchange rate, changes in costs and the price of a representative basket of oil products.

Year	Average level of tariff change
2009	
January 1	-€8.52 per MWh
April 1	-€9.69 per MWh
July 1	€1.38 per MWh
October 1	€3.88 per MWh
2010	
January 1	€0.48 per MWh
April 1	€1.41 per MWh
July 1	€3.14 per MWh
October 1	-€ per MWh

6.1.2.2 Energy Europe & International

6.1.2.2.1 Key figures

	2010						2009						
In millions of euros	Benelux & Germany	Europe	North America	Latin America	ME, Asia & Africa	Total*	Benelux & Germany	Europe	North America	Latin America	ME, Asia & Africa	Total*	% change (reported basis)
Revenues	14,258	8,084	4,215	3,208	2,007	**31,771**	13,204	7,746	3,877	2,012	1,510	**28,350**	12.1%
EBITDA (A)	2,272	1,163	617	1,475	406	**5,831**	2,123	1,011	657	1,026	286	**5,027**	16.0%
Depreciation, amortization and provisions (B)	(610)	(515)	(319)	(349)	(88)	(1,884)	(536)	(429)	(228)	(191)	(88)	(1,471)	
Net disbursements under concession contracts/share-based payment (C)	(6)	(2)				(10)	(12)	(2)				(22)	
CURRENT OPERATING INCOME = A + B + C	**1,657**	**646**	**298**	**1,126**	**317**	**3,937**	**1,574**	**581**	**429**	**835**	**197**	**3,534**	**11.4%**

**A portion of these costs has not been allocated.*

6.1.2.2.2 GDF SUEZ Energy Benelux & Germany

Revenues for the GDF SUEZ Energy Benelux & Germany business area came in at €14,258 million for 2010, up 8.0% on 2009. Taking into account the impact of changes in the scope of consolidation (sale to SPE of a proportion of nuclear capacity under the Pax Electrica II agreement in Belgium, and the proportionate consolidation of Stadtwerke Gera in Germany), organic growth came in at 7.7%.

Electricity sales

Electricity volumes sold climbed 10.7% to 131 TWh, while revenues rose €707 million.

In **Belgium and Luxembourg**, total volumes sold edged up 1.2 TWh, or 1.7%, representing a positive €79 million (1.2%) impact on revenues:

- Belgian Key Account sales were on an uptrend after the economic slowdown observed in 2009 (up 2.5 TWh);
- sales to other business customers fell 2.2 TWh, due mainly to the decline in volumes sold to public authorities (down 0.5 TWh) and resellers (down 1.1 TWh);
- this decline was partially offset by the 0.6 TWh increase in sales to small and medium-sized businesses;
- sales to Enovos in Luxembourg contracted sharply in the resellers segment (down 1 TWh), but remained stable for major industrial customers.

Electricity sales in the **Netherlands** rose €142 million, or 1.7 TWh:

- this increase was due solely to the wholesale market, which gained €314 million, or 3.5 TWh;
- revenues generated with business customers fell €168 million, squeezed by a drop in sales prices and a 1.8 TWh decline in volumes.

Electricity sales in **Germany** rose €399 million, or 8 TWh:

- this increase was partly attributable to the proportionate consolidation of Stadtwerke Gera (positive impact of €30 million);
- the organic growth in revenues was driven by the 8.6 TWh rise in sales on the wholesale market and by the power capacity swap with E.ON;
- revenues generated with major industrial customers dropped €79 million following the loss of several big clients;
- the €68 million fall in sales in the resellers segment is a result of a more selective sales policy.

Sales **outside the Benelux & Germany region** advanced €121 million, or 15.1%, on the back of a 13.7% (1.8 TWh) rise in volumes. Sales outside Benelux and Germany generated €919 million in revenues, mostly from sales on the wholesale market in France, the United Kingdom, Poland and Hungary.

Gas sales

Revenues from **gas sales** surged 15.5% on the back of a strong 19% (14.4 TWh) upturn in volumes. Asymmetrical trends in prices and volumes reflect the steep decline in prices across virtually all sectors, offset by an increase in volumes sold of around 10.2 TWh in Belgium and 3.4 TWh for all business customers in the Netherlands and Germany.

EBITDA for the GDF SUEZ Energy Benelux & Germany business area came in at €2,272 million for 2010, up 7.1% on 2009. Organic growth was 7.3%:

- year-on-year changes in the scope of consolidation reflect the sale to SPE of 250MW in nuclear capacity, the power capacity swap with E.ON, and the proportionate consolidation of Stadtwerke Gera;
- EBITDA growth reflects both non-recurring items in Belgium and Luxembourg, the fall in operating costs, and a rise in gas sales spurred by cold winter weather;
- the net positive impact of new facilities commissioned totaled €101 million, relating mainly to the new Flevo unit in the Netherlands and the Knippegroen (Sidmar) plant in Belgium;
- these impacts were partially offset by a fall in margins compared to 2009.

Current operating income for the GDF SUEZ Energy Benelux & Germany business area advanced €129 million, or 8.6%, to €1,657 million in 2010. This increase reflects lower impairment charges on doubtful receivables as well as EBITDA growth, and is partially offset by higher year-on-year depreciation charges as a result of (i) assets commissioned in 2009 and 2010, and (ii) the adjustment to the dismantling asset further to the report on nuclear provisions introduced by the Nuclear Provisions Committee.

6.1.2.2.3 GDF SUEZ Energy Europe

The GDF SUEZ Energy Europe business area contributed **revenues** of €8,084 million in 2010, up 4.4% on a reported basis compared with one year ago.

Changes in exchange rates had a positive €66 million impact on revenues in Central and Eastern Europe, and a positive impact of €54 million in the United Kingdom. Changes in the scope of consolidation were not material during the period.

Revenues grew 2.7% year-on-year on an organic basis, reflecting changes in:

- Western Europe (up €56 million), where the sales strategy launched in 2009 in the UK led to a 3.8 TWh reduction in gas volumes sold and a stronger focus on high value-added markets. Electricity volumes sold rose 2.2 TWh. In Spain and Portugal, sales of electricity on ancillary markets capitalized on higher prices but were affected by a 20% slump in volumes;
- Italy (up €221 million), which saw a sharp rise in volumes sold for both electricity (up 1.2 TWh) and gas (up 2.5 TWh), amidst efforts by the regulator to hold back tariff increases;
- Central and Eastern Europe (down €77 million), where revenue growth in Slovakia and Romania driven by the 5.4 TWh rise in volumes sold and 2 TWh rise in volumes distributed was more than offset by a fall-off in volumes sold in Hungary (down 0.7 TWh) and Turkey (down 2.3 TWh), as well as by lower sales prices in Poland.

EBITDA for GDF SUEZ Energy Europe came in at €1,163 million for 2010, representing organic growth of €151 million, or 15%. Organic EBITDA growth for the business area was €132 million, or 12.8%, and is analyzed below:

- Western Europe reported organic EBITDA growth of €72 million. The growth momentum was led by Spain and Portugal, which turned in a good performance driven by better prices captured on secondary markets, improved sales conditions on wind farms, and the collection of one-off indemnities relating to the construction of a facility commissioned in 2006. Organic EBITDA growth for the United Kingdom came in at 17.4%, powered by a good performance from sales businesses;
- Italy delivered organic EBITDA growth of €78 million, boosted by the commissioning of new facilities (Windco), higher availability rates at several plants, and a good performance from all of its other activities, led chiefly by the development of sales businesses;
- Central and Eastern Europe reported negative organic EBITDA growth of €29 million, owing mainly to adverse price effects in the gas sales businesses in Slovakia and Romania. Hungary reported an improvement thanks to the performance of its electricity services and the introduction of a pricing formula which had a positive impact on the first few quarters of 2010.

Current operating income for GDF SUEZ Energy Europe came in at €646 million, up 8.6%, or €50 million, on an organic basis. Growth in current operating income underperformed EBITDA growth, due mainly to higher depreciation and amortization charges in the United Kingdom and Italy – chiefly on account of the commissioning of new facilities.

6.1.2.2.4 GDF SUEZ Energy North America

Revenues for the GDF SUEZ Energy North America business area came in at €4,215 million for 2010, up €338 million year-on-year based on reported figures, and down €63 million, or 1.5%, on an organic basis.

Changes in exchange rates had a positive €212 million impact resulting from the rise in the US dollar and Mexican peso, while changes in the scope of consolidation added €189 million to revenues due to the controlling interest acquired in the Astoria 1 power plant.

Electricity sales climbed 8.9 TWh to 59.6 TWh. The rise stems mainly from the first-time consolidation of Astoria 1 and from the good retail performance reported by GDF SUEZ Energy Resources North America, which supplies electricity to business and industrial customers. Volumes for this business surged 17% to 30.7 TWh, while organic revenue growth came in at €153 million.

Natural **gas** sales slipped 6 TWh to 63.4 TWh. Besides the volume impact, revenues were also hit by a fall in prices after hedging in the LNG business in the US.

EBITDA for GDF SUEZ Energy North America totaled €617 million in 2010, down €40 million on a reported basis. Excluding the positive impacts from changes in exchange rates (€37 million) and the scope of consolidation (€71 million), the business area contracted 21%, or €148 million, on an organic basis:

- the negative EBITDA growth is chiefly attributable to the LNG business (down €114 million), which had been boosted by non-recurring items in 2009 (end of favorable hedging contracts and Gas Natural settlement). The steep decline was partially offset by lower operating costs at the Everett terminal;
- electricity production fell €12 million, due mainly to unplanned maintenance operations over seven months at the Northfield Mountain hydraulic plant. This was partially offset by the commissioning of the West Cape Wind Farm and Caribou Wind Park as well as the Waterbury plant in 2009. However, electricity production from renewable sources suffered under heavy storms at the beginning of 2010, which led to stoppages at several wind power facilities;
- the business area's retail energy sales were boosted by greater volumes sold and higher margins.

Current operating income for the GDF SUEZ Energy North America business area came in at €298 million, down 43%, or €196 million, on an organic basis. The business area's operating performance reflects the same contributory factors as for EBITDA.

6.1.2.2.5 GDF SUEZ Energy Latin America

Revenues for the GDF SUEZ Energy Latin America business area came in at €3,208 million in 2010, a year-on-year rise of 59% based on reported figures and of 21.8%, or €494 million, on an organic basis.

Revenues include the impacts of changes in the scope of consolidation (€434 million), resulting mainly from the controlling interests acquired in Chilean electricity businesses Electroandina and Edelnor at the end of January 2010. Changes in exchange rates also had a positive €267 million impact, stemming from the appreciation of the Brazilian real and US dollar.

Sales of **electricity** climbed 8.2 TWh to 48.5 TWh in 2010, spurred by the controlling interests acquired in Chilean businesses. **Gas** sales rose 4.5 TWh, due mainly to the commissioning of the Mejillones LNG terminal in Chile.

Organic revenue growth is attributable to an increase in volumes sold in Brazil following the commissioning of the San Salvador hydraulic plant in August 2009, gains on spot transactions, and the commissioning of the Mejillones LNG terminal in Chile.

EBITDA for the business area rose €452 million to €1,475 million, representing an increase of €151 million (12.9%) on an organic basis:

- in Brazil, EBITDA growth was driven by higher margins on bilateral sales, favorable hydro conditions and an increase in thermal production leading to a rise in spot sales;
- EBITDA growth in Chile was chiefly attributable to the commissioning of the Mejillones LNG terminal;
- the decline reported in Panama was due to technical problems and a delay in converting Bahia Las Minas to a coal-fired plant.

Current operating income for the GDF SUEZ Energy Latin America business area totaled €1,126 million for 2010, representing a year-on-year increase of 35% based on reported figures and of €43 million, or 4.5%, on an organic basis. Growth in current operating income underperformed growth in EBITDA, due to higher depreciation charges linked to the start-up of the San Salvador hydraulic plant in Brazil, the commissioning of the Mejillones LNG terminal, and the fair value recognition of Chilean electricity assets following acquisitions of controlling interests in January 2010.

6.1.2.2.6 GDF SUEZ Energy Middle East, Asia & Africa

Revenues for the GDF SUEZ Energy Middle East, Asia & Africa business area surged 33% on a reported basis, to €2,007 million. Organic growth was €324 million, or 19.6%, buoyed by the appreciation in the Singapore dollar, Thai baht and US dollar (positive impact of €142 million), and by additions to the scope of consolidation following the proportionate consolidation of Thai gas distributors PTT NGD and Amata NGD (positive impact of €30 million).

The growth performance was powered chiefly by Senoko (up €106 million) following the upturn in demand in Singapore, and by Thailand (up €39 million) and Turkey (up €61 million) thanks to shorter maintenance periods in 2010 compared to 2009. Revenues for Operations and Maintenance activities in the Middle East rose €54 million due to the commissioning of several facilities (Marafiq, Al Dur).

Electricity sales for the business area were up 1.6 TWh, or 6.5%, to 26.4 TWh. After the consolidation of PTT NGD and Amata NGD, gas sales came in at 1.1 TWh.

EBITDA for the business area totaled €406 million in 2010, up €120 million on a reported basis. Excluding positive impacts from changes in exchange rates (€24 million) and the scope of consolidation following the proportionate consolidation of PTT NGD and Amata NGD (€8 million), growth came in at 28%, or €88 million, on an organic basis. This strong performance was boosted by development fees collected in the Middle East, as well as contractual revenues under medium and long-term agreements amid growing energy demand in the region:

- in Thailand, EBITDA increased as a result of stable prices coupled with lower fuel costs (coal and gas). The first-half 2009 comparative period had been significantly impacted by costs and maintenance stoppages at some plants;

- in Singapore, Senoko benefited from stronger electricity demand that enabled it to improve sales and margins;
- EBITDA improved in the Middle East, spurred mainly by a rise in development fees for the Riyadh PP 11, Barka 3 and Sohar 2 projects.

Current operating income for GDF SUEZ Energy Middle East, Asia & Africa came in at €317 million, up 46%, or €98 million, on an organic basis, in line with EBITDA trends.

6.1.2.3 Global Gas & LNG

In millions of euros	2010	2009	% change (reported basis)
Business line revenues	20,793	20,470	1.6%
Revenue contribution to Group	9,173	10,657	-13.9%
EBITDA (A)	2,080	2,864	-27.4%
Depreciation, amortization and provisions (B)	(1,116)	(1,412)	
Share-based payment (C)	(4)	(2)	
CURRENT OPERATING INCOME = A + B + C	961	1,450	-33.8%

Total **revenues** for the Global Gas & LNG business line, including intragroup services, edged up 1.6% year-on-year on a reported basis, to €20,793 million.

The revenue contribution from Global Gas & LNG totaled €9,173 million, down €1,484 million or 13.9% based on reported figures, compared to 2009. On an organic basis, revenues declined 14.3%, or €1,528 million.

Overall, the 2010 revenue contribution was dented by the fall in short-term gas sales and sales to European Key Accounts, partially offset by higher Exploration & Production revenues and LNG sales.

The fall in the business line's revenue contribution reflects mainly:

- a decline in short-term sales[(1)], with a 29 TWh drop in volumes amid mixed NBP pricing trends (fall of 11% in first-half 2010 compared to the first six months of 2009, but an overall 22% rise year-on-year); and a 12 TWh rise in external LNG sales, to 34 TWh in 2010 (39 cargoes) versus 22 TWh in 2009 (26 cargoes);
- a contraction of 21 TWh in natural gas sales in the European Key Accounts portfolio (164 TWh in 2010 versus 185 TWh in 2009), mainly attributable to lower portfolio volumes and the fall in average sales prices over the period in a highly competitive environment, despite the impact of the related price hedges;
- a €120 million (8.1%) rise in Exploration & Production revenues to €1,593 million, reflecting:
  - a stable hydrocarbon production contribution, which came in at 34.6 MMboe (the Gjøa field only began operating at the end of 2010),
  - a 12% year-on-year rise in average sales prices after hedging in €/boe, against a backdrop of rising average oil prices (up 37% in 2010 versus 2009).

Over 2010 as a whole, **EBITDA** came in at €2,080 million for the business line, versus €2,864 million in 2009. The €784 million (27%) decline based on reported figures resulted from:

- a slight rise in the EBITDA contribution from Exploration & Production activities (€1,439 million in 2010 versus €1,363 million in 2009), with favorable trends in oil prices offsetting the overall decline in production;
- the adverse impacts of the economic crisis, which hit volumes as well as prices in terms of the gas-oil spread, sales to wholesale markets and Key Accounts, LNG sales and trading and optimization activities;
- a tough basis for comparison, especially first-half 2009, which had been boosted by exceptional market opportunities and arbitrage gains for just over €400 million.

(1) Including sales to other operators.

Current operating income for 2010 came in at €961 million, down €489 million or 34% based on reported figures, due mainly to the €784 million fall in EBITDA for the business line.

This was offset by lower depreciation, amortization, provision and impairment expense (down €297 million) resulting from certain declining-balance depreciation/amortization methods.

6.1.2.4 Infrastructures

In millions of euros	2010	2009	% change (reported basis)
Business line revenues	5,891	5,613	5.0%
Revenue contribution to Group	1,203	1,043	15.3%
EBITDA (A)	3,223	3,026	6.5%
Depreciation, amortization and provisions (B)	(1,148)	(1,078)	
Share-based payment (C)	(3)	(1)	
CURRENT OPERATING INCOME = A + B + C	2,071	1,947	6.4%

Total **revenues** for the Infrastructures business line, including intragroup services, came in at €5,891 million, a rise of 5.0% on 2009.

The contribution of the business line to Group revenues was €1,203 million, 15.3% higher than the previous year.

The increase in the contributions reflects:

- the growth in the volumes transported by GrDF on behalf of third parties, which swelled 14.2 TWh year-on-year to 51.9 TWh;
- the growth of transportation, storage and terminalling services on behalf of third parties due to the growing market deregulation;
- the start-up of commercial operations at Fos Cavaou.

Revenue growth for the business as a whole was fueled by:

- an expansion in the volumes transported by GrDF (up 35.0 TWh) due to harsher weather conditions than in 2009;
- the start-up of commercial operations at Fos Cavaou, operating at 20% of capacity as of April 1, 2010 and 100% as of November 1, 2010;
- the 3.9% increase in the rate for accessing French transport infrastructure from April 1, 2010, offset by the introduction of regulated rates in Germany effective from October 1, 2009;
- the 1.5% and 0.8% rises in the rate for accessing distribution infrastructure from July 1, 2009 and July 1, 2010, respectively.
- the implementation of a new rate for accessing LNG terminals on January 1, 2010.

EBITDA for the Infrastructures business line totaled €3,223 million in 2010, up 6.5% year-on-year thanks to favorable weather conditions and positive price impacts (rates for accessing distribution networks and LNG terminals as well as lower energy costs).

Current operating income for the business line came in at €2,071 million for the period, up 6.4% year-on-year on an organic basis and broadly in line with EBITDA trends.

6.1.2.5 Energy Services

In millions of euros	2010	2009	% change (reported basis)
Revenues	13,486	13,621	-1.0%
EBITDA (A)	923	921	0.1%
Depreciation, amortization and provisions (B)	(302)	(268)	
Net disbursements under concession contracts/share-based payment (C)	(23)	(56)	
CURRENT OPERATING INCOME = A + B + C	598	598	0.1%

Revenues for Energy Services came in at €13,486 million for 2010 and were stable year-on-year on an organic basis.

In France, revenues for service activities (Cofely France) inched up 0.8%, or €27 million, on an organic basis, with favorable weather conditions, the impacts of commercial development and the improvement in energy prices offsetting the decline in volumes of work under service agreements. Installation activities reported organic growth of 4.5%, or €162 million, buoyed by 5.7% growth at Inéo and advances in Environmental and Refrigeration Engineering (up 2.1%) and Endel (up 4.2%).

Belgium and the Netherlands reported decreases of €51 million (3.2%) and €146 million (12.6%) respectively. In Belgium, this trend was due to the impact of the economic downturn on installation activities and a fall-off in business in the energy sector. In the Netherlands, government infrastructure projects failed to offset the contraction in demand from private customers across all regions.

Tractebel Engineering pressed ahead with its development push in all businesses. Despite the lack of infrastructure projects, organic revenue growth came in at 4.5%, or €21 million.

Excluding France and Benelux, the business line delivered 1.2% (€16 million) organic growth in Northern Europe, with advances in Germany and Eastern European countries offsetting a decline in the UK and Switzerland. Revenues dropped €56 million (3.9%) in Southern Europe mainly due to continuing depressed market conditions in Spain. The International Overseas business unit reported organic revenue growth of €21 million (4.6%), spurred by a favorable volume impact, good rainfall levels and a step-up in production at the Prony Energies plant.

EBITDA for Energy Services came in at €923 million, up 0.5% on an organic basis. This testifies to the business line's resilience amid a persistently tough economic environment for its activities, with gains at Cofely France, France Installations Services, Tractebel Engineering and International Overseas offsetting difficulties encountered in the Netherlands.

In France, service activities were boosted by favorable weather conditions at the beginning and end of the year. Revenues for installation activities continued to improve, although the mood remains hesitant in industry and construction. The low number of new projects took its toll on both Environmental and Refrigeration Engineering business volumes and margins.

Business diversification in Belgium helped deliver a satisfactory performance despite a decline in Oil & Gas activities due to customers postponing investments.

In the Netherlands, efforts to optimize overheads partly offset the impact of lower margins and the slowdown in business. Measures are continuing to be rolled out to address the situation.

Tractebel Engineering continued to grow and turned in a solid performance.

Despite the integration of Utilicom as of April 1, 2010, the International North business unit reported a decline in business, especially in Switzerland.

The International South business unit had to contend with a particularly tough economic climate in Italy and Spain. Measures taken to address this situation in 2009 failed to offset the fall in profitability due to this environment. The sale of Restiani in late 2009 was principally responsible for the decline in revenues and EBITDA in 2010.

International Overseas EBITDA edged up on an organic basis. On a reported basis, the aggregate amount includes the acquisition of two photovoltaic farms for 9.6 MWp in New Caledonia.

In line with EBITDA trends, **current operating income** for the Energy Services business line remained stable at €598 million. On an organic basis, current operating income edged up 0.4%.

6.1.2.6 SUEZ Environnement

In millions of euros	2010	2009	% change (reported basis)
Revenues	13,863	12,283	12.9%
EBITDA (A)	2,339	2,060	13.6%
Depreciation, amortization and provisions (B)	(1,027)	(851)	
Net disbursements under concession contracts/share-based payment (C)	(288)	(283)	
CURRENT OPERATING INCOME = A + B + C	1,025	926	10.7%

SUEZ Environnement reported a 12.9% year-on-year jump in **revenues**, to €13,863 in 2010. Organic revenue growth came in at 8.7%, driven mainly by the International (up 17.7%) and Waste Europe (up 8.5%) segments, which were boosted by the contribution from the Melbourne contract, positive price/volume effects in the International business, and high prices for recovered secondary raw materials in waste sorting and recycling activities. Revenues for the Water Europe segment (up 0.8%) were buoyed by upbeat trends for Agbar in volumes (China, Chile) and prices (Spain, UK). In France, the decline in water billings was mainly the result of the termination of the Paris contract on January 1, offset in revenue terms by contractual rate revisions and the development of construction work.

EBITDA came in at €2,339 million, representing organic growth of 1.7%. EBITDA was bolstered by 9.6% growth in the International segment on the back of favorable price/volume effects, and by 4.1% growth in the Waste Europe segment, where the sharp rise in the price of recovered secondary raw materials offset lower landfill volumes. However, EBITDA was hit by a 3.0% decline in Water Europe due to the termination of the Paris contract, lower year-on-year volumes and new business launch costs. Over the year as a whole, the Compass program unlocked a further €120 million in cost savings. Year-on-year, EBITDA climbed 13.6% on a reported basis, lifted by the favorable impacts of changes in exchange rates and the scope of consolidation stemming mainly from the full consolidation of Agbar as from June 8.

Year-on-year growth in **current operating income**, at 10.7%, was driven by the same operating fundamentals as EBITDA, and helped offset the rise in depreciation and amortization expense resulting from recent acquisitions and business expansion.

The operating performance of the business line for 2010 is presented in SUEZ Environnement's management report.

6.1.2.7 Other

In millions of euros	2010	2009	% change (reported basis)
EBITDA (A)	**(332)**	**(253)**	-31.1%
Depreciation, amortization and provisions (B)	(49)	(28)	
Share-based payment (C)	(61)	(114)	
CURRENT OPERATING INCOME = A + B + C	**(443)**	**(395)**	**-12.2%**

The €79 million decline in **EBITDA** for the “Other” business line in 2010 results chiefly from non-recurring items that had inflated 2009 figures.

The smaller €48 million fall in **current operating income** is due to the positive impact in 2010 of certain bonus share plans accounted for in accordance with IFRS 2.

6.1.3 OTHER INCOME STATEMENT ITEMS

In millions of euros	2010	2009	% change (reported basis)
Current operating income	**8,795**	**8,347**	5.4%
Mark-to-market on commodity contracts other than trading instruments	(106)	(323)	
Impairment of property, plant and equipment, intangible assets and financial assets	(1,468)	(472)	
Restructuring costs	(206)	(179)	
Changes in scope of consolidation	1,185	367	
Other non-recurring items	1,297	434	
Income from operating activities	**9,497**	**8,174**	16.2%
Net financial loss	(2,222)	(1,628)	
Income tax expense	(1,913)	(1,719)	
Share in net income of associates	264	403	
NET INCOME	**5,626**	**5,230**	**7.6%**
Non-controlling interests	1,010	753	
NET INCOME GROUP SHARE	**4,616**	**4,477**	**3.1%**

Income from operating activities climbed 16.2% year-on-year, to €9,497 million, due mainly to changes in scope of consolidation and other non-recurring items, which more than offset impairment of property, plant and equipment, intangible assets and financial assets recorded during the period.

Changes in the fair value of commodity hedging instruments had a negative €106 million impact on income from operating activities (reflecting the impact of transactions not eligible for hedge accounting), compared with a negative impact of €323 million in 2009. This results primarily from unwinding positions that had a positive market value at the end of 2009. The negative impact is offset in part by (i) the positive impact of the depreciation of the euro against the US dollar and pound sterling on currency hedges taken out in respect of foreign currency coal and gas purchase contracts, and (ii) the broadly positive price effect resulting from changes in the price of the underlying commodities.

Income from operating activities was also affected by:

- asset impairment losses on long-term gas supply contracts in the Global Gas & LNG business line (€1,468 million), due to the continuing decorrelation between gas and oil prices (€548 million), goodwill relating to a gas distribution company in Turkey (€134 million), certain assets in Spain within the Energy Europe business area (€157 million), and the Infrastructure business line's gas transportation activities in Germany (€175 million);
- restructuring costs of €206 million, linked mainly to measures taken in response to the economic conditions at SUEZ Environnement (€83 million) and Energy Services (€86 million). This item also includes the costs of regrouping sites in Brussels (€16 million);
- the "Changes in scope of consolidation" line (gains and losses on the disposal of consolidated equity interests or on measurement of previously held interests recognized with the revised IFRS 3) totaling €1,185 million (€367 million in 2009), which primarily reflects capital gains on the sale of Fluxys (€422 million) and Elia (€238 million). This item also includes the impact of the controlling interests acquired by the Group in Chilean electricity businesses (€167 million) and in Hisusa/Agbar (€167 million), as well as the unwinding of cross-holdings held by SUEZ Environnement and Veolia in water management companies in France (€201 million);
- other non-recurring items, which totaled €1,297 million in 2010 (€434 million in 2009), and include mainly a €1,141 million write-back from the provision for dismantling gas infrastructures in France (Transportation and Distribution). These provisions cover obligations to secure distribution and transportation networks at the end of their operating lives, which are estimated based on known global gas reserves. The Group revised the timing of its legal obligations in 2010 to reflect recent studies of gas reserves. Based on the publication of the International Energy Agency, which, on the basis of current production levels, estimated that proven and probable gas reserves were assured for another 250 years, the discounting of these provisions over such a long period results in a present value of virtually zero. These dismantling provisions had been recognized in 2008 in connection with the SUEZ-Gaz de France business combination, but with no matching entry in assets due to their nature. Accordingly, the provision for dismantling gas infrastructures in France was written back in quasi full through income.

Net financial loss for the year totaled €2,222 million, compared to a loss of €1,628 million in 2009, mainly reflecting:

- the rise in interest expense on net debt, chiefly attributable to the volume impact resulting from the increase in average net debt;
- adverse changes in the fair value of derivatives (not eligible for hedge accounting) related to gross debt, against a backdrop of falling interest rates.

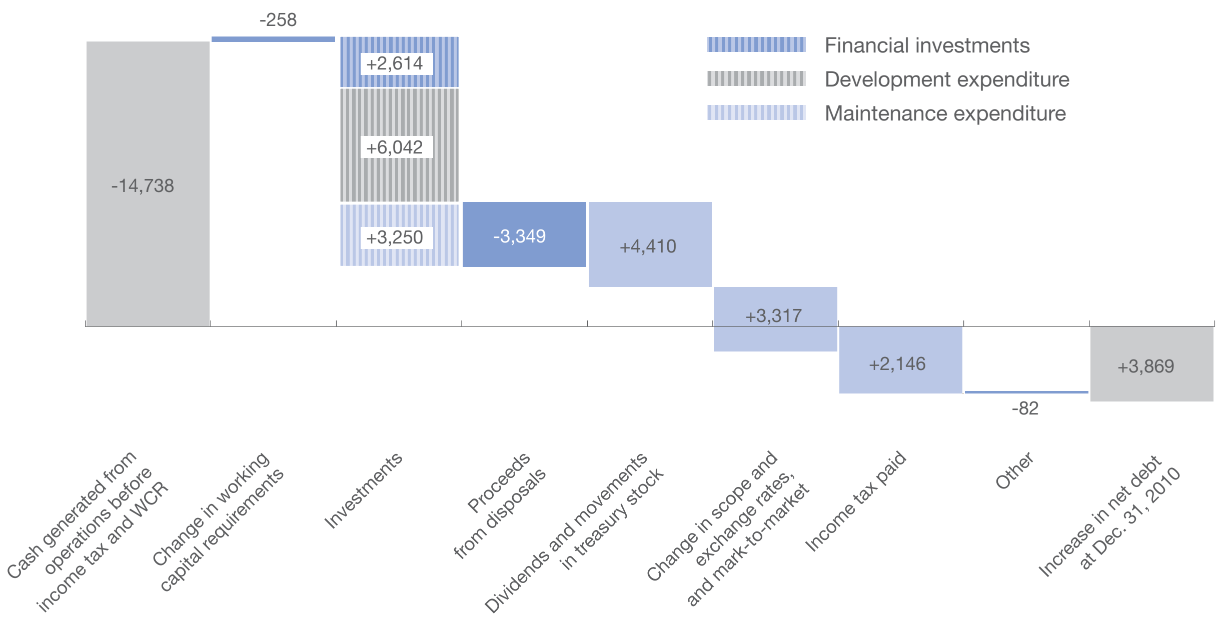
The effective **tax rate** adjusted for disposal gains came out at 33.1% in 2010 versus 29.9% in 2009. The rise in the effective tax rate is primarily due to the reorganization of engineering businesses in the Energy Services business line, which had led to the recognition in 2009 of a deferred tax asset totaling €118 million. No such deferred tax asset was recorded in 2010.

Share in net income of associates fell €139 million year-on-year, due chiefly to a decline in contributions from various entities that were sold during the year (chiefly Fluxys and Elia).

Non-controlling interests in net income totaled €1,010 million. The €257 million increase in this item reflects the rise in the contribution of SUEZ Environnement (€121 million) and the GDF SUEZ Energy Latin America business area.

6.1.4 CHANGES IN NET DEBT

Net debt stands at €33.8 billion, up €3.8 billion on end-December 2009 (€30 billion). The increase in net debt reflects the impact of changes in the scope of consolidation (increase of €1.9 billion, including €1.2 billion resulting from the full consolidation of Agbar) and exchange rate fluctuations (€1.1 billion):



6.1.4.1 Cash generated from operations before income tax

Cash generated from operations before income tax amounted to €14,738 million at December 31, 2010, up 13.2% year-on-year on a reported basis. Growth in this item outpaced EBITA growth, owing to one-off outflows in 2009 (Megal and CNR fines).

6.1.4.2 Change in working capital requirements

Working capital requirements rose €258 million, reflecting a €843 million rise in operating working capital requirements on the back of favorable weather conditions at the end of the year and its impact on trade receivables. The rise in operating working capital requirements was partially offset by a fall in working capital requirements related to margin calls (down €451 million) and derivative instruments (down €189 million).

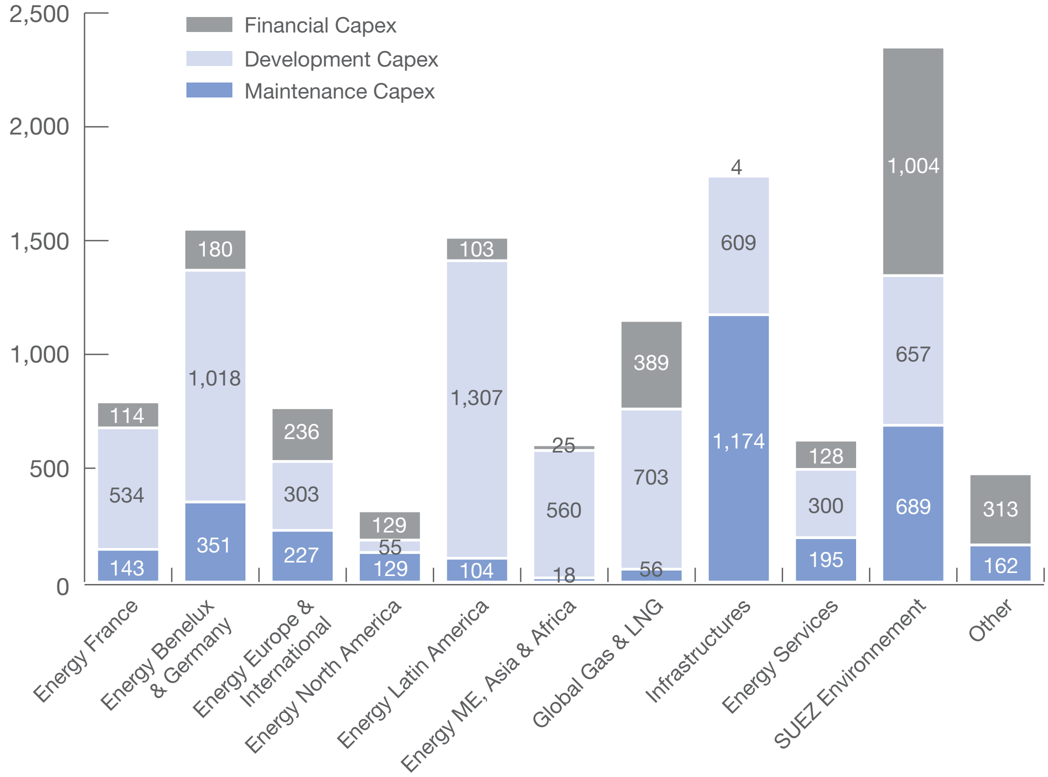
6.1.4.3 Net investments

Investments totaled €11,906 million in 2010 and included:

- financial investments for €2,614 million, including the acquisition of Agbar shares by SUEZ Environnement (€666 million), the exercise of the option on Gaselys shares (€302 million), the acquisition of shares in Nord Stream (€238 million), and the acquisition of shares in Astoria (€184 million);
- development expenditure totaling €6,042 million, concerning mainly the Jirau (€612 million), Wilhelmshaven (€432 million) and Gheco One (€389 million) projects;
- maintenance expenditure of €3,250 million.

Disposals in 2010 represented €3,349 million and essentially related to the sale of shareholdings in Fluxys and Fluxys LNG (€661 million), Adeslas (Agbar's health business for €687 million), Elia (€312 million) and VNG in Germany, along with restructuring measures linked to the controlling interests acquired by the Group in electricity businesses in Chile and the unwinding of cross-holdings held by SUEZ Environnement and Veolia in water management companies in France.

Capital expenditure breaks down as follows by business line:



6.1.4.4 Share buybacks and dividends

Total dividends paid in cash by GDF SUEZ SA to its shareholders amounted to €3,330 million. This amount includes:

- the balance of the €1.47 per share dividend net of the interim €0.8 per share dividend paid on 18 December 2009; and
- the €0.83 per share dividend for 2010 paid on November 15, 2010.

Dividends paid by various subsidiaries to non-controlling interests totaled €588 million.

The Group also bought back its own shares for an amount of €491 million during the period, and increased share capital by €497 million, chiefly through an employee share issue.

6.1.4.5 Net debt at December 31, 2010

At December 31, 2010, net debt totaled €33,835 million, versus €29,967 million one year earlier. The gearing ratio came out at 47.8%, compared with a ratio of 45.7% at end-December 2009.

Including the impact of financial instruments, 45% of net debt is denominated in euros, 26% in US dollars, and 6% in Brazilian real.

Including the impact of financial instruments, 78% of net debt is at fixed rates.

The average maturity of net debt rose to nine years, reflecting bond issues carried out during the period.

At December 31, 2010, the Group had undrawn credit facilities and commercial paper back-up lines totaling €14,588 million.

6.1.5 OTHER ITEMS IN THE STATEMENT OF FINANCIAL POSITION

Property, plant and equipment and intangible assets stood at €91.5 billion at December 31, 2010, versus €81.1 billion at December 31, 2009. This €10.4 billion increase stems chiefly from net investments during the period (€9.2 billion), changes in the scope of consolidation (€5.3 billion), depreciation, amortization and impairment expense (€7.1 billion), and translation adjustments and other items (€3.0 billion).

Goodwill slipped €0.4 billion to €27.6 billion, due mainly to the finalization of the accounting for business combinations relating to acquisitions of companies in Germany from E.ON in 2009, and to transactions carried out by SUEZ Environnement.

Investments in associates totaled €2.0 billion, down €0.2 billion due to the sale of Fluxys and Elia.

Total equity amounted to €70.7 billion, up €5.2 billion from December 31, 2009 (€65.5 billion). Net income for the period (€5.6 billion), the impact of other comprehensive income recognized directly in equity (€0.9 billion), the impact of changes in the scope of consolidation during the period (€1.7 billion), the GDF SUEZ capital increase (€0.6 billion), and the issuance of deeply subordinated notes by SUEZ Environnement Company (€0.7 billion) were partially offset by the €3.9 billion dividend payout and by a €0.5 billion decrease in treasury shares.

Provisions rose €0.4 billion to €14.5 billion. The increase chiefly results from the €1.2 billion reduction in the provision for dismantling gas transportation and distribution infrastructures in France, offset by discounting expenses (€0.6 billion), actuarial gains and losses on provisions for pensions and other employee benefits (€0.5 billion), an increase in provisions for the dismantling of certain nuclear reactors in Belgium (€0.3 billion), and changes in the scope of consolidation (€0.2 billion) as well as in exchange rates (€0.1 billion).

Assets and liabilities relating to **derivative financial instruments** (current and non-current) each fell by €1.1 billion over the period. This decrease chiefly reflects price impacts as well as the unwinding of transactions over the year.

6.1.6 PARENT COMPANY FINANCIAL STATEMENTS

The figures provided below relate to the financial statements of GDF SUEZ SA, prepared in accordance with French GAAP and applicable regulations.

Revenues for GDF SUEZ SA totaled €25,373 million in 2010, up 1.9% on 2009 due mainly to favorable weather conditions.

The Company posted a €97 million net operating loss for the year versus net operating income of €323 million in 2009. This change reflects mainly increased infrastructure access fees and a rise in depreciation, amortization and provision expense relating to operating items.

Net financial income came in at €1,491 million (€1,554 million in 2009), and includes mainly dividends received from subsidiaries (€2,075 million), and net finance costs (€717 million). At December 31, 2010, net debt stood at €16,373 million.

The Company posted a net non-recurring loss of €893 million, reflecting impairment charged against equity investments and intangible assets.

Tax consolidation resulted in a net benefit of €356 million (€200 million in 2009) at the income tax level.

Net income came in at €857 million.

Equity amounted to €47,700 million at end-2010, compared to €51,018 million at end-2009, reflecting the dividend payout and the cancellation of treasury shares, partially offset by the employee share issue and net income for the period.

Information relating to supplier payment deadlines

France’s law in favor of the modernization of the economy (“LME” law no. 2008-776 of August 4, 2008) and its implementing decree no. 2008-1492 of December 30, 2008, provide that companies whose annual financial statements are audited by a Statutory Auditor must publish information regarding supplier payment deadlines. The purpose of publishing this information is to ensure that there are no significant delays in the payment of suppliers.

The breakdown by maturity of outstanding amounts payable by GDF SUEZ SA with regard to its suppliers over the last two reporting periods is as follows:

	Dec. 31, 2010			Dec. 31, 2009		
(in millions of euros)	External	Group		External	Group	Total
Past due	1	1	2	-	8	8
30 days	414	136	549	436	54	490
45 days	4	3	7	8	3	11
More than 45 days	15	2	18	7	1	8
TOTAL	434	142	576	451	66	517

Overall, the amount of past due trade payables owed by GDF SUEZ is negligible.

6.1.7 OUTLOOK FOR 2011

Clear medium-term [(1)] financial objectives [(2)]:

- EBITDA between €17 and 17.5 billion in 2011, and above €20 billion in 2013;
- Equal or superior net earnings per share and ordinary dividend in 2011 and medium term;
- Net debt/EBITDA ratio less than or equal to 2.5x and maintenance of “A” category rating in 2011 and medium-term;
- €10 billion portfolio optimization in the 2011-2013 period.

An ambitious industrial strategy:

- Accelerated industrial development in fast-growing countries, confirmed by the combination with International Power, and sustained by key positions in mature European markets:
  - a gross Capex program of €11 billion per year,
  - an installed power capacity of 150GW in 2016, 90GW of this outside Europe;
- Responsible development, with specific objectives to be achieved by 2015:
  - a 50% increase in renewable energy capacity [(3)];
  - 100,000 new hires, about 50% in France;
- Growing proportion of women: from now on, one top Executive appointment out of three will be a woman.

(1) Medium-term = 3 years (2011-2013).

(2) With International Power consolidated as of February 3, 2011. Assuming average weather conditions and no major changes in the regulatory or economic environment. Underlying assumptions for 2011 and 2013 are respectively: average Brent, $92/barrel and $100/barrel; average price of baseload electricity in Belgium, €50/MWh and €53/MWh; average price of gas at Zeebrugge, €23/MWh for 2011 and 2013.

(3) Compared to 2009.

6.2 CASH AND SHAREHOLDERS' EQUITY

6.2.1 THE ISSUER'S EQUITY

Total shareholders' equity stood at €70.7 billion on December 31, 2010, an increase of €5.2 billion from the previous year (€65.5 billion). Net income for the year (€5.6 billion), the effect of comprehensive income recognized directly in equity (€0.9 billion, including €1.1 billion in translation adjustments), capital increases subscribed by employees under the Link plan and the exercise of stock options (€0.5 billion), the issue of hybrid debt by SUEZ Environnement Company (€0.7 billion) and the change in consolidation method for several entities due to the acquisition of a controlling interest (€1.7 billion) were partially offset by the payment of dividends (-€3.9 billion) and the repurchase of shares (-€0.5 billion).

6.2.2 FINANCIAL STRUCTURE AND BORROWING CONDITIONS APPLICABLE TO THE ISSUER

6.2.2.1 Debt structure

Gross debt (excluding bank overdrafts and amortized cost) amounted to €43.8 billion on December 31, 2010, an increase of €4.1 billion compared to the previous year, and was primarily made up of €24.9 billion in bond issues and €12.2 billion in bank loans (including finance leases). Short-term loans (*Commercial Paper* plus draws on credit lines) accounted for 12.4% of this total gross debt at the end of 2010.

65% of the gross debt was issued on financial markets (bond issues and *Commercial Papers*).

Net debt, excluding amortized costs, the effects of financial derivative instruments and cash collateral, came to €32.8 billion at the end of 2010.

At the end of 2010, the net debt was 45% denominated in euro, 26% in US dollars and 2% in pounds sterling, excluding amortized cost but after the foreign exchange impact of derivatives.

After the impact of derivatives, 78% of the net debt was at a fixed rate. On December 31, 2010, the average cost of gross debt stood at 4.57%, unchanged from 2009. The average maturity of net debt was 9.1 years.

6.2.2.2 Main transactions in 2010

In June 2010, SUEZ Environnement issued €500 million in senior debt with a 12-year maturity, followed by the issue in September 2010 of €750 million in hybrid perpetual debt.

In October 2010, GDF SUEZ issued £700 million (€822 million) in debt with a 50-year maturity, followed by a euro-denominated issue in two tranches of €1 billion each with 7- and 12-year maturities, respectively.

Also in October 2010, GDF SUEZ repurchased partially bonds maturing in January 2012, February 2013 and January 2014 for a total nominal amount of €934 million.

In December 2010, E. CL SA, the Group's subsidiary in Chile, issued a US$400 million 10-year bond.

In its Energy Europe & International business line, the Group established the principal financing for the following projects:

- about US$1.5 billion in financing for the Riyadh IPP project (Saudi Arabia) in which the Group holds a 20% stake;
- US$1.3 billion in financing for the Barka 3 and Sohar 2 power plants (Sultanate of Oman), in which the Group holds a 46% stake.

In June 2010, GDF SUEZ signed a five-year, €4 billion multi-currency line of credit with 18 international banks to provide for the early refinancing of credit lines expiring in 2012.

On November 22, 2010, the annual update of the prospectus for GDF SUEZ's €25 billion EMTN program received approval No. 10-409 from the Autorité des Marchés Financiers (AMF - financial markets authority).

6.2.2.3 ratings

As of February 4, 2011, following the completion of the combination of International Power and GDF SUEZ Energy International, GDF SUEZ has a rating of A1/P-1 with stable outlook from Moody's.

Moody's also rates Electrabel (A3/P-2, stable outlook), GDF SUEZ CC (A3, stable outlook), and SUEZ Environnement (A3/P-2, negative outlook).

On February 11, 2011, Standard & Poor's ended its rating surveillance and affirmed its rating for GDF SUEZ of A/A-1 with stable outlook.

6.2.3 RESTRICTIONS ON THE USE OF CAPITAL

On December 31, 2010, the Group had total undrawn confirmed credit lines (usable, among other things, as *back-up* lines for the *Commercial Paper* programs) of €14.5 billion. Of these lines, 78% are managed in a pooled fashion and are not subject to any credit ratio or credit rating. At the end of 2010, 5% of the total amount these pooled lines had been used up.

Furthermore, the Group has also set up credit lines in some subsidiaries, for which the documentation includes ratios related to their financial standing. These lines of credit are not guaranteed by GDF SUEZ SA or GIE SUEZ Alliance.

The definition, as well as the level of these ratios, also known as "financial covenants", are determined by agreement with the lenders and may be reviewed during the life of the loan.

The most frequent ratios are:

- *Debt Service Cover Ratio* = *Free Cash Flow*/ (Principal + interest expense) or for servicing interest (Interest Cover Ratio = EBITDA/ interest expense);
- *Loan Life Cover Ratio* (= adjustment of the average cost of the future *Free Cash Flows* debt divided by the borrowed amount still owed);
- *Debt/Equity ratio* or maintenance of a minimum amount of *equity*.

At December 31, 2010, there was no default of payment on the Group's consolidated debt. All the companies in the Group are compliant with the covenants and representations appearing in their financial documentation, with the exception of the following:

- one company in the Energy Europe & International business line and one company in the Environnement business line which do not meet certain financial covenants;
- one company in the Energy France business line, one company in the Energy Europe & International business line and one company in the Energy Services business line which do not meet certain technical covenants.

No default has been claimed by counterparties; *waivers* are currently being discussed or already granted, and these defaults have no impact on the lines accessible to the Group.

6.2.4 EXPECTED SOURCES OF FINANCING TO HONOR COMMITMENTS RELATIVE TO INVESTMENT DECISIONS

The Group believes that working capital needs will be covered by the available cash, possible use of existing credit lines, and possible new transactions on the capital markets.

If necessary, specific financing could be established for very specific projects.

The Group has a total of €2.7 billion in credit lines or loans maturing in 2011 (excluding the maturity of €3.8 billion in commercial paper). Besides, on December 31, 2010 it had €11.1 billion in cash (net of bank overdrafts) and, as mentioned in Section 6.2.3, a total of €14.5 billion in available lines (excluding draws on the commercial paper programs).

7

CORPORATE GOVERNANCE

7.1 CORPORATE GOVERNANCE BODIES: COMPOSITION – ORGANIZATION – OPERATING PROCEDURES

7.1.1 BOARD OF DIRECTORS : COMPOSITION – TERMS OF OFFICE – INFORMATION – INDEPENDENCE

7.1.1.1 Composition of the Board of Directors

Pursuant to Article 13 of the Company by-laws and pursuant to the provisions of articles L. 225-17, L. 225-23 and L. 225-27 of the French commercial Code regarding the composition of the Board of Directors resulting from a merger, the Board of Directors of GDF SUEZ is composed of 22 members, at most, as of the close of the Ordinary Shareholders' Meeting held in 2010 to approve the financial statements for fiscal year 2009.

On the date of this Reference Document, the Company is managed by a Board of Directors composed of 21 directors, including 11 directors appointed by the Annual Shareholders' Meeting pursuant to the French commercial Code on corporations, 6 directors representing the French government and appointed pursuant to Article 2 of the French Legislative Decree of October 30, 1935, setting up Government oversight of companies, unions, associations and entities of any kind that rely on Government funding, as well as 3 directors representing employees and 1 director representing employee shareholders, all elected pursuant to article 8–1 of the French Privatization Act No. 86-912 of August 6, 1986.

At the Shareholders' Meeting of May 2, 2011, the appointment of a woman director will be proposed in order to promptly initiate implementation of the principle of balanced representation of women and men on the Board of Directors.

At that time, the composition of the Board of Directors will be increased to 22 members as permitted by the Company's bylaws.

7.1.1.2 Directors at December 31, 2010

● DIRECTORS APPOINTED BY THE GENERAL SHAREHOLDERS' MEETING

	Date of first appointment	Date of last appointment	Address
Gérard Mestrallet (61 years old) *Chairman and Chief Executive Officer*	07/16/2008	-	GDF SUEZ 1, place Samuel de Champlain 92400 Courbevoie
Jean-François Cirelli (52 years old) *Vice-Chairman and President*	09/15/2004	07/16/2008	GDF SUEZ 1, place Samuel de Champlain 92400 Courbevoie
Albert Frère* (84 years old) *Vice-Chairman*	07/16/2008	-	Groupe Bruxelles Lambert 24, avenue Marnix B-1000 Brussels
Edmond Alphandéry* (67 years old)	07/16/2008	-	CNP Assurances 4, place Raoul Dautry 75015 Paris
Jean-Louis Beffa* (69 years old)	11/20/2004	07/16/2008	Saint-Gobain Les Miroirs 18, avenue d'Alsace 92096 La Défense Cedex
Aldo Cardoso* (54 years old)	11/20/2004	07/16/2008	45, boulevard de Beauséjour 75016 Paris
René Carron* (68 years old)	07/16/2008	-	FARM 59-61 rue Pernety 75014 Paris

* *Independent Director.*

	Date of first appointment	Date of last appointment	Address
Paul Desmarais Jr.* (56 years old)	07/16/2008	-	Power Corporation du Canada 751 square Victoria Montréal, H2Y 2J3, Québec
Anne Lauvergeon* (51 years old)	07/16/2008	-	Areva 33, rue La Fayette 75009 Paris
Thierry de Rudder* (61 years old)	07/16/2008	-	Groupe Bruxelles Lambert 24, avenue Marnix B-1000 Brussels
Lord Simon of Highbury* (71 years old)	07/16/2008	-	1 St Jame's Square London SW1Y 4PD UK

* *Independent Director.*

DIRECTORS REPRESENTING THE FRENCH STATE

	Date of first appointment	Date of last appointment	Address
Jean-Paul Bailly (64 years old)	07/16/2008	-	La Poste 44, boulevard de Vaugirard – CP F 601 75757 Paris Cedex 15
Bruno Bézard [(a)] (47 years old)	12/24/2010	-	French Ambassy in China Pacific Century Place, Unit 1015, tower A, 2A gong Ti Bei Lu Chaoyang district, Beijing, 100027 (China)
Olivier Bourges (44 years old)	10/05/2009	-	Department of Finance and Industry French Agency for State Holdings 139, rue de Bercy 75572 Paris Cedex 12
Pierre-Franck Chevet (49 years old)	07/16/2008	-	Department of Ecology, Sustainable Development, Transport and Housing Department of Finance and Industry Directorate General for Energy and Climate Arche de La Défense – Paroi Nord 92055 La Défense Cedex
Ramon Fernandez (43 years old)	03/27/2009	-	Department of Finance and Industry Directorate General for the Treasury and Economic Policy 139, rue de Bercy télédoc 230 75572 Paris Cedex 12
Pierre Mongin (56 years old)	11/09/2009	-	RATP 54 quai de la Rapée 75599 Paris Cedex 12

[(a)] *Appointed in remplacement of Pierre Graff*

DIRECTORS REPRESENTING EMPLOYEES

	Date of first appointment	Date of last appointment	Address
Alain Beullier (46 years old)	01/21/2009	-	Elengy 8, quai Emile Cormerais BP 90347 44816 Saint-Herblain Cedex
Anne-Marie Mourer (51 years old)	01/21/2009	-	GrDF Sud-Est Immeuble VIP 66, rue de la Villette 69425 Lyon Cedex 03
Patrick Petitjean (58 years old)	01/21/2009	-	GRTgaz 26, rue de Calais 75009 Paris

DIRECTOR REPRESENTING EMPLOYEE SHAREHOLDERS

	Date of first appointment	Date of last appointment	Address
Gabrielle Prunet (55 years old)	05/04/2009	-	Lyonnaise des Eaux Pays Basque 15, avenue Charles Floquet BP 87 64202 Biarritz Cedex

7.1.1.3 Term of Office of Directors

The term of office for all Directors is four years expiring at the close of the General Shareholders' Meeting called to approve the previous year's financial statements and held in the year in which the term expires.

Notwithstanding the foregoing, among the Directors in office appointed by the General Shareholders' Meeting of July 16, 2008, five Directors were appointed for a 3-year term expiring at the close of the General Shareholders' Meeting held in 2011 to approve the financial statements for the fiscal year 2010.

In addition, six Directors were appointed for a 4-year term expiring at the close of the General Shareholders' Meeting held in 2012 to approve the financial statements for the fiscal year 2011 and one Director, representing the employee shareholders, was elected for a 4-year term expiring at the General Shareholders' Meeting held in 2013 to approve the financial statements for the fiscal year 2012.

This spreading out of the expiry dates of the terms of directors appointed by the General Shareholders' Meeting allows the Company to comply with the statutory limitation on the size of the Board after a merger within the legal deadline and optimizes the operation of the Board by staggering the replacement/reappointment of directors.

7.1.1.4 Expiry date of the terms of Directors in office

	2011 General Shareholders' Meeting to approve the financial statements for 2010	2012 General Shareholders' Meeting to approve the financial statements for 2011	2013 General Shareholders' Meeting to approve the financial statements for 2012
Directors appointed by the General Shareholders' Meeting	Albert Frère Edmond Alphandéry Aldo Cardoso René Carron* Thierry de Rudder	Gérard Mestrallet Jean-François Cirelli Jean-Louis Beffa Paul Desmarais Jr. Anne Lauvergeon Lord Simon of Highbury	
Directors representing the French State		Jean-Paul Bailly Bruno Bézard Olivier Bourges Pierre-Franck Chevet Ramon Fernandez Pierre Mongin	
Directors representing employees			Alain Beullier Anne-Marie Mourer Patrick Petitjean
Director representing employee shareholders			Gabrielle Prunet

7.1.1.5 Information about Directors in office

Directors appointed by the General Shareholders' Meeting

Gérard Mestrallet, born April 1, 1949 in Paris (18th district), is a French citizen.

A graduate of the prestigious French engineering school, École Polytechnique, and the École Nationale d'Administration, Gérard Mestrallet joined Compagnie de SUEZ in 1984 as a Special Advisor. In 1986 he was appointed Senior Executive Vice-President in charge of industrial affairs. In February 1991 he was named Executive Director and Chairman of the Management Committee of Société Générale de Belgique. In 1995, he became Chairman and Chief Executive Officer of Compagnie de Suez and in June 1997, Chairman of the SUEZ Lyonnaise des Eaux Executive Board. Former Chairman and CEO of SUEZ, Gérard Mestrallet was appointed Chairman and CEO of GDF SUEZ on July 22, 2008. He is also the Chairman of Paris EUROPLACE and a member of the Board of Institut Français des Administrateurs (French Institute of Corporate Directors).

Directorships and offices held in the Company	Directorships and offices held in any company in 2010	Other Directorships and offices held within the past five years
Chairman and Chief Executive Officer	Chairman of the Board of Directors of GDF SUEZ Energy Services, SUEZ Environnement Company* (France), GDF SUEZ Belgium (Belgium) Vice-Chairman of the Board of Directors of Electrabel (Belgium), Aguas de Barcelona* (Spain) Director of Saint-Gobain* (France), Pargesa Holding SA* (Switzerland) Director of International Power* (United Kingdom) *(since February 3, 2011)*	Chairman and Chief Executive Officer of SUEZ* Chairman of the Board of Directors of SUEZ Environnement* (France), SUEZ-Tractebel, Electrabel (Belgium), Hisusa (Spain) Vice-Chairman of the Board of Directors of Hisusa (Spain) Director of Crédit Agricole SA* Member of the Supervisory Board of Taittinger and AXA*

* *Listed company.*

Jean-François Cirelli, born July 9, 1958 in Chambéry (Savoie), is a French citizen.

A graduate of the Paris Institut d'Études Politiques and the École Nationale d'Administration, Jean-François Cirelli also holds a law degree. From 1985 to 1995, he held positions with the Treasury Department at the Ministry of Economy and Finances before becoming Technical Advisor to the French President from 1995 to 1997, then Economic Advisor from 1997 to 2002. In 2002, he was appointed Deputy Director at the cabinet of Prime Minister Jean-Pierre Raffarin, in charge of economic, industrial and corporate issues. Former Chairman and Chief Executive Officer of Gaz de France from 2004 to 2008, Jean-François Cirelli was appointed Vice-Chairman, President of GDF SUEZ on July 22, 2008.

Directorships and offices held in the Company	Directorships and offices held in any company in 2010	Other Directorships and offices held within the past five years
Vice-Chairman, President	Chairman of the Board of Directors of Gaselys SAS (France), of Electrabel and of Eurogas (Belgium) Vice-Chairman of the Corporate Foundation of GDF SUEZ Director of GDF SUEZ Energy Services, SUEZ Environnement Company* (France), GDF SUEZ (Belgium) Member of the Supervisory Board of Vallourec* Director of International Power* (United Kingdom) *(since February 3, 2011)*	Chairman and Chief Executive Officer of Gaz de France* President of the Gaz de France Corporate Foundation Vice-Chairman of SUEZ-Tractebel and of Eurogas (Belgium) Director of Neuf Cegetel* (France) Member of the Supervisory Board of Atos Origin*

* *Listed company.*

Albert Frère, born February 4, 1926 in Fontaine-l'Evêque (Belgium), is a Belgian citizen.

While still quite young, Albert Frère took an active role in his family's business before focusing on a career in industry. With his partners, he acquired control of all steel companies in the Charleroi basin, diversifying production while simultaneously upgrading their facilities. In 1981, in association with a group of businessmen, he founded Pargesa Holding in Geneva. The following year, the company acquired an interest in Groupe Bruxelles Lambert SA (GBL), in Brussels. With the creation of the Pargesa-GBL investment empire, its operations became international and it diversified into three key areas: finance, energy/services and communications (broadcasting). Former Vice-Chairman and Director of SUEZ, Albert Frère was appointed Director of GDF SUEZ on July 16, 2008 and Vice-Chairman on December 17, 2008.

Directorships and offices held in the Company	Directorships and offices held in any company in 2010	Other Directorships and offices held within the past five years
Vice-Chairman of the Board of Directors	Honorary Regent of the National Bank of Belgium* Chairman of the Board and CEO of Groupe Bruxelles Lambert* (Belgium) Chairman of the Board of Directors of ERBE, Frère-Bourgeois, Financière de la Sambre (Belgium), Stichting Administratiekantoor Frère-Bourgeois (Netherlands) Vice Chairman, Executive Director and member of the Management Committee of Pargesa Holding SA* (Switzerland) Chairman of the Supervisory Board of Métropole Télévision M6* (France) Honorary Chairman of the Chamber of Commerce and Industry of Charleroi (Belgium) Director of LVMH*, non-commercial company of Château Cheval Blanc (France), Les amis des aveugles de Ghlin (Belgium) Permanent Representative of Frère-Bourgeois, Manager of GBL Verwaltung SARL and GBL Energy (Luxembourg) Permanent representative of Beholding Belgium SA on the Board of Directors of Groupe Arnault Member of the Strategy Planning Board of the Committee of the Université Libre de Bruxelles (Belgium) Honorary International Trade Advisor (Belgium)	Vice-Chairman of the Board of Directors of SUEZ* Chairman of the Board of Directors of FINGEN SA (Belgium) Director of Gruppo Banca Leonardo (Italy), Raspail Investissements (France), GBL Finance (Luxembourg) Member of the International Advisory Board of Power Corporation of Canada* Member of the International Committee of Assicurazioni Generali S.p.A.* (Italy) Member of the Board of Directors of the Université du travail Paul Pastur (Belgium)

* *Listed company.*

Edmond Alphandéry, born September 2, 1943 in Avignon (Vaucluse), is a French citizen.

Graduate of the Institut d'Études Politiques de Paris and a qualified lecturer (*agrégé*) in economics, he is Professor Emeritus at the University of Paris II. He served as mayor of Longué-Jumelles and member of the Maine-et-Loire departmental council until 2008; he was Minister of the Economy from March 1993 to May 1995. He chaired the Supervisory Board of CNP from 1988 to 1993 and he was the Chairman of *Électricité de France* from 1995 to 1998. Since July 1998, he has again served as Chairman of CNP Assurances. He has also been a director of Calyon since 2002 and of Icade since 2004. Since June 2003, he has also served as Chairman of *Centre National des Professions Financières* (Regional Center for the Financial Professions). A former Director of SUEZ, Edmond Alphandéry was appointed Director of GDF SUEZ on July 16, 2008, Chairman of the Ethics, Environment and Sustainable Development Committee on July 22, 2008 and member of the Audit Committee on July 8, 2009.

Directorships and offices held in the Company	Directorships and offices held in any company in 2010	Other Directorships and offices held within the past five years
Director **Chairman of the Ethics, Environment and Sustainable Development Committee** **Member of the Audit Committee**	Chairman of the Board of Directors of CNP Assurances* Chairman of CNP International Director of Crédit Agricole CIB (formerly Calyon), Icade, (France), Caixa Seguros (Brazil), CNP Vita (Italy) Chairman of the Centre National des Professions Financières (France) Member of the Nomura Securities (Great Britain) European Advisory Panel	Chairman of the Supervisory Board of CNP Assurances* Director of the publishing company "Affiches Parisiennes", and of SUEZ* Member of the European Advisory Board of Lehman Brothers

* *Listed company.*

Jean-Louis Beffa, born August 11, 1941 in Nice (Alpes-Maritimes), is a French citizen.

A graduate of the École Polytechnique and Chief Engineer in the *Corps des Mines* (elite civil service corps), Jean-Louis Beffa also holds degrees from the École Nationale Supérieure du Pétrole and the Institut d'Études Politiques de Paris. He began his career in the Fuels Division of the French Ministry of Industry. In 1974, he joined Compagnie de Saint-Gobain as Vice-President of the Plan until 1977. From 1978 to 1982, he served as Chief Executive Officer of Pont-à-Mousson SA, and then Chairman and Chief Executive Officer of this company; he also served concurrently as President of Pipe and Mechanics business lines of Saint-Gobain, from 1979 to 1982. Mr. Beffa served as Chairman and Chief Executive Officer of Saint Gobain from January 1986 to June 2007, after having served as the group's Executive Director from 1982 to 1986. From June 2007 to June 2010, Jean-Louis Beffa served as the Chairman of Compagnie de Saint-Gobain, before becoming its honorary chairman. A former Director of Gaz de France, Jean-Louis Beffa was appointed Director of GDF SUEZ on July 16, 2008 and member of the Nominations Committee and the Compensation Committee on July 22, 2008.

Directorships and offices held in the Company	Directorships and offices held in any company in 2010	Other Directorships and offices held within the past five years
Director **Chairman of the Nominations Committee** **Member of the Compensation Committee**	Chairman of Claude Bernard Participations, JL2B Conseil Joint Chairman of the Centre Cournot pour la recherche en économie Vice-Chairman of the Supervisory Board of the Fonds de Réserve des Retraites (pension fund) Director of Saint-Gobain* (France), Groupe Bruxelles Lambert* (Belgium), Saint-Gobain Corporation (USA) Member of the Supervisory Board of Le Monde, Le Monde Publishing Company, Le Monde & Partenaires Associés SAS (France), Siemens AG* (Germany) Senior Advisor of Lazard Frères (France)	Chairman and Chief Executive Officer of Saint-Gobain* Chairman of the Board of Directors of Saint-Gobain* Vice-Chairman of the Board of Directors of BNP Paribas* Director of Gaz de France*, Saint-Gobain Cristaleria (Spain) Permanent representative of Compagnie de Saint-Gobain on the Board of Directors of Saint-Gobain PAM

* *Listed company.*

Aldo Cardoso, born March 7, 1956 in Tunis (Tunisia), is a French citizen.

A graduate of the École Supérieure de Commerce de Paris, Aldo Cardoso holds a Master's Degree in Business Law and is a Certified Public Accountant. From 1979 to 2003, he held several successive positions at Arthur Andersen: including Consultant, Partner (1989), President France (1994), member of the Board of Andersen Worldwide (1998), Chairman of the Board (non-executive) of Andersen Worldwide (2000) and Chief Executive Officer of Andersen Worldwide (2002-2003). Since 2003, he has served as Director of French and foreign companies. A former Director of Gaz de France, Aldo Cardoso was appointed Director of GDF SUEZ on July 16, 2008 and Chairman of the Audit Committee on July 22, 2008.

Directorships and offices held in the Company	Directorships and offices held in any company in 2010	Other Directorships and offices held within the past five years
Director **Audit Committee Chairman**	Director of Bureau Veritas*, Gecina* Imerys*, Rhodia*, GE Corporate Finance Bank SAS (France), Mobistar* (Belgium) Non-voting Director of AXA Investment Managers (France)	Director of Gaz de France*, Penauilles Polyservices*, Orange*, Accor* Non-voting Director of Bureau Veritas*

* *Listed company.*

René Carron, born June 13, 1942 in Yenne (Savoie), is a French citizen.

Rene Carron runs a farm in Yenne. He has held a variety of elected offices in the Savoie region of France. In 1981, he joined the Crédit Agricole group. In 1992, he became Chairman of Caisse Régionale de la Savoie, which became Caisse Régionale des Savoie after its merger with Caisse de Haute-Savoie in 1994, of which he was Chairman until March 2010. In 1995, he became an officer of the Fédération Nationale du Crédit Agricole, serving as Chairman from July 2000 to April 2003, and subsequently as Vice-Chairman. In December 2002, he was appointed Chairman of the Board of Directors of Crédit Agricole SA. A former Director of SUEZ, René Carron was appointed Director of GDF SUEZ on July 16, 2008, member of the Nominations Committee on July 22, 2008 and member of the Compensation Committee on May 3, 2010.

Directorships and offices held in the Company	Directorships and offices held in any company in 2010	Other Directorships and offices held within the past five years
Director **Member of the Nominations Committee** **Member of the Compensation Committee**	Chairman of the FARM Foundation, the Grameen Crédit Agricole Foundation, Vice-Chairman of IPEMED Director of Fiat S.p.A.* (Italy)	Chairman of the Board of Directors of Crédit Agricole SA* Chairman of Caisse Locale du Crédit Agricole de Yenne, of GIE GECAM, of Caisse Régionale de Crédit Agricole des Savoie, Confédération Internationale du Crédit Agricole (CICA) Vice-Chairman of Confédération Nationale de la Mutualité de la Coopération and Crédit Agricole (CNMCCA), Fédération Nationale du Crédit Agricole Director, Vice-Chairman of Banca Intesa (Italy) Director of Rue Impériale, SAS SAPACAM, Sofinco, SUEZ*, Crédit Agricole Solidarité et Développement, Fondation du Crédit Agricole Pays de France, Sacam Participations, Scicam Member of the Supervisory Board of Eurazeo, Lagardère* Crédit Agricole Permanent Representative on the Board of Directors of Fondation de France

* *Listed company.*

Paul Desmarais Jr., born July 3, 1954 in Sudbury, Ontario (Canada), is a Canadian citizen.

Paul Desmarais Jr. studied at McGill University in Montreal and then at INSEAD in Fontainebleau (France). He holds a Master's Degree in Administration. In 1984, he was appointed Vice-Chairman of Power Financial Corporation, a company he helped to create. He became Chairman of the Corporation's Board in 1990, Chairman of the Executive Committee in May 2005 and Co-Chairman of the Board in May 2008. He was appointed Chairman of the Board and Co-Chief Executive Officer of Power Corporation of Canada in 1996. A former Director of SUEZ, Paul Desmarais Jr. was appointed Director of GDF SUEZ on July 16, 2008 and a member of the Nominations Committee and member of the Compensation Committee on July 22, 2008.

Directorships and offices held in the Company	Directorships and offices held in any company in 2010	Other Directorships and offices held within the past five years
Director **Member of the Nominations Committee** **Member of the Compensation Committee**	Chairman and Co-Chief Executive Officer of Power Corporation of Canada* Co-Chairman of Power Financial Corporation* (Canada) Vice-Chairman of the Board of Directors and Executive Director of Pargesa Holding SA* (Switzerland) Director and Member of the Management Committee of Great-West Lifeco Inc.* and its principal subsidiaries and of IGM Financial Inc.* (Canada) and its principal subsidiaries Director and member of the Permanent Committee of Groupe Bruxelles Lambert* (Belgium) Director of Lafarge*, Total* Member of the International Board, the Board of Directors and the Audit Committee of INSEAD Chairman of the International Advisory Board of HEC (Canada) Chairman of the Advisory Committee of Sagard Private Equity Partners	Vice-Chairman of the Board of Imerys* Director of SUEZ* Member of the International Advisory Board of Groupe La Poste Member of the International Advisory Board of Merrill Lynch

* *Listed company.*

Anne Lauvergeon, born August 2, 1959 in Dijon (Côte d'Or), is a French citizen.

Chief Engineer in the *Corps des Mines* (elite civil service corps), graduate of the *École Normale Supérieure*, and qualified lecturer (*agrégée*) in physical sciences, Anne Lauvergeon held a number of positions in the industrial sector before being named Assistant Secretary General to the French President's Office in 1990 and the French President's emissary for the organization of international summits (G7). In 1995, she was appointed Managing Partner of Lazard Frères et Cie. From 1997 to 1999, she was Executive Vice-President and member of the Executive Committee of Alcatel in charge of industrial holdings. Anne Lauvergeon has been Chairman of the Directorate of the Areva Group since July 2001 and Chairman and Chief Executive Officer of Areva NC (formerly Cogema) since June 1999. Former Director of SUEZ, she was appointed Director of GDF SUEZ on July 16, 2008, member of the Strategy and Investments Committee and member of the Ethics, Environment and Sustainable Development Committee on July 22, 2008.

Directorships and offices held in the Company	Directorships and offices held in any company in 2010	Other Directorships and offices held within the past five years
Director **Member of the Strategy and Investments Committee** **Member of the Ethics, Environment and Sustainable Development Committee**	Chairman of the Directorate of Areva* Chairman and Chief Executive Officer of Areva NC (formerly Cogema) Director of Areva Enterprises Inc, Total* (France), Vodafone groupe Plc* (United Kingdom)	Vice-Chairman of the Supervisory Board of Safran SA* Director of SUEZ*, of Areva T&D Holding SA (USA) Areva Permanent Representative on the Board of Directors of FCI

* *Listed company.*

Thierry de Rudder, born September 3, 1949 in Paris (8th district), holds dual Belgian-French citizenship.

With a degree in mathematics from the University of Geneva and the Université Libre de Bruxelles and an MBA from the Wharton School of Business in Philadelphia, Thierry de Rudder began his career in the United States, joining Citibank in 1975, where he held various positions in New York and Europe. He joined Groupe Bruxelles Lambert in 1986 and is now Executive Director. A former Director of SUEZ, Thierry de Rudder was appointed Director of GDF SUEZ on July 16, 2008 and member of the Audit Committee on July 22, 2008 and member of the Strategy and Investments Committee on July 22, 2008, whose Chairman he became on May 3, 2010.

Directorships and offices held in the Company	Directorships and offices held in any company in 2010	Other Directorships and offices held within the past five years
Director Chairman of the Strategy and Investments Committee Member of the Audit Committee	Managing Director of Groupe Bruxelles Lambert* Director of Lafarge*, Total* (France), Compagnie Nationale à Portefeuille*, Brussels Securities, GBL Treasury Center, Ergon Capital partners, Ergon Capital Partners II, Ergon Capital Partners III (ex-GBL Participations), Sagerpar (Belgique), GBL Energy sarl, GBL Verwaltung sarl (Luxembourg), GBL Verwaltung GmbH (Germany)	Director of SUEZ*, SI Finance (France),Imerys* (France), Immobilière Rue de Namur, GBL Finance SA (Luxembourg), SUEZ-Tractebel (Belgium)

* *Listed company.*

Lord Simon of Highbury, born July 24, 1939 in London (Great Britain), is a British citizen.

Lord Simon of Highbury has an MA from Cambridge University and an MBA from INSEAD in Fontainebleau (France). In 1961, he joined British Petroleum, where he held a number of management positions before being appointed Chairman in 1995. After holding several ministerial positions from May 1997, he became advisor to the British Prime Minister for government modernization. He was also appointed Advisor to President Prodi for institutional reform within the European Union. He entered the House of Lords in 1997. A former Director of SUEZ, Lord Simon of Highbury was appointed Director of GDF SUEZ on July 16, 2008 and Chairman of the Compensation Committee on July 22, 2008.

Directorships and offices held in the Company	Directorships and offices held in any company in 2010	Other Directorships and offices held within the past five years
Director Chairman of the Compensation Committee	Senior Advisor of Morgan Stanley International (Europe), MWM Board Consultants (United Kingdom) Chairman of the Advisory Board of Montrose Associates Limited (UK) Director of Institute of Government (UK) Member of the Board of Directors of the Centre for European Policy Studies (Belgium) Member of the Advisory Board of Dana Gas International (UAE), Centre for European Reform (UK) Trustee and Chair of the Policy Board, Institute for Strategic Dialogue (UK) Trustee of the Hertie Foundation (Germany),	Director of SUEZ* Deputy Chairman of Unilever Plc* Cambridge University Council (UK) Member, International Advisory Board of Fitch (UK) Member of the Advisory Board of LEK (Germany) Member of the Supervisory Board of Volkswagen Group (Germany) Chairman and Trustee of The Cambridge Foundation (UK)

* *Listed company.*

Directors representing the French State

Jean-Paul Bailly, born November 29, 1946 in Hénin-Liétard (Pas-de-Calais), is a French citizen.

A graduate of the *École Polytechnique* and the Massachusetts Institute of Technology (MIT), Jean-Paul Bailly pursued his career at the RATP (Paris Transport Authority). His successive positions include Director of the Bus Rolling Stock Division, Director of Rail Network Operations (Metro and Paris Regional Transport) and Director of Personnel. In 1990, he was named Deputy Managing Director of RATP and, in 1994, Chairman and Chief Executive Officer. Simultaneously, he has also been a member of the French Economic, Social and Environmental Council since 1995 and Corporate and Personnel Chairman since 2010. Between 1997 and 2001, he served as Chairman of the Union Internationale des Transports Publics (international union for public transport/UITP) and International Post Corporation (IPC) between 2006 and 2010.

Jean-Paul Bailly has been Chairman of La Poste Group since 2002 and Chairman of the Supervisory Board of La Banque Postale since 2006. He was appointed Director representing the French State by Ministerial Order of July 16, 2008 and as member of the GDF SUEZ Ethics, Environment and Sustainable Development Committee on July 22, 2008.

Directorships and offices held in the Company	Directorships and offices held in any company in 2010	Other Directorships and offices held within the past five years
Director **Member of the Ethics, Environment and Sustainable Development Committee**	Chairman of La Poste Group Chairman of the Supervisory Board of La Banque Postale Director of CNP Assurances*, Accor*, Sopassure, Edenred* Member of the Supervisory Board of La Banque Postale Asset Management Permanent Representative of La Poste, Director of Xelian, SF12, Poste Immo, Sofipost and GeoPost	Director of Systar* Permanent Representative of La Poste, Director of the GIE Groupement des Commerçants du Grand Var Economic Interest Group Permanent Representative of La Banque Postale, Director of SF2 Non-shareholding director of Financière Systra

* *Listed company.*

Bruno Bézard, born May 19, 1963 in Chauny (Aisne), is a French citizen.

Inspector General of Finance, alumnus of the *Ecole Polytechnique* and the *Ecole Nationale d'Administration*, Bruno Bézard served as a finance inspector at the French Inspectorate General of Finance from 1988 to 1992. He subsequently held various positions at the Treasury Department until January 2000. Successively Deputy Chief of Staff for the Minister of Economy, Finance and Industry, sub-Director in the Department of the Treasury for development assistance, multilateral banks and emerging countries, and Vice-Chairman of the *Club de Paris*, he went on to serve as Economic and Financial Advisor to the Prime Minister from June 2001 to April 2002. From July 2002 to March 2003, he was Head of the Equity Investments Department at the Treasury Department before being appointed Deputy Managing Director of the French Government Shareholding Agency (APE) in March 2003 and then its Managing Director in February 2007. Bruno Bézard is Minister Counselor at the French Embassy in Beijing, and Head of the «Greater China» Regional Economic Department of France.

Bruno Bézard was appointed Director representing the French State by Ministerial Order of December 24, 2010, in replacement of Pierre Graff.

Directorships and offices held in the Company	Directorships and offices held in any company in 2010	Other Directorships and offices held within the past five years
Director	None	Director of EDF*, Areva*, La Poste*, SNCF*, Air France KLM*, FSI, Thales*, France Télécom*

* *Listed company.*

Olivier Bourges, born December 24, 1966, in Auxerre (Yonne), is a French citizen.

A graduate of the *Institut d'Études Politiques de Paris* and *École Nationale d'Administration*, Olivier Bourges was Head of the National Banking Agency at the French Treasury from 1992 to 1996, thereafter serving, until June 1998, as the French government's representative on the Boards of Directors of the World Bank, IDA, IFC and MIGA. From July 1998 to April 2000, he was Head of the Housing Finance Agency at the French Treasury. From 2000 to 2002, he served as Director of Financial Relations for Renault and as the company's Director of Vehicle Profitability from 2003 to 2005. From 2006 to 2007, he was Vice President, Corporate Planning and Program Management Office for Nissan North America in Nashville (USA). From 2008 to September 2009, he served as Senior Vice President, Director of Group Management Control at Renault. Since September 2009, he has been Deputy Chief Executive Officer at the French Agency for State Holdings.

Olivier Bourges was appointed Director representing the French State by Ministerial Order on October 5, 2009, and as member of the GDF SUEZ Audit Committee and of the Strategy and Investments Committee on November 10, 2009 and of the GDF SUEZ Compensation Committee on December 9, 2009.

Directorships and offices held in the Company	Directorships and offices held in any company in 2010	Other Directorships and offices held within the past five years
Director Member of the Audit Committee Member of the Strategy and Investments Committee Member of the Compensation Committee	Director of Dexia*, Thales* and La Poste	Director of Banques Populaires Caisses d'Épargne,

* *Listed company.*

Pierre-Franck Chevet, born September 28, 1961 in Grenoble (Isère), is a French citizen.

A graduate of the *École Polytechnique*, the *École Nationale de la Statistique et de l'Administration Économique (ENSAE)*, Pierre-Franck Chevet is an Engineer in the *Corps des Mines* (elite civil service corps). From 1986 to 1995, he held various positions at the Ministry of Industry. From 1995 to 1999, he was Regional Director of Industry, Research and the Environment in Alsace, and held the same position in Nord-Pas-de-Calais from 1995 to 2005. At the same time, he served as Director of the *École Nationale des Techniques Industrielles des Mines* in Douai. From 2005 to 2007, he held various positions as an advisor on Industry within the office of the Prime Minister. Since July 2008, he has been Executive Director for Climate and Energy at France's Ministry of Ecology, Energy, Sustainable Development and the Sea. In December 2010, he became Executive Director for Energy and Climate at the Department of Ecology, Sustainable Development, Transportation and Housing

Pierre-Franck Chevet was appointed Director representing the French State by Ministerial Order of July 16, 2008 and as member of the GDF SUEZ Strategy and Investments Committee on July 22, 2008.

Directorships and offices held in the Company	Directorships and offices held in any company in 2010	Other Directorships and offices held within the past five years
Director Member of the Strategy and Investments Committee	Executive Director for Energy and Climate at the Ministry of Ecology, Sustainable Development, Transportation and Housing and within the Ministry of Finance and Industry Ex-officio member of the French Interministerial Committee on National Parks Ex-officio member of the French Central Commission for Pressure Vessels Director representing the French government, the French Oil Institute (IFP), the Agency for Environment and Energy Management (ADEME), La Poste Representative of the French government on the Supervisory Board of Société des Participations du CEA (Areva) Government Commissioner with Areva NC, ANDRA, and the French Energy Regulatory Committee (CRE)	None

Ramon Fernandez, born June 25, 1967 in Paris (15th district), is a French citizen.

A graduate of the *Institut d'Études Politiques de Paris* and the *École Nationale d'Administration*, Ramon Fernandez is a senior civil servant.

From 1993 to 1994, he served as Assistant to the Head of Energy, Transportation and Urban Planning, and then, until 1997, as Assistant to the Head of Financial Markets at the French Treasury. Seconded to Washington from 1997 to 1999, he was an Alternative Executive Director of the International Monetary Fund. He returned to the Treasury Department and was Head of the "energy, telecommunications and raw materials department" there until 2001, then Head of the "savings and financial markets department."

From May 2002 until October 2003, he was Technical Advisor to the Minister of Finance and Industry. He then served as Deputy Director of International Financial Affairs, Development and Economic Policy at the Treasury Department until June 2007. From June 2007 to April 2008, he was Technical Advisor to the French President, then Chief of Staff to the Minister of labor, corporate relations, family and solidarity until January 2009. He served as Head of the Economic Finance Department between February and March 2009, and has served as Executive Director of the French Treasury at the Department of Finance and Industry since March 2009.

Ramon Fernandez was appointed Director representing the French State by Ministerial Order of March 27, 2009 and as member of the GDF SUEZ Nominations Committee on May 4, 2009.

Directorships and offices held in the Company	Directorships and offices held in any company in 2010	Other Directorships and offices held within the past five years
Director Member of the Nominations Committee	Executive Director of the Treasury at the Department of Finance and Industry Chairman of the Advisory Committee on Legislation and Financial Regulation Chairman of the France Trésor Branch of the Paris Club Governor for France of the African Development Bank Group Deputy Governor for France of the World Bank, of the European Bank for Reconstruction and Development and of the International Bank for Reconstruction and Development Director of Banque Centrale des États d'Afrique de l'Ouest, of Agence de coopération technique internationale and of Société de financement de l'économie française Director, as representative of the French State, of CNP Assurances*, CADES (Caisse d'Amortissement de la dette sociale) Member of the Supervisory Board of the BPCE bank representing the French government French State Representative with the AMF Member of the Supervisory Board of Caisse des Dépôts et Consignations Member of the High Council for the Future of Medical Insurance Member of the Council for Economic Analysis Member of the High Council for the Public Sector	None

* *Listed company.*

Pierre Mongin, born August 9, 1954, in Marseille (8th district) is a French citizen.

Chairman and Chief Executive Officer of RATP (Paris Transport Authority) since July 12, 2006, Pierre Mongin has devoted much of his career to prefectural administration and ministerial offices.

After obtaining a Master's degree in of Economics from the *Université de Paris I* and a degree in Political Science (*Sciences Po*), Paris, he went on to the prestigious *École Nationale de l'Administration*, graduating in 1980. He served as Assistant Prefect three times from 1980 to 1984 in the French *départements* of Ain, Ariège and Yvelines. In 1984, he joined the Ministry of the Interior as a Technical Advisor to the National Police Force. In 1986, he was appointed as an Advisor to the Minister of the Interior for local authorities and Deputy Chief of Staff to the Local Authorities Minister. He spent the next five years with the *Préfecture de Police* (Police Headquarters) in Paris, in charge of administrative and financial affairs and relations with the Council of Paris. In 1993, he became Chief of Staff to Prime Minister Edouard Balladur and Advisor to the French Overseas Departments and Territories. He was appointed Prefect in 1993. He subsequently served in two départements: Eure-et-Loir and Vaucluse from 1995 to 1999. He served as Prefect of the Auvergne and Prefect of Puy de Dôme regions from 2002 to 2004. He was appointed Chief of Staff to the Minister of the Interior in 2004, then Chief of Staff to Prime Minister Dominique de Villepin in 2005. He left the French State to go back to RATP in July 2006.

Pierre Mongin was appointed as a Director representing the French State by Ministerial Order of November 9, 2009.

Directorships and offices held in the Company	Directorships and offices held in any company in 2010	Other Directorships and offices held within the past five years
Director	Chairman and Chief Executive Officer of RATP Chairman of the Board of the international engineering company SYSTRA Chairman of the Supervisory Board of RATP Dev Director of TRANSDEV and TRANSDEV Financial Vice-Chairman of FACE (Fondation Agir Contre l'Exclusion) Member of the Steering Committee of Domaine de Chambord	None

Directors representing employees and employee shareholders

Alain Beullier, born March 26, 1964 in Laval (Mayenne), is a French citizen.

He joined EDF-GDF in 1984, holding various positions in the customer service and sales advisory departments in several EDF-GDF service centers in the Paris region. He is currently an employee of Elengy, responsible for monitoring environmental regulations. Alain Beullier was named Director representing the "other employees" category by employee vote on December 18, 2008.

Directorships and offices held in the Company	Directorships and offices held in any company in 2010	Other Directorships and offices held within the past five years
Director Sponsored by the Chemical Energy Federation - CFDT trade union	None	Employee Representative Trade Union Representative Member of CHSCT (labor committee on workplace health, safety and working conditions) Trade Union Officer

Anne-Marie Mourer, born April 20, 1959 in Clermont-Ferrand (Puy-de-Dome), is a French citizen.

With a master's degree in economic sciences and a diploma in advanced marketing studies, Anne-Marie Mourer joined EDF-GDF Services in 1982, where she held a series of management positions within the sales departments of the Grand Velay, Indre-en-Berry and Loire centers. In 1992, she joined the commercial support and assistance group in Lyon to conduct appraisal activities as an in-house marketing consultant. From 1996 to 2001, she headed up Direct Energie, a direct marketing pilot unit within the Gas Sales Department. In the Gaz de France Sales Department, she was responsible for directing the marketing entity for the Southeast Region from 2002 to late 2003. In early 2004, she joined the new *Gestionnaire de Reseaux Gaz* (gas network management), where she handled support and management duties for the Development department in the Rhône-Alpes-Bourgogne region. In 2007, she was appointed program manager to assist with the switchover and provide commercial expertise within GrDF, a wholly owned subsidiary for natural gas distribution within France, in anticipation of the transition to a free market system for individual customers.

Anne-Marie Mourer was elected Director representing employees in the "engineers, executives and equivalent" category by employee vote on January 20, 2009 and appointed as member of the GDF SUEZ Ethics, Environment and Sustainable Development Committee on July 8, 2009.

Directorships and offices held in the Company	Directorships and offices held in any company in 2010	Other Directorships and offices held within the past five years
Director **Sponsored by the Federation of the Gas and Electricity Industries – CFE-CGC** **Member of the Ethics, Environment and Sustainable Development Committee** **Member of the Ethics, Environment and Sustainable Development Committee**	None	Director of Gaz de France*, GrDF

* *Listed company.*

Patrick Petitjean, born August 23, 1952, in Saint-Dizier (Haute-Marne), is a French citizen.

After completing his secondary education in Nancy, France, Patrick Petitjean began his career in the printing industry. He joined Gaz de France in 1997, working for the Transportation Division of GGRP (Groupe Gazier de la Région Parisienne).

From 1983 to 1990, he held various roles within the technical and operating division of Gennevillers. He was a trade union representative from 1990 to 1994 and then worked as a technical agent. Since 2000, he has been manager of internal resources (real estate, vehicles, IT and transmission) for the Val-de-Seine region of GRTgaz.

Patrick Petitjean was named Director representing the "other employees" category, by employee vote on December 18, 2008.

Directorships and offices held in the Company	Directorships and offices held in any company in 2010	Other Directorships and offices held within the past five years
Director **Sponsored by the National Federation of Employee Unions in the Energy, Electrical Nuclear and Gas Industries CGT trade union**	None	Director of GRTgaz

Gabrielle Prunet, born December 5, 1955, in Biarritz (Pyrenees-Atlantiques), is a French citizen.

Gabrielle Prunet joined the accounting department of Lyonnaise des Eaux Biarritz 34 years ago. She is a member of the Works Council, where she served as treasurer for many years. For 20 years, she managed the IT department of the Customer Billing and Collection Division. She currently works in the Reporting Department.

Directorships and offices held in the Company	Directorships and offices held in any company in 2010	Other Directorships and offices held within the past five years
Director Sponsored by the Federation of Public Utilities - CGT trade union	Chairman of the Supervisory Board of the SPRING funds	None

7.1.1.6 Number of GDF SUEZ shares and stock options held by Directors in office as of December 31, 2010

	Number of shares	Number of stock options
Gérard Mestrallet	51,619	1,739,385
Jean-François Cirelli	4,272	0
Albert Frère	1,911	-
Edmond Alphandéry	2,923	-
Jean-Paul Bailly	*	-
Jean-Louis Beffa	4,200	-
Alain Beullier	51	-
Bruno Bézard	*	-
Olivier Bourges	*	-
Aldo Cardoso	1,000	-
René Carron	3,360	-
Pierre-Franck Chevet	*	-
Paul Desmarais Jr.	2,121	-
Ramon Fernandez	*	-
Anne Lauvergeon	2,184	-
Pierre Mongin	*	-
Anne-Marie Mourer	51	-
Patrick Petitjean	101	-
Gabrielle Prunet	*	-
Thierry de Rudder	2,189	-
Lord Simon of Highbury	1,911	-

* *The statutory requirement to hold at least 50 shares in the company does not apply to Directors representing the French State or to the Director representing employee shareholders.*

7.1.1.7 Independence of Directors in office

As of the date of this Reference Document, the GDF SUEZ Board of Directors comprises 21 Directors in office, including 17 French Directors, 3 non-French Directors and 1 Director with dual nationality (French and other).

Article 1.1.2 of the Internal Regulations requires the Board to review the independence and status of each of its members, based on criteria determined by the Board. This review must be conducted annually, prior to the General Meeting held to approve the financial statements for the previous fiscal year. The process of assessing the independence of each Director was reviewed on January 13, 2011 by the Nominations Committee, and, on January 13, 2011, by the Board of Directors, which made the following decisions.

The Board drew on the following recommendations of the AFEP-MEDEF, with reference to its classification principles:

To be considered as independent, a Director must:

- not be an employee or officer of the company or an employee or Director of the parent company or of a company within its scope of consolidation and must not have been so during the last five years;
- not be the officer of a company in which the Company holds, directly or indirectly, a Directorship or in which an employee appointed as a director or an officer of the Company (currently in office or in office within the last 5 years) holds a directorship;
- not be (or not be related, directly or indirectly) to a customer, supplier or corporate or investment banker of significance to the Company or its group, a significant share of whose business is provided by the Company or group;
- have no close family ties with a corporate officer;
- not have served as an auditor of the Company during the previous five (5) years (Article L. 225-25 of the French commercial Code);
- not have been a director of the Company for more than 12 years (as a practical matter, a Director loses his/her independent status under this criterion only on expiry of the term of office in which the 12-year limit is exceeded).

Directors representing major shareholders of the Company or its parent company may be considered independent provided that they do not exercise control over the company. If a Director exceeds a threshold of 10% of the capital or voting rights, the Board, based on the Nominations Committee's report, must systematically review the independent status of the Director(s) concerned, taking into account the structure of the Company's capital and whether or not there may be conflicts of interest.

The AFEP-MEDEF's recommendations expressly state that the Board may decide that a given criterion is not relevant or requires an interpretation specific to the Company. For instance, the Board of Directors may conclude that although a Director meets the criteria above, he/she does not qualify as independent in view of his/her particular circumstances or the situation of the Company, relating to its shareholding structure or for any other reason. Conversely, the Board may decide that a Director who does not strictly meet the criteria for independence nonetheless qualifies as independent.

The Board also considered other interpretations published by various international governance organizations:

The Board referred first to the ISS Governance Services' publication of June 27, 2008 concerning the former SUEZ Group, in anticipation of the July 16, 2008 Annual Shareholders' Meeting regarding the merger, with particular focus on the section regarding governance of the future GDF SUEZ Group.

The Board also considered the European Commission's analysis in its recommendations of February 15, 2005 regarding, "the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board" 2005/162/EC). Article 13.1 of these recommendations provides that: "A director should be considered independent only if he or she is free of any business, family or other relationship—with the company, its controlling shareholder or the management of either—that creates a conflict of interest such as to impair his or her judgment".

Finally, the Board drew on the work of the OECD described in the report on the "Methodology for Assessing the Implementation of the OECD Principles of Corporate Governance" (December 1, 2006), particularly Principle VI.E ("The board should be able to exercise objective independent judgment on the conduct of corporate affairs") and its sub-principle (Principle VI.E.1: "The Board should consider assigning a sufficient number of non-executive board members capable of exercising independent judgment to tasks where there is a potential for conflicts of interest"). Of particular interest is the excerpt from paragraph 315 (Principle VI.E), which refers to the presence of independent directors, who must "not be employed by the company or its affiliates and not be closely related to the company or its management through significant economic, family or other ties".

Based on the above, the Board of Directors of GDF SUEZ examined the circumstances of each Director on a case-by-case basis and unanimously decided to describe this situation as follows:

MEMBERSHIP OF THE BOARD OF DIRECTORS AS AT MARCH 2, 2011

		Directors in office deemed to be	
		Independent "I"	Non-Independent "NI"
Gérard Mestrallet	Chairman and Chief Executive Officer		NI – Executive
Jean-François Cirelli	Vice-Chairman, President		NI – Executive
Albert Frère	Vice-Chairman	I(a)	
Edmond Alphandéry	Director	I(g)	
Jean-Paul Bailly	Director		NI(b)
Jean-Louis Beffa	Director	I(e)	
Alain Beullier	Director		NI(c)
Bruno Bézard	Director		NI(b)
Olivier Bourges	Director		NI(b)
Aldo Cardoso	Director	I(d)	
René Carron	Director	I(d)	
Pierre-Franck Chevet	Director		NI(b)
Paul Desmarais Jr.	Director	I(a)	
Ramon Fernandez	Director		NI(b)
Anne Lauvergeon	Director	I(d)	
Pierre Mongin	Director		NI(b)
Anne-Marie Mourer	Director		NI(c)
Patrick Petitjean	Director		NI(c)
Gabrielle Prunet	Director		NI(c)
Thierry de Rudder	Director	I(a)	
Lord Simon of Highbury	Director	I(f)	
TOTAL	**21 DIRECTORS**	**9 INDEPENDENTS**	**12 NON-INDEPENDENTS**

The Board of Directors of GDF SUEZ is composed of 21 directors, including 9 deemed to be independent. 12 Directors are considered as not independent, among whom are the Directors representing the French State, the Company's employees and the Directors who are Executive Officers:

a) Albert Frère, Thierry de Rudder (also see point f) below) and Paul Desmarais Jr., who represent the Groupe Bruxelles Lambert in its capacity as shareholder of GDF SUEZ with a 5.2% share capital (at end- February 2011), are deemed to be independent, as they do not exercise control over the Company (GBL owns less than 10% of GDF SUEZ's share capital).

b) Jean-Paul Bailly, Bruno Bézard, Olivier Bourges, Pierre-Franck Chevet, Ramon Fernandez, and Pierre Mongin, who are all officials of, and appointed by, the French State, are not considered independent.

c) Mr. Alain Beullier, Ms. Anne-Marie Mourer and Mr. Patrick Petitjean, who are Directors employed by the Company or its subsidiaries, as well as Ms. Gabrielle Prunet, Director representing employee shareholders, are not considered independent.

d) René Carron ended, on May 19, 2010, his office as Chairman of the Board of Directors and Director of Crédit Agricole SA, company with which GDF SUEZ has business relationships, as it does with other banking institutions.

It should also be noted that GDF SUEZ has business relationships with Rhodia (of which Aldo Cardoso is a Director) and Imerys (of which Aldo Cardoso as well as Thierry de Rudder are Directors). The Board of Directors found that these business ties were for from being significant enough to create a conflict of interest likely to affect the independence of Mr. Cardoso and Mr. de Rudder.

The Group also does business with Areva, represented by Ms. Anne Lauvergeon. It is to be noted that ISS Governance Services classified Ms. Lauvergeon as an independent Director. Additionally, the Board of Directors deemed that the business ties with Areva were not sufficient to create, according to the European Commission's recommendations, "a conflict of interest such as to impair (its) judgment" (paragraph 13.1.), subject to the obligations referred to below. However, these obligations notwithstanding, should changes in these business relationships over the next year so require, the Board will review Ms. Lauvergeon's situation in advance.

e) Mr. Jean-Louis Beffa, a Director of GDF SUEZ and Chairman of its Nominations Committee, is also a director of Saint-Gobain, of which Gérard Mestrallet is a Director. Under the AFEP-MEDEF recommendations, these overlapping directorships could disqualify both Directors. More specifically, Mr. Jean-Louis Beffa would not qualify for independent status (Gérard Mestrallet is not deemed to be independent). However, the Board of Directors of GDF SUEZ took into account the fact that Mr. Beffa no longer holds an executive position within Saint-Gobain and that Mr. Mestrallet no longer participates in any of the company's specialized committees. Mr. Beffa's classification as an independent Director therefore meets the criteria set out by the OECD, as described above (Principle VI.E.1): "The Board should consider assigning a sufficient number of non-executive board members capable of exercising independent judgment to tasks where there is a potential conflict of interest."

Nevertheless, with regard to cases (d) and (e), the Board has decided that, to preserve the objectivity of the Directors concerned, if the Board were to be presented with a project with any kind of tie to Areva, Rhodia and Imerys, or the Saint-Gobain group, Ms. Lauvergeon and Messrs Cardoso, de Rudder and Beffa would not be permitted to participate in deliberations within the Board and/or the relevant Committee relating to the above companies.

In the specific case of Mr. Beffa, this obligation covers all deliberations relating to contractual relationships between the Group and industrial electricity consumers in France.

In the specific case of Ms. Lauvergeon, this obligation will apply to any deliberations relating to the Group's nuclear activities (particularly the operation of the Belgian nuclear power plants, proposals for the construction of new nuclear plants or the selection of Group suppliers in the nuclear field).

The Directors concerned have undertaken to obey these rules of conduct, in accordance with Article 5 of the Directors' Charter.

f) The Board of Directors of GDF SUEZ specified that the situations of Lord Simon of Highbury (Chairman of the Compensation Committee) and Mr. Alphandéry (Chairman of the Ethics, Environment and Sustainable Development Committee and member of the Audit Committee) complied with the principles allowing them to qualify as independent.

To GDF SUEZ's knowledge, there are no potential conflicts of interest between the Directors' duties with regard to GDF SUEZ and their private interests and/or other duties.

There are no family ties between the Directors and GDF SUEZ's other main senior managers.

To GDF SUEZ's knowledge, during the past five years, none of the Directors or senior managers of GDF SUEZ has been convicted of fraud, served as manager or Director in a bankruptcy, receivership or liquidation situation, been subject to indictment and/or official public sanction issued by a statutory or regulatory authority or been prevented by a court from serving as a member of the management body or supervisory board of an issuer, nor from participating in the management or oversight of the business of an issuer.

In addition to the provisions of the French commercial Code which govern regulated agreements, the Directors' Charter (see Sections 7.2 and 7.5.1 below) provides that each Director must make every effort to avoid any conflict that may exist between his/her moral and material interests and those of the Company, must inform the Board of any conflict of interest in which he/she may be directly or indirectly involved and, where he/she cannot avoid the conflict of interest, must abstain from participating in discussions and voting on any decision concerning such matters.

Furthermore, no loans or guarantees have been granted to, or on behalf of, members of the Company's boards or management.

For the sake of transparency and public disclosure, GDF SUEZ undertakes to maintain a high level of discipline with regard to internal control, upholding high standards with regard to financial information, and dealing directly and openly with investors. When addressing these issues, GDF SUEZ refers to the recommendations of the AFEP-MEDEF, primarily the AFEP-MEDEF Code, to the extent that the legislative and regulatory provisions apply to the Company. These principles underlie the GDF SUEZ Board of Directors' Internal Regulations and Directors' Charter. The Group will also maintain high standards in terms of corporate governance, particularly with regard to the independence and global representation of its Directors.

All financial information provided by the Group is available in French and English on the GDF SUEZ website (gdfsuez.com).

7.1.2 NON-VOTING DIRECTORS

Article 13.8 of the bylaws provides for the General Shareholders' Meeting to appoint one or more non-voting Directors. Non-voting Directors participate in meetings of the Board of Directors in an advisory capacity. Their term of office is four years, expiring at the close of the Ordinary General Shareholders' Meeting to approve the financial statements of the past fiscal year and held in the year in which the term expires.

Non-voting directorships are currently held by Richard Goblet d'Alviella and Philippe Lemoine, who were appointed by the General Meeting of July 16, 2008 for a term of four years expiring upon the adjournment of the General Shareholders' Meeting to be held in 2012 in order to consider the financial statements for the fiscal year 2011. Their biographies and lists of directorships and offices held are provided below.

Richard Goblet d'Alviella, born July 6, 1948 in Brussels (Belgium), is a Belgian citizen.

Richard Goblet d'Alviella holds a Masters'Degree in Business Engineering from the *Université Libre de Bruxelles* and an MBA from Harvard Business School. He has a background in investment banking, specializing in international finance, both in London and New York, for 15 years. He was Managing Director of the Paine Webber Group before joining Sofina, where he has been Vice-Chairman, Executive Director since 1989.

Directorships and offices held in the Company	Directorships and offices held in any company in 2010	Other Directorships and offices held within the past five years
Non-voting director	Vice-Chairman, Executive Director of Sofina* (Belgium) Executive Director of Union Financière Boël, Société de Participations Industrielles (Belgium) Member of the Supervisory Board of Eurazeo* Director of Danone* (France), Caledonia Investments (UK) Director of Delhaize*, Henex*(Belgium)	Director of ADSB Telecommunications (Belgacom), Finasucre, Glaces de Moustier*, SUEZ-Tractebel (Belgium), SES Global (Luxembourg), Danone Asia Pte (Singapore), SUEZ*

* *Listed company.*

Philippe Lemoine, born November 3, 1949 in Neuilly-sur-Seine (Hauts-de-Seine), is a French citizen.

A graduate of the *Paris Institut d'Études Politiques* (Public Service), Philippe Lemoine completed postgraduate studies in economics, obtained a law degree, and successfully passed the competitive examination in civil law for outstanding students. In 1970, he launched his career as research engineer at INRIA, (*Institut National de Recherche Informatique et en Automatique* – national institute for IT and automation research). In 1976, he joined the Ministry of Industry (Information Systems), where he helped draft the Nora-Minc report on the growth of the information society. He then joined the ministerial cabinets of Norbert Ségard and Pierre Aigrain, before becoming Government Commissioner at the CNIL (French National Data Protection and Privacy Commission), where he headed up a variety of programs for the Minister of Research, Laurent Fabius, and the Prime Minister, Pierre Mauroy. In 1984 he joined the Galeries Lafayette group. He was appointed Co-Chairman of its Management Board in 1998, a position he held until May 2005. Philippe Lemoine is currently Chairman and Chief Executive Officer of LaSer, a service company owned in equal parts by the Galeries Lafayette and BNP Paribas groups.

Directorships and offices held in the Company	Directorships and offices held in any company in 2010	Other Directorships and offices held within the past five years
Non-voting director	Chairman and Chief Executive Officer of LaSer, Chairman of LaSer Cofinoga, Grands Magasins Galeries Lafayette and Banque Sygma Director of Monoprix and BNP Paribas Personal Finance Member of the Supervisory Board of BHV Chairman of the Fondation Internet Nouvelle Génération, and the Forum d'Action Modernités Co-Manager of GS1 France Director of La Poste, Fondation Collège de France, Maison des Sciences de l'Homme, Coe-Rexecode, the French American Foundation, and 104	Co-Chairman of the Management Board of Galeries Lafayette Group Director of La Poste, Gaz de France* Member of the CNIL

* *Listed company.*

7.1.3 GOVERNMENT COMMISSIONER

The Government Commissioner is appointed to the Company by the Minister of Energy, by decree, pursuant to Article 24.2 of Law No. 2004-803 of August 9, 2004 as amended by Law No. 2006-1537 of December 7, 2006 relating to the energy sector. The role of the Government Commissioner is to attend meetings of the Board of Directors and its Committees in an advisory capacity and present, where appropriate, his or her observations to all Shareholders' Meetings.

This position is currently held by Florence Tordjman, appointed by the Minister of Energy, by order dated July 18, 2008. Reference is made below to her biography and the status of her mandates and offices.

Florence Tordjman, born June 27, 1959 in Poitiers (Vienne), is a French citizen.

A graduate of the *Institut d'Etudes Politiques de Paris* (Public service) and the *École Nationale d'Administration*, Florence Tordjman also holds a Master's Degree in history and a Bachelor's Degree in history and geography from the *Université Paris IV* Sorbonne. Since 1993, she has held various positions within the Ministry of Economy, Industry and Employment. At the Department of Information Technology and the Postal Service *(La Poste)*, she was responsible for European R&D programs in information technology and communications from 1993 to 1997 and from 2000 onwards, she headed the office of industrial policy and competition. From 1997 to 2000, she was responsible for monitoring multilateral development banks and financing public aid for development at the Treasury Department. From October 2001 to July 2008, she was responsible for the gas and fossil energy distribution Section of the Department of Energy and Raw Materials. Since then, she has been Deputy Director for energy within the Energy and Climate Department of the Ministry of Ecology, Sustainable Development, Transportation and Housing and within the Department of Finance and Industry.

Directorships and offices held in the Company	Directorships and offices held in any company in 2010	Other Directorships and offices held within the past five years
Government commissioner	Deputy Director for energy within the Energy and Climate Department of the Ministry of Ecology, Sustainable Development, Transportation and Housing, Department of Finance and Industry Director of the French Association for Natural Gas Vehicles Government Commissioner GRTgaz and GrDF	Director of Gaz de France*

* *Listed company.*

7.1.4 EXECUTIVE MANAGEMENT

The Company's executive management is under the responsibility of Gérard Mestrallet, Chairman and Chief Executive Officer, and Jean-François Cirelli, Vice-Chairman and President.

Gérard Mestrallet and Jean-François Cirelli have the same capacity to represent the Company with third parties. According to internal rules, the respective powers of the Chairman and Chief Executive Officer and the Vice-Chairman, Deputy General Manager are determined by the Board of Directors and the Internal Regulations of the Board, which sets their limits.

(With regard to the performance of the Executive Management and the boundaries of any powers conferred by the Board of Directors, refer to Section 7.1.5, "Board of Directors: Powers - Operations – Activities", and to the Chairman's report referred to in Article L. 225-37 of the French commercial Code, in Section 7.5 hereto).

7.1.5 BOARD OF DIRECTORS : POWERS – OPERATING PROCEDURES – ACTIVITIES

7.1.5.1 Powers of the Board of Directors

The Board of Directors determines the Company's business strategy and oversees its implementation. Subject to the powers expressly granted to the Shareholders' Meetings and within the limit of the Company's corporate purpose, the Board deals with all matters concerning the smooth running of the Company and through its decisions manages the Company's business. The Board of Directors performs any controls and verifications it considers appropriate.

In addition to issues that fall under the authority of the Board pursuant to applicable laws and regulations, and in accordance with the Company's Internal Regulations, the following decisions are subject to prior review and approval by the Board:

- contracting with the government on major contracts regarding the objectives and methods involved in the implementation of public service projects delegated to the Company or its subsidiaries, within legal limits;
- acquiring or divesting any of the Company's direct or indirect interests in any company formed, or to be formed, taking an interest in the formation of any company, joint venture, consortium or body or subscribing to any issue of shares, partnership shares or bonds in which the Company's or the Group's financial exposure exceeds €500 million for the transaction in question;
- becoming involved in any asset contribution or exchange transaction, with or without a cash balance, relative to goods, securities, stocks or bonds for an amount exceeding €500 million;
- resolving disputes by way of any agreement, settlement or arbitration decision for an amount exceeding €200 million;
- entering into any long-term energy purchasing plan on behalf of the Group that involves quantities, per transaction, in excess of:
  - 30 billion kWh of gas per year, including their conditions of transport,
  - 20 billion kWh of electricity per year, including the terms of transmission.
- entering into any real estate acquisition or disposal transaction for an amount exceeding €200 million;
- entering into any of the following transactions for an amount exceeding €1.5 billion:
  - granting or contracting any loans, borrowings, credit or cash advances by the Company, or authorizing any Group subsidiary or financing medium for this purpose,
  - acquiring or assigning any receivables, by any method.

Each year, the Board of Directors authorizes the Chairman and Chief Executive Officer to issue guarantees and other security for an amount it determines.

In addition, the Board reviews the budget, the Group's industrial strategy, financial strategy and energy supply policy at least once a year.

7.1.5.2 Operating procedures of the Board of Directors

The Board of Directors meets as often as the Company's interests require and, in accordance with its Internal Regulations, at least six times a year, including at least once each quarter. Board of Directors' meetings may be held via any means of videoconference or telecommunication that allows Directors to be identified and ensures their effective participation in accordance with the conditions and procedures set out in the Internal Regulations.

Two non-voting Directors, each with one advisory role, are invited to attend Board meetings, as are the Government Commissioner, also with one advisory vote, the members of the Management Committee, the General Secretary, and the Secretary of the Board of Directors.

In accordance with French law, the representative of the Central Works Council attends Board meetings without having a vote and without representation in the event of absence.

Article 1.3 of the Internal Regulations provides that the Chairman chairs the Board meetings, oversees deliberations and ensures compliance with the Regulations. The Chairman upholds the quality of the exchange of views and ensures that the Board's decisions are made on a collective basis. The Chairman makes sure that the Board spends enough time on discussions and allots time to each of the items on the agenda in proportion to the importance that each issue represents for the Company. The Directors ensure, collectively, that the time allotted to each of them to express his or her views is evenly balanced. The Chairman pays particular attention to ensure that the issues raised according to the agenda receive an appropriate response.

In accordance with Article 16 of the bylaws, meetings of the Board of Directors must be chaired by the Chairman, or in his/her absence by one of the Vice-Chairmen, or else by a Director chosen by the Board at the beginning of the meeting.

Under Article 13.6 of the bylaws, all Directors must own at least fifty (50) shares of the Company, unless an exemption has been granted under the applicable law or regulations. This requirement does not apply to the Directors representing the French government or to the Director representing employee shareholders (a table showing the number of shares and stock options personally owned by the corporate officers is provided in Section 7.1.1.6 of this Reference Document).

The Secretary of the Board of Directors provides administrative services to the Board and records the minutes of its meetings. Patrick van der Beken serves as Board Secretary.

7.1.5.3 Activities of the Board of Directors

The Board of Directors of GDF SUEZ met eleven times during fiscal year 2010, with an average attendance rate of 84%. Of the ten meetings scheduled for 2011, four had already been held as of the date of this Reference Document.

At these meetings, the Board of Directors of GDF SUEZ reviewed and deliberated on the following matters: the Group's business activity and strategy, the nuclear energy policy, the review of investment, acquisition projects and business combination with 2010 parent company and consolidated financial statements, payment of a 2010 interim dividend, review of projection management documents, the partial refinancing of syndicated loans, review of the independence of directors, evaluation of the Board of Directors, examination of the 2009 Health and Safety Report, the 2010 half-year financial statements, renewal of the authorization to issue bonds (€10 billion), award of Performance Shares, renewal of the authorization concerning guarantees, endorsements other securities, the implementation of a global employee shareholding plan ("Link 2010"), amendment of the Board of Directors' Internal Regulation and the Ethics Code attached thereto, amendments to the share capital following the exercise of stock options and the cancellation of treasury shares, the transfer of the registered office.

7.1.6 THE COMMITTEES: STANDING COMMITTEES OF THE BOARD OF DIRECTORS – MANAGEMENT COMMITTEE – EXECUTIVE COMMITTEE – OTHER COMMITTEES

7.1.6.1 Standing committees of the Board of Directors: composition – operating procedures – activities

Article 15.2 of the bylaws provides that to assist in its deliberations, the Board of Directors may create internal standing committees whose work will provide a basis for its decisions. Pursuant to Article 15.2 of the bylaws and Article 3 of the Board's Internal Regulations, these Committees are tasked with studying matters of concern to the Company that the Board or the Chairman have submitted for their opinion. They are also charged with preparing the Board's work and decisions on such matters and projects and reporting their conclusions back to the Board in the form of reports, proposals, opinions, information or recommendations. The Committees perform their duties under the responsibility of the Board of Directors. No Committee may, of its own initiative, address any issue that falls outside the scope of its mission. Committees have no decision-making power. On the Chairman's recommendation and after deliberation, the Board of Directors appoints the members and Chairman of each Committee, based on the skills, experience and availability of each Director.

In principle, the term of office for Committee members is two fiscal years, unless the remainder of the term of office of the Directors in question is too short to complete the entire two-year period. In that case, the terms of office of Directors and Committee members shall end simultaneously. Committee members' terms of office are renewable, subject to their continuous service as Directors of the Company. All Committees are chaired by an independent Director.

Five Committees assist the Board of Directors of GDF SUEZ: the Audit Committee, the Strategy and Investments Committee, the Nominations Committee, the Compensation Committee and the Ethics, Environment and Sustainable Development Committee. These Committees are composed as follows:

Audit Committee	Strategy and Investments Committee	Nominations Committee	Compensation Committee	Ethics, Environment and Sustainable Development Committee
Aldo Cardoso*, Chairman Edmond Alphandéry* Olivier Bourges Thierry de Rudder*	Thierry de Rudder* Chairman Olivier Bourges Pierre-Franck Chevet Anne Lauvergeon*	Jean-Louis Beffa*, Chairman René Carron* Paul Desmarais Jr.* Ramon Fernandez	Lord Simon of Highbury*, Chairman Jean-Louis Beffa* Olivier Bourges René Carron* Paul Desmarais Jr.*	Edmond Alphandéry*, Chairman Jean-Paul Bailly Anne Lauvergeon* Anne-Marie Mourer

* *Independent directors.*

The Audit Committee

The Audit Committee comprises four members: Aldo Cardoso (Chairman), Edmond Alphandéry, Olivier Bourges and Thierry de Rudder.

Operating procedures

Article 3.1 of the Internal Regulations sets out the rules and operating procedures of the Audit Committee, pursuant to the regulation and to any regulatory changes.

The Audit Committee has three main functions. The first is to examine in detail the draft financial statements, the relevance and consistency of accounting principles and rules used to prepare the financial statements and the content of documents disclosed to the public. In this framework, it is also responsible for monitoring the statutory auditing of the annual and consolidated accounts by the statutory auditors. The second is to gain an understanding of internal and external audit procedures in order to ensure that such procedures provide appropriate coverage for all areas of risk. The third is to regularly review the Group's financial position, cash flow position, and significant commitments and risks, as well as Group policy in terms of risk control and the procedures for assessing and managing these risks.

The Audit Committee met ten times in 2010, with an average attendance rate of 95%. The Statutory Auditors attended eight of these meetings. Of the eleven meetings scheduled for 2011, four had already been held as of the date of this Reference Document.

Activities

In 2010, the Committee specifically addressed the following:

- pertaining to **financial matters**: budget forecasts for 2010, the parent company and consolidated financial statements at December 31, 2010, estimates and options for the half-year end (including the initial application of the "IFRS 3 Revised" standards), the interim parent company and consolidated financial statements at June 30, 2010, the payment of an interim dividend for the fiscal year 2010, quarterly reports (1st and 3rd quarters of 2010), closing estimates and options for 2010, the financing and liquidity situation, Efficio performance plan reports, the plan to reduce publication times for financial statements (Fast Close) and the Mark to Market accounting process;
- pertaining to the **internal audit**: quarterly activity reports and the scheduling of audit assignments for 2010;
- pertaining to **internal control**: the status of 2009 actions and of 2010 priorities;
- pertaining to the **external audit**: monitoring of fees for 2009, prior approval of work assigned to the Statutory Auditors in addition to their auditing assignments, independence of the Statutory Auditors;
- pertaining to **risks**: review and mapping of Group risks (summary of risk management in 2009, review of 2010 risks, action plan), follow-up to the analysis of priority risks.

The Committee also addressed topics for understanding specific issues such as the governance of subsidiaries and equity interests, the energy transfer prices, the 2010-2013 Public Service Contract and the sales of gas of the Energy France business line.

Strategy and Investments Committee

The Strategy and Investments Committee comprises four members: Thierry de Rudder (Chairman), Olivier Bourges, Pierre-Franck Chevet and Anne Lauvergeon.

Operating procedures

Article 3.2 of the Internal Regulations sets out the rules and operating procedures for the Strategy and Investments Committee.

In order to be consistent with the current size of the Group resulting from the combination of Gaz de France and SUEZ, the Internal Regulation was amended on August 9, 2010 to increase the delegation threshold of the Chairman and Chief Executive Officer and of the Vice-Chairman and President for investments and divestments. It is now €500 million as compared to €350 million previously, with the proviso that operations between €350 and €500 million are submitted to the Committee for information.

This Committee is charged with providing the Board of Directors with its opinion on the Company's major strategic directions, particularly with regard to strategy and the public service contract, all projects relative to external and internal growth, disposals, strategic agreements, alliances and partnerships that are submitted to the Board. This Committee also addresses matters concerning the creation and modernization of industrial facilities and annual and multi-year works programs, purchasing policy and significant real estate projects.

The Strategy and Investments Committee met nine times in 2010, with an average attendance rate of 68%. Of the ten meetings scheduled for 2011, three had already been held as of the date of this Reference Document.

Activities

In 2010, the Committee specifically addressed the following: GDF SUEZ'S strategic vision and its action plan, the medium term strategy and prospects of the Global Gas & LNG, Energy Europe & International, Suez Environnement, Infrastructures and Energy Services business lines, the trading unification project, a series of acquisition projects that require the Board of Director's approval, among which the business combination with International Power and the acquisition of an interest in Nord Stream pipeline, as well as significant divestments in companies listed in Belgium (Elia and Fluxys).

Nominations Committee

The Nominations Committee comprises four members: Jean-Louis Beffa (Chairman), René Carron, Paul Desmarais Jr. and Ramon Fernandez.

Operating procedures

Article 3.3 of the Internal Regulations of GDF SUEZ (amended as set forth below under "Activities") sets out the rules and operating procedures for the Nominations Committee. Its purpose is to examine and make recommendations to the Board of Directors on all applications for a position as a Director or as a non-voting Director whose appointment is subject to approval by the Shareholders' Meeting, as well as for a position as a Committee member and Committee Chairman. The Committee also makes recommendations to the Board as to who will succeed the Chairman and Chief Executive Officer and the Vice-Chairman and President, as they approach the end of their terms of office.

The GDF SUEZ Nominations Committee met once in 2010 (with an attendance rate of 80%). Three meetings had already been held in 2011 at the time this Reference Document was written.

Activities

The Committee mainly examined and made recommendations to the Board of Directors on the status of an independent director, which must be reviewed each year prior to the General Shareholders Meeting held to approve the financial statements of the past year (see Section 7.1.1.7 of this Reference Document). It also recommended to the Board of Directors an amendment to the Internal Regulations in order to expand the Nominations Committee's assignments to the review of the composition of the Board Committees, in order to submit proposals or opinions to the Board concerning the members who serve on these Committees, taking into account their skills, experience and availability.

Compensation Committee

The Compensation Committee comprises five members: Lord Simon of Highbury (Chairman), Jean-Louis Beffa, Olivier Bourges, René Carron and Paul Desmarais Jr.

Operating procedures

Article 3.4 of the Internal Regulations of GDF SUEZ sets out the rules and operating procedures for the Compensation Committee. The Compensation Committee reviews and makes recommendations to the Board of Directors on compensation, pension and health care plans, benefits in kind and various emoluments including, where applicable, awards of Company stock options and performance-based shares to the Chairman and Chief Executive Officer and the Vice-Chairman and President, as well as to any other members of the Board holding employment contracts with the Company. In addition, at least once a year it reviews the conditions for harmonizing the terms and conditions of employment of Gaz de France and SUEZ employees, as well as the competitiveness of such terms and conditions with regard to comparable Groups worldwide.

This Committee is also consulted with regard to the award of stock options and performance-based shares to the Executive Vice-Presidents.

The Compensation Committee met on five occasions in 2010 with an average attendance rate of 80%. Two meetings had already been held in 2011 as of the date of this Reference Document.

Activities

In the course of the 2010 fiscal year, the Compensation Committee submitted to the Board of Directors its thoughts and expressed its recommendations for the compensation of two corporate executive officers ("mandataires sociaux"). For their fixed compensations, the Compensation Committee proposed to maintain the 2010 compensations, identical to the 2009 ones. For the variable portion of their compensation, the Committee examined the performance indicators of their objectives with respect to those that had been assigned to them in 2009, and proposed to the Board the respective amounts of the two corresponding variable portions. It also proposed criteria for the assessment of their variable compensation for 2010 (target bonus objectives, quantitative and qualitative parameters and the respective quota of these parameters in the calculation of the variable portion).

Regarding the Executive Committee (including the two corporate executive officers) whose members had waived the allocation of stock options for 2009, the Compensation Committee analyzed the implementation of a long-term incentives system linked to performance, in line with market practices. To this effect, the Compensation Committee conducted a study of the Long Term Incentives (LTI) market practices, based on three benchmarks: the 40 index, which is the domestic benchmark of GDF SUEZ, the Euro Stoxx 50 index, taking into account the European location of over 80% of the Group's businesses, and the Euro Stoxx Utilities Eurozone index, which is the benchmark of the Group's main business sector.

On these bases, the Compensation Committee submitted for the approval of the Board, first in November 2009, and then in January 2010, a Performance Share allocation plan for the members of the Executive Committee (except for the two corporate executive officers, according to their request) subject to the internal and external performance conditions, pursuant to the AFEP/MEDEF recommendations. This specific plan follows the Performance Share stock-options plan granted in December 2009 to over 8,000 Group employees.

At the end of the fiscal year 2010, the Compensation Committee focused on this issue again and presented proposals to the Board concerning the implementation of a Performance Share allocation plan that should replace the stock-options, for over 7,000 Group employees, including the Executive Committee members, with the note that the acquisition term for such Performance Shares has become stricter, because it was switched from two to three years. With respect to the two corporate officers, the Committee analyzed the allocation of a similar type of plan to those concerned, and finalized its proposals for the Board of Directors at the beginning of January 2011.

The Committee also focused on the assessment of how prior stock-options and Performance Shares performance conditions were met, in order to report to the Board, as well as on the amount of attendance fees paid to the members of the Board Committees. The Committee was also informed, pursuant to the provisions of the status of employee directors, of the proposals made by management for changes to their compensation in 2010.

Finally, the Compensation Committee informed the Board of the results of the study conducted on the convergence of employment conditions between the employees of the former Gaz de France structure and those of the former SUEZ structure, so as to clarify to the Board the Group's employment situation following the combination of Gaz de France and SUEZ.

Ethics, Environment and Sustainable Development Committee

The Ethics, Environment and Sustainable Development Committee comprises four members: Edmond Alphandéry (Chairman), Anne Lauvergeon, Jean-Paul Bailly and Anne-Marie Mourer.

Operating procedures

Article 3.5 of the Internal Regulations defines the rules and operating procedures for the Ethics, Environment and Sustainable Development Committee. This Committee ensures compliance with the individual and collective values that are the basis for the Group's actions and with the rules of conduct to which each employee must adhere.

The Ethics, Environment and Sustainable Development Committee met four times in 2010, with an average attendance rate of 75%. Of the five meetings scheduled for 2011, two had already been held as of the date of this Reference Document.

Activities

To maintain the high standards of conduct on which the Group had built its reputation, the GDF SUEZ Ethics, Environment and Sustainable Development Committee gathered information on the development of ethics and compliance systems within the Group in order to ensure that these had been deployed as required and had been subject to application and control procedures.

The Committee thus requested the presentation of the annual compliance procedure and the annual report of the Group's Ethics officer, which highlight in particular the organization of business lines and subsidiaries, the deployment of the new Ethics Charter and the Guidelines, "Ethics in Practice" guide, the development of a network comprised of over 140 ethics officers, on specific training initiatives. This mechanism includes a quantified approach for providing yearly indicators related to the implementation of the Group's ethics program.The Committee was also informed of the latest developments in the principal disputes involving the Group.

Regarding compliance management, the Committee noted that, in all the business lines, GDF SUEZ had initiated the deployment of a real time reporting tool to report on the incidents affecting its main risk areas. This tool was subject to an amendment process under the guidelines issued by a decision from the French Court of Cassation on December 9, 2009.

The Committee also examined the mapping of the Group's ethics risks, work initiated at its request, as well as the related action plan, which was subject to annual reporting.

Finally, the Committee was also informed of the "Integrity Referential", which constitutes the foundation for the Group's program on preventing and fighting against fraud and corruption in accordance with the ethics principle stated in the Ethics Charter intended to "establish a culture of integrity" within the Group in the action plan resulting from it and in the schedule for its implementation.

In terms of sustainable development, the Committee maintained, within the framework of the ambitious scope it had set itself, its role of monitoring policies instituted, action plans, and prospective outcomes. The Committee requested the presentation of the deployment of the Group's sustainable development policy through the application of a resulting action plan in 2009. It examined the work relating to the "sustainable urban development" program and related research, steps and actions in the corporate responsibility or even social responsibility areas, diversity and for fighting against discrimination.

Within the various regular processes related to the processing of environmental information, audit methods and external controls procedures, the Committee was informed of the Group's annual report on environmental performance, as well as of the annual report on health and safety in the workplace, both for the Group and for the business lines.

In terms of governance, the Committee conducted an annual evaluation process on how the Board of Directors' operates, in order to identify improvements to be brought to the Board's operation and to propose resolutions to be adopted to this effect.

In 2010, the Committee's proposals resulted in improvement measures taken by the Board of Directors on March 3, 2010. These include introducing a wider selection of topics to facilitate the in-session discussion of strategic issues and major investment projects, limiting lecture-type presentations and producing briefing notes to encourage open discussion, and holding study seminars.

The next annual evaluation of the Board's operation is planned for 2011.

7.1.6.2 Management Committee

The Management Committee of GDF SUEZ, chaired by the Chairman and Chief Executive Officer or the Vice-Chairman and President has five members (the Chairman and Chief Executive Officer, the Vice-Chairman and President and the three Executive Vice-Presidents) and is responsible for steering the Group. It meets in principle every week. The Management Committee is composed with following members:

Gérard Mestrallet	Chairman and Chief Executive Officer
Jean-François Cirelli	Vice-Chairman and President
Dirk Beeuwsaert	Executive Vice-President in charge of the Energy Europe & International business line
Yves Colliou*	Executive Vice-President in charge of the Infrastructures business line
Jean-Marie Dauger	Executive Vice-President in charge of the Global Gas & LNG business line
Gérard Lamarche	Executive Vice-President, Chief Financial Officer

(*) Until March 3, 2010.

7.1.6.3 Executive Committee

The Executive Committee of GDF SUEZ, chaired by the Chairman and Chief Executive Officer or the Vice-Chairman and President, comprises 19 members representing the Group's operational and functional activities. It reviews issues and decisions regarding the Group's strategy, development and organization and its overall management and, if necessary, the subjects suggested to it. It meets, in principle, every week. The Executive Committee consists of the following members:

Gérard Mestrallet	Chairman and Chief Executive Officer
Jean-François Cirelli	Vice-Chairman and President
Dirk Beeuwsaert	Executive Vice-President in charge of the Energy Europe & International business line
Valérie Bernis	Member of the Executive Committee, in charge of Communications, Financial Communications and Institutional Affairs
Alain Chaigneau	Member of the Executive Committee in charge of Business Strategy and Sustainable Development
Jean-Louis Chaussade	Member of the Executive Committee, Director and Chief Executive Officer of SUEZ Environnement Company
Pierre Clavel	Member of the Executive Committee, Executive Vice-President of the Energy Europe & International business line
Yves Colliou*	Member of the Executive Committee, in charge of the Infrastructures business line
Philip Cox**	Member of the Executive Committee, Chief Executive Officer of International Power plc.
Jean-Marie Dauger	Executive Vice-President in charge of the Global Gas & LNG business line
Jean-Claude Depail***	Member of the Executive Committee, in charge of the Infrastructures business line
Henri Ducré	Member of the Executive Committee in charge of the Energy France business line
Yves de Gaulle	Member of the Executive Committee, General Secretary
Jean-Pierre Hansen	Member of Executive Committee, Chairman of the Energy Policy Committee
Emmanuel Hedde	Member of the Executive Committee in charge of the Integration, Synergies and Performance Department and of the Group Purchasing Department
Emmanuel van Innis	Member of the Executive Committee in charge of the Senior Managers Department
Philippe Jeunet	Member of the Executive Committee in charge of Audit and Risks
Gérard Lamarche	Executive Vice-President, Chief Financial Officer
Philippe Saimpert	Member of the Executive Committee in charge of Human Resources
Jérôme Tolot	Member of the Executive Committee in charge of the Energy Services business line

** Until March 3, 2010.*
*** As from February 8, 2011.*
**** As from March 4, 2010.*

Patrick van der Beken serves as Secretary of the Management Committee and Executive Committee.

7.1.6.4 Group Committees

A limited number of committees have been set up at Group level (Finance Committee, Commitments Committee, Energy Policy Committee, Research and Innovation Committee, Career Management Committee, Nuclear Safety and Security Monitoring Committee, business line Committees, Energy Market Risks Committee, Economic Regulation and Transfers Committee and Sustainable Development Committee). They coordinate instructions and decision-making across GDF SUEZ's organizational lines (see the Report of the Chairman of the Board on corporate governance and internal control and risk management procedures in Section 7.5 of this Reference Document).

7.2 CODE OF GOVERNANCE AND ETHICAL PRINCIPLES

GDF SUEZ maintains its commitment to implementing corporate governance guidelines and, for this purpose, refers to the AFEP-MEDEF code of corporate governance for listed companies (hereafter the "AFEP-MEDEF Code").

The AFEP-MEDEF Code of Corporate Governance is available on the website www.medef.fr.

The operations of the GDF SUEZ Board of Directors are defined by Article 14 of the Company bylaws. The means of organizing its work are set out in the Board of Directors' Internal Regulations, which provides the ways and means by which the Board can operate efficiently on behalf of the Company and its shareholders, as well as the responsibilities incumbent on the Directors.

The Internal Regulations detail the composition and operating procedures of the Board of Directors, the scope of responsibilities of the Board, the Executive Management and the roles of the Board Committees.

The Directors' Charter and the Code of Conduct are attached to the Internal Regulations. They set out the rights and obligations that each Director undertakes to observe.

The Directors' Charter intends to ensure that each Director's contribution is entirely effective in observing the rules regarding independence, ethics and integrity.

The Code of Conduct sets out the rules relating to the Company's securities transactions and insider trading applicable to Directors, Corporate Officers and all employees. It expresses the Company's intention to ensure prudent management of its securities, to comply, and to ensure compliance by others with current regulations governing securities transactions conducted by Directors, Corporate Officers and employees by reminding them of the ban on certain transactions involving Company securities, and the requirement to disclose transactions entered into by Directors, Corporate Officers and related parties.

In addition to the aforementioned, the Status of Employee Directors sets forth the conditions under which Directors employed by the Group exercise their duties.

In terms of the ethics of conduct, GDF SUEZ also adopted, in 2009, an Ethics Charter and the Guidelines "Ethics in Practice" pursuant to which each employee and entity of the Group in France and abroad, and any person seconded by a third party to a Group entity, must practice in the exercise of their professional activities.

The Ethics Charter defines the four ethics principles of GDF SUEZ: to act in accordance with laws and regulations, to establish a culture of integrity, demonstrating loyalty and honesty, and to respect others. It also establishes the overall framework for ethics governance; which relies on the management's involvement and responsibility and it is part of a continuous effort to improve practice and views the Group's ethics compliance as a contribution to the Group's overall performance.

In 2010, GDF SUEZ adopted an "Integrity Referential", which is the *modus operandi* of the ethics principle of: "establishing a culture of integrity", and is thus the foundation of the Group's program for fighting fraud and corruption.

7.3 REGULATED AGREEMENTS AND TRANSACTIONS WITH RELATED PARTIES - SPECIAL REPORT OF THE STATUTORY AUDITORS ON REGULATED AGREEMENTS AND TRANSACTIONS

7.3.1 REGULATED AGREEMENTS APPROVED DURING THE 2010 FISCAL YEAR

Financing Agreement with Suez Environnement

In anticipation of the contribution and distribution of shares of Suez Environnement, SUEZ had signed a financing framework agreement with Suez Environnement and Suez Environnement Company on June 5, 2008. This agreement, approved by the Board of Directors of the two companies on June 4, 2008, resulted from the desire to provide Suez Environnement with the financial resources to cover the needs generated by its investment program for 2008-2010 – in the absence of any change of control.

This agreement expiring on December 31, 2010, Suez Environnement Company requested, in advance, that it be extended beyond this date, specifically in order to maintain a backup line and to strengthen its liquidity sources and its rating.

This extension of the support granted to Suez Environnement is part of a framework for extending agreements signed in 2008 and for the absence of liquidity concerns for Suez Environnement (estimated at €2.5 billion at the end of 2010).

In this context, the Board of Directors of GDF SUEZ, at its meeting of September 15, 2010, authorized the signature of a new financing agreement for €350 million with a maturity date of July 15, 2013. This agreement is subsequent to the initial financing agreement, which ended on December 31, 2010.

Gérard Mestrallet, who is both the Chairman and Chief Executive Officer of GDF SUEZ and Chairman of the Board of Directors of Suez Environnement Company,and Jean-François Cirelli, who is both the Vice-Chairman and President of GDF SUEZ and Director of Suez Environnement Company, did not take part in the vote.

Acquisition of a 9% stake in Nord Stream AG

As part of the acquisition by GDF SUEZ Holding Switzerland AG, of a 9% stake in the capital of Nord Stream AG, a Swiss company whose purpose is the construction and operation of two natural gas pipelines offshore, crossing the Baltic Sea from Russia to Germany, GDF SUEZ will act as "Sponsor" in the financing of this project and will have to sign:

- an Accession Memorandum to the Subordination Deed, the purpose of which is specifically to subordinate the credits granted by GDF SUEZ to Nord Stream AG to the lender's credits;
- an independent Completion Guarantee under which GDF SUEZ guarantees the performance by GDF SUEZ Holding Switzerland AG of its guarantee obligations for Nord Stream AG to repay the senior debt. GDF SUEZ'S commitment is limited to 9% and as far as the commissioning of the first pipeline (about €400 million, and up to November 2011);

and to agree to sign the following agreements particularly, if need be:

- "Change in Law Commitment Agreement" that covers the risk of a change in the law (excluding the Russian law), which would prevent Nord Stream AG from performing its transportation service for its client Gazprom Export under the Gas Transportation Agreement, the only source of revenue for Nord Stream AG. GDF SUEZ'S commitment is limited to 9% of the shareholders' contributions necessary to Nord Stream AG to pay its "senior debt obligations" and "operating costs" for the duration of financing (about €6,100 million for 100% and for a term of 10 to 16 years) ;
- "Disputed Claim Commitment Agreement" that covers potential claims contested by Nord Stream AG in connection with the major construction contracts at the time when Phase I of the pipeline is completed. GDF SUEZ'S commitment is limited to 9% of the said claims;
- "Decommissioning Commitment Agreement" and a "Shareholder Commitment Agreement", which should be provided, if the construction of the second pipeline is abandoned, to cover the potential dismantling costs of phase II works, if any, that would have been performed before the completion of phase I and the project costs (development, studies, etc.) in connection with phase II. GDF SUEZ'S commitment is limited to 9% of the said costs.

These guarantees should be issued at the end of phase I and result from the Completion Guarantee, which will be issued upon signing the acquisition contract of a 9% stake in Nord Stream AG.

The above-mentioned guarantees (including the Completion Guarantee) and the Accession Memorandum will be issued in favor of Nord Stream AG and Société Générale acting as Security Agent for its account and for all the lending banks, among which are BNP Paribas et Crédit Agricole Corporate & Investment Bank.

Even though GDF SUEZ'S commitment is limited to 9% of the guaranteed obligations, the latter are not capped. Consequently, these guarantees have required the prior approval of the Board of Directors.

The Board of Directors, at its meeting of January 20, 2010, approved the principle and in its meeting of June 23, 2010, authorized the signing and issue of the Accession Memorandum and above-mentioned guarantees. Edmond Alphandéry, who is a Director of both GDF SUEZ and Crédit Agricole Corporate & Investment Bank, did not take part in the vote and Gérard Mestrallet, who represented Jean-Louis Beffa, did not take part in the vote on behalf of the latter, who is a Director of both GDF SUEZ and - at that time - BNP Paribas.

The Accession Memorandum to the Subordination Deed and the Completion Guarantee were signed on July 1, 2010.

At its meeting of January 13, 2011, the Board of Directors formally renewed the total commitments for Phase I mentioned above, with the stipulation that Edmond Alphandéry, as Director of both GDF SUEZ and Crédit Agricole Corporate and Investment Bank, did not take part in the vote.

During this same meeting, the Board of Directors reviewed the proposed financing for Phase II of the project.

Acting as Sponsor, GDF SUEZ will sign a non-joint Phase II Completion Guarantee under which GDF SUEZ guarantees the performance by GDF SUEZ Holding Switzerland AG of its secured obligations to Nord Stream AG for the repayment of senior debt for Phase II of the gas pipeline. GDF SUEZ's commitment is limited to 9% and will be in effect until the second gas pipeline is commissioned (approximately €250 million until June 2014).

GDF SUEZ will also commit to sign the following agreements, as applicable:

- «Change in Law Commitment Agreement», already approved by the Board of Directors on June 23, 2010, but which was amended to cover the risk of a change in law (excluding Russian law) that would prevent Nord Stream AG from performing transportation services for its client Gazprom Export under the Gas Transportation Agreement, the sole source of income for Nord Stream AG. GDF SUEZ's commitment is limited to 9% of the shareholders' contributions to Nord Stream AG needed to cover senior debt obligations and operating costs during a 10- to 16-year financing period);

  This guarantee would be issued to the lending banks for the financing of Phase II.

- «Repair Costs Commitment Agreement» covering the shareholders' contributions to Nord Stream AG needed to pay for repairs to the gas pipeline following damage that could occur during the pipeline's reliability testing. GDF SUEZ's commitment is also limited to 9% of the cost and a maximum of €11.7 million;

- «Phase II Disputed Claim Commitment Agreement» covering any disputed claims by Nord Stream AG in connection with major construction contracts at the time of completion of Phase II of the gas pipeline. GDF SUEZ's commitment is limited to 9% of such claims.

Although GDF SUEZ's commitment is limited to 9% of the secured obligations, there is no maximum amount projected therefor. The Phase II guarantees therefore required the prior approval of the Board of Directors.

In addition, the estimated term of GDF SUEZ's commitment was updated after the Company entered into the Phase I Completion Guarantee on July 1, 2010. GDF SUEZ's commitment is capped at 9% and is effective until the first gas pipeline is put into service (approximately €400 million with an estimated termination date of May 2013).

Accordingly, the Board of Directors confirmed its approval of June 23, 2010 for the signing of guarantees for Phase I, which were amended in order to recognize GDF SUEZ's inclusion in the project on July 1, 2010, and for the financing of Phase II, and approved the signing and issuance of guarantees for Phase II, with the stipulation that Edmond Alphandéry, as Director of both GDF SUEZ and Crédit Agricole Corporate & Investment Bank, did not take part in the vote.

Business combination between GDF SUEZ and International Power

International Power is a company resulting from the spin-off of National Power, the main British private company for electricity production, into two entities. The British section, which kept its corporate name, National Power, was bought by E.ON and the international section, International Power, became independent with an expanded shareholding structure. International Power has 4,000 employees, a share capital of €6 billion, but debt in the amount of €6 billion and a BB rating.

Negotiations were initiated with International Power at the end of 2009, which resulted in a business combination project in the summer of 2010 based on the acquisition by GDF SUEZ of 70% of the capital of International Power through asset contributions from the division of GDF SUEZ Energy International of Electrabel and the payment of an extraordinary dividend of 92 pence per share to the shareholders of International Power.

The operation should have an accretive impact on earnings as of the first year and on the dividend. In exchange, it will have a negative impact on the Group's credit ratios and on its rating, which could be off-set by sales of assets up to €4-5 billion.

The Board of Directors, at its meeting of July 19, 2010, authorized the Chairman and Chief Executive Officer Gérard Mestrallet to submit an offer to International Power and granted him all the powers to negotiate, decide the terms of the agreement and sign the Memorandum of understanding. Edmond Alphandéry as member of the European Advisory Council of Nomura, advisory bank of International Power in this operation, did not take part in the vote.

Following the authorization given by the Board of Directors on July 19, 2010, a draft memorandum of understanding was signed between GDF SUEZ and International Power, on August 8, 2010, which was approved by the Boards of Directors of both companies, at their meeting of August 9, 2010.

The Board of Directors, at its meeting of August 9, 2010, unanimously authorized entering into the Memorandum of understanding and its signing, and granted all powers to the Chairman and Chief Executive Officer to continue the negotiation, it being stated that Gérard Mestrallet as Chairman and Chief Executive Officer of

GDF SUEZ and Vice-Chairman of Electrabel, Jean-François Cirelli as Vice-Chairman and President of GDF SUEZ and Chairman of Electrabel, and Edmond Alphandéry, did not take part in the vote.

The final completion of the operation was subject to a certain number of conditions, namely:

- the employee representative bodies to be consulted for endorsement,
- the conditions precedent for the operation to be performed,
- the operation to be approved by the shareholders of International Power,
- prior internal reorganization,
- the regulatory approvals to be obtained, particularly from the European authorities.

At its meeting of September 15, 2010, the Board of Directors noted the endorsement of the Group's European Works Council and authorized the signing of:

- the Merger Agreement,
- the Relationship Agreement,
- the Services Agreement,
- the Expatriate Services Agreement,
- the Financing Framework Agreement,

Gérard Mestrallet as Chairman and Chief Executive Officer of GDF SUEZ and Vice-Chairman of Electrabel, Jean-François Cirelli as Vice-Chairman and President of GDF SUEZ and Chairman of Electrabel, and Edmond Alphandéry, did not take part in the vote.

Following these Board resolutions, the Memorandum of Understanding was changed to commitment agreements, which were signed on October 13, 2010, and the General Shareholders' Meeting of International Power approved the operation, with a 99% majority, on December 16, 2010.

Closing took place on February 3, 2011.

7.3.2 AGREEMENTS APPROVED IN PREVIOUS YEARS, WHICH REMAIN CURRENT IN 2010

Public Service Contract

In December 2009, GDF SUEZ signed a public service contract with the French State, which provides for the activities carried out under the previous public service contract to continue.

Under this contract, GDF SUEZ reiterates its commitments on matters of:

The Group's obligation regarding the supply of gas to retail customers

For infrastructure activities, this involves ensuring transparency, objectivity and non-discrimination in the services provided and to reaffirm the provider's advisory role vis-à-vis retail customers.

For activities related to sales and marketing, it involves displaying exemplary conduct in business relationships, using indicators to ensure the proper monitoring of retail customer satisfaction, and facilitating the implementation of an emergency gas supply to customers performing work that is of public interest.

Safety of property and of persons

The contract takes account of developments, notes previous actions and redirects the Group's priorities towards:

- actions that consolidate the commitments upheld in the previous contract;
- programs at an implementation phase;
- new measures for the protection of infrastructure, prevention of technological risks and damage to distribution infrastructure.

Solidarity and support for the poorest customers

The contract provides for:

- increased financial commitments, particularly for funding Solidarity Housing;
- implementation of innovative ways of establishing relationships with these customers;
- encouragement and assistance to low-income households to secure their indoor installations;
- implementation and promotion of progressive gas rates.

The contract also clarifies the Group's commitments in terms of support for urban projects, technology clusters and promotion of renewable energy in rural areas.

Sustainable development and of research

Under this contract, the Group is committed to limiting the impact of its activities on the environment and encouraging improved energy use among its customers.

In addition, the contract is accompanied by a decree that redefines the overall regulatory framework for setting and changing regulated natural gas prices in France and a ministerial order specifying the mechanism for changing rates on an annual basis. This overall mechanism is more transparent with regard to conditions for changing regulated rates, establishes rules and addresses the responsibilities of the various actors over the 2010-2013 period.

Finally, the regulatory framework having been clarified, the French government will publish a decree, each year, setting the terms for changes in regulated natural gas prices for the coming year. Between two orders, GDF SUEZ will apply to the Energy Regulation Commission (CRE) for any revision of rates justified by the change in value of the indexes used for the rate formula.

At its meeting of December 9, 2009, the Board of Directors expressly authorized Gérard Mestrallet, Chairman and Chief Executive Officer, and Jean-François Cirelli, Vice-Chairman and President, to sign this contract with the French Government, it being stated that the Directors representing the French Government, Jean-Paul Bailly, Olivie Bourges, Pierre-Franck Chevet, Pierre Graff, Ramon Fernandez and Pierre Mongin, did not vote.

Measures adopted by the SUEZ Board of Directors for the IPO of 65% of the capital of SUEZ Environnement Company and its partial spin-off

At its meeting of June 4, 2008, the Board of Directors of SUEZ decided to establish certain measures to accompany the partial spin-off of SUEZ Environnement Company namely:

- a SUEZ Environnement Company shareholders' agreement, with a 5-year renewable term, between SUEZ, Groupe Bruxelles Lambert, Sofina, La Caisse des Dépôts et Consignations, Areva and CNP Assurances.

  This agreement continued in 2010 without modification;

- a cooperation and pooled functions agreement between SUEZ and SUEZ Environnement Company to define the terms of cooperation between GDF SUEZ and SUEZ Environnement Company;

  Under this agreement, Suez Environnement paid GDF SUEZ, in 2010, €6.7 million in rent, €12.4 million in reinvoicing of domiciliations and miscellaneous services (excluding IT and real estate reinvoicing) and €7.5 million in management fees;

- a framework agreement on the financing of SUEZ Environnement and SUEZ Environnement Company by the GDF SUEZ Group, under the terms of which SUEZ Finance SA, or any other Group entity designated for this purpose, would provide financing to the Suez Environnement Company/Suez Environnement group, as needed, for a total amount agreed annually between SUEZ and Suez Environnement Company.

Under this agreement, GDF SUEZ Finance SA granted financing to SUEZ Environnement Company which amounted to €206.1 million as of December 31, 2010. Net financial income totaled €41.1 million as of December 31, 2010.

  This agreement ended on December 31, 2010;

- a brand licensing agreement, under which SUEZ would grant to SUEZ Environnement Company for a 5-year tacitly renewable term, the non-exclusive and free-of-charge right to use the "SUEZ" brand in its corporate name, as well as in certain brand names.

  This agreement was tacitly renewed in 2010;

- a memorandum of understanding between SUEZ and SUEZ Environnement concerning Argentina. In the light of the specific context of the Argentinean companies Aguas Argentinas and Aguas Provinciales de Santa Fe, as well as the Argentinean government's tariff freeze, a 20-year memorandum of understanding between SUEZ and SUEZ Environnement concerning Argentina. The agreement provides for the economic transfer, in favor of SUEZ Environnement, of rights and obligations associated with interests held in the aforementioned Argentinean companies. In 2010, Suez Environnement reinvoiced €1.1 million in attorney and advisory fees to GDF SUEZ SA.

These agreements were expressly approved by the Board of Directors of SUEZ at its meeting of June 4, 2008 and signed on June 5, 2008. They were subject to a special report of the Statutory Auditors on regulated agreements and commitments presented to the Ordinary and Extraordinary Shareholders' Meeting of SUEZ of July 16, 2008, and to the Ordinary and Extraordinary Shareholders' Meeting of GDF SUEZ of May 4, 2009.

Amendment to the SUEZ Environnement Company shareholders' agreement

Following its signature, an amendment was made to the aforementioned shareholders' agreement on June 5, 2008

According to the terms of the agreement, the composition of the governing bodies of Suez Environnement and Suez Environnement Company shall remain identical and the decisions concerning the subsidiaries controlled by Suez Environnement Company, if they are made at corporate level, shall be submitted to the Board of Directors, and receive the prior approval of the Board of Directors of Suez Environnement Company. In order to simplify the operational functioning of the Suez Environnement Company group, the parties to this agreement agreed, by amendment, to remove the obligation to replicate the composition of the governing bodies of Suez Environnement Company within the governing bodies of Suez Environnement. Suez Environnement Company shall ensure that the decisions impacting the controlled subsidiaries are effectively implemented by the relevant subsidiaries in accordance with the decisions made by the Board of Directors.

The Board of Directors of GDF SUEZ expressly approved the amendment to the Suez Environnement Company shareholders' agreement at its meeting of October 22, 2008. The joint executives and directors of GDF SUEZ and Suez Environnement Company did not vote. The amendment became effective on December 18, 2008 and continued in 2009 and 2010.

Corporate Executive Officers' retirement benefit plans

At its meeting of November 12, 2008, the Board of Directors expressly approved proposals from the Compensation Committee regarding the continuation of the retirement benefit plans for the Chairman and Chief Executive Officer, Gérard Mestrallet, and for the Vice-Chairman and President, Jean-François Cirelli, it being noted that neither of the parties concerned voted.

These provisions were not modified in the fiscal year 2010.

Sale by SUEZ of Suez-Tractebel to Electrabel

SUEZ's proposal to sell Suez-Tractebel to Electrabel was presented to the Board of Directors of SUEZ at its meeting of March 7, 2007.

The strategic rationale for this sale was that: it provided for implementation of an integrated organization pursuant to the Pax Electrica (commitments made by SUEZ vis-à-vis the Belgian government).

Via Suez-Tractebel, SUEZ transferred to Electrabel:

- the SUEZ Energy International (SEI) business line;
- Tractebel Engineering, an engineering consultancy;
- the 57.2% interest in Distrigaz and Fluxys.

Based on an SEI enterprise value of approximately €13.5 billion and an intrinsic value for Suez-Tractebel of around €18.2 billion, the SUEZ Board of Directors approved the principle of the sale of Suez-Tractebel to Electrabel at its meeting of May 4, 2007.

The sale price corresponded to an intrinsic value for Suez-Tractebel based on a sum-of-the-parts approach confirmed by two banks.

The sale price was €18.2 billion and the transfer of ownership became effective on July 24, 2007.

At its meeting of July 4, 2007, the Board of Directors of SUEZ expressly approved the sale transaction and the agreement, and authorized its Chairman, Gérard Mestrallet, to sign the said sale agreement.

The sale agreement included vendor warranties to cover liabilities for a maximum amount of €1.5 billion and for a maximum period ending March 31, 2013.

These agreements had no impact on the fiscal year 2010.

With the GDF SUEZ Group companies, members of GIE GDF SUEZ Alliance

At its meeting of July 4, 2001, the Board of Directors of SUEZ authorized the creation of a special-purpose financing vehicle, the G.I.E SUEZ Alliance, now the "G.I.E GDF SUEZ Alliance", and SUEZ's membership in this economic interest group (groupement d'intérêt économique or "G.I.E".).

During this same meeting, the Board of Directors of SUEZ approved the guarantee granted by SUEZ for the benefit of the other members of the G.I.E. that are subsidiaries of SUEZ. Consequently, GDF SUEZ, in its capacity as parent company of the Group, will be the ultimate guarantor to other members for any debts they may incur any, and which may exceed their share.

These agreements had no impact on the fiscal year 2010.

With GDF SUEZ Group companies that are not members of the GIE GDF SUEZ Alliance

At its meeting of March 9, 2005, the SUEZ Board of Directors expressly authorized the extension of the GIE SUEZ Alliance's activities to the most significant SUEZ subsidiaries that are not members of the GIE SUEZ Alliance, in order to facilitate their financing.

As the lead company of the Group, GDF SUEZ is the ultimate guarantor vis-à-vis its subsidiaries for any debts they may incur and that may exceed the share borne by the member company acting as guarantor.

This agreement had no impact on the fiscal year 2010.

With FirstMark Communication France

At its meeting of April 26, 2002, the Board of Directors of SUEZ expressly approved SUEZ's contribution of FirstMark Communication France to Neuf Telecom (formerly LD Com), for an amount of €210 million. This transaction included certain direct commitments and the guarantee of all the obligations of the three SUEZ subsidiaries merged with Suez Communication in 2004. Only the tax guarantees and the guarantees related to loss carry-forward still exist to date.

This agreement had no impact on the fiscal year 2010.

With Ondeo Nalco

As part of the sale by Ondeo Nalco of its corporate headquarters, followed by the signature of a 25-year lease agreement, which is renewable, the SUEZ Board of Directors, at its meeting on November 20, 2002, authorized SUEZ to issue a guarantee with respect to all of Ondeo Nalco's obligations. At its meeting of August 26, 2003, the Board of Directors voted to maintain this guarantee after the sale of Ondeo Nalco.

The guarantee is unlimited for the duration of Ondeo Nalco's obligations relating to the leasehold on its head office. The guarantee is unlimited for the term of the leasehold obligations (including renewals) and obligations relating to other agreements. This guarantee is irrevocable and unconditional.

Ondeo Nalco is counter-guaranteeing SUEZ and both companies are signatories to a "Participation Agreement", within the scope of this transaction; the corresponding agreements had been previously authorized.

These agreements had no impact on the fiscal year 2010.

With GDF SUEZ Energy Services

At its meeting of July 4, 2001, the Board of Directors of SUEZ approved the performance guarantee granted by SUEZ to SUEZ Energy Services, regarding the construction and operation of a Domestic waste incineration plant at Rillieux-la-Pape (Rhône - France).

This agreement will expire on June 30, 2019 and did not have any impact on the 2010 fiscal year.

With Cofixel

The SUEZ Board of Directors, at its meeting of July 4, 2001, authorized the sale of Ineo, Entrepose et Delattre-Levivier to Cofixel (the French holding company of the Fabricom group).

During this same meeting, the Board of Directors of SUEZ approved guarantees for a total maximum amount of €40 million relating to all the companies sold. Only the warranties relating to the appeal in respect of litigation remain in force to date.

This agreement had no impact on the fiscal year 2010.

With Credit Agricole S.A.

In the framework of the sale of majority control of the Banque Indosuez to Credit Agricole S.A., the Board of Directors of SUEZ granted the seller's guarantee, of which the maximum amount likely to be called by way of this seller's guarantee was €361 million at December 31, 2010.

This agreement had no impact on the fiscal year 2010.

With Findim

The joint and several surety provided by SUEZ to the purchaser of ISM SA for the payment of all sums due by Findim expired during the 2008 fiscal year. At present, only the calls in warranty implemented before the joint surety expiry date remain.

This agreement had no impact on the fiscal year 2010.

The various provisions mentioned above, previously approved by the Board of Directors of SUEZ and still in effect, were taken over by GDF SUEZ, following the combination of Gaz de France and SUEZ.

7.3.3 TRANSACTIONS WITH RELATED PARTIES IN EFFECT IN 2010

Refer to Note 24 "Related party transactions" in Section 11.2 "Consolidated accounts" hereafter.

7.3.4 SERVICE CONTRACTS BINDING MEMBERS OF MANAGEMENT BODIES

GDF SUEZ is unaware of any service contract binding members of the Company's management bodies or any of its subsidiaries that provides for benefits to be granted under such a contract.

7.3.5 STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS

This is a free translation into English of the statutory auditors' special report on regulated agreements and commitments that is issued in the French language and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French commercial Code and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

To the Shareholders,

In our capacity as statutory auditors of your Company, we hereby report to you on regulated agreements and commitments with related parties.

The terms of our engagement do not require us to identify such agreements and commitments, if any, but to communicate to you, based on information provided to us, the principal terms and conditions of those agreements and commitments brought to our attention, without expressing an opinion on their usefulness and appropriateness. It is your responsibility, pursuant to Article R. 225-31 of the French commercial Code, to assess the interest involved in respect of the conclusion of these agreements for the purpose of approving them.

In addition, we are required, where applicable, to inform you in accordance with Article R. 225-31 of the French commercial Code (*Code de Commerce*) concerning the implementation, during the year, of the agreements and commitments already approved by the General Meeting of Shareholders.

We conducted our procedures in accordance with the professional guidelines of the French National Institute of Statutory Auditors (Compagnie nationale des commissaires aux comptes) relating to this engagement. Those procedures consisted in verifying the information provided to us with the relevant source documents.

Agreements and commitments submited to the Shareholder's Meeting

Agreements and commitments authorized during the year

Pursuant to Article L.225-40 of the French commercial Code (*Code de commerce*), the following agreements and commitments, which were previously authorized by your Board of Directors, have been brought to our attention.

1. With Suez Environnement Company

Directors concerned

M. Mestrallet, Chairman and Chief Executive Officer of GDF SUEZ and Chairman of the Board of Directors of Suez Environnement Company and M. Cirelli, Vice-Chairman, President of GDF SUEZ and Director of Suez Environnement Company.

Nature and purpose: financing agreement with Suez Environnement

The previous agreement with SUEZ, Suez Environnement and Suez Environnement Company expiring on December 31, 2010, Suez Environnement Company requested, in advance, that it be extended beyond this date, specifically in order to maintain a backup line and to strengthen its liquidity sources and its rating.

This extension of the support granted to Suez Environnement Company is part of a framework for extending agreements signed in 2008 and for the absence of liquidity concerns for Suez Environnement (estimated at €2.5 billion at the end of 2010).

The Board of Directors of GDF SUEZ, at its meeting of September 15, 2010, authorized the signature of a new financing agreement for €350 million with a maturity date of July 15, 2013. This agreement is in effect on January 1st, 2011.

Terms and conditions

This agreement is in effect on January 1st, 2011 and had no impact on fiscal year 2010.

2. With Credit Agricole Corporate and Investment Bank and BNP Paribas

Directors concerned

M. Alphandery, Director of GDF SUEZ and Crédit Agricole Corporate and Investment Bank and M. Beffa, Director of GDF SUEZ and BNP Paribas.

Nature and purpose: Acquisition of a 9% stake in Nord Stream AG (Phase I)

As part of the acquisition by GDF SUEZ Holding Switzerland AG, of a 9% stake in the capital of Nord Stream AG, a Swiss company whose purpose is the construction and operation of two natural gas pipelines offshore, crossing the Baltic Sea from Russia to Germany, GDF SUEZ will act as "Sponsor" in the financing of this project and will have to sign:

- an Accession Memorandum to the Subordination Deed, the purpose of which is specifically to subordinate the credits granted by GDF SUEZ to Nord Stream AG to the lender's credits;
- an independent Completion Guarantee under which GDF SUEZ guarantees the performance by GDF SUEZ Holding Switzerland AG of its guarantee obligations for Nord Stream AG to repay the senior debt. GDF SUEZ's commitment is limited to 9% and as far as the commissioning of the first pipeline (about €400 million, and up to November 2011);

Furthermore GDF SUEZ will have to agree to sign the following agreements particularly, if need be:

- "Change in Law Commitment Agreement" that covers the risk of a change in the law (excluding the Russian law), which would prevent Nord Stream AG from performing its transportation service for its client Gazprom Export under the Gas Transportation Agreement, the only source of revenue for Nord Stream AG. GDF SUEZ's commitment is limited to 9% of the shareholders' contributions necessary to Nord Stream AG to pay its "senior debt obligations" and "operating costs" for the duration of financing (about €6,100 million for 100% and for a term of 10 to 16 years);
- "Disputed Claim Commitment Agreement" that covers potential claims contested by Nord Stream AG in connection with the major construction contracts at the time when Phase I of the pipeline is completed. GDF SUEZ's commitment is limited to 9% of the said claims;
- "Decommissioning Commitment Agreement" and a "Shareholder Commitment Agreement", which should be provided, if the construction of the second pipeline is abandoned, to cover the potential dismantling costs of phase II works, if any, that would have been performed before the completion of phase I and the project costs (development, studies, etc.) in connection with phase II. GDF SUEZ's commitment is limited to 9% of the said costs.

These guarantees should be issued at the end of phase I and result from the Completion Guarantee, which will be issued upon signing the acquisition contract of a 9% stake in Nord Stream AG.

The above-mentioned guarantees (including the Completion Guarantee) and the Accession Memorandum will be issued in favor of Nord Stream AG and Société Générale acting as Security Agent for its account and for all the lending banks, among which are BNP Paribas and Crédit Agricole Corporate & Investment Bank. Even though GDF SUEZ's commitment is limited to 9% of the guaranteed obligations, the latter are not capped.

The Board of Directors of GDF SUEZ, at its meeting of January 20, 2010, authorized the principle and at its meeting of June 23, 2010 the signing and issue of the Accession Memorandum and abovementioned guarantees.

The Accession Memorandum to the Subordination Deed and the Completion Guarantee were signed on July 1, 2010.

3. With Electrabel et International Power Plc

Directors concerned

M. Mestrallet, Chairman and Chief Executive Officer of GDF SUEZ and Vice Chairman of Electrabel, M. Cirelli, Vice-Chairman, President of GDF SUEZ and Chairman of Electrabel, and M. Alphandéry, Director of GDF SUEZ and member of the European Advisory Council of Nomura, advisory bank of International Power in this operation.

Nature and purpose: Business combination between GDF SUEZ and International Power

Negotiations were initiated with International Power at the end of 2009, which resulted in a business combination project in the summer of 2010 based on the acquisition by GDF SUEZ of 70% of the capital of International Power through asset contributions from GDF SUEZ Energy International and the payment of an extraordinary dividend of 92 pence per share to the shareholders of International Power.

The Board of Directors, at its meeting of July 19, 2010, authorized the Chairman and Chief Executive Officer Gérard Mestrallet to submit an offer to International Power and granted him all the powers to negotiate, decide the terms of the agreement and sign the Memorandum of understanding.

Following the authorization given by the Board of Directors on July 19, 2010, a draft Memorandum of understanding was signed between GDF SUEZ and International Power, on August 8, 2010, which was approved by the Boards of Directors of both companies, at their meeting of August 9, 2010.

The Board of Directors, at its meeting of August 9, 2010, unanimously authorized entering into the Memorandum of understanding and its signing, and granted all powers to the Chairman and Chief Executive Officer to continue the negotiation.

The final completion of the operation was subject to a certain number of conditions, namely:

- the employee representative bodies to be consulted for endorsement,
- the conditions precedent for the operation to be performed,
- the operation to be approved by the shareholders of International Power,
- prior internal reorganization,
- the regulatory approvals to be obtained, particularly from the European authorities.

At its meeting of September 15, 2010, the Board of Directors noted the endorsement of the Group's European Works Council and authorized the signing of:

- the Merger Agreement,
- the Relationship Agreement,
- the Services Agreement,
- the Expatriate Services Agreement,
- the Financing Framework Agreement.

Following these Board resolutions, the Memorandum of understanding was changed to commitment agreements, which were signed on October 13, 2010, and the General Shareholders' Meeting of International Power approved the operation, with a 99% majority, on December 16, 2010.

The closing took place on February 3, 2011.

Agreements and commitments authorized since the year-end closing

The following agreements and commitments, which were previously authorized by your Board of Directors, have been brought to our attention since the year-end closing.

1. With Crédit Agricole Corporate and Investment Bank

Directors concerned

M. Alphandéry, Director of GDF SUEZ and Crédit Agricole Corporate and Investment Bank.

Nature and purpose: Acquisition of a 9% stake in Nord Stream AG (Phase II)

At is meeting of January 13, 2011, the Board of Directors of GDF SUEZ reviewed the proposed financing for Phase II of the project.

Acting as Sponsor, GDF SUEZ will sign a non-joint Phase II Completion Guarantee under which GDF SUEZ guarantees the performance by GDF SUEZ Holding Switzerland AG of its secured obligations to Nord Stream AG for the repayment of senior debt for Phase II of the gas pipeline. GDF SUEZ's commitment is limited to 9% and will be in effect until the second gas pipeline is commissioned (approximately €250 million until June 2014).

GDF SUEZ will also commit to sign the following agreements, as applicable:

- "Change in Law Commitment Agreement", already approved by the Board of Directors on June 23, 2010, but which was amended to cover the risk of a change in law (excluding Russian law) that would prevent Nord Stream AG from performing transportation services for its client Gazprom Export under the Gas Transportation Agreement, the sole source of income for Nord Stream AG. GDF SUEZ's commitment is limited to 9% of the shareholders' contributions to Nord Stream AG needed to cover senior debt obligations and operating costs during a 10 to 16 year financing period;

This guarantee would be issued to the lending banks for the financing of Phase II.

- "Repair Costs Commitment Agreement" covering the shareholders' contributions to Nord Stream AG needed to pay for repairs to the gas pipeline following damage that could occur during the pipeline's reliability testing. GDF SUEZ's commitment is also limited to 9% of the cost and a maximum of €11.7 million;
- "Phase II Disputed Claim Commitment Agreement" covering any disputed claims by Nord Stream AG in connection with major construction contracts at the time of completion of Phase II of the gas pipeline. GDF SUEZ's commitment is limited to 9% of such claims.

Although GDF SUEZ's commitment is limited to 9% of the secured obligations, there is no maximum amount projected therefore. The Phase II guarantees therefore required the prior approval of the Board of Directors.

Furthermore, the estimated length of the GDF SUEZ's commitment has been updated following the signing of the Completion Guarantee (Phase I) on July 1, 2010. GDF SUEZ's commitment is limited to 9% and as far as the commissioning of the first pipeline (about €400 million, and up to May 2013).

The Board of Directors in its January 13, 2011 meeting:

- confirmed its approval of June 23, 2010 for the signing of guarantees for Phase I, which were amended in order to recognize GDF SUEZ's inclusion in the project on July 1, 2010, and for the financing of Phase II, and
- approved the signing and issuance of guarantees for Phase II of the Nord Stream project.

Agreements and commitments already approved by the Shareholder's Meeting

Agreements and commitments authorized in previous years and having continuing effect during the year

Moreover, pursuant to Article L.225-30 of the French Commercial Code (Code de commerce), we have been informed that the performance of the following agreements and commitments, approved in previous fiscal years, continued during the year.

1. With the French State

Nature, terms and conditions: Public Service contract

In December 2009, GDF SUEZ signed a public service contract with the French State. The purpose of this contract is to compile and identify the commitments made by GDF Suez SA, with respect to directly managed activities as well as its natural gas distribution (GrDF), natural gas transmission (GRTgaz) networks, and underground natural gas storage (Storengy) and methane tanker (Elengy) activities at its subsidiaries with a view to ensuring the durability of the public service missions entrusted to the company by the French legislators. This contract covers 2010-2013.

This contract sets forth the commitments made by the Group in terms of (i) responsibility towards its users, (ii) safety of people and property, (iii) solidarity and assistance to low-income customers, and (iv) sustainable development and research.

Concerning its tariffs, this contract redefines the overall regulatory framework for setting and changing regulated tariffs for natural gas in France. A ministerial order specifies the rate changing mechanism for 2010. The mechanism as a whole establishes rules and covers responsibilities for the various players over 2010-2013.

Each year, the Government will publish a ministerial order establishing the conditions according to which the regulated tariff for natural gas may change in the coming year. Between two ministerial orders, GDF SUEZ may request the French Energy Regulation Commission (CRE) to make tariff adjustments to take into account changes in index prices included in the tariff formula.

At its December 9, 2009 meeting, the Board of Directors expressly authorized this agreement.

2. With Groupe Bruxelles Lambert, Caisse des Dépôts et Consignations, CNP Assurances, Sofina, Areva and Suez Environnement Company

a) Nature, terms and conditions: Suez Environnement Company Shareholders' Agreement

In connection with the spinoff-distribution of the SUEZ Environment Division ("Spinoff-Distribution"), SUEZ, Groupe Bruxelles Lambert, Sofina, Caisse des Dépôts et Consignations, Areva and CNP Assurances, as well as Suez Environnement Company entered into a renewable 5-year shareholders' agreement on June 5, 2008, as of the date of completion of the Spinoff-Distribution. The shareholders' agreement shall constitute an agreement whereby the parties shall be considered to be acting in concert within the meaning of Article L.233-10 of the French Commercial Code, and within which GDF SUEZ shall play a major role. The consequence of this shareholders' agreement shall be to confer the control of Suez Environnement Company to GDF SUEZ.

The shareholders' agreement shall be terminated early should (i) all of the securities covered by the shareholders' agreement represent less than 20% of the share capital of Suez Environnement Company, or should (ii) GDF SUEZ no longer be the majority shareholder acting in concert pursuant to the shareholders' agreement. Furthermore, should any party to the shareholders' agreement own less than one third of its initial shareholding interest, the shareholders' agreement shall be terminated with respect to that specific party but all of its provisions shall remain in force with respect to all the other parties.

At its June 4, 2008 meeting, the SUEZ Board of Directors expressly authorized this agreement.

b) Nature, terms and conditions: amendment to the Suez Environnement Company Shareholders' Agreement

Following its signature, an amendment was made to the aforementioned June 5, 2008 shareholders' agreement

According to the terms of the agreement, the composition of the governing bodies of Suez Environnement and Suez Environnement Company shall remain identical at all times and the decisions concerning the subsidiaries controlled by Suez Environnement Company, if they are made at the corporate level, shall be submitted to the Board of Directors, and receive the prior approval of the Board of Directors of Suez Environnement Company.

In order to simplify the operational functioning of the Suez Environnement Company group, the parties to this agreement agreed, by amendment, to remove the obligation to replicate the composition of the governing bodies of Suez Environnement Company within the governing bodies of Suez Environnement. It being specified that Suez Environnement Company shall ensure that the decisions impacting the controlled subsidiaries are effectively implemented by the relevant subsidiaries in accordance with the decisions made by the Board of Directors.

The GDF SUEZ Board of Directors expressly approved the amendment to the Suez Environnement Company shareholders' agreement at its October 22, 2008 meeting. The amendment entered into force on December 18, 2008.

3. With Suez Environnement Company

Nature and purpose: cooperation and shared functions agreement

A cooperation and shared functions agreement was entered into between SUEZ and Suez Environnement Company. Pursuant to this agreement, SUEZ and Suez Environnement Company agreed to continue their cooperation mainly in the areas of strategy, accounting matters, internal control, audit and risk management, finance, tax policy, IT services and communication, it being specified that all of the rights and obligations of SUEZ arising under the agreement shall be transferred to GDF SUEZ.

Subject to legislative and regulatory provisions, the employees of Suez Environnement Company and its subsidiaries shall be eligible to future grants of stock options and free shares, as well as future employee shareholding plans at GDF SUEZ.

Finally, Suez Environnement Company and SUEZ agreed that Suez Environnement Company shall continue to benefit from the centralized services provided by GDF SUEZ and notably, the GDF SUEZ centers of expertise.

At its June 4, 2008 meeting, the SUEZ Board of Directors expressly authorized this agreement.

Terms and conditions:

Under this agreement, Suez Environnement paid GDF SUEZ, in 2010, €7,5 million in management fees, €12,4 million in reinvoicing of domiciliations and miscellaneous services and € 6,7 million in rent.

4. With Suez Environnement

Nature and purpose: trade name licensing agreement

In connection with the spinoff-distribution of the SUEZ Environment Division ("Spinoff-Distribution"), SUEZ and Suez Environnement entered into a trade name licensing agreement pursuant to which SUEZ granted to Suez Environnement, for a period of five years as from the date of completion of the merger between Gaz de France and SUEZ (tacitly renewable), the right to use, on a non-exclusive basis and for no consideration, the "SUEZ" trade name in its corporate name as well as in certain trade names.The agreement provides that SUEZ shall have a right of inspection in respect of the communication and promotional sales actions planned by Suez Environnement.

At its June 4, 2008 meeting, the SUEZ Board of Directors expressly authorized this agreement.

Nature and purpose: economic transfer in favor of Suez Environnement of the rights and obligations related to the shareholding interest held by SUEZ in the Argentine companies Aguas Argentinas and Aguas Provinciales de Santa Fe

In connection with the spinoff-distribution of the SUEZ Environment Division ("Spinoff-Distribution"), SUEZ and Suez Environnement entered into an agreement with respect to the economic transfer, in favor of Suez Environnement, of the rights and obligations related to the shareholding interests held by SUEZ in the Argentine companies

Aguas Argentinas and Aguas Provinciales de Santa Fe, relating thereto to and arising there from (the "Argentine Rights").

At its June 4, 2008 meeting, the SUEZ Board of Directors expressly authorized this agreement.

Terms and conditions

In 2010, Suez Environnement re-billed €1.1 million in legal fees to GDF SUEZ SA.

5. With Suez Finance (which has become GDF SUEZ Finance), Suez Environnement Company and Suez Environnement

Nature and purpose

In connection with the spinoff-distribution of the SUEZ Environment Division ("Spinoff-Distribution"), SUEZ, Suez Finance (which has become GDF SUEZ Finance), Suez Environnement Company and Suez Environnement entered into a financing framework agreement on June 5, 2008 setting the main terms and conditions of future financing of the Suez Environnement Company group for 2008-2010. Financing shall be provided by GDF SUEZ Finance (formerly SUEZ Finance) or any other entity of the SUEZ Group and may be granted to any entity of the Suez Environnement Company group, Suez Environnement Company or Suez Environnement agreeing to act as guarantor in the event where financing is granted to one of their subsidiaries. The total overall financing granted shall be limited to the total amount of Suez Environnement Company group financing requirements, as agreed to annually between SUEZ and Suez Environnement Company. Loans shall be granted at standard market terms and conditions on an arm's length basis, depending on the term of the loan.

At its June 4, 2008 meeting, the SUEZ Board of Directors expressly authorized this agreement which terminated on December 31, 2010.

Terms and conditions

As of December 31, 2010, GDF SUEZ granted loans and current account advances to the Suez Environnement Company group of an overall amount of €206.9 million. Net financial income generated amounts to €41.1 million as of December 31, 2010.

6. Retirement benefits for executive corporate officers

Nature and purpose

Considering the substantial differences between the retirement benefits of Mr. Gérard Mestrallet at SUEZ and Mr. Jean-François Cirelli at Gaz de France, it was decided to maintain, temporarily, the retirement plans currently in force. It should be noted that Mr. Gérard Mestrallet benefits from the collective retirement plans set up at SUEZ whereas Mr. Jean- François Cirelli is affiliated with the legally defined plan set up for executives who are members of the national retirement plan for the electricity and gas industries.

At its November 12, 2008 meeting, your Board of Directors expressly approved the proposals of the Compensation Committee regarding the continuation of the current retirement plans of the Chairman and Chief Executive Officer and the Vice-Chairman, President.

Terms and conditions

These provisions were not modified in 2010.

7. With Electrabel

Nature and purpose: sale of Suez Tractebel securities

On July 19, 2007, SUEZ entered into a share purchase agreement with Electrabel whereby it agreed to sell all of its SUEZ Tractebel shares to Electrabel, with the transfer of ownership to the shares taking place on July 24, 2007. The SUEZ Board of Directors, at its July 4, 2007 meeting, expressly approved the sale transaction as well as the agreement.

The agreement included vendor warranties to cover liabilities for a maximum amount of €1.5 billion and for a maximum period ending March 31, 2013.

Terms and conditions

This agreement had no impact on fiscal year 2010.

8. With GDF SUEZ Group companies which are members of the G.I.E. SUEZ Alliance

Nature and purpose: membership of G.I.E. SUEZ Alliance (which has become G.I.E. GDF SUEZ Alliance)

In its meeting on July 4, 2001, your Board of Directors authorized the creation of a special-purpose financing vehicle, the G.I.E. SUEZ Alliance (which has become G.I.E. GDF SUEZ Alliance), and the membership of SUEZ in this Economic Interest Group (E.I.G.).

During this same meeting, your Board of Directors approved the guarantee granted by SUEZ for the benefit of the other members of the E.I.G. that are subsidiaries of SUEZ. Consequently, GDF SUEZ, in its capacity as parent company of the Group, will be the ultimate guarantor for any debt incurred by the members and exceeding their share.

Terms and conditions

These agreements had no impact on fiscal year 2010.

9. With GDF SUEZ Group companies that are not members of the G.I.E. SUEZ Alliance (which has become G.I.E. GDF SUEZ Alliance)

Nature and purpose

In its meeting on March 9, 2005, the SUEZ Board of Directors expressly authorized the extension of the G.I.E. SUEZ Alliance (which has become G.I.E. GDF SUEZ Alliance) activities to the most significant subsidiaries of SUEZ that are not members of the G.I.E. SUEZ Alliance, in order to facilitate their financings.

As the lead company of the Group, GDF SUEZ shall be the ultimate guarantor with respect to these subsidiaries for any debt incurred that exceeds the pro rata share of the member company acting as guarantor.

Terms and conditions

This agreement had no impact on fiscal year 2010.

10. With FirstMark Communication France

Nature and purpose

In its meeting on April 26, 2002, the SUEZ Board of Directors authorized the contribution by SUEZ of FirstMark Communication France to Neuf Telecom (formerly LD Com), corresponding to a value of €210 million.

This contribution includes certain direct commitments in favor of Neuf Telecom and a guarantee for all of the obligations of three of your Company's subsidiaries that were merged with SUEZ Communication during fiscal year 2004. Only warranties relating to tax matters still exist.

Terms and conditions

This agreement had no impact on fiscal year 2010.

11. With Ondeo Nalco

Nature and purpose

As part of the sale by Ondeo Nalco of its corporate headquarters, followed by the signature of a 25-year lease agreement, which is renewable, the SUEZ Board of Directors, in its meeting on November 20, 2002, authorized SUEZ to issue a guarantee with respect to all of Ondeo Nalco's obligations. In its meeting of August 26, 2003, the Board of Directors voted to maintain this guarantee after the sale of Ondeo Nalco.

The guarantee is unlimited for the term of the leasehold obligations (including renewals) and obligations relating to other agreements. This guarantee is irrevocable and unconditional.

Ondeo Nalco is counter-guaranteeing SUEZ and both companies are signatories to a "Participation Agreement", within the scope of this transaction, the corresponding agreements had been previously authorized.

Terms and conditions

This guarantee had no impact on fiscal year 2010.

12. With Elyo (which has become GDF Suez Energie Services)

Nature and purpose

The SUEZ Board of Directors, in its meeting on July 4, 2001, authorized the performance guarantee granted in favor of Suez Energie Services (formerly Elyo), relating to the construction and operation of a household waste incineration plant in Rillieux-la-Pape (Rhône). This agreement shall terminate on June 30, 2019.

Terms and conditions

This agreement had no impact on fiscal year 2010.

13. With Cofixel

Nature and purpose

The SUEZ Board of Directors, in its meeting of July 4, 2001, authorized the sale of Ineo, Entrepose et Delattre-Levivier to Cofixel (the French holding company of the Fabricom group).

During this same meeting, the SUEZ Board of Directors also authorized a certain number of other guarantees, for an overall amount limited to €40 million and relating to all the companies sold. Only the warranties relating to the appeal in respect of litigation remain in force as of today.

Terms and conditions

This agreement had no impact on fiscal year 2010.

14. With Crédit Agricole S.A

Nature and purpose

SUEZ granted vendor warranties to Crédit Agricole S.A. as part of the sale of a majority controlling interest in Banque Indosuez. The maximum amount that may be drawn down in respect of the seller's warranty amounts to €361 million as of December 31, 2010.

Terms and conditions

This agreement had no impact on fiscal year 2010.

15. With Findim

Nature and purpose

The joint and several guarantees given to the buyer of ISM S.A. for all payments owed by Findim concerning the triggering of the warranties granted as part of the sale of ISM S.A. expired during fiscal year 2008. Only the warranty claims made before the expiration of the joint and several guarantees remain in force as of today.

Terms and conditions

This agreement had no impact on fiscal year 2010.

Neuilly-sur-Seine and Paris-La Défense, March 10, 2011

The Statutory Auditors

DELOITTE & ASSOCÉS		ERNST & YOUNG et Autres		MAZARS	
Jean-Paul Picard	Pascal Pincemin	Christian Mouillon	Charles-Emmanuel Chosson	Philippe Castagnac	Thierry Blanchetier

7.4 COMPENSATION AND BENEFITS OF MEMBERS OF CORPORATE GOVERNANCE BODIES

7.4.1 COMPENSATION OF CORPORATE EXECUTIVE OFFICERS

7.4.1.1 Fixed compensation and retirement plan

Compensation of corporate executive officers is determined by the Board of Directors based on Compensation Committee proposals, taking into account comparisons with comparable companies in France and Europe, as well as the level of achievement of quantitative and qualitative targets set for each. The information provided in this Section is consistent with the AFEP-MEDEF Code of Corporate Governance for listed companies.

On the recommendation of the Compensation Committee, the Board maintained the same fixed compensation for 2011 as in 2010 for the two corporate executive officers.

In 2010 GDF SUEZ paid Gérard Mestrallet, Chairman and Chief Executive Officer, total fixed compensation of €1,405,469, including benefits in kind of €5,469.

In 2010, GDF SUEZ paid Jean-François Cirelli, Vice-Chairman and President, total fixed compensation of €1,001,285, including benefits in kind of €1,285.

With regard to retirement plans and given the significant differences in the retirement plans for Gérard Mestrallet at SUEZ and Jean-François Cirelli at Gaz de France, at its meeting of November 12, 2008, the Board of Directors of GDF SUEZ approved the Compensation Committee's proposals regarding the renewal of the retirement plans of the Chairman and Chief Executive Officer, who will continue to be covered by the group retirement system applicable to executives of the former SUEZ Group, and the Vice-Chairman and President, who will continue to be covered by the special retirement plan for electric and gas industries applicable to Gaz de France. This decision, formalized under a regulated agreement, was submitted to, and approved by, the GDF SUEZ Shareholders' Meeting of May 4, 2009. No changes were made in 2010 to the retirement plans covering Gérard Mestrallet and Jean-François Cirelli.

Gérard Mestrallet is not covered by an individual retirement benefit plan. In addition to pension systems under ordinary law (known under the French acronyms CNAV, ARRCO and AGIRC), he continues to be covered by group retirement plans applicable to all executives of the former SUEZ group, which are as follows:

- a defined contribution plan: The basis used is gross annual compensation and the contribution rates are as follows: 5% bracket A (equivalent to the social security ceiling), 8% bracket B (three times the social security ceiling), 5% bracket C (four times the social security ceiling); and
- a defined benefit plan, which concerns employees whose overall compensation is from four to fifty times the annual French social security ceiling. It provides for payment of an annuity equal to the sum of the annual components of the annuity, based on 2% of the portion (referred to as bracket C) of gross annual compensation between four and eight times the social security ceiling, plus 4% of the portion (referred to as bracket D) of gross annual compensation between four and fifty times the social security ceiling, minus any annuities paid under other supplementary retirement plans, calculated on the basis of bracket C of the compensation.

The benefits paid under the defined benefits plan are calculated based on a maximum of ten years' of service in the Group. In addition, they are somewhat uncertain as the employee must be on the Group's payroll when the benefit is awarded under a legally-mandated pension plan. If the 10-year maximum period has not been reached, the corresponding benefits are calculated prorata based on the employee's actual length of service.

Jean-François Cirelli is covered by a mandatory special statutory retirement plan, which is defined by the national status of employees of the Electric and Gas Industries (EGI), instituted by the French Nationalization Act of April 8, 1946 and the Decree of June 22, 1946. This retirement plan is managed by the Caisse Nationale des Industries Électriques et Gazières.

The amount of retirement benefits paid based on a career affiliated with the EGI's special retirement plan is proportional to the end-of-career compensation, excluding bonuses, in the electricity and gas industries. The proportionality coefficient is equal to the number of years' service in the electricity and gas industries, multiplied by 75% of the required length of service (currently 41 years), i.e. 1.83% per year of service in the electricity and gas industries.

GDF SUEZ does not offer any bonus system (to corporate officers for joining or leaving).

7.4.1.2 Employment contract, special retirement plans, severance pay and no competition clause

	Employment contract	Supplementary retirement plan	Compensation or other benefits payable in the event of termination or a change of function	Compensation due under a no competition clause
Gérard Mestrallet Chairman and Chief Executive Officer	Yes[a]	Yes[b]	No[a]	No
Jean-François Cirelli Vice-Chairman, President	No	No[b]	No	No

(a) This employment contract dates from June 1986 and has been suspended since Gérard Mestrallet was appointed Chairman and CEO of SUEZ in July 1995. Since then, it has never been amended by the Board of Directors. As such, it does not cover his compensation or the duration of his duties as Chairman and CEO. The Board of Directors will be asked to approve the tenure of Gérard Mestrallet as Chairman and CEO of GDF SUEZ after the Annual Shareholders' Meeting to be held in 2012 to approve the 2011 financial statements. At that time, the Board's Compensation Committee will review the steps involved in terminating Gérard Mestrallet's employment contract and will make the appropriate recommendations to the Board of Directors, in accordance with the AFEP-MEDEF Code of Corporate Governance for listed companies.

(b) See Section 7.4.1.1.

7.4.1.3 Variable compensation

On the proposal of the Compensation Committee, the variable compensation paid in 2010 for fiscal year 2009 was determined by the Board of Directors of GDF SUEZ at its meeting of March 3, 2010 to be €1,935,266 for Gérard Mestrallet and €1,063,334 for Jean-François Cirelli.

70% of these sums were based on quantitative criteria (1/3 on earnings criteria such as EBITDA and free cash flow, 1/3 on criteria related to capital structure, such as net income and debt ratio, and 1/3 based on completing year one of the EFFICIO performance plan) and 30% on qualitative objectives (15% strategic component, 15% social solidarity component). The 2009 quantitative targets were based on the Group's projected budget as adopted by the Board of Directors at the beginning of the 2009 fiscal year.

The structure of the variable compensation to be paid in 2011 for fiscal year 2010 consists of two components: 70% quantitative criteria and 30% qualitative criteria.

The quantitative criteria selected include EBITDA and free cash flow (1/3), net income and debt ratio (1/3), and EFFICIO (1/3). The 2010 quantitative targets were based on the Group's projected budget as adopted by the Board of Directors on January 20, 2010.

In 2010, Gérard Mestrallet's target bonus was set at 130% of his fixed compensation and capped at 150%. Jean-François Cirelli's target bonus was set at 100% of his fixed compensation and capped at 120%.

On the proposal of the Compensation Committee, at its meeting of March 2, 2011 the Board of Directors set the variable compensation for fiscal year 2010 be as follows:

- for Gérard Mestrallet: €1,917,099, against €1,935,266 for 2009, a decrease of 1%;
- for Jean-François Cirelli: €1,022,501, against €1,063,334 for 2009, a decrease of 4%.

7.4.1.4 Summary of compensation of each corporate executive officer

In euros	Fiscal year 2010 from January 1 to December 31 Amounts due	Fiscal year 2010 from January 1 to December 31 Amounts paid	Fiscal year 2009 from January 1 to December 31 Amounts due	Fiscal year 2009 from January 1 to December 31 Amounts paid
Gérard Mestrallet *Chairman and Chief Executive Officer*				
Fixed compensation(1)	1,192,687	1,192,687	1,199,369	1,199,369
Variable compensation(2)	1,917,099	1,935,266	1,935,266	1,830,360
Exceptional compensation	0	0	0	0
Directors' fees(3)	207,313	207,313	200,631	200,631
Benefits in kind(4)	5,469	5,469	3,227	3,227
TOTAL	**3,322,568**	**3,340,735**	**3,338,493**	**3,233,587**
Jean-François Cirelli *Vice-Chairman and President*				
Fixed compensation(1)	1,000,000	1,000,000	1,000,000	1,000,000
Variable compensation(2)	1,022,501	1,063,334	1,063,334	735,413
Exceptional compensation	0	0	0	0
Directors' fees	0	0	0	0
Benefits in kind(5)	1,285	1,285	1,261	1,261
TOTAL	**2,023,786**	**2,064,619**	**2,064,595**	**1,736,674**

(1) It is noted that as the new GDF SUEZ Group was expanded in 2008, the Board of Directors decided to realign the compensation of the members of General Management from Gaz de France (including that of Jean-François Cirelli) with compensation awarded by SUEZ; also, in light of the changes in responsibility within the Company following the merger, the Board decided to increase the Chairman and CEO's fixed compensation by 8% (effective on the date of the merger, July 22, 2008), and to increase the fixed compensation of the Vice-Chairman and President, in two stages (July 22, 2008 and January 1, 2009) to approximately 70% of that of the CEO.

At its meeting of January 20, 2010, on the recommendation of the Compensation Committee, the Board maintained the same fixed compensation in 2010 as for 2009 for the two corporate officers.

(2) Total variable compensation for 2009 was resolved and paid in March 2010.

Total variable compensation for 2010 was resolved and paid in March 2011.

(3) Directors' fees paid are deducted from the fixed salary due in the same fiscal year.

(4) Benefits in kind include: vehicle.

(5) Benefits in kind include: energy.

7.4.1.5 Summary of compensation, options and shares granted to each corporate executive officer*

In euros	Fiscal year 2010 from January 1 to December 31	Fiscal year 2009 from January 1 to December 31
Gérard Mestrallet *Chairman and Chief Executive Officer*		
Compensation due for the fiscal year *(detailed in the preceding table)*	3,322,568	3,338,493
Valuation of options granted during the year	0[b]	0[a]
Valuation of Performance Shares granted during the year	0[b]	0[a]
TOTAL	**3,322,568**	**3,338,493**
Jean-François Cirelli *Vice-Chairman and President*		
Compensation due for the fiscal year *(detailed in the preceding table)*	2,023,786	2,064,595
Valuation of options granted during the year	0[b]	0[a]
Valuation of Performance Shares granted during the year	0[b]	0[a]
TOTAL	**2,023,786**	**2,064,595**

(a) Along with the other members of the Executive Committee, Gérard Mestrallet and Jean-François Cirelli announced at the Annual Shareholders' Meeting of May 4, 2009 their waiver of any stock options that might be granted to them for the 2009 fiscal year. Gérard Mestrallet et Jean-François Cirelli also waived the award of Performance Shares for the same period.
Therefore, at their request, Gérard Mestrallet, Chairman and CEO of GDF SUEZ, and Jean-François Cirelli, Vice-Chairman and President of GDF SUEZ, received neither options nor Performance Shares for the 2009 fiscal year.
(b) Gérard Mestrallet and Jean-François Cirelli waived any stock options or Performance Shares that might be granted to them for the 2010 fiscal year. Consequently, at their request, and as in 2009, they received neither options nor Performance Shares for the 2010 fiscal year.

Total compensation and benefits for the Chairman and Chief Executive Officer and the Vice-Chairman and President for 2010 is broken down as follows:

In euros	Fixed compensation	Variable compensation	Total compensation	Valuation of options granted	Valuation of performance shares granted
Gérard Mestrallet *Chairman and Chief Executive Officer*	1,405,469 [a]	1,917,099 [c]	3,322,568	0	0
Jean-François Cirelli *Vice-Chairman and President*	1,001,285 [b]	1,022,501 [c]	2,023,786	0	0

(a) Including benefits in kind of €5,469.
(b) Including benefits in kind of €1,285.
(c) Amount paid in March 2011.

At its meeting of January 13, 2011, the Board of Directors decided to award 87,000 Performance Shares to Gérard Mestrallet, and 60,000 Performance Shares to Jean-François Cirelli, as detailed in Section 7.4.5.3 hereafter.

* *Corresponding to Table 1 of the AMF's recommendation of December 22, 2008.*

7.4.2 COMPENSATION OF NON-CORPORATE EXECUTIVE OFFICERS (MEMBERS OF THE MANAGEMENT COMMITTEE AND MEMBERS OF THE EXECUTIVE COMMITTEE)

The compensation of these executive officers includes both a fixed and variable portion.

Changes in the fixed portion of compensation are linked to changes in specific situations, expansion or significant change in responsibilities and to repositioning necessary in view of internal equity or a clear discrepancy vis-à-vis the external market.

The main purpose of the variable portion is to reward the contributions of executives to the Group's results.

The variable portion paid in 2010 for fiscal 2009 was determined as follows:

- for members of the Management Committee: 75% based on quantitative criteria identical to those for Gérard Mestrallet and Jean-François Cirelli (1/3 on earnings criteria such as EBITDA and free cash flow, 1/3 on criteria related to capital structure, such as net income and debt ratio, and 1/3 based on completing year one of the EFFICIO performance plan), and 25% based on qualitative objectives ;
- and for members of the Executive Committee (excluding the Management Committee): 40% on earnings criteria (EBITDA and free cash flow), and 60% on qualitative criteria.

SUMMARY TABLE OF GROSS COMPENSATION, INCLUDING BENEFITS IN KIND, FOR NON-CORPORATE EXECUTIVE OFFICERS (EXECUTIVE COMMITTEE MEMBERS)

	2010 from January 1 to December 31	2009 from January 1 to December 31
GDF SUEZ		
Fixed *(in euros)*	9,315,616	9,401,498
Variable *(in euros)*	11,329,008	10,084,678
TOTAL *(in euros)*	**20,644,624**	**19,486,176**
Number of members	17*	17

* Compensation for the two members of the Executive Committee has been calculated relative to their length of service on the Executive Committee, being 2 and 10 months respectively.

7.4.3 RETIREMENT PROVISION

The total funded amount of retirement commitments in the financial statements as of December 31, 2010 for members of the Executive Committee and the Management Committee stands at €58.1 million.

The Group has a policy of funding pension obligations via planned assets unless they are specifically dedicated to the pension liabilities of the Executive Committee and Management Committee members.

7.4.4 COMPENSATION OF NON-CORPORATE EXECUTIVE DIRECTORS AND NON-VOTING DIRECTORS

7.4.4.1 Directors and non-voting Directors appointed by the Shareholders' Meeting

Upon motion of the Board of Directors, the Shareholders' Meeting sets the total annual amount of Directors' fees, to be distributed by the Board among its members.

Based on a proposal by the Compensation Committee, the Board of Directors of GDF SUEZ, at its meetings of August 29, 2008 and January 20, 2010, established the rules for distributing the total annual budget set by the Gaz de France Shareholders' Meeting of July 16, 2008 amounting to €1.4 million, in line with an individual distribution system of Directors' fees, combining a fixed portion with a variable portion based on the attendance of Directors and non-voting Directors at Board and Committee meetings. The distribution rules are indicated below, it being specified that Gerard Mestrallet, Chairman and CEO, and Jean-François Cirelli, Vice-Chairman and President, received no Directors' fees for their participation in the GDF SUEZ Board of Directors.

DISTRIBUTION OF DIRECTORS' FEES TO NON-EXECUTIVE DIRECTORS AND NON-VOTING DIRECTORS APPOINTED BY THE SHAREHOLDERS' MEETING

Director	
• Fixed portion	€35,000 per year
• Variable portion relating to attendance	€2,571 per meeting The maximum variable amount per director is capped at €17,997 per year
Non-voting director	
• Fixed portion	€20,000 per year
• Variable portion relating to attendance	€2,571 per meeting, limited to seven meetings The maximum variable amount per director is capped at €17,997 per year
Audit Committee	
Chairman:	
• Fixed portion	€40,000 per year
• Variable portion relating to attendance	None insofar as the Board considers that a Board Committee may not meet without its Chairman present
Committee member:	
• Fixed portion	€10,000 per year
• Variable portion relating to attendance	€1,000 per meeting
Strategy and Investments Committee	
Chairman:	
• Fixed portion	€25,000 per year
• Variable portion relating to attendance	None insofar as the Board considers that a Board Committee may not meet without its Chairman present
Committee member:	
• Fixed portion	€7,000 per year
• Variable portion relating to attendance	€1,000 per meeting

Ethics, Environment and Sustainable Development Committee	
Chairman:	
• Fixed portion	€15,000 per year
• Variable portion relating to attendance	None insofar as the Board considers that a Board Committee may not meet without its Chairman present
Committee member:	
• Fixed portion	€7,000 per year
• Variable portion relating to attendance	€1,000 per meeting
Compensation Committee	
Chairman:	
• Fixed portion	€15,000 per year
• Variable portion relating to attendance	None insofar as the Board considers that a Board Committee may not meet without its Chairman present
Committee member:	
• Fixed portion	€7,000 per year
• Variable portion relating to attendance	€1,000 per meeting
Nominations Committee	
Chairman:	
• Fixed portion	€15,000 per year
• Variable portion relating to attendance	None insofar as the Board considers that a Board Committee may not meet without its Chairman present
Committee member:	
• Fixed portion	€7,000 per year
• Variable portion relating to attendance	€1,000 per meeting

On the basis of the above, non-executive Directors received the Directors' fees indicated in the table below for fiscal year 2010. No other compensation has been paid to them by the Company or companies controlled by the Company for the said fiscal year.

DIRECTORS' FEES PAID TO NON-EXECUTIVE DIRECTORS AND NON-VOTING DIRECTORS APPOINTED BY THE SHAREHOLDERS' MEETING

In euros	Fiscal year 2010[a] from January 1 to December 31	Fiscal year 2009[a] from January 1 to December 31
Albert Frère	50,426[b]	50,426[b]
Edmond Alphandéry	86,997	77,997
Jean-Louis Beffa	75,426	79,997
Aldo Cardoso	92,997	77,997
René Carron	66,080	55,855
Étienne Davignon	32,130[b]	74,997[b][c]
Paul Desmarais Jr.	68,997[b]	69,426[b]
Jacques Lagarde	30,142[b]	83,997[b]
Anne Lauvergeon	74,997	73,426
Thierry de Rudder	92,497[b][d]	86,997[b][c]
Lord Simon of Highbury	67,997[b]	67,997[b]
Richard Goblet d'Alviella (non-voting Director)	37,997[b][d]	35,426[b][c]
Philippe Lemoine (non-voting Director)	37,997	37,997
TOTAL	**814,680**	**872,535**

(a) Directors' fees due for 2009 (for the period from January 1 to December 31, 2009) were paid in 2009. Directors' fees due for 2010 (for the period from January 1 to December 31, 2010) were paid in 2010.

(b) Before deduction of the 25% withholding tax levied on directors' fees paid to Directors who are not French residents.

(c) In fiscal year 2009, Étienne Davignon, Richard Goblet d'Alviella and Thierry de Rudder received gross fees of €144,461.48, €96,307.65 and €96,307.65, respectively, for their attendance at the Board of Directors and the Audit Committee meetings of SUEZ-Tractebel in 2008.

(d) In fiscal year 2010, Étienne Davignon, Richard Goblet d'Alviella and Thierry de Rudder received gross fees of €205,314.39, €103,414.45 and €103,414.45, respectively, for their attendance at the Board of Directors and the Audit Committee meetings of SUEZ-Tractebel,, which they have left (Richard Goblet d'Alviella and Thierry de Rudder on April 27, 2010, and Etienne Davignon on September 30, 2010).

7.4.4.2 Directors representing the French State

Directors representing the French State personally received no compensation (Directors' fees or other) from the Company or from companies controlled by the Company in consideration of their service as Directors, it being noted that the Directors' fees (€377,127) corresponding to their service on the Board are paid directly to the Public Treasury under the terms of the regulations.

This applies to Jean-Paul Bailly, Bruno Bézard (since December 24, 2010), Olivier Bourges, Pierre-Franck Chevet, Ramon Fernandez, Pierre Graff (until December 24, 2010) and Pierre Mongin.

7.4.4.3 Directors representing employees and employee shareholders

Directors representing the employees and employee shareholders on the Board of Directors of GDF SUEZ received no compensation (Directors' fees or other) from the Company or from companies controlled by the Company in consideration of their service as Directors.

This applies to Alain Beullier, Anne-Marie Mourer, Patrick Petitjean and Gabrielle Prunet.

7.4.5 INFORMATION ON STOCK OPTIONS AND THE AWARD OF BONUS SHARES OR PERFORMANCE SHARES

7.4.5.1 Availability of shares resulting from the exercise of stock options and of performance shares

The French Act No. 2006-1770 of December 30, 2006 for the development of profit-sharing and employee shareholding and covering various economic and social provisions (known as the "Balladur Act") imposes restrictions on the free availability of shares resulting from the exercise of options and of performance shares granted to corporate officers under share allocation plans implemented after January 1, 2007.

In accordance with these provisions, a system was established specifying the obligation to hold a certain percentage (set by the Board of Directors) of options exercised in the form of shares and of vested Performance Shares, so that after a certain point, the corporate officers and, more generally, the Executive Committee members would hold a portfolio of GDF SUEZ shares corresponding to a fraction of their compensation.

The Board of Directors of the former SUEZ SA had applied this provision to each named person: for each member of the Executive Committee, the Board of Directors set the number of shares to be held in the portfolio for a five-year period. Once this number of shares was reached, the requirement to hold, in shares, 25% of the gross capital gain resulting from the exercise of options and to hold 25% of Performance Shares lapsed.

The GDF SUEZ Board of Directors reiterated this measure for all members of the GDF SUEZ Executive Committee at its meeting of November 12, 2008, and again at its meeting of January 20, 2010. It is noted that the Board set the share ownership requirement at 200% of fixed compensation for the two corporate executive officers, at 150% of fixed compensation for other members of the Management Committee and at 100% of fixed compensation for other members of the Executive Committee. The deadline for reaching these thresholds is four years from January 2010 for executives of the former SUEZ SA, and five years for executives of the former Gaz de France SA.

7.4.5.2 Programmed management of stock options

At its meeting of November 12, 2008, the GDF SUEZ Board of Directors decided to continue the programmed management of stock options granted to the executives of the former SUEZ SA. This mechanism largely anticipates the AMF's recommendations of November 3, 2010 regarding the prevention of insider trading by corporate executives. The principle of such programmed management is that the interested parties give an irrevocable power of attorney to a financial institution to exercise the GDF SUEZ stock options, in their name and on their behalf, at the dates and under the conditions previously established by annual instruction, and to sell the corresponding shares on the market, with or without determining a reserve unit price. This annual instruction will include the number and quarterly allocation of transactions to be executed, plan by plan, over the next 12 months. Within each quarterly period, the proxy acts freely at the dates and for the volumes that it judges appropriate within the framework and the limits of the annual instruction, to exercise options and sell shares. The annual instruction is sent to the proxy every year within fifteen days following the date of publication of the annual financial statements and on condition that no inside information is disclosed at this date. Once this instruction has been given, it is irrevocable, and the interested party undertakes not to exercise the options other than through the delegated power of attorney. The ban on exercising options and selling shares during the black-out periods preceding the publication of the annual and half-yearly financial statements and quarterly information is maintained.

The Board of Directors of GDF SUEZ also decided that this system is mandatory for the Chairman and Chief Executive Officer, the Vice-Chairman and President and the Executive Vice Presidents (Gérard Mestrallet, Jean-François Cirelli, Dirk Beeuwsaert, Jean-Marie Dauger, Gérard Lamarche) and optional for the other members of the Executive Committee.

7.4.5.3 Stock option plans and bonus share or performance share plans implemented during fiscal year 2010

Authorizations of the Shareholders' Meeting of May 4, 2009

The fourteenth and fifteenth resolutions of the GDF SUEZ Combined Shareholders' Meeting of May 4, 2009 authorized the Board of Directors, respectively, to grant stock options and award bonus shares to employees and/or corporate officers of the Company and/or companies belonging to the Group up to the limit of 0.5% of the Company's share capital on the date of the decision to allocate shares.

Under the powers so conferred, and on the proposal of the Compensation Committee, the GDF SUEZ Board of Directors decided to implement two Performance Share Plans in 2010: on January 20, 2010 for members of the Group Executive Committee, and on March 3, 2010 for the traders at subsidiary Gaselys. Further details of these plans are provided in the sections below.

It is noted that, as in 2009, the corporate officers did not receive stock options or Performance Shares in 2010.

Performance Share Plan of January 20, 2010

Under the authorization granted by the Shareholders' Meeting of May 4, 2009, the Board of Directors of GDF SUEZ, at its meeting of January 20, 2010, decided to implement a Performance Share Plan for the members of the GDF SUEZ Executive Committee, excluding the two corporate executive officers. It is noted that the latter had not received stock options or Performance Shares under the plans decided by the Board of Directors on November 10, 2009. A total of 348,660 Performance Shares were awarded to the sixteen beneficiaries under the following conditions:

Vesting period	from January 20, 2010 through March 14, 2012
Presence on payroll at(1)	March 14, 2012
Final vesting date	March 15, 2012
Lock-up period(2)	from March 15, 2012 to March 14, 2014
Transferable from	March 15, 2014
Performance conditions	EBITDA growth in 2011 compared to 2009 and changes in the share price during the vesting period compared to the change in the Euro Stoxx Utilities index.

(1) Current employment contract with a Group company at that date (except in cases of retirement, death or disability).
(2) Mandatory holding period for vested shares, except in cases of death or disability.

Shares vested under this plan are included the total available shares from the exercise of stock options and Performance Shares previously mentioned in Section 7.4.5.1.

Performance Share Plan of March 3, 2010

Under the authorization granted by the Shareholders' Meeting of May 4, 2009, the Board of Directors, at its meeting of March 3, 2010, decided to implement a Performance Share Plan for certain employees (traders) of Gaselys, subsidiary of the GDF SUEZ Group, under the terms of the Decree of November 3, 2009, concerning the compensation of personnel whose activities may affect the risk exposure of credit institutions and investment firms. In accordance with this Decree, a significant portion of the variable compensation of this group is deferred over three years subsequent to the award and the final value of the amounts actually received is subject to performance conditions specific to the activity. A share of this deferred portion is backed by securities or equivalent instruments. Under this plan, 13 beneficiaries received a total of 51,112 GDF SUEZ Performance Shares.

The schedule and conditions established by the Board of Directors are as follows:

Vesting period	From March 3, 2010 to March 14, 2012 for one-third of the shares and from March 3, 2010 to March 14, 2013 for the other two-thirds
Presence on payroll at(1)	March 14, 2012 for one-third of the shares and March 14, 2013 for the other two-thirds
Final vesting date	March 15, 2012 for one-third of the shares and March 15, 2013 for the other two-thirds
Lock-up period(2)	From March 15, 2012 to March 14, 2014 for one-third of the shares and from March 15, 2013 to March 14, 2015 for the other two-thirds
Transferable from	March 15, 2014 for one-third of the shares and March 15, 2015 for the other two-thirds
Performance conditions	Performance condition based on the return on equity (ROE) of Gaselys in fiscal year 2011 (one-third) and 2012 (two-thirds).

(1) Current employment contract with a Group company or company belonging to the Société Générale group on these dates (except in cases of retirement, death or disability).
(2) Mandatory holding period for vested shares, except in cases of death or disability.

Authorizations of the Shareholders' Meeting of May 3, 2010

The sixteenth and seventeenth resolutions of the GDF SUEZ Combined Shareholders' Meeting of May 3, 2010 authorized the Board of Directors, respectively, to grant stock options and award bonus shares to employees and/or corporate officers of the Company and/or companies belonging to the Group up to the limit of 0.5% of the Company's share capital on the date of the decision to allocate shares. No award was made in 2010 under this authorization.

Performance Share Plan of January 13, 2011

Under the authority conferred upon it by the Shareholders' Meeting of May 3, 2010, the Board of Directors, at its meeting of January 13, 2011, decided to implement Performance Share Plans for certain employees of GDF SUEZ and its subsidiaries and for the two corporate executive officers. The main features of this plan are presented below.

A plan with a dual performance condition, under which 2,885,776 Performance Shares were allocated to 3,367 beneficiaries.

The schedule and conditions established by the Board of Directors are as follows:

Vesting period	From January 13, 2011 to March 14, 2014 (2015 for some countries)
Presence on payroll at(1)	March 14, 2014 (2015 for some countries)
Final vesting date	March 15, 2014 (2015 for some countries)
Lock-up period(2)	From March 15, 2014 to March 14, 2016 (no lock-up if vested in 2015)
Transferable from	March 15, 2016 (2015 for some countries)
Performance conditions	• 50% based on GDF SUEZ's EBITDA for the 2013 fiscal year • 50% based on the GDF SUEZ share price relative to Euro Stoxx Utilities Eurozone sector index

(1) Current employment contract with a Group company on these dates (except in cases of retirement, death or disability).
(2) Mandatory holding period for vested shares, except in cases of death or disability.

A plan with a single performance condition, under which 393,410 Performance Shares were allocated to 3,480 beneficiaries, with most receiving 60 to 150 Performance Shares each.

The schedule and conditions established by the Board of Directors are as follows:

Vesting period	From January 13, 2011 to March 14, 2014 (2015 for some countries)
Presence on payroll at(1)	March 14, 2014 (2015 for some countries)
Final vesting date	March 15, 2014 (2015 for some countries)
Lock-up period(2)	From March 15, 2014 to March 14, 2016 (no lock-up if vested in 2015)
Transferable from	March 15, 2016 (2015 for some countries)
Performance conditions	Based on GDF SUEZ's EBITDA for the 2013 fiscal year

(1) Current employment contract with a Group company on these dates (except in cases of retirement, death or disability).
(2) Mandatory holding period for vested shares, except in cases of death or disability.

A specific plan for the two corporate officers, under which 147,000 Performance Shares were attributed to these two beneficiaries by the Board of Directors at its meeting on January 13, 2011, under the following conditions:

Vesting period	From January 13, 2011 to March 14, 2014
Presence on payroll at(1)	March 14, 2014
Final vesting date	March 15, 2014
Lock-up period(2)	From March 15, 2014 to March 14, 2016
Transferable from	From March 15, 2016
Performance conditions	• 1/3 based on GDF SUEZ's EBITDA for fiscal year 2013; • 1/3 based on the Total Shareholder Return (Yield per Share) of GDF SUEZ as compared to companies in the Euro Stoxx Utilities Eurozone sector index; • 1/3 based on the ROCE for the 2013 fiscal year

(1) Current employment contract with a Group company on these dates (except in cases of retirement, death or disability).
(2) Mandatory holding period for vested shares, except in cases of death or disability.

Under this plan, Gérard Mestrallet has received an award of 87,000 Performance Shares and Jean-François Cirelli has received 60,000 Performance Shares. Shares eventually vested under this plan are included in the total available shares from the exercise of stock options and Performance Shares previously mentioned in Section 7.4.5.1.

Performance Share Plan of March 2, 2011

Under the authorization granted by the Shareholders' Meeting of May 3, 2010, the Board of Directors, at its meeting of March 2, 2011, decided to implement a Performance Share Plan for certain employees (traders) of Gaselys, subsidiary of the GDF SUEZ Group, in compliance with the Decree of November 3, 2009 concerning the compensation of professionals working in the financial markets.

The Decree of December 13, 2010 amending various regulations governing the control of the compensation of personnel engaged in activities that may affect the risk profile of credit institutions and investment firms, along with various prudential requirements, extends the obligation to defer a portion of variable compensation to other personnel having a significant impact on the risk profile of the companies referred to in that Decree. Consequently, the group covered by a mandatory deferred compensation mechanism is up compared to 2010.

Under this plan, 28 Gaselys employees and other Group employees seconded to Gaselys received a total of 57,337 GDF SUEZ Performance Shares.

The schedule and conditions established by the Board of Directors are as follows:

Vesting period	From March 2, 2011 to March 14, 2013 for one-half of the shares From March 2, 2011 to March 14, 2014 for the other half of the shares
Presence on payroll at(1)	March 14, 2013 for one half of the shares March 14, 2014 for the other half of the shares
Final vesting date	March 15, 2013 for one-half of the shares March 15, 2014 for the other half of the shares
Lock-up period(2)	From March 15, 2013 to March 14, 2015 for one-half of the shares From March 15, 2014 to March 14, 2016 for the other half of the shares
Transferable from	March 15, 2016
Performance conditions	• based on Gaselys's EBITDA for fiscal year 2012 for one-half of the shares • based on Gaselys's EBITDA for fiscal year 2013 for the other half of the shares

(1) Current employment contract with a Group company on these dates (except in cases of retirement, death or disability).
(2) Mandatory holding period for vested shares, except in cases of death or disability.

7.4.6 STOCK OPTIONS GRANTED TO, AND EXERCISED BY, EACH CORPORATE EXECUTIVE OFFICER – RECAP OF CURRENT PLANS

7.4.6.1 GDF SUEZ stock subscription and purchase options granted to corporate executive officers by GDF SUEZ and all other GDF SUEZ Group companies in fiscal year 2010

None.

7.4.6.2 GDF SUEZ stock subscription and purchase options exercised by the corporate executive officers of GDF SUEZ in fiscal year 2010

	Plan	Number of options exercised in the fiscal year	Exercise price *(in euros)*
Gérard Mestrallet Chairman and Chief Executive Officer	SUEZ Plan of November 19, 2003	70,000*	12.39
TOTAL		**70,000***	
Jean-François Cirelli Vice-Chairman, President	None	None*	None
TOTAL		**None***	

** Stock subscription options.*

7.4.6.3 Recap of current GDF SUEZ stock purchase option plans

	November 12, 2008 plan	November 10, 2009 plan
Date of authorizing Shareholders' Meeting	07/16/2008	05/4/2009
Start date for the exercise of options(1)	11/12/2012	11/10/2013
Expiration date	11/11/2016	11/9/2017
Total number of shares that could be purchased	6,438,940(2)	5,240,854(2)
Total number of shares that could be purchased by corporate officers:		
• Gérard Mestrallet	0(3)	0
• Jean-François Cirelli	0(3)	0
Terms of exercise	(4)	(7)
Purchase price *(in euros)*	32.74	29.44
Number of options exercised(5)	0(5)	0
Number of options canceled(6)	63,040(6)	119,448
Balance on December 31, 2010	6,375,900	5,121,406

(1) Stock options may also be exercised early in the event of retirement or death.
(2) Balance at December 31, 2009.
(3) Gérard Mestrallet and Jean-François Cirelli waived the stock options granted to them by the GDF SUEZ Board of Directors on November 12, 2008.
(4) For the other members of the Executive Committee, 45% of stock options are subject to "simple" conditions and 10% to "stricter" conditions. For other Group senior managers, 50% of the options are subject to "simple" conditions. These conditions will be tested in November 2012.
(5) Exercised from January 1 to December 31, 2010.
(6) Canceled from January 1 to December 31, 2010.
(7) For other Group senior managers, 50% of the options are subject to "simple" conditions. These conditions will be tested in November 2013.

7.4.6.4 Recap of current GDF SUEZ stock subscription option plans

The stock subscription option plans previously granted by the former SUEZ SA and still valid were adopted by GDF SUEZ in accordance with the commitments made at the Gaz de France Combined Shareholders' Meeting of July 16, 2008, which, in its fourth resolution, approved the merger with SUEZ.

	November 28, 2000 plan	December 21, 2000 plan	November 28, 2001 plan	November 20, 2002 plan	November 19, 2003 plan	November 17, 2004 plan	December 9, 2005 plan	January 17, 2007 plan	November 14, 2007 plan
Date of authorizing Shareholders' Meeting	05/05/2000	05/05/2000	05/04/2001	05/04/2001	05/04/2001	04/27/2004	04/27/2004	04/27/2004	05/04/2007
Total number of shares that could be purchased as of December 31, 2009 *(adjusted for the merger)*	3,025,231	1,061,420	5,701,462	1,913,847	1,964,238	6,178,668	6,390,988	5,831,613	4,552,011
Total number of shares that could be subscribed for by Corporate Officers as of December 31, 2009(1)	124,917	0	562,141	0	120,000	314,841	408,899	403,504	0
Start date for the exercise of options(2)	11/28/2004	12/21/2004	11/28/2005	11/20/2006	11/19/2007	11/17/2008	12/9/2009	1/17/2011	11/14/2011
Expiration date	11/28/2010	12/20/2010	11/28/2011	11/19/2012	11/18/2011	11/16/2012	12/08/2013	1/16/2015	11/13/2015
Terms of exercise	No special terms for these plans				(3)	(4)	(5)	(6)	(7)
Subscription price in euros *(adjusted for the merger)*(8)	32.38	33.66	30.70	15.71	12.39	16.84	22.79	36.62	41.78
Options exercised from January 1, 2010 to December 31, 2010	0	0	0	135,773	374,137	711,661	293,301	0	0
Canceled from January 1, 2010 to December 31, 2010	3,025,231	1,061,420	19,119	(2,166)(9)	(1,067)(9)	7,815	26,286	67,996	58,941
Balance at December 31, 2010	0	0	5,682,343	1,780,240	1,591,168	5,459,192	6,071,401	5,763,617	4,493,070

(1) Gérard Mestrallet.

(2) Stock options may also be exercised early in the event of retirement or death.

(3) For the members of the Executive Committee at the time, all stock options were subject to a performance condition, which was met in November 2007.

(4) For the members of the Executive Committee at the time, 45% of the stock options were subject to "simple" conditions and 10% to "stricter" conditions. For other Group senior managers, 50% are subject to "simple" conditions. These conditions were met in November 2008.

(5) For the members of the Executive Committee at the time, 45% of the stock options were subject to "simple" conditions and 10% to "stricter" conditions. For other Group senior managers, 50% are subject to "simple" conditions. These conditions were met in December 2009.

(6) For the members of the Executive Committee at the time, 45% of the stock options were subject to "simple" conditions and 10% to "stricter" conditions. For other Group senior managers, 50% are subject to "simple" conditions. These conditions were met in January 2011.

(7) For the members of the Executive Committee at the time, 45% of the stock options were subject to "simple" conditions and 10% to "stricter" conditions. For other Group senior managers, 50% are subject to "simple" conditions. These conditions will be tested in November 2011.

(8) The stock options were adjusted for the merger in accordance with the statutory provisions and terms approved by shareholders at the Shareholders' Meetings on the merger of July 16, 2008 (see merger prospectus).

(9) Reinstatement of options canceled by error in 2007

7.4.6.5 Recap of stock subscription or purchase options held by Gérard Mestrallet at December 31, 2010

Plan	SUEZ November 28, 2001	SUEZ November 19, 2003	SUEZ November 17, 2004	SUEZ December 9, 2005	SUEZ January 17, 2007
Exercise date	11/28/2005	11/19/2007	11/17/2008	12/9/2009	1/17/2011
End date	11/28/2011	11/18/2011	11/16/2012	12/8/2013	1/16/2015
Exercise price in euros(1)	30.70	12.39	16.84	22.79	36.62
Balance of options at December 31, 2010					
• Condition of service only	562,141		88,564	185,863	180,515
• Performance condition		50,000(2)	188,564(3)	185,863(5)	185,824(7)
• "Stricter" performance condition			37,713(4)	37,173(6)	37,165(8)

(1) Price adjusted for the merger.
(2) Options were subject to a performance condition, which was met in November 2007.
(3) Options were subject to a performance condition, which was met in November 2008.
(4) Options were subject to a "stricter" performance condition, which was met in November 2008.
(5) Options were subject to a performance condition, which was met in December 2009.
(6) Options were subject to a "stricter" performance condition, which was met in December 2009.
(7) Options were subject to a performance condition, which was met in January 2011.
(8) Options were subject to a "stricter" performance condition, which was met in January 2011.

7.4.6.6 Recap of stock subscription or purchase options held by Jean-François Cirelli at December 31, 2010

None.

7.4.7 PERFORMANCE SHARES AWARDED AND AVAILABLE TO EACH CORPORATE OFFICER - RECAP OF CURRENT PLANS

7.4.7.1 GDF SUEZ Performance Shares allocated to each GDF SUEZ corporate officer by GDF SUEZ and all other companies of the GDF SUEZ Group in 2010

None.

7.4.7.2 GDF SUEZ Performance Shares that became available for each corporate officer of GDF SUEZ in 2010

	Plan	Expiration date	Date of availability	Number of shares becoming available
Gérard Mestrallet *Chairman and Chief Executive Officer*	02/13/2006 SUEZ plan	03/15/2008	03/15/2010	2,000 SUEZ shares[(a)]
Jean-François Cirelli *Vice-Chairman, President*	None	-	-	-

(a) Following the distribution of 65% of SUEZ Environnement Company and the merger with Gaz de France, these 2,000 SUEZ shares were converted to:
1,890 GDF SUEZ shares;
500 SUEZ Environnement Company shares; and
20 SUEZ shares ("fractional") entitling the allocation of GDF SUEZ shares.

7.4.7.3 Recap of current GDF SUEZ Performance Share plans

The Performance Share plans previously granted by the former SUEZ SA and still valid were adopted by GDF SUEZ in accordance with the commitments made at the Gaz de France Ordinary and Extraordinary Shareholders' Meeting of July 16, 2008, which in its fourth resolution, approved the merger with SUEZ.

	2006 plan	2007 plan	06/01/2008 plan	2008 plan	2009 plan	01/20/2010 plan	03/03/2010 plan
Date of authorizing Shareholders' Meeting	05/13/2005	05/04/2007	05/04/2007	07/16/2008	05/04/2009	05/04/2009	05/04/2009
Date of Board decision	1/17/2007	11/14/2007	5/6/2008	11/12/2008	11/10/2009	01/20/2010	03/03/2010
Share price in euros(1)	36.0	42.4	39.0	28.5	24.8	18.5(18)	21.5
Start of vesting period(2)	02/12/2007	11/14/2007	06/01/2008	11/12/2008	11/10/2009	1/20/2010	03/03/2010
End of vesting period	03/14/2009	03/14/2010(4)	05/31/2012(8)	03/14/2011(12)	3/14/2012(15)	03/14/2012	03/14/2012(19) and 03/14/2013
Start of lock-up period	03/15/2009	03/15/2010(5)	None(9)	03/15/2011(5)	03/15/2012(5)	03/15/2012	03/15/2012(20) and 03/15/2013
End of lock-up period	03/14/2011	03/14/2012(6)	None (10)	03/14/2013(13)	03/14/2014(16)	03/14/2014	03/14/2014(21) and 03/14/2015
Related conditions	(3)	(7)	(11)	(14)	(17)	(18)	(22)
Shares vested as of December 31, 2009	0	1,222,135	23,278	1,786,325	1,693,900	0	0
Shares vested from January 1, 2010 to December 31, 2010	0	536,694	83	996	1,164	0	0
Shares canceled from January 1, 2010 to December 31, 2010	0	498,615	4,644	19,126	32,642	0	3,333
Balance at December 31, 2010	0	186,826	18,551	1,766,203	1,660,094	348,660	47,779

(1) Based on the method used for the consolidated financial statements.
(2) Early vesting possible in the event of death or permanent disability. Condition of presence on payroll at the vesting date.
(3) Condition on 2008 ROCE met.
(4) For France, Belgium, Italy and Spain; for other countries, March 14, 2012.
(5) For France, Belgium, Italy and Spain; for other countries, no lock-up period.
(6) For France and Belgium; for Italy and Spain, March 14, 2013; for other countries, no lock-up period.
(7) Condition on 2009 EBITDA 60.1% met.
(8) For France, May 31, 2010.
(9) For France, June 1, 2010.
(10) For France, May 31, 2012.
(11) Conditions: 50% condition on 2009 Group EBITDA 60% met,; 50% based on SITA UK EBITDA and Capex for the 2008-2011 fiscal years.
(12) For France, Belgium, Italy and Spain; for other countries, March 14, 2013.
(13) For France and Belgium; for Italy and Spain, March 14, 2014; for other countries, no lock-up period.
(14) Condition on 2010 EBITDA 38.54% met.
(15) For France, Belgium, Italy and Spain, for other countries, March 14, 2014.
(16) For France and Belgium; for Italy and Spain, March 14, 2015; for other countries, no lock-up period.
(17) Condition on 2011 EBITDA.
(18) 50% condition on 2011 EBITDA, and 50% on the share price performance compared to Euro Stoxx Utilities.
(19) March 14, 2012 for 1/3 and March 14, 2013 for 2/3.
(20) March 15, 2012 for 1/3 and March 15, 2013 for 2/3.
(21) March 14, 2014 for 1/3 and March 14/2015 for 2/3.
(22) 1/3 Gaselys 2011 ROE and 2/3 Gaselys 2012 ROE.

7.4.7.4 Recap of Performance Shares held by Gérard Mestrallet at December 31, 2010

Plan	SUEZ 02/13/2006	SUEZ 02/12/2007	GDF SUEZ 11/12/2008
Terms	2007 ROCE	2008 ROCE	2010 EBITDA
Vesting date(1)	3/15/2008	3/15/2009(3)	3/15/2011(3)
Shares being vested	0	0	9,000
Shares vested	2,000(2)	3,186	0
Transferable from	3/15/2010	3/15/2011	3/15/2013

(1) Subject to dual condition of performance and presence on payroll.

(2) Following the distribution of 65% of SUEZ Environnement Company and the merger with Gaz de France, these 2,000 SUEZ securities were converted to:

- *1,890 GDF SUEZ shares;*
- *500 SUEZ Environnement Company shares; and*
- *20 SUEZ shares ("fractional") entitling the allocation of GDF SUEZ shares (compensated in August 2010 in accordance with the SUEZ and Gaz de France merger prospectus.*

(3) Vested shares are subject to a lock-up period under the so-called "Balladur" measure (see Section 7.4.5.1 of this Reference Document).

7.4.7.5 Recap of Performance Shares held by Jean-François Cirelli at December 31, 2010

Plan	Gaz de France 06/20/2007*	Gaz de France 05/28/2008*	GDF SUEZ 11/12/2008
Conditions	(1)	Fiscal years 2008 and 2009 EBITDA	2010 EBITDA
Expiration date	6/23/2009(2)	6/1/2010(3)	3/15/2011(4)
Shares being vested	0	0	6,000(5)
Shares vested	30	15(6)	0
Transferable from	7/1/2011(2)	6/1/2012(2)	3/15/2013

** Global bonus share plans for all employees and corporate officers of Gaz de France.*

(1) EBITDA conditions for fiscal years 2007 and 2008 met.

(2) These shares may not be sold during the term of office.

(3) Subject to a condition of presence on the payroll and, for 50% of shares, a performance condition.

(4) Subject to a dual condition of performance and presence on the payroll.

(5) Vested shares are subject to a lock-up period under the so-called "Balladur" measure (see Section 7.4.5.1 of this Reference Document).

(6) Performance condition partially met.

7.4.8 STOCK SUBSCRIPTION OR PURCHASE OPTIONS GRANTED TO THE TEN EMPLOYEES WHO ARE NOT CORPORATE OFFICERS WHO RECEIVED AND EXERCISED THE MOST OPTIONS

7.4.8.1 Stock subscription or purchase options granted by SUEZ and by all companies included in the SUEZ Stock Option Plan in fiscal year 2010 to the ten employees of the issuer and such companies, who are not corporate officers and to whom the greatest number of stock options was allocated

Total number of options granted	Purchase price *(in euros)*	Plan	Expiration date
302,000	14.20	SUEZ Environnement Company of December 16, 2010*	December 15, 2018

* *Stock purchase options.*

7.4.8.2 GDF SUEZ stock subscription or purchase options exercised in fiscal year 2010 by the ten employees who are not corporate officers of GDF SUEZ with the largest number of stock subscription or purchase options

Total number of options exercised	Average weighted price *(in euros)*	Plans
30,000	15.71	11/20/2002*
46,508	12.39	11/19/2003*
110,714	16.84	11/17/2004*
39,412	22.79	12/9/2005*

* *Stock subscription options*

7.4.9 PERFORMANCE SHARES GRANTED TO THE TEN EMPLOYEES WHO ARE NOT CORPORATE OFFICERS WHO RECEIVED THE MOST PERFORMANCE SHARES

PERFORMANCE SHARES GRANTED BY GDF SUEZ AND BY ALL COMPANIES INCLUDED IN THE GDF SUEZ BONUS SHARE PLAN IN FISCAL YEAR 2010 TO THE TEN EMPLOYEES OF THE ISSUER AND SUCH COMPANIES, WHO ARE NOT CORPORATE OFFICERS AND TO WHOM THE GREATEST NUMBER OF BONUS SHARES WAS GRANTED

Total number of Performance Shares granted	Share price in euros(1) *(in euros)*	Issuers	Plans
60,400	11.12	SUEZ Environnement Company	12/16/2010
270,300	18.54	GDF SUEZ	1/20/2010

(1) Average value, based on the method used for the consolidated financial statements.

7.4.10 SUMMARY OF TRANSACTIONS DISCLOSED BY EXECUTIVE MANAGEMENT AND CORPORATE OFFICERS IN FISCAL YEAR 2010

GDF SUEZ SHARES

	Date of transaction	Type of transaction	Quantity	Unit price *(in euros)*	Net transaction price *(in euros)*
Gérard Mestrallet	09/17/2010	Purchase	345	25.55	8,816
Gérard Mestrallet	09/17/2010	Purchase	555	25.28	14,030
Individual related to Gérard Mestrallet	09/17/2010	Purchase	334	25.46	8,503
Gérard Lamarche	12/09/2010	Sale	1,890	27.30	51,606
Edmond Alphandéry	03/22/2010	Purchase	700	27.95	19,379

GDF SUEZ STOCK SUBSCRIPTION OPTIONS

	Date of transaction	Type of transaction	Plan	Number of stock options exercised	Exercise price (in euros)	Net sale price (in euros)
	01/04/2010	Exercise*	Suez plan of 11/19/2003	50,000	12.39	619,500
Gérard Mestrallet	01/04/2010	Sale*		50,000	29.02	1,451,000
	09/09/2010	Exercise*	Suez plan of 11/19/2003	2,500	12.39	30,975
Gérard Mestrallet	09/09/2010	Sale*		2,500	27.00	67,500
	11/3/2010	Exercise*	Suez Plan of 11/19/2003	17,500	12.39	216,825
Gérard Mestrallet	11/3/2010	Sale*		17,500	28.30	495,353
	11/9/2010	Exercise*	Suez Plan of 12/9/2005	12,300	22.79	280,317
Gérard Lamarche	11/9/2010	Sale*		12,300	29.00	356,700

* *Options exercised via an independent professional intermediary following the implementation of a GDF SUEZ stock subscription and purchase option programmed exercise system (see Section 7.4.5.2 "Programmed Management of Stock Options" above).*

7.5 REPORT BY THE CHAIRMAN OF THE BOARD OF DIRECTORS ON CORPORATE GOVERNANCE AND INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

Pursuant to Article L. 225-37 paragraph 6 et seq. of the French commercial Code, the Chairman of the Board of Directors hereby reports on:

- the terms of governance of GDF SUEZ (hereafter referred to as "the Company"): code of governance, composition, organization and operating procedures of the Board of Directors, limitations, if any, on the powers of Executive Management, principles and rules for determining the compensation and benefits of any kind awarded to corporate officers;
- statutory provisions regarding the participation of shareholders at shareholders' meetings, and
- the internal control and risk management procedures implemented by the Company,

and covers all subsidiaries of the Company, which are majority-controlled and fall within the scope of consolidation of GDF SUEZ (the "Group").

This report was drawn up, upon conclusion of the preparatory work and required procedures, with the support of the General Secretary and the Audit and Risk Management Department and the cooperation of the Finance Department, the Communications and Financial Reporting Department and the Executive Vice-Presidents.

After being reviewed by the Steering Committee for the 2010 GDF SUEZ Reference Document, and submitted to the Group's Executive Committee for validation, this report was presented to the Audit Committee for information. It was then approved by the Board of Directors at its meeting of March 2, 2011.

7.5.1 CORPORATE GOVERNANCE

7.5.1.1 Code of Governance

GDF SUEZ is a "société anonyme" (limited company) with a Board of Directors, subject to the laws and regulations applicable to public limited companies as well as to specific laws governing it, including in particular the French Privatization Act No. 86-912 of August 6, 1986, and the company's bylaws.

GDF SUEZ maintains its commitment to implementing corporate governance guidelines and for this purpose refers to the AFEP-MEDEF code of corporate governance for listed companies (the "AFEP-MEDEF Code").

The AFEP-MEDEF Code of Corporate Governance is available on the website www.medef.fr.

7.5.1.2 Composition and operating procedures of the Board of Directors

The Company is administered by a Board of Directors composed of 21 members, including:

- 6 directors representing the French government, appointed pursuant to Article 2 of the French Legislative Decree of October 30, 1935, taking into account GDF SUEZ'S status as a privatized company and the fact that 36% of its share capital is owned by the French government,
- 3 directors representing employees and one director representing employee shareholders, pursuant to Article 8-1 of French Privatization Act No. 86-912 of August 6, 1986, and
- 11 directors appointed by the Annual Shareholders' Meeting pursuant to the French commercial Code on public limited companies.

The Board of Directors includes 3 women directors out of 21. Law No. 2011-103 of January 27, 2011 and the AFEP-MEDEF Code impose a principle of balanced representation of men and women on boards of directors. To assess the men to women ratio on boards of directors, the law and the Code provide that the directors who are employee representatives – who are not elected by the General Shareholders' Meeting – are not taken into account. As the Board of Directors of GDF SUEZ includes three directors representing employees, the assessment is based on 18 directors, 2 of whom are women.

At the Shareholders' Meeting of May 2, 2011, the appointment of a woman director will be proposed in order to promptly initiate the implementation of the principle of balanced representation of women and men on the Board of Directors.

At that time, the composition of the Board of Directors will be increased to 22 members as permitted by the Company's bylaws.

The operations of the Board of Directors are defined by Article 14 of the bylaws. The means of organizing its work are set out in Article 1 of the Board of Directors' Internal Regulations, which specifies the ways and means by which the Board can operate efficiently on behalf of the Company and its shareholders, as well as the responsibilities incumbent on each Director.

The Internal Regulations were amended on August 9, 2010. These amendments, pertaining to articles 2.2, 3.2.2 and 3.3.2 of the Internal Regulations, have the following purposes:

- to simplify the agendas of the Board of Directors' meetings by increasing the limit of the delegations granted to the Chairman and Chief Executive Officer and to the Vice-Chairman and President, from €350 million to €500 million,

- to inform the Strategy and Investments Committee about operations ranging between €350 and €500 million. The Committee will prepare a report for the Board of Directors,
- to expand the responsibilities of the Nominations Committee, which will now prepare the decisions for the appointment of committee members and Chairmen.

The Directors' Charter and the Code of Conduct are attached to the Internal Regulations. They establish the rights and obligations that each Director undertakes to observe.

The Directors' Charter sets out the rules relating to Directors' terms of office, compliance with the company's interests, the laws and bylaws, Directors' independence, duty of expression, professionalism, involvement and efficiency and on conflicts of interest.

The Code of Conduct sets out the rules governing trading in the Company's securities and the offense of insider trading applicable to Directors, Corporate Officers and all employees. It expresses the Company's desire to ensure prudent management of its securities, to comply and ensure others' compliance with current regulations governing securities transactions conducted by Corporate Officers and employees, by reminding them of the prohibition on certain transactions involving the Company's securities, and the obligation to disclose transactions concluded by Directors and Corporate Officers and related parties, as well as the rules on insider trading. This Code was last amended by a decision of the Board of Directors of January 13, 2010, following the AMF recommendations. These amendments, referring to the provisions of Article 2 of the said code, provide that the period when the Company Executives are not authorized to trade the Company securities which they hold, namely thirty days prior to the publication of the annual and half-yearly consolidated statements, and quarterly financial statements, is now expanded to include the publication date as well.

In addition to the foregoing, the byelaws for Employee Directors, approved by the Board of Directors at its meeting of December 9, 2009, lays down conditions under which Employee Directors are to exercise their duties.

The main provisions of the Company's bylaws and Internal Regulations are recalled in the Reference Document under Section 10.1. These documents are available at the Company's head office and on its website: gdfsuez.com.

In compliance with the AFEP-MEDEF Code, the Internal Regulations provide that the Board shall review the independence of the Directors each year before the Annual Shareholders' Meeting to approve the financial statements for the past fiscal year. On the proposal of the Nominations Committee, the Board of Directors, at its meeting of January 13, 2011, conducted a case-by-case review of the qualification of each member based on its criteria of independence, which are consistent with market practices, and in consideration of special circumstances and the situation of the concerned party, the Company and the Group. Based on the findings of the Nominations Committee's report, and taking into account the AFEP-MEDEF recommendations as well as interpretations made by various international governance organizations, the Board concluded that 9 of the 21 Directors serving on the Board qualify as independent under the Board's criteria and 12 do not. It noted that the six directors representing the French government and the four directors representing employee shareholders and employees may not be considered independent and, moreover, that a non-independent director's seat is held by Jean-François Cirelli, the former Chairman and Chief Executive Officer of Gaz de France, under the terms of the Gaz de France-SUEZ merger agreement, published in the merger prospectus approved by the *Autorité des Marchés Financiers* (AMF, the French financial markets authority) on June 13, 2008 under No. 08-126.

The criteria for assessing the independence of directors is provided in Section 7.1.1.7 of the 2010 Reference Document.

The resulting percentage of independent directors is 42.85%, it being noted that the percentage of 50% recommended by the AFEP-MEDEF Code for widely-held corporations without controlling shareholders cannot be reached for the legal reasons mentioned above.

7.5.1.3 Powers of the Board of Directors

The powers of the Board of Directors derive from statutory and regulatory provisions, the Company's bylaws and its own Internal Regulations.

Under applicable laws and regulations, the Board of Directors deliberates on the main strategic, economic, financial or technological direction of the Company's and the Group's activities, in particular the review of the budget, the Group's industrial strategy, financial strategy and energy supply policy. The Board sets the total amount of securities, endorsements and guarantees, which the Chairman and Chief Executive Officer is authorized to use each year. In addition, the Board reviews the budget, the Group's industrial strategy, financial strategy and energy supply policy at least once a year.

Articles 15.1 of the Company's bylaws and 1.2 of the Internal Regulations of the Board of Directors define the powers of the Board of Directors as follows:

"The powers of the Board of Directors are those conferred upon it by statute."

"The Board of Directors determines the Company's business strategy and oversees the implementation thereof. Subject to the powers expressly granted to the Shareholders' Meetings and within the limit of the Company's corporate purpose, the Board deals with all matters concerning the smooth running of the Company and, through its decisions, manages the Company's business.

The Board of Directors carries out the controls and verifications it considers appropriate."

Under Article 2.2 of the Internal Regulations, certain Executive Management decisions must first be submitted to the Board of Directors for approval, as described in the Section "Executive Management" below.

7.5.1.4 Organization of the Board of Directors

The Board of Directors meets as often as required by the Company's interests and at least six times a year, including at least once each quarter. The Board of Directors of GDF SUEZ met eleven times during the 2010 fiscal year, with an average attendance rate of 84%. Of the ten meetings scheduled for 2011, three had already been held as of the date of this Report.

To assist in its deliberations, pursuant to Article 15.2 of the bylaws and Article 3 of the Internal Regulations, the Board has established five internal standing committees to study certain subjects and projects, which are submitted for their review by the Board of Directors or the Board Chairman. The Board relies on the findings of the reports, proposals, opinions, information or recommendations of its committees in its deliberations and decision making. The committees perform their duties under the Board's responsibility. No Committee may, of its own initiative, address any issue that falls outside the scope of its purpose. Committees do not have decision-making powers.

These Committees are: the Audit Committee, the Strategy and Investments Committee, the Nominations Committee, the Compensation Committee, and the Ethics, Environment and Sustainable Development Committee.

The Audit Committee held ten meetings in 2010 with an average attendance rate of 95%. The Statutory Auditors attended eight meetings. Of the eleven meetings scheduled for 2011, three had already been held as of the date of this Report.

The Strategy and Investments Committee held nine meetings in 2010 with an average attendance rate of 68%. Of the ten meetings scheduled for 2011, two had already been held as of the date of this Report.

The Nominations Committee met once in 2010 with an attendance rate of 80%. Two meetings had already been held in 2011 as of the date of this Report.

The Compensation Committee met on five occasions in 2010 with an average attendance rate of 80%. Two meetings had already been held in 2011 as of the date of this Report.

The Ethics, Environment and Sustainable Development Committee met four times in 2010, with an average attendance rate of 75%. Of the five meetings scheduled for 2011, two had already been held as of the date of this Report.

Detailed information on the composition, organization and operations of the corporate governance bodies, the offices and directorships held by the corporate officers, and the work performed by the Board and its Committees is provided in Section 7.1 of the 2010 Reference Document. Information relating to the powers and independence of members of the Board Committees can be found in Sections 7.1.1.5 and 7.1.1.7 of the 2010 Reference Document. This information is consistent with the recommendations of the AMF.

7.5.1.5 Executive Management

Given its commitment to the continued exercise of executive management through the combined functions of Chairman and Chief Executive Officer, the Board of Directors, at its meeting of July 22, 2008 following the Gaz de France – SUEZ merger, decided that the executive function of GDF SUEZ would be handled by the Chairman of the Board and the Vice-President and President. Since that date, the Company's executive management has been the responsibility of Gérard Mestrallet, Chairman and Chief Executive Officer, and Jean-François Cirelli, Vice-Chairman and President.

In a changing and highly competitive environment, combining the functions of Chairman and Chief Executive Officer, supported by the presence of a Vice-President and President, provides for the greatest coherence between strategy and operations and the greatest efficiency in the decision-making processes, while ensuring compliance with the best governance principles in light of the features below.

At its meeting of December 17, 2008, upon proposal of the Chairman, the Board of Directors decided to appoint a non-executive Vice-Chairman responsible for chairing the Board of Directors in the Chairman's absence. The office of non-executive Vice-Chairman is currently held by Albert Frère.

The Vice-Chairman and President have the same powers of representation with regard to third parties as the Chairman and Chief Executive Officer. According to internal rules, the respective powers of the Chairman and Chief Executive Officer and the Vice-Chairman and President are determined by the Board of Directors and the Internal Regulations of the Board, which sets their limits.

Article 2.1 of the Board of Directors' Internal Regulations defines the powers of the Chairman and Chief Executive Officer and the Vice-Chairman and President.

The Chairman and Chief Executive Officer and the Vice-Chairman and President must obtain the prior authorization of the Board to enter into significant agreements with the French government relating to the objectives and terms and conditions of implementation of public service assignments entrusted to the Company or its subsidiaries, within the limits set by law.

1) In addition, the Chairman and Chief Executive Officer and the Vice-Chairman and President must obtain prior authorization from the Board to complete the following transactions:

- to acquire or assign any direct or indirect interests of the Company in any companies in existence or to be created, to participate in the creation of any companies, joint ventures, consortia and organizations, to subscribe to any issue of shares, share equivalents or bonds, where the Company's or the Group's financial exposure exceeds €500 million for the transaction concerned;
- to approve any transactions involving a contribution or an exchange of goods, shares or securities, with or without a balancing cash payment, for an amount exceeding €500 million;

for the transactions mentioned above, the Strategy and Investments Committee is informed of all the transactions ranging between €350 and €500 and reports to the Board of Directors about them;

- in the event of disputes, to enter into any agreement or settlement or accept any arbitration decision for an amount exceeding €200 million;
- to enter into any long-term power purchase agreements on behalf of the Group for quantities exceeding the following per transaction:
  - 30 billion kWh of gas per year, including the terms of transmission,
  - 20 billion kWh of electricity per year, including the terms of transmission.

2) The Chairman and Chief Executive Officer and the Vice-Chairman and President must obtain prior authorization from the Board to carry out any transaction involving the acquisition or assigning of real property for an amount exceeding €200 million.

3) In addition, the Chairman and Chief Executive Officer and the Vice-Chairman and President must obtain prior authorization from the Board for any of the following transactions whenever the sum of them exceeds €1.5 billion:

- granting or contracting any loans, borrowings, credit or cash advances by the Company, or authorizing any Group subsidiary or financing vehicle for this purpose;
- acquiring or assigning any receivables, by any method.

7.5.1.6 Principles and rules for determining the compensation and benefits of Corporate Officers

Compensation and benefits of any kind awarded to corporate officers are determined by the Board of Directors on proposal of the Compensation Committee, taking into account comparisons with comparable companies in France and in Europe as well as the level of achievement of quantitative and qualitative targets set for each.

The principles and rules for determining such compensation and benefits are presented in the 2010 Reference Document, under Section 7.4 entitled "Compensation and Benefits Paid to Members of Corporate Governance Bodies."

7.5.1.7 Statutory provisions regarding the participation of Shareholders at Shareholders' Meetings

The Company bylaws provide that all shareholders are entitled to attend Shareholders' Meetings on condition that their shares are fully paid up. Each share entitles the holder to vote and be represented at Shareholders' Meetings, in accordance with current law and the bylaws. Ownership of one share entails automatic acceptance of these bylaws and of all decisions of the Shareholders' Meetings of the Company. Unless otherwise provided for by law, each shareholder has as many voting rights and may cast as many votes at meetings as he or she holds shares, which are fully paid up.

The terms for the participation of shareholders at Shareholders' Meetings are detailed in Section 10 of the Reference Document.

Provisions relating to shareholders' attendance at Shareholders' Meetings and shareholders' voting rights are set out in Section 10.1 of the 2010 Reference Document in the paragraph entitled "Rights, Privileges and Restrictions Attached to Shares" and in the bylaws (Articles 10, 11, 12 and 20).

The information required under Article L. 225-100-3 of the French commercial Code is published in the 2010 Reference Document under Sections 4.5.1, 7.1, 7.3, 7.4, 8.3, 8.5, 9.2, 9.3 and 10.1.

7.5.2 INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES IMPLEMENTED BY THE COMPANY

The continuous dialogue between the global risk management and internal control approaches strengthens both: the control program takes into account the conclusions of the global risk management approach and, conversely, takes part in the risk control.

7.5.2.1 Coordination and monitoring of operations

The coordination and monitoring of operations at GDF SUEZ is based on the principles outlined below:

- the Board of Directors sets out the objectives of the GDF SUEZ internal control system through its assignments and activities (see above); periodic reviews of internal control are submitted to the Audit Committee;
- the Chairman and Chief Executive Officer directs GDF SUEZ and implements the strategic decisions taken by the Board of Directors. As such, he has overall responsibility for implementing internal control procedures throughout the Group's functional divisions and business lines; he is assisted by the Vice-Chairman and President;
- the Management Committee, chaired by the Chairman and Chief Executive Officer or the Vice-Chairman and President, comprises the Chairman and Chief Executive Officer, the Vice-Chairman and President and the Executive Vice-Presidents and is responsible for managing the Group;

- the Executive Committee, chaired by the Chairman and Chief Executive Officer or the Vice-Chairman and President, comprises "intuitu personae" members representing the Group's operational and functional activities. It reviews questions related to strategy issues, development or Enterprise organization and its general steering. It reviews, if needed topics / themes which are proposed to him;
- a limited number of Enterprise-level committees (Finance Committee, Commitments Committee, Energy Policy Committee, Energy Market Risks Committee, Economic Regulation and Transfers Committee, Research and Innovation Committee, Career Management Committee, Nuclear Security and Safety Monitoring Committee, business line Committees, and Corporate Committee) ensure coordination between the various entities of GDF SUEZ in order to document or to make transversal decisions;
- three management levels:
  - the Corporate level steers the Enterprise and is responsible for providing a strategic and financial performance framework; it coordinates structural choices and is responsible for settling differences between business lines; it is responsible for structuring GDF SUEZ through its functionnal policies and conducts their rightful implementation. Central Management's functional divisions include: Finance; Information Systems; Strategy and Sustainable Development; Audit and Risk Management; General Secretariat; Human Resources; Health, Safety and Management Systems; Executives Management; Communications and Financial Communications; International Relations; Research and Innovation; Integration, Synergies and Performance; Purchasing; Nuclear Activities; Nuclear Safety and Radiation Protection,
  - the business lines (Energy France, Energy Europe & International, Global Gas & LNG, Infrastructures, Energy Services, and Environnement) are the second management level of the GDF SUEZ organization and oversee every Business Units (BU) within their respective areas of responsibility,
  - BU are the GDF SUEZ's smallest reporting entities, and constitute the management level at which the business lines' performance is monitored.

Performance is at the center of the management dialogue between Corporate Level – business lines – BU. The EFFICIO performance program is deployed to lead, coordinate and consolidate (at Enterprise level) the performance actions of the business lines, functional divisions and transversal projects.

- The ethics compliance management is designed to verify the respect of the Group's ethics principles.

In July 2010, the Group's Executive Committee approved the "Integrity Referential" to support the application of the ethics principle "establishing a culture of integrity". The Integrity Referential is aimed at managers and describe the way in which the Group is organized to manage the risk to which any integrity violation exposes it. It represents the foundation of the Group's fraud and corruption detection and prevention program.

During 2010, again, the Ethics Charter and the "Ethics in Practice" guidelines, translated into twenty or so languages, were distributed to the employees by management and Human Resources.

As in 2009, the INFORM'Ethics system for reporting ethics incidents continued to be deployed within business lines and units and an ethics risk review was conducted as part of the group's risk management approach.

Ethics training opportunities were expanded to include new topics or audiences and several ethics documents (commercial relations, relations with intermediaries) are currently being revised.

These various initiatives extend the measures taken as of the creation of the new group in 2008, to provide GDF SUEZ with a system that allows it to promote behaviours, which are compliant with the ethics principles defined.

The organization put in place relies on a dedicated division, steering and control bodies and a network of over 140 ethics officers.

7.5.2.2 Group standards

GDF SUEZ has chosen an organization and procedures for internal control based on the model promoted by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). This organization and these procedures also comply with the reference framework and take into account the application guide published in January 2007 by the AMF and updated with respect to risk management in July 2010. They also take into account the Audit Committee's report published by the AMF on 14th June 2010.

7.5.2.3 Global risk management system

The Group has a global risk management policy (Enterprise Risk Management), the principles of which are consistent with professional standards (ISO 31000, Federation of European Risk Management Associations, in particular). This explains its ambition to manage its risks more efficiently in order to be better able to reach its objectives, particularly by permanently preserving and improving its value and reputation, and internal motivation.

Role of the GDF SUEZ Audit Committee

The Executive Committee approved the risk management policy and presented it to the Board of Directors' Audit Committee. The Audit Committee examines the risk review at least once a year. At its request, the Audit Committee is informed, during the year, of GDF SUEZ's exposure to financial risks and to other strategic and operational risks. This allows the Board to perform its duty of monitoring the effectiveness of risk management and internal control systems required by the Ordinance of December 8, 2008 transposing into French law the Eighth European Directive on corporate governance.

GDF SUEZ's enterprise risk management policy

In its supervisory and decision-making role, the Executive Committee approves the GDF SUEZ enterprise risk management policy. At least once a year, the Executive Committees of the Group and of the business lines examine and approve the risk review for their entity and decide on the processing methods to be used. Risks are taken into account in many of the Group's decision-making processes, such as the Medium Term Business Plan, Commitments Committee, Energy Market Risks Committee and Security Monitoring Committee.

The Group considers a risk to be "any uncertain event likely to have a positive or negative effects on the Enterprise's sustainability, reputation or on the achievement of its strategic, financial and operational goals." The Group's risk management policy encourages reasonable and financially viable risk-taking in compliance with laws and regulations, in line with generally held opinion and economically viable.

To achieve this aim, GDF SUEZ designated the Executive Committee member in charge of the Audit and Risk Management Divisions as Chief Risk Officer. The Risk Management department, which reports to the Chief Risk Officer, coordinates the risk management network. The Risk Officers at the Central management, business lines, business units and operating departments support the managers in the process of identifying and evaluating risks by applying the Group's methodology and of assessing the resources used to limit and hedge them. Risks are managed by their owners and coordinated, as appropriate, by the functional divisions.

Annual review of GDF SUEZ risks

The Business Units completed their risk mapping and review in the first half of 2010. Subsequently, in the second half of 2010, the business lines and functional divisions used this information to conduct their own risk review, by restating and updating the data, if necessary. This information, collected with the help of a dedicated information system, has been prioritized and summarized at Group level in order to identify GDF SUEZ's main risks. It was reviewed by the Executive Committee, the Audit Committee and the Board of Directors prior to drawing up the 2010 financial statements. The main risk factors identified by this process are described in Section 5 of this Reference Document.

7.5.2.4 Internal control objectives

The internal control objectives of GDF SUEZ are to implement a process designed to provide reasonable assurance of the control of operations with regard to the following objectives:

- compliance with applicable laws and regulations;
- reliability of accounting and financial information;
- effectiveness and efficiency of operations.

However, as any control system, it can only provide reasonable assurance that all risks of error or fraud are completely controlled or eliminated.

GDF SUEZ's aim is to have effective internal control systems in place at each level of responsibility and based on:

- an environment conducive to the implementation of control systems;
- the commitment of all players, in particular operational employees who are closely involved in the processes and in charge of the continuous improvement of their systems;
- an approach, which takes into account the cost of implementing a control with regard to the level of risk and adjusting it based on the desired level of assurance.

7.5.2.5 Coordination and monitoring of internal control

In September 2008, GDF SUEZ's Audit and Risk Management Division launched an "Internal Control Management and Efficiency" (INCOME) program, as part of the adaptation of the internal control systems that already existed in each group before their merger. This program, which was validated by the Executive Committee, was presented to the Audit Committee and the monitoring of its deployment was also presented to the two bodies. In addition to deploying a common methodology, implementing, coordinating and monitoring internal control at GDF SUEZ, the INCOME program also intended to disseminate the internal control culture and use of best practice in this area throughout the entire Group.

GDF SUEZ's structure for coordinating and monitoring internal control is based on the following principles.

GDF SUEZ's general internal control guidelines

The general internal control guidelines of GDF SUEZ address:

- the implementation of an effective and rigorous coordination and monitoring program, for which management is responsible and differentiated based on the needs of each management level, which can be adapted to different organizations and risks;
- a formal commitment by management at different organizational levels to implement an internal control system for their area of responsibility as well as improvement initiatives identified by the results of the INCOME program controls and the audit summaries;
- the rollout of an internal control network to support management.

Implementation of GDF SUEZ's general internal control guidelines

GDF SUEZ's general internal control guidelines are implemented as follows:

- the business lines and functional divisions define their own control procedures in accordance with Group standards and policies and in a manner adapted to their specific activities. These are consistent with the INCOME program, which allows them to supervise the internal control system's application to the activities within their specific area of responsibility and to confirm its effectiveness in meeting their needs. For example, the Health and Safety Management Systems Division is in charge of coordinating the players involved in industrial safety, health and safety in the workplace, the protection of tangible and intangible assets and management systems. It ensures that the Group's policies and standards in these areas are well understood and taken into account through a system that includes management reviews with each business line, the accident reporting mechanism and a control program according to specific standards, which covers the subsidiaries of each business line every year. It also encourages self-assessment and self-diagnosis, especially as part of its actions taken within the scope of the management system by defining certain key control points to be performed.

- In accordance with the bylaws and the principles of corporate governance, the Audit and Risk Management Division reports to the Chairman and Chief Executive Officer. It reports its findings to the GDF SUEZ Audit Committee and to the Chairman and Chief Executive officer on a regular basis. It is organized around the complementary functions of internal control, internal audit and risk management and its responsibilities are presented below:
  - the Internal Control Department monitors a network of some 200 internal control coordinators and managers responsible for running the internal control program of the business lines, functional divisions and subsidiaries, in providing methodology and instructions and organizing information and training sessions. The Internal Control department organizes, together with the functional divisions and the business lines, the coordination of the program specifically to help control the Company's most significant risks. An oversight group was created at the end of 2010, "Observatoire Managérial" - chaired by the head of a business line - designed to link operational management more effectively with the preparation of structuring decisions related to internal control, such as policy or changes to the standards. In addition, the Internal Control Department is constantly improving the internal control system by analyzing the results of self-assessments, internal and external audits in order to identify, coordinate and monitor action plans.

    The business line internal control officers supervise Business Units and legal entities internal control coordinators within their area of responsibility, oversee implementation of the internal control program in their business line and prepare necessary information to support the internal control attestation letter signed by the head of the business line.

    The internal control coordinators reporting to the head of the Business Unit or legal entity provide support to the business process owners in charge of implementing the controls within the activities, oversee implementation of the internal control program and prepare the necessary information, such as the internal control self-assessments, internal audit and external audit assessments that are used to support the internal control attestation letter signed by the head of the Business Unit or legal entity.

    The internal control coordinators of functional divisions implement the internal control program, rely on the internal control network to implement and monitor network decisions within the Group and prepare the necessary information, such as the internal control self-assessments, internal audit and external audit assessments that are used to support the internal control attestation letter signed by the head of the functional division.

  - Internal Audit is an independent, objective function responsible for evaluating the proper functioning of the Company in every area, and in particular the adequacy and effectiveness of the internal control system. It exercises this responsibility directly with the support of business lines internal audit teams with which it has a hierarchical relationship. The Corporate Internal Audit provides for implementation, control and observance of professional standards, appropriate levels of resources and professional skills, as well as quality assurance of the internal audit function. Among other things, it ensures adequate audit mission planning and execution in accordance with the annual audit plan, as well as disciplined reporting of observations and follow-up of audit recommendations.

    Business line Internal Audit teams ensure, within their scope of engagement, implementation of professional standards as well as compliance with Corporate Internal Audit procedures and instructions.

    In conjunction with business line audit teams, expert networks are composed of auditors who have the required level of technical knowledge and provide their specific proficiency to the benefit of all entities and apply a transversal approach to address issues of global interest (governance, health, safety and environment, information systems, commodities and financial risks, fraud and investigations).

    The Group's Internal Audit Department draws up its audit plan every year, according to a four-step process:

    - the identification of the audit universe of the annual audit plan: clarifying which entities are subject to audit and defining the scope of responsibility of each of the Group's business lines;
    - the assessment and evaluation of the audit themes, in consultation with the various stakeholders: analysis of industrial, commercial and financial activities together with management, understanding of the organization, the main processes and the expectations of management, evaluation of the major risks identified by the Risk Officers, evaluation of the effectiveness of internal control as assessed by its process owners, sharing with the Statutory Auditors, integration of previous internal audit reports and recommendations, follow-up of significant action plans set up the year before;
    - consolidation of the audit themes identified in the various business lines and entities of the Group: emphasis on the transversality principle of audit engagements to provide best coverage of the Group's major risks and internal control processes;

- enhancement of the annual audit plan as through its validation with business lines and Group executive management bodies and its approval by the Audit Committee.

The audit plan systematically includes operating efficiency tests of the internal control processes implemented within the Group. These specific engagements account for approximately 15% of the Group's Internal Audit Department activities.

Internal auditors coordinate their work with the Statutory Auditors in order to ensure the consistency and efficiency of their combined activities;

- The Risk Management Department (see paragraph 7.5.2.3 "Global risk management system" above).

7.5.2.6 Implementation of internal control

Compliance with laws and regulations

Within the General Secretariat, the Legal Division helps to create a secure legal framework for the Group's operations and the decisions of its corporate officers. Dedicated teams within this Division are responsible for providing the business lines and functional divisions with the necessary support, each in their area of expertise and responsibility.

Compliance with laws and regulations remains the responsibility of each business line and each functional division in its respective area of responsibility. Implementation of internal control objectives with regard to compliance with laws and regulations is performed at each level of management throughout the Group. For example, certain cross-disciplinary compliance objectives are managed directly by the relevant Central functional divisions:

- the Finance Division ensures GDF SUEZ's compliance in matters of accounting, finance and taxation. It is in charge of regulatory financial reporting;
- within the General Secretariat, the Ethics and Compliance department is responsible for drafting GDF SUEZ's ethics and compliance rules, as well as ensuring that such rules are actually applied in accordance with the laws and regulations in force;
- the Human Resources Division (HRD) is in charge of compliance with current labor legislation and regulations and carries out the employee data reporting;
- the Strategy and Sustainable Development Division is responsible for compliance with environmental laws and regulations throughout the Group. It assesses the environmental maturity of the Group's various businesses and is in charge of regulatory environmental reporting.

Reliability of accounting and financial information

With respect to the preparation of accounting and financial information, the Company has established the internal control principles and procedures below.

AMF reference framework

The internal control system relating to accounting and financial information is consistent with the AMF reference framework. This system covers not only the processes for preparing financial information for financial statements, consolidation, forecasting phases and financial communication, but also all upstream operational processes contributing to the production of this information.

Accounting standards and procedures

The main applicable procedures for the preparation of parent company and consolidated financial statements are based on two tools:

- the manual of Group accounting policies issued by the Accounting Standards Center of Expertise within the Accounting Department. It is accessible to the Group's entire financial community via the Intranet. It is updated on a regular basis according to changes in international standards. The manual also includes a definition of the performance indicators used by the Group;
- closing instructions sent out prior to each consolidation phase. These instructions address the assumptions made when preparing the year-end accounts (exchange rates, discount rates and tax rates, for example), the scope of consolidation, the timetable for submitting data, the specific points requiring attention for the closing, and the main changes in accounting regulations and standards. These instructions are also available via the Intranet.

Organization principles

Responsibility for the preparation of accounting and financial information is defined at each level of the Group's organization (Central Management, business lines, Business Units and reporting entities). This includes setting up and maintaining an effective system of internal control.

At central level, the Accounting Department and the Planning and Management Control Department coordinate the processes relating to the preparation of accounting and financial information. These two departments report to the Finance Division and closely coordinate their activities during the weekly meetings of their key managers.

In this context, the Accounting Department drives the process of producing the GDF SUEZ consolidated financial statements, supported by the consolidation teams and management control departments of the business lines in leading this process role vis-à-vis the Business Units and reporting entities.

Each of these entities carries out controls in its own area of responsibility to ensure that accounting standards and Group accounting policies have been circulated, understood and correctly applied. This principle of subsidiarity allows second-tier controls to be applied to the information prepared:

- controls at the business line level on the information passed on to this level by the Business Units and reporting entities;
- controls at the Central Management level on the information passed on to this level by the business lines.

Centers of expertise (e.g., the Consolidation Methods Center of Expertise (CMCE), described below, the Consolidation Process Center of Expertise, which combines the teams from the Energy business lines, and, for example, the Accounting Standards Center of Expertise) have been set up at head office level to improve the way in which complex technical issues are handled and resolved. These centers resulting from pooling expertise throughout the Group so that it is widely available, thus ensure that both the analyses performed and the resulting positions adopted are of a consistently high standard.

The role of the Planning and Management Control Department is explained in the paragraph "Setting objectives and coordination."

Information systems management

GDF SUEZ's consolidated reporting entities all use the SMART software package for their consolidation and reporting needs under the Group's Management Control process.

The application is managed jointly by:

- the Consolidation Methods Center of Expertise, part of the Accounting Department, which handles administration missions (access rights management, relationships with service providers involved in system support and operation), system configuration (the consolidation department identifies system enhancement needs, draws up specifications and validates system updates) and provides operating assistance to users (running a hotline);
- the Information Systems Division, which is in charge of specific underlying infrastructures.

Other information systems used in the preparation of accounting and financial information are managed as appropriate on a decentralized basis by the various subsidiaries' IT departments.

Preparing accounting and financial information

All reporting levels in the Group conduct operations designed to prepare financial and accounting information. These operations must comply with the internal control guidelines developed at central level by the Audit and Risk Division under the aegis of the INCOME program. The players concerned are the following:

- the Finance Department of each Business Unit and legal entity, which formally validates the accounting and financial reporting package prepared in accordance with the main procedures established at Group level;
- the various Finance Departments at the business line level, which are in charge of implementing procedures with all operating subsidiaries. This includes, in particular, decentralized control (see paragraph "Setting objectives and coordination");
- the Accounting Department (itself part of the Finance Division), which is in charge of financial reporting, preparing the parent company financial statements (of GDF SUEZ and the financial vehicles managed by the head office) and the consolidated financial statements, and liaising with the accounting departments of the AMF.

The Group is implementing a formalized system which commits operational and financial managers, with regard to the accuracy and fairness of the financial information passed by the legal entities, to the business lines and then by the business lines to Central Management, as well as with regard to the internal control systems, which contribute to the reliability of this information throughout the information chain mentioned in the above paragraph, "Organization principles."

Setting objectives and coordination

Group Executive Management updates and circulates GDF SUEZ's overall objectives and allocates resources to the various business lines. The Planning and Management Control Department, which reports to the Finance Division, prepares written instructions to be sent out to each of the operational departments of the business lines, setting out the macroeconomic assumptions to be applied (including exchange rates, interest rates and commodity prices), the financial and non-financial indicators to be measured in the following fiscal year, the reporting calendar and the segmentation of the scope of activity. Each business line is responsible for sending these instructions to its subsidiaries and reporting entities within its scope after tailoring them to the specific characteristics of the activities.

Management control is performed in a decentralized manner to reflect the specific characteristics of each activity. In particular, it must take account the instructions circulated periodically by the Planning and Management Control Department, the SMART software application and the manual of Group accounting policies.

The fall business line Committee meeting validates the objectives set for the following year for each business line and the corresponding budget. This meeting, prepared by the finance network under the responsibility of the Planning and Management Control Department, comprises representatives from Executive Management, Group operational and functional divisions, and the operational and finance departments of the business line concerned. The Group's consolidated budget is presented to the Audit Committee before being submitted to the Board. Executive Management then sends a summary memorandum to each business line setting out its quantitative and qualitative objectives.

At subsequent business line Committee meetings, actual figures are compared to the budget and any adjustments to annual forecasts are validated by the Group's Executive Management and business line management. The spring business line Committee meeting also looks beyond the current year to examine the projections stemming from the Medium-Term Business Plan (MTBP), which provides the basis for impairment tests of goodwill and long-term assets.

Financial communication

Preparing and validating the Annual Report

The General Secretary is in charge of preparing the Reference Document filed with the AMF, which involves the following:

- defining the procedures for submitting and validating the information that will appear in the Annual Report;
- overseeing the work of the Annual Report Steering Committee;
- liaising with the AMF and applying its regulations.

Preparing and approving press releases

In line with the growing importance of financial communications and the need to provide high-quality financial information, the Group ensures that the Communications and Financial Communications Division has the resources needed to present fair and reliable information. This division is responsible for coordinating communication initiatives that could impact GDF SUEZ in terms of image, reputation, and brand integrity or share value. The principles relating to the exercise of this responsibility are set out in the “Press Communication” procedure and they specifically indicate: the coordination of activities among the Corporate Communications and business line communication teams, the implementation of the validation process of each item of information distributed internally and externally and the creation of an appropriate crisis communication and management mechanism.

Similarly, the “Missions and operating principles of Financial Communication” is also in effect. This document sets out the management principles for the Group’s financial communication and clearly defines its activities in the following areas: investor relations, marketing and financial studies center, individual shareholder relations, including communication with employee shareholders, assignment carried out to support the Human Ressources Division and with the help of internal communication. In addition, the Financial Communication Department steers and coordinates the market presentation process, specifically the closing of half-yearly and annual financial statements and major operations.

Effectiveness and efficiency of operations

Internal control contributes to controlling risks of malfunctions in processes and, more generally, to improving business controls. The internal control system is incorporated into the Group’s operational and functional processes.

Each head of a Business Unit (or legal entity) is responsible for the implementation of the internal control system within their Business Unit (or legal entity). Accordingly, the head of the Business Unit:

- develops and maintains a suitable general control environment in his Business Unit (or legal entity);
- delegates to the Business Process Owners the implementation of controls to mitigate the risks associated with activities within his or her area of responsibility;
- assesses the internal control system for his own Business Unit (or legal entity);
- relies on an Internal Control Coordinator to monitor implementation of the INCOME program and provide support to Business Process Owners;
- commits to targets set by his or her direct supervisor.

Each Business Process Owner who is part of the internal control program performs an annual self-assessment of the key controls based on the objectives set by each management level.

This self-assessment enables the Business Process Owner to verify that the control is still suited to the risks and to ensure that it is properly implemented. Any problem identified is analyzed and appropriate corrective measures are implemented and monitored as part of the steering program. The entire system is thus consistent with a continuous improvement approach.

7.5.2.7 Actions to improve the risk management and internal control systems

The actions implemented are the responsibility of the functional divisions and the business lines and are coordinated and monitored at the appropriate organizational level by the internal control and risk management networks. They are ultimately presented to the Audit Committee, as needed.

GDF SUEZ Group has launched a process of improving its internal control and risk management systems in line with the general guidelines and priorities laid down by the Chairman and Chief Executive Officer, the Executive Committee and the Audit Committee. For example:

- work has been carried out to improve the assessment of the general control environment of the various entities;
- synergies between internal control and risk management were strengthened as part of the 2010 risk review, by identifying INCOME program processes and related controls that contribute to risk control;
- internal control activities that are more specifically focused on fraud detection and prevention were developed to complete, in correlation with the risk management approach, the scope of the INCOME program with processes sensitive to the risk of fraud in geographical areas exposed to this risk where Group entities conduct significant business;
- work is in progress to expand information control automation, which also includes a task separation management tool in the Group’s IT governance;
- in 2010, GDF SUEZ developed an emerging risk watch, conducted, in addition to the existing self-assessment and control procedures, on site visits to confirm the relevance of the risk review and further integrated risk management into managerial decision-making;
- action plans concerning the further improvement of the risk review’s relevance and management’s regular monitoring of risk levels and action plans have been identified.

7.6 STATUTORY AUDITORS' REPORT, PREPARED IN COMPLIANCE WITH ARTICLE L. 225-235 OF THE FRENCH COMMERCIAL CODE, ON THE REPORT PREPARED BY THE CHAIRMAN OF THE BOARD OF DIRECTORS OF GDF SUEZ

This is a free translation into English of the statutory auditors' report that is issued in the French language and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of GDF SUEZ and in accordance with article L. 225-235 of the French commercial Code (Code de Commerce), we hereby report on the report prepared by the Chairman of the Board of Directors of your Company in accordance with article L. 225-37 of the French commercial Code (Code de Commerce) for the year ended December 31, 2010.

It is the Chairman's responsibility to prepare and submit for the Board of Directors' approval a report on internal control and risk management procedures implemented by the Company and to provide the other information required by article L. 225-37 of the French commercial Code (Code de Commerce) relating to matters such as corporate governance.

Our role is to:

- report on the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information,
- confirm that the report also includes the other information required by article L. 225-37 of the French commercial Code (Code de Commerce). It should be noted that our role is not to verify the fairness of this other information.

We conducted our work in accordance with professional standards applicable in France.

Information on internal control and risk management procedures relating to the preparation and processing of accounting and financial information

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consist mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and of the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our work are properly disclosed in the Chairman's report.

On the basis of our work, we have nothing to report on the information in respect of the Company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the Chairman of the Board of Directors in accordance with article L.225-37 of the French commercial Code (Code de Commerce).

Other information

We confirm that the report prepared by the Chairman of the Board of Directors also contains the other information required by article L. 225-37 of the French commercial Code (Code de Commerce).

Neuilly-sur-Seine and Paris-La Défense, March 10, 2011

The Statutory Auditors

DELOITTE & ASSOCIÉS		ERNST & YOUNG et Autres		MAZARS	
Jean-Paul Picard	Pascal Pincemin	Christian Mouillon	Charles-Emmanuel Chosson	Philippe Castagnac	Thierry Blanchetier

8

INFORMATION ON THE SHARE CAPITAL

8.1 SHARE CAPITAL AND VOTING RIGHTS

8.1.1 SHARE CAPITAL

Shares of GDF SUEZ are listed on the Euronext Paris Eurolist market, Compartment A, under ISIN Code FR0010208488 and ticker GSZ. They are also listed on Euronext Brussels and the Luxembourg Stock Exchange. GDF SUEZ shares are included in the CAC 40 index; the main index published by NYSE Euronext Paris, and are eligible for the Deferred Settlement Service ("SRD"). GDF SUEZ is included in all the major stock indexes: CAC 40, BEL 20, Dow-Jones STOXX 50, Dow-Jones EURO STOXX 50, Euronext 100, FTSE Eurotop 100, FTSE Eurotop MSCI Europe et ASPI Eurozone.

At December 31, 2010, the share capital of GDF SUEZ stood at €2,250,295,757, divided into 2,250,295,757 fully paid-up shares with a par value of €1. In 2010, the GDF SUEZ share capital was impacted by the following transactions:

- the issue of 395,068 shares resulting from the exercise of stock options between January 1, 2010 and June 30, 2010;
- the cancellation of 36,898,000 treasury shares;
- the issue of 22,686,346 shares resulting from the subscription of shares under the capital increase reserved for participants in an employee savings plan offered by the GDF SUEZ Group;
- the issue of 2,016,272 shares resulting from the subscription of shares under capital increases reserved for entities whose sole purpose is to purchase, hold and dispose of GDF SUEZ shares;
- the issue of 1,119,804 shares resulting from the exercise of stock options between July 1, 2010 and December 31, 2010.

In all, 26,217,490 GDF SUEZ shares were issued and 36,898,000 GDF SUEZ shares were canceled between January 1, 2010 and December 31, 2010.

8.1.2 PLEDGES, GUARANTEES AND COLLATERAL

Pledges of assets

The percentage of shares pledged is not significant.

Other pledges

in millions of euros	Total Value	2011	2012	2013	2014	2015	From 2016 to 2020	> 2020	Account Total	Corresponding %
Intangible assets	15	6	3	0	-	-	-	6	12,780	0%
Property, plant and equipment	3,538	1,134	95	86	94	91	586	1,452	78,703	4%
Equity investments	2,138	410	36	158	8	0	278	1,247	5,232	41%
Bank accounts	160	145	8	-	0	1	4	1	11,296	1%
Other assets	109	17	7	23	12	-	1	50	33,601	0%
TOTAL	**5,959**	**1,712**	**149**	**267**	**114**	**92**	**869**	**2,756**	**141,611**	**4%**

Note: the total amount of the pledge relating to equity instruments May relate to consolidated equity instruments with zero value in the consolidated balance sheet (elimination of these equity instruments upon consolidation).

8.1.3 VOTING RIGHTS

Under Article 11 of the Company's bylaws, unless otherwise provided for by law, each shareholder has as many voting rights and May cast as many votes at meetings as he or she holds shares which are fully paid up.

On December 31, 2010, after adjusting for treasury stock, the Company held 2,224,441,593 shares representing the same number of eligible voting rights.

Pursuant to Article 24.1 of Act No. 2004-803 of August 9, 2004 and Decree No. 2007-1790 of December 20, 2007, the share capital of GDF SUEZ includes a golden share (resulting from the conversion of one ordinary share) which is held by the French State, and is aimed at protecting France's critical interests in the energy sector and more specifically ensuring the continuity and safeguarding of energy supplies. For details on the State's golden share, refer to Section 9.3 below).

8.2 POTENTIAL CAPITAL AND SHARE EQUIVALENTS

As of December 31, 2010, there were no share equivalents conferring direct or indirect access to the share capital of GDF SUEZ.

As of December 31, 2010 there were 30,841,031 stock options outstanding that if exercised would result in the issue of 30,841,031 GDF SUEZ shares.

At that date, the potential capital in the event of the exercise of these stock options would represent 101.37% of the GDF SUEZ share capital, and the dilution percentage would represent 1.37% of the share capital, noting that the French State's shareholding in the Company must remain above one-third, in compliance with Article 24 of Act No. 2004-803 of August 9, 2004, as amended by Article 39 of Act No. 2006-1537 of December 7, 2006.

The tables detailing the various stock option plans are provided in Note 23 of the section 11.2 hereafter.

8.3 AUTHORIZATIONS RELATED TO THE SHARE CAPITAL AND THEIR UTILIZATION

The Company's shareholders delegated the following powers and authorizations in relation to financial matters to the Board of Directors:

AUTHORIZATIONS GRANTED BY THE ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING OF JULY 16, 2008

Resolution	Type of authorization or delegation of authority	Validity and expiration	Maximum nominal amount per authorization	Amounts utilized	Remaining balance
17th	Capital increase reserved for members of GDF SUEZ Company Employee Savings Plan	26 months (up to September 16, 2010)	€40 million i.e. 40 million shares	Capital increase on August 24, 2010 (22,686,346 shares issued, of which 22,165,290 shares subscribed by employees and 521,056 new bonus shares issued by capitalization of reserves, allocated as a company contribution, for a total of 1% of the post-increase share capital)	Authorization expired

AUTHORIZATIONS GRANTED BY THE ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING OF MAY 4, 2009

Resolution	Type of authorization or delegation of authority	Validity and expiration	Maximum nominal amount per authorization	Amounts utilized	Remaining balance
13th	Capital increase reserved for any entity whose sole purpose is to promote access to the share capital of GDF SUEZ as part of an international employee shareholding plan offered by the GDF SUEZ Group	18 months (up to November 4, 2010)	€20 million i.e. 20 million shares	Capital increase of August 24, 2010 (2,016,272 shares issued)	Authorization expired
14th	Delegation to be granted to the Board of Directors to award stock subscriptions and purchase options to corporate officers and to employees of the Company and/or companies of the Group	18 months (up to November 4, 2010)	Maximum shareholding: 0.5% of the share capital, to be counted against the 0.5% of the 15th resolution (authorization to award bonus shares) approved by the Shareholders' Meeting of May 4, 2009	Allocation on November 10, 2009 of 5,240,854 stock options	Authorization expired
15th	Authorization to award bonus shares to corporate officers and employees of the Company and/or companies of the Group	18 months (up to November 4, 2010)	Maximum shareholding: 0.5% of the share capital, to be counted against the 0.5% of the 14th resolution (authorization to award stock options) approved by the Shareholders' Meeting of May 4, 2009	Award on August 24, 2010 of 207,477 bonus shares as a company contribution under the capital increase pursuant to the Group's international employee shareholding plan, or 0.009% of the post-increase share capital on August 24, 2010. Award on November 10, 2009 of 1,693,900 outstanding Performance Shares; on January 20, 2010 of 348,660 outstanding Performance Shares; and on March 3, 2010 of 51,112 outstanding Performance Shares, or 0.09% of the share capital on March 3, 2010 i.e., a total of 0.329% of the share capital when calculating all authorizations used under the 14th and 15th resolutions approved by the Shareholders' Meeting of May 4, 2009	Authorization expired

AUTHORIZATIONS GRANTED BY THE ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING OF MAY 3, 2010

Resolution	Type of authorization or delegation of authority	Validity and expiration	Maximum nominal amount per authorization	Amounts utilized	Remaining balance
5th	Authorization to trade in the Company's own shares	18 months (up to November 3, 2011)	Maximum purchase price: €55; Maximum shareholding: 10% of the share capital. Aggregate amount of purchases: €12 billion.	GDF SUEZ holds 0.84% of its share capital as of December 31, 2010	9.16% of the share capital
6th	Capital increase, either by issuing, with preferential subscription rights, shares and/ or share equivalents of the Company or subsidiaries	26 months (up to July 3, 2012)	€250 million for shares [a] [b] +€5 billion for debt securities [a] [b]	None	Full amount of the authorization
7th	Capital increase, either by issuing, without preferential subscription rights, shares and/or share equivalents of the Company or subsidiaries or of shares of the Company to which the securities to be issued by subsidiaries would grant entitlement, including in consideration for securities contributed under a public exchange offer	26 months (up to July 3, 2012)	€250 million for shares [a] [b] +€5 billion for debt securities [a] [b]	None	Full amount of the authorization
8th	Capital increase by issuing, with cancellation of preferential subscription rights, shares and/ or securities conferring access to shares of the Company, through private placement to qualified investors or to a limited circle of investors	26 months (up to July 3, 2012)	€250 million for shares [a] [b] +€5 billion for debt securities [a] [b]	None	Full amount of the authorization
10th	Capital increase by the issue of shares and/or share equivalents of the Company within the limit of 10% of the share capital in consideration for contributions in kind granted to the Company and comprised of capital securities	26 months (up to July 3, 2012)	€250 million for shares [a] [b] +€5 billion for debt securities [a] [b]	None	Full amount of the authorization
11th	Capital increase reserved for members of GDF SUEZ Company Employee Savings Plan	21 months from September 16, 2010 (until June 16, 2012)	€40 million i.e. 40 million shares [b]	None	Full amount of the authorization

(a) This is a ceiling set by the Shareholder's Meeting of May 3, 2010, for the issues decided pursuant to the 6th, 7th, 8th and 10th resolutions.

(b) The overall ceiling for the issues decided in application to the 6th, 7th, 8th, 9th, 10th, 11th and 12th resolutions is set, by the 13th resolution of the Shareholders' Meeting of May 3, 2010, at €310 million.

Resolution	Type of authorization or delegation of authority	Validity and expiration	Maximum nominal amount per authorization	Amounts utilized	Remaining balance
12th	Capital increase reserved for any entity whose sole purpose is to promote access to the share capital of GDF SUEZ as part of an international employee shareholding plan offered by the GDF SUEZ Group	12 months from November 4, 2010 (until November 4, 2011)	€20 million i.e. 20 million shares (b)	None	Full amount of the authorization
14th	Capital increase by the issue of shares and/or share equivalents of the Company by capitalizing premiums, reserves, earnings or other accounting items.	26 months (up to July 3, 2012)	Aggregate sums that May be capitalized in the event of the capitalization of premiums, reserves, earnings or other accounting items	None	Full amount of the authorization
15th	Authorization to reduce the share capital by canceling treasury stock	26 months (up to July 3, 2012)	10% of the share capital per 24 month period	Cancellation of 36,898,000 shares on August 9, 2010, or 1.63% of the share capital at August 9, 2010	8.37% of the share capital
16th	Authorization for the Board of Directors to award stock subscription and purchase options to corporate officers and to employees of the Company and/or companies of the Group	18 months (up to November 3, 2011)	Maximum shareholding: 0.5% of the share capital to be counted against the 0.5% of the 17th resolution approved by the Shareholders' Meeting of May 3, 2010	None	0.35% of the share capital at December 31, 2010, including the Performance Shares granted on January 13, 2011 and March 2, 2011
17th	Authorization to award bonus shares to corporate officers and employees of the Company and/or companies of the Group	12 months from November 4, 2010 (until November 4, 2011)	Maximum shareholding: 0.5% of the share capital, to be counted against the 0.5% of the 16th resolution approved by the Shareholders' Meeting of May 3, 2010	Allocation on January 13, 2011 of 3,429,186 Performance Shares (outstanding), and on March 2, 2011 of 57,337 Performance Shares (outstanding), i.e., 0.15% of the share capital at December, 31, 2010 i.e., a total of 0.15% of the share capital when calculating all authorizations used under the 16th and 17th resolutions approved by the Shareholders' Meeting of May 3, 2010	0.35% of the share capital at December 31, 2010

(a) This is a ceiling set by the Shareholder's Meeting of May 3, 2010, for the issues decided pursuant to the 6th, 7th, 8th and 10th resolutions.

(b) The overall ceiling for the issues decided in application to the 6th, 7th, 8th, 9th, 10th, 11th and 12th resolutions is set, by the 13th resolution of the Shareholders' Meeting of May 3, 2010, at €310 million.

8.4 FIVE-YEAR SUMMARY OF CHANGES IN THE GDF SUEZ SHARE CAPITAL

SHARE ISSUE

Date	Event	Nominal amount *(in euros)*	Premium *(in euros)*	Share capital *(in euros)*	Number of shares	Share par value *(in euros)*
November 17, 2004	Decree No. 2004-1223 of November 17, 2004 publishing the bylaws of the public limited company (société anonyme) Gaz de France			903,000,000	451,500,000	2.00
April 28, 2005	Two-for-one share split			903,000,000	903,000,000	1.00
July 7, 2005	Privatization - Increase of the share capital	70,323,469	1,552,469,872	973,323,469	973,323,469	1.00
July 8, 2005	Increase of the share capital for exercise of the over-allotment option	10,548,519	236,286,826	983,871,988	983,871,988	1.00
July 22, 2008	Increase of the share capital for the merger-takeover of SUEZ by Gaz de France	1,207,660,692	27,756,244,783	2,191,532,680	2,191,532,680	1.00
January 21, 2009	Increase of the share capital resulting from the exercise of stock options	2,111,140*	-	2,193,643,820	2,193,643,820	1.00
June 2, 2009	Increase of the share capital resulting from the issue of 65,398,018 shares resulting from subscriptions related to the optional payment of a portion of the 2008 dividend in shares	65,398,018	1,311,230,260.90	2,259,041,838	2,259,041,838	1.00
August 26, 2009	Increase of the share capital resulting from the exercise of 585,870 stock options	585,870	9,092,759.77	2,259,627,708	2,259,627,708	1.00
January 20, 2010	Increase of the share capital resulting from the exercise of 1,348,559 stock options	1,348,559**	21,122,672.59	2,260,976,267	2,260,976,267	1.00
August 9, 2010	Increase of the share capital resulting from the exercise of 395,068 stock options	395,068	6,150,334.28	2,261,371,335	2,261,371,335	1.00
August 9, 2010	Reduction of the share capital resulting from the cancellation of 36,898,000 treasury shares	36,898,000	1,377,800,021	2,224,473,335	2,224,473,335	1.00
August 24, 2010	Increase of the share capital resulting from the subscription of 22,165,290 shares under the capital increase reserved for participants in an employee savings plan offered by the GDF SUEZ Group	22,165,290	416,264,146.20	2,246,638,625	2,246,638,625	1.00
August 24, 2010	Increase of the share capital resulting from 521,056 bonus shares issued by deduction from the €416, 264,146.20 in additional paid-in capital mentioned above, under the capital increase reserved for participants in an employee savings plan offered by the GDF SUEZ Group	521,056	- 521,056.00	2,247,159,681	2,247,159,681	1.00

* *These new shares were recorded in GDF SUEZ's financial statements at December 31, 2008.*
** *These new shares were recorded in GDF SUEZ's financial statements at December 31, 2009.*
*** *These new shares were recorded in GDF SUEZ's financial statements at December 31, 2010.*

Date	Event	Nominal amount (in euros)	Premium (in euros)	Share capital (in euros)	Number of shares	Share par value (in euros)
August 24, 2010	Increase of the share capital resulting from the subscription of 2,016,272 shares following capital increases reserved for entities whose sole purpose is to purchase, hold and dispose of GDF SUEZ shares as part of the international employee shareholding plan offered by the GDF SUEZ Group	2,016,272	37,865,588.16	2,249,175,953	2,249,175,953	1.00
January 13, 2011	Increase of the share capital resulting from the exercise of 1,119,804 stock options	1,119,804***	17,772,036.01	2,250,295,757	2,250,295,757	1.00

* *These new shares were recorded in GDF SUEZ's financial statements at December 31, 2008.*

** *These new shares were recorded in GDF SUEZ's financial statements at December 31, 2009.*

*** *These new shares were recorded in GDF SUEZ's financial statements at December 31, 2010.*

In all, 26,217,490 GDF SUEZ shares were issued and 36,898,000 GDF SUEZ shares were canceled between January 1, 2010 and the date of this Reference Document.

8.5 STOCK REPURCHASE

8.5.1 TREASURY STOCK

The fifth resolution of the Ordinary and Extraordinary Shareholders' Meeting of May 3, 2010 authorized the Company to trade in its own shares with a view to managing its shareholders' equity according to the applicable laws and regulations.

Terms:

- maximum purchase price: €55 per share (excluding transaction costs);
- maximum shareholding: 10% of the share capital;
- Maximum aggregate amount of purchases: €12 billion.

A one-year liquidity agreement, renewable by tacit agreement, of an initial value of €55 million was signed on May 2, 2006, on the Euronext Paris market with Rothschild & Cie Banque. The amount of this agreement was raised to €150 million on July 22, 2008. A €15 million extension of this agreement, established on the same date on the Euronext Brussels market, expired on January 13, 2009 due to the implementation of a centralized order book between Paris and Brussels.

The main purpose of this agreement is to reduce the volatility of the GDF SUEZ share and therefore the risk perceived by investors.

The main purpose of this agreement is to reduce the volatility of the GDF SUEZ share and therefore the risk perceived by investors. This agreement complies with the Code of Conduct drawn up by the Association Française des Entreprises d'Investissement (French Association of Investment Companies) and continued to apply in 2010.

Between January 1, 2010 and December 31, 2010, under the liquidity agreement, the Company purchased 14,869,804 shares, for a total of €408 million or €27.45 per share. Over the same period, and also under this agreement, GDF SUEZ sold 15,067,304 shares for a total price of €416 million or €27.64 per share.

Between January 1, 2011 and February 28, 2011, under the liquidity agreement, GDF SUEZ purchased 3,442,289 shares for a total of €99 million or €28.77 per share and sold 3,442,289 shares for a total price of €99 million, or €28.86 per share.

On February 28, 2011, the Company held 1.15% of its share capital or 25,885,115 shares, all bound to cover future allocations of stock options and bonus shares.

8.5.2 DESCRIPTION OF THE STOCK REPURCHASE PROGRAM TO BE SUBMITTED TO THE ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING OF MAY 2, 2011 (FIFTH RESOLUTION)

Pursuant to Articles 241-1 to 241-6 of the AMF's General Regulations, the purpose of the following program description is to set out the objectives, terms and conditions of GDF SUEZ's stock repurchase program, as it will be submitted to the Ordinary and Extraordinary Shareholders' Meeting to be held on May 2, 2011.

A. Main features of the program

The main features and goals of the program are summarized below:

- relevant securities: shares listed on Eurolist – SRD at the Paris Stock Exchange or on Eurolist at the Brussels Stock Exchange;
- maximum capital repurchase percentage authorized by the Shareholders' Meeting: 10%;
- maximum purchase price: €55 per share (excluding transaction costs).

B. Objectives of the stock repurchase program

The objectives of the GDF SUEZ stock repurchase program are summarized below:

- to ensure liquidity in the Company's shares by an investment service provider under liquidity agreements;
- to provide for the subsequent cancellation of the repurchased shares under a decision or authorization to reduce the share capital by the Extraordinary Shareholders' Meeting;
- to allocate or assign such shares to employees or former employees and corporate officers or former corporate officers of the Group;
- to set up stock purchase or stock subscription options or bonus share plans;
- to provide for the holding and subsequent delivery of shares (as exchange, payment or otherwise) in the context of external growth transactions within the limit of 5% of the share capital;
- to provide for the hedging of securities conferring entitlement to Company share allocations upon the exercise of the rights attached to securities conferring entitlement by conversion, redemption, exchange, upon presentation of a warrant or other means of allocation of Company shares ;
- to implement any other market practices authorized or to be authorized by market authorities.

C. Terms

Maximum percentage of share capital that May be repurchased and maximum amount payable by GDF SUEZ

The maximum number of shares that May be purchased by GDF SUEZ May not exceed 10% of the share capital of the Company on the date of the General Shareholders' Meeting, i.e., approximately 225 million shares, for a maximum theoretical amount of €12 billion. GDF SUEZ reserves the right to hold the maximum amount authorized.

On February 28, 2011, GDF SUEZ directly held 25,885,115 shares, or 1.15% of the share capital.

Therefore, based on the estimated share capital at the date of the Meeting, the stock repurchase program could cover up to 199 million shares, representing 8.8% of the share capital, for a maximum amount payable of €10 billion.

Maximum term of the stock repurchase program

In accordance with the fifth resolution proposed to the Shareholders' Meeting of May 2, 2011, the stock repurchase program will be in effect for a period of 18 months beginning on the date of this Shareholders' Meeting, i.e. up to November 2, 2012.

8.6 NON-EQUITY

8.6.1 IRREDEEMABLE AND NON-VOTING SECURITIES

Gaz de France issued irredeemable and non-voting securities in 1985 and 1986 in two tranches, A and B. Only tranche A securities are outstanding; Tranche B securities were fully repaid in 2000.

FEATURES OF TRANCHE A IRREDEEMABLE AND NON-VOTING SECURITIES

Unit par value	€762.25	
Remuneration*	Fixed portion	63% of the average bond rate
	Variable portion	Depends on the added value of GDF SUEZ
Repurchase	Possible redemption at any time of all or part on the stock exchange as the Company sees fit. The securities thus repurchased shall be cancelled. The securities May be repaid in full or in part as the Company sees fit at a price equal to 130% of the par value.	
Stock exchange listing	Paris	
ISIN code	FR 0000047748	

* *The minimum annual remuneration is 85% of the average bond rate and the maximum annual remuneration is 130% of the average bond rate.*

As of December 31, 2010, there were 562,402 non-voting tranche A shares outstanding, representing a nominal outstanding of €428,690,924.50. Their total market value, based on the closing price on December 30, 2010 (€815), was €458,357,630.

REMUNERATION OF TRANCHE A IRREDEEMABLE AND NON-VOTING SECURITIES OVER THE LAST THREE YEARS

in euros	2008	2009	2010
Fixed remuneration	22.11	19.48	17.21
Variable remuneration	43.37	47.02	48.06
Theoretical total remuneration	65.48	66.50	65.26
Minimum remuneration	29.84	26.29	23.22
Maximum remuneration	45.63	40.20	35.51
Gross remuneration per security	45.63	40.20	35.51

GDF SUEZ is governed by the provisions of Articles R. 228-49 *et seq.* of the French commercial Code applicable to issuers of irredeemable and non-voting securities and must in this respect, under Article R. 228-67 of the French commercial Code, call a General Meeting of holders of the said securities by placing a notice in the *Bulletin des Annonces Legales Obligatoires* (Bulletin of Mandatory Legal Announcements or BALO), except when the securities issued have par values.

● AMOUNT OF SUBSCRIBED CAPITAL TRADING VOLUMES AND HIGH AND LOW PRICES OF THE TRANCHE A SECURITIES IN PARIS

	High (euros)	Low (euros)	Trading Volume (securities)
2009			
January	810	800	541
February	801	781	904
March	800	760	844
April	800	780	359
May	830	813	426
June	830	813	349
July	858	810	421
August	910	875	899
September	910	900	3,270
October	914	890	805
November	897	890	418
December	858	830	684
2010			
January	857	816	1,295
February	852	837	472
March	850	833	1,000
April	840	838	802
May	840	830	2,360
June	830	815	366
July	835	822	1,042
August	837	832	878
September	847	830	1,525
October	850	821	682
November	830	802	2,031
December	815	808	417
2011			
January	822	813	1,081
February	823	818	1,110

Source: Reuters.

8.6.2 EURO MEDIUM TERM NOTES (EMTN) PROGRAM

GDF SUEZ has a €25 billion EMTN program. This program was approved by the AMF on November 22, 2010.

8.6.3 BONDS

The main features of bond issues outstanding at December 31, 2010 by the Company and issued or guaranteed by GIE GDF SUEZ ALLIANCE, of which the Company is a member, are listed in the table below.

MAIN FEATURES OF BOND ISSUES

Issuer	Currency	Coupon rate	Issue date	Maturity	Amount issued *(in stated currency) (in million)*	Exchange	ISIN code
GDF SUEZ	EUR	4.750%	02/19/2003	02/19/2013	1,125	Euronext Paris Luxembourg	FR0000472326
GDF SUEZ	EUR	5.125%	02/19/2003	02/19/2018	750	Euronext Paris Luxembourg	FR0000472334
Belgelec Finance	EUR	5.125%	06/24/2003	06/24/2015	750	Luxembourg	FR0000475741
Belgelec Finance*	EUR	Euribor 3m +12.5bp	05/03/2007	05/03/2011	400	Luxembourg	FR0010463646
Belgelec Finance	CHF	3.250%	12/27/2007	12/22/2014	340	SIX	CH0035844890
Electrabel	EUR	4.750%	04/10/2008	04/10/2015	600	Luxembourg	BE0934260531
GDF SUEZ Alliance*	EUR	5.500%	11/26/2002	11/26/2012	300	Luxembourg	FR0000471054
GDF SUEZ Alliance	EUR	5.750%	06/24/2003	06/24/2023	1,000	Luxembourg	FR0000475758
GDF SUEZ*	EUR	6.250%	10/24/2008	01/24/2014	1,200	Luxembourg	FR0010678151
GDF SUEZ*	EUR	6.875%	10/24/2008	01/24/2019	1,200	Luxembourg	FR0010678185
GDF SUEZ*	EUR	4.375%	01/16/2009	01/16/2012	1,140	Luxembourg	FR0010709261
GDF SUEZ*	EUR	5.625%	01/16/2009	01/18/2016	1,500	Luxembourg	FR0010709279
GDF SUEZ*	EUR	6.375%	01/16/2009	01/18/2021	1,000	Luxembourg	FR0010709451
GDF SUEZ*	EUR	5.000%	02/23/2009	02/23/2015	750	Luxembourg	FR0010718189
GDF SUEZ*	GBP	7.000%	10/30/2008	10/30/2028	500	Luxembourg	FR0010680041
GDF SUEZ*	GBP	6.125%	02/11/2009	02/11/2021	700	Luxembourg	FR0010721704
GDF SUEZ*	CHF	3.500%	12/19/2008	12/19/2012	975	SIX	CH0048506874
GDF SUEZ*	JPY	3.180%	12/18/2008	12/18/2023	15,000	None	FR0010697193
GDF SUEZ*	JPY	Yen Libor 3m + 120bp	02/05/2009	02/05/2014	18,000	None	FR0010718205
GDF SUEZ	JPY	1.17%	12/15/2009	12/15/2014	65,000	None	JP525007A9C3
GDF SUEZ*	GBP	5.000%	10/01/2010	10/01/2060	700	Paris	FR0010946855
GDF SUEZ*	EUR	2.750%	10/18/2010	10/18/2017	1,000	Paris	FR0010952739
GDF SUEZ*	EUR	3.500%	10/18/2010	10/18/2022	1,000	Paris	FR0010952770

* *Issued under the EMTN program.*

GDF SUEZ had launched, on March 9, 2011, a €300 million bond issue of 100-year maturity (maturity date: March 16, 2111) with 5.95% coupon (Euronext Paris, ISIN code: FR0011022474).

8.6.4 COMMERCIAL PAPER

The Company has short term financing programs (commercial paper and US Commercial Paper).

GDF SUEZ set up a €5 billion commercial paper program on August 13, 2008. At December 31, 2010, the amount outstanding was €2,034 million.

The Company also has a US Commercial Paper program in place for US$4.5 billion. The amount outstanding on December 31, 2010 was US$1,885 million.

9

SHAREHOLDING

9.1 STOCK EXCHANGE QUOTATION

TRADING VOLUMES AND HIGH AND LOW PRICES OF GDF SUEZ SHARES IN PARIS

	High (euros)	Low (euros)	Trading volume[a]
2010			
January	30.48	27.42	4,530,934
February	27.92	26.23	4,589,942
March	28.95	26.69	4,585,341
April	28.95	26.33	4,196,182
May	27.30	24.09	7,594,050
June	26.30	23.50	5,345,115
July	25.94	22.80	4,382,469
August	26.79	24.30	3,789,692
September	26.94	25.32	3,953,230
October	28.68	25.49	3,593,817
November	28.87	25.55	4,094,786
December	28.22	25.65	3,173,191
2011			
January	29.94	26.62	4,412,272
February	29.86	28.35	3,381,583

(a) Daily average (source: Bloomberg)

Subsequent to the deregistration of GDF SUEZ with the US Securities & Exchange Commission on October 30, 2009, GDF SUEZ maintains an unlisted Level 1, ADR program. These ADRs trade on the Nasdaq over-the-counter market.

9.2 BREAKDOWN OF SHARE CAPITAL AT DECEMBER 31, 2010 – CHANGES IN SHAREHOLDING – SHAREHOLDER PROFILES

At December 31, 2010, the Company held 2,250,295,757,shares, including 25,854,164 in treasury stock.

In fiscal 2010, the Company's share capital was reduced by 10,680,510,shares with a par value of €1, resulting from the cancellation of 36,898,000 treasury shares, the issue of 24,702,618,shares under the "Link 2010" employee shareholding plan, and the issue of 1,514,872, shares following the exercise of stock options.

December 31, 2010	% of share capital	% of voting rights[(a)]
French Government	36.0%	36.5%
Groupe Bruxelles Lambert (GBL)	5.2%	5.3%
Employee Shareholding	2.8%	2.8%
CDC group	2.0%	2.0%
CNP Assurances group	1.1%	1.1%
Sofina	0.6%	0.6%
Treasury stock	1.1%	–
Management	Not significant	Not significant
Public(b)	51.2%	51.7%
	100%	100%

(a) Calculated based on the number of shares and voting rights outstanding at December 31, 2010.

(b) Including Capital Research and Management which disclosed that it had crossed the statutory threshold of 5% on January 1, 2010 to hold 5.74% of the share capital and voting rights.

● MAJOR CHANGES IN GDF SUEZ SHAREHOLDINGS DURING THE PAST THREE FISCAL YEARS

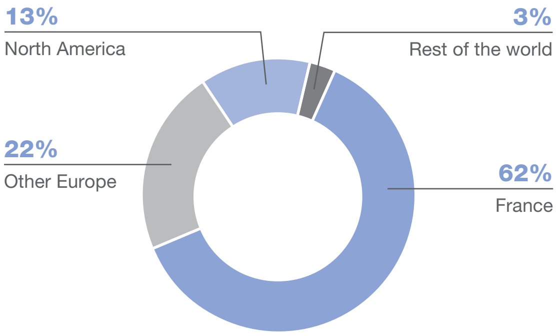
	December 31, 2008		December 31, 2009		December 31, 2010	
	% of share capital	% of voting rights	% of share capital	% of voting rights	% of share capital	% of voting rights[(a)]
French Government	35.6	36.4	35.9	36.6	36.0	36.5
Groupe Bruxelles Lambert (GBL)	5.3	5.5	5.2	5.3	5.2	5.3
Employee Shareholding	2.7	2.8	2.3	2.3	2.8	2.8
CDC Group	1.9	2.0	1.9	2.0	2.0	2.0
Areva	1.2	1.2	0	0	0	0
CNP Assurances	1.1	1.1	1.1	1.1	1.1	1.1
Sofina	0.7	0.7	0.6	0.7	0.6	0.6
Treasury stock	2.2	-	2.0	-	1.1	-

(a) Calculated based on the number of shares and voting rights outstanding at December 31, 2010.

At the end of November 2010, GDF SUEZ performed a survey of all identifiable bearer shares and identified 140.4 million shares held by individual shareholders.

"Individuals and others" and "institutional" (investors) account for 11% and 40% of the share capital, respectively.

The geographical breakdown of the share capital (excluding withholding and unidentified) is as follows:



9.3 GOLDEN SHARE

Under the terms of Act No. 2004-803 of August 9, 2004 as amended by Act No. 2006-1537 of December 7, 2006, the State must at all times hold more than one third of the Company's capital.

Pursuant to Article 24.1 of Act No. 2004-803 of August 9, 2004 and Decree No. 2007-1790 of December 20, 2007, the share capital of GDF SUEZ includes a golden share (resulting from the conversion of one ordinary share) which is held by the French State, and is aimed at protecting France's critical interests in the energy sector and ensuring the continuity and safeguarding of energy supplies. The golden share is granted to the French State indefinitely and entitles it to veto decisions made by GDF SUEZ, or its French subsidiaries, which directly or indirectly seek to sell in any form whatsoever, transfer operations, assign as collateral or guarantee or change the intended use of certain assets covered by the Decree, if it considers they could harm French energy interests as regards the continuity and safeguarding of supplies.

Under the terms of Article 2 of Decree No. 2007-1790 of December 20, 2007, and its Appendix, the assets covered by the French State's right of veto pursuant to the golden share are:

- natural gas transmission pipelines located in France;
- assets related to the distribution of natural gas in France;
- underground natural gas storage located in France;
- liquefied natural gas facilities located in France.

In accordance with Decree No. 93-1296 of December 13, 1993 applied pursuant to Article 10 of Act No. 86-912 (as amended) relating to privatizations and concerning certain rights attached to the golden share, and to Decree No. 2007-1790 of December 20, 2007, all decisions of this nature must be reported to the Minister of Economic Affairs.

The decisions mentioned above are deemed to be authorized if the Minister of Economic Affairs does not veto them within one month of the date of their disclosure, as recorded by a receipt issued by the administration. This period may be extended for a period of 15 days by order of the Minister of Economic Affairs. Before the expiration of the aforementioned one-month period, the Minister of Economic Affairs may waive the right to veto. If there is a veto, the Minister of Economic Affairs will communicate the reasons of his or her decision to the company in question. The decision of the Minister of Economic Affairs may be appealed.

Pursuant to Decree No. 93-1296 of December 13, 1993, any transaction executed in violation of Decree No. 2007-1790 of December 20, 2007 is automatically null and void.

As of the date of this Reference Document, to GDF SUEZ's knowledge, there is no agreement relating to an option on any entity that is a member of the GDF SUEZ Group or any agreement which, if implemented, could lead to a change in its control.

9.4 DISCLOSURE THRESHOLDS

NOTIFICATIONS DISCLOSURE THRESHOLDS RECEIVED BETWEEN JANUARY 1, 2010 AND FEBRUARY 28, 2011

GDF SUEZ

01/01/2010	Increase	5.74%	Capital Research and Mgt
01/13/2010	Decrease	0.48%	BNP Paribas Asset Mgt
01/14/2010	Decrease	1.49%	Natixis Asset Mgt
01/14/2010	Increase	0.51%	BNP Paribas Asset Mgt
01/15/2010	Increase	1.53%	Natixis Asset Mgt
04/23/2010	Increase	1.00%	Franklin Resources. Inc
04/23/2010	Decrease	1.48%	Natixis Asset Mgt
05/18/2010	Increase	1.50%	Natixis Asset Mgt
05/21/2010	Decrease	1.46%	Natixis Asset Mgt
05/28/2010	Increase	1.54%	Natixis Asset Mgt
08/04/2010	Decrease	0.98%	Crédit Agricole
08/26/2010	Increase	1.35%	Crédit Agricole
10/15/2010	Decrease	1.50%	Natixis Asset Mgt
10/28/2010	Increase	0.57%	Legal and General Invest. Mgt
11/08/2010	Increase	2.62%	Amundi Asset Mgt
11/22/2010	Decrease	1.95%	Amundi Asset Mgt
11/29/2010	Decrease	0.93%	Crédit Agricole
12/02/2010	Increase	2.02%	Amundi Asset Mgt
02/23/2011	Decrease	0.50%	CIC Asset Mgt

To the Company's knowledge, as of the date of this Reference Document, only the French Government, Groupe Bruxelles Lambert and Capital Research and Management, acting alone or in concert, hold a share capital or voting rights in GDF SUEZ that exceed one of the statutory thresholds.

The Company has no knowledge of any shareholders owning 0.5% or more of GDF SUEZ's share capital that have notified it of crossing disclosure thresholds included in the bylaws.

9.5 DIVIDEND DISTRIBUTION POLICY

GDF SUEZ seeks to have a dynamic dividend distribution policy providing an attractive return relative to the sector.

The objectives described above do not, however, constitute a commitment by the Company, and future dividends will be assessed on a year-by-year basis depending on the Company's performance, financial position and any other factor considered relevant by the Board of Directors when preparing its proposals to the General Shareholders' Meetings.

In view of the above, as well as the Group's achievement of its 2010 targets and the favorable outlook for each of the Group's activities, the Board of Directors, acting on the recommendation of the Audit Committee, decided at its November 2, 2010 meeting to pay an interim dividend for fiscal year 2010 of €0.83 per share, as of November 15, 2010.

Furthermore, the Board of Directors, acting on the recommendation of the Audit Committee, decided at its March 2, 2011 meeting to propose to the Annual Shareholders' Meeting of May 2, 2011, the payment of a full dividend for fiscal year 2010 of €1.50 per share, including the €0.83 per share interim dividend already paid on November 15, 2010.

The ex-dividend date will be May 4, 2011, and the dividend will be paid on May 9, 2011.

The net dividend of €1.50 per share represents an increase of 2% compared to the ordinary dividend of €1.47 paid in 2010 for fiscal year 2009.

DIVIDEND PER SHARE

GAZ DE FRANCE DIVIDENDS OVER THE LAST FIVE YEARS

Fiscal year *(fully paid up shares)*	**Net ordinary dividend per share** *(in euros)*
2005	0.68
2006	1.10
2007	1.26
2008	N/A
2009	N/A

SUEZ DIVIDENDS OVER THE LAST FIVE YEARS

Fiscal year *(fully paid up shares)*	**Net ordinary dividend per share** *(in euros)*
2005	1.00
2006	1.20
2007	1.36
2008	N/A
2009	N/A

GDF SUEZ DIVIDENDS OVER THE LAST FIVE YEARS

Fiscal year *(fully paid up shares)*	**Net ordinary dividend per share** *(in euros)*
2005	N/A
2006	N/A
2007	N/A
2008	2.20
2009	1.47

After a period of five years, unclaimed dividends are automatically paid to the French Treasury.

10

ADDITIONAL INFORMATION

10.1 INCORPORATING DOCUMENTS AND BYLAWS

The main provisions of the Company's bylaws and Internal Regulations are set out below. These documents are available at the Company's head office and on its website: www.gdfsuez.com.

10.1.1 ISSUER'S CORPORATE PURPOSE

The Company's purpose is the management and development of its current and future assets, in all countries, by all means and especially to:

- prospect, produce, process, import, export, buy, transmit, store, distribute, supply and market combustible gas, electricity and all other energy;
- trade in gas, electricity and all other energy;
- supply services related to the aforementioned activities;
- carry out the public service assignments assigned to it under current law and regulations, in particular the Electricity and Gas Nationalization Act No. 46-628 of April 8, 1946, the Gas and Electricity Markets and the Public Service of Energy Act No. 2003-8 of January 3, 2003, the Public Service of Electricity, Gas and Electrical and Gas Companies No. 2004-803 of August 9, 2004 as well as the Energy Sector Act No. 2006-1537 of December 7, 2006;
- study, design and implement all projects and all public or private works on behalf of all local authorities and individuals; prepare and enter into all agreements, contracts and transactions related to the implementation of the said projects and works;
- participate directly or indirectly in all operations or activities of any kind that May be connected to one of the aforementioned objects or that are likely to further the development of the company's assets, including research and engineering activities, by setting up new companies or undertakings, by contribution, subscription or purchase of securities or rights with respect to entities, by acquiring interests or holdings, in any form whatsoever, in all existing or future undertakings or companies, via mergers, partnerships or any other form;
- create, acquire, rent, take in lease management all property, real estate and businesses, rent, install and operate all establishments, businesses, plant or workshops connected with one of the aforementioned objects;
- register, acquire, operate, grant or sell all processes, patents and patent licenses relating to the activities connected with one of the aforementioned objects;
- obtain, acquire, rent and operate, mainly via subsidiaries and holdings, all concessions and undertakings relating to the supply of drinking water to towns or water to industry, to the evacuation and purification of waste water, to drainage and wastewater treatment operations, to irrigation and transport, to protection and pondage structures as well as all to sales and service activities to public authorities and individuals in the development of towns and the management of the environment;
- and in general to carry out all industrial, commercial, financial, personal property or real estate operations and activities of any kind, including services, in particular insurance intermediation, acting as an agent or delegated agent in a complementary, independent or research position; these operations and activities being directly or indirectly related, in whole or in part, to any one of the aforementioned objects, to any similar, complementary or related objects and to those that May further the development of the Company's business.

10.1.2 CORPORATE GOVERNANCE BODIES

Regarding the composition and operations of corporate governance bodies, see Section 7.1 "Corporate Governance Bodies: Composition - Organization – Operation".

Board of Directors

GDF SUEZ is managed by a Board of Directors.

The Board of Directors determines the Company's business strategy and oversees the implementation thereof. Subject to the powers expressly granted to the Shareholders' Meetings and within the limit of the Company's corporate purpose, the Board deals with all matters concerning the smooth running of the Company and, through its decisions, manages the Company's business. The Board May carry out the checks and verifications that it considers appropriate.

Appointment of Directors

The Directors are appointed by the Shareholders' Meeting, noting that special rules apply to Directors representing the French government, the three Directors representing employees and the Director representing employee shareholders.

Directors representing the French government are appointed in accordance with Article 2 of the Decree-Act of October 30, 1935 as amended. Directors representing employees and the Director representing employee shareholders are appointed in accordance with Articles L. 225-28 and L. 225-23 of the French commercial Code and the bylaws.

The Company is managed by a Board of Directors comprising no more than twenty-two members, in accordance with Articles L. 225-17, L. 225-23 and L. 225-27 of the French commercial Code

Rights and responsibilities of the Directors

The Board represents all shareholders, regardless of its composition and the origin of its members.

Directors must act in all circumstances in the Company's corporate interest and, regardless of the method of their appointment, must consider themselves to represent all shareholders.

Directors must carry out their duties independently, fairly and professionally. They must seek, in all circumstances, to maintain their independence of analysis, judgment, decision and action. They must refrain from being influenced by any information that is not related to the Company's interest, which it is their role to protect and to warn the Board of any information of which they become aware that seems to them likely to affect the Company's interests.

It is their duty to express their questions and opinions clearly and to seek to convince the Board of the relevance of their positions. In the event of disagreement, they must ensure that these are explicitly recorded in the minutes of the Board's meetings.

Directors undertake to devote the necessary time and attention to their duties. They must stay informed of the activities and the specifics of the Company, its issues and values, including by talking with principal officers. They must assiduously and diligently attend Board meetings. They must attend Shareholders' Meetings.

They must seek to obtain the information they consider essential for their knowledge in order to deliberate on the Board with full knowledge of the facts within suitable time limits and must seek to update the knowledge that they deem to be useful and May request that the Company provide them with the training they need to perform their duties properly.

Measures are taken to ensure the independence of employee Directors, including with respect to their professional development.

Directors contribute to the collegial administration and efficacy of the proceedings of the Board and of any specialized committees set up within the Board. They make recommendations that they feel May improve the operating procedures of the Board, particularly during the Board's periodic evaluation (not exceeding two years) by an independent director. They must agree to have their own actions on the Board evaluated as well.

They agree, along with the other members of the Board of Directors, to ensure that their supervisory duties are accomplished with efficiency and without any obstacles. In particular, they shall ensure that procedures are put in place in the Company to verify compliance with laws and regulations, both in letter and in spirit.

They ensure that the positions adopted by the Board, in particular relating to the approval of the financial statements, the budget, resolutions to be put to the Annual Shareholders' Meeting as well as to important matters relating to the companies' operations, are the subject of formal decisions that are properly substantiated and recorded in the minutes of the Board's meetings.

Under Article 13.6 of the bylaws, all Directors must own at least fifty (50) shares in the Company, unless an exemption has been granted under the applicable law or regulations. This obligation does not apply to representatives of the French government or Directors representing employee shareholders.

Term of office of Directors

The term of office of all Directors is four years and expires at the close of the Ordinary Shareholders' Meeting called to approve the financial statements of the past year and held in the year during which the term of office expires. Substitute Directors May only serve for the remainder of unexpired terms.

For details on the Directors' term of office, see Section 7.1.1 hereof.

In the event of vacancy caused by death or resignation of one or more seats of Directors appointed by the Shareholders' Meeting, the Board of Directors may, between two Shareholders' Meetings, replace Directors whose position has become vacant during the term of office, unless the number of Directors in office falls below the legal minimum, in which case the Board of Directors or, as required, the Statutory Auditors, must immediately call an Ordinary Shareholders' Meeting with the purpose of completing the Board line up. Provisional appointments made by the Board of Directors are subject to approval by the very next Shareholders' Meeting.

These provisions are not applicable in the event of a vacancy, for any reason whatsoever, of a seat of a Director appointed by the employees and the seat of the Director representing employee shareholders.

Directors representing employees and employee shareholders

The Directors representing the employees and employee shareholders have the same status, powers and responsibilities as the other Directors.

The office of Directors appointed by employees expires either upon the announcement of the results of an election organized by the Company in accordance with the bylaws, or in the event of the termination of their employment contract or in the event of removal from office under the terms provided for in the applicable law or regulations or for other reasons provided for by law for Directors appointed by the Shareholders' Meeting.

In the event of a vacancy of a seat of a Director appointed by the employees, the vacant seat is filled pursuant to the terms and conditions provided for in Article L. 225-34 of the French commercial Code.

Subject to the rules relating to co-option not being applicable thereto, the termination of office of a Director representing employee shareholders shall be subject to the same rules as those applicable to other Directors. Moreover, his/her term of office shall end automatically in the event of loss of (i) his/her capacity as employee of the company or companies or consortia affiliated to it within the meaning of Article L. 225-180 of the French commercial Code or (ii) his/her capacity as shareholder of the Company, individually or via a company mutual fund, unless, in the latter case, he/she brings his/her situation into compliance within a three-month period.

In the event of the vacancy of the seat of a Director representing employee shareholders for any reason, the candidates to replace such a Director shall be appointed in accordance with Article 13.3 of the Bylaws at the latest prior to the meeting of the very next Shareholders' Meeting or, if it is held less than four months after the position has become vacant, prior to the next Shareholders' Meeting. The Board of Directors May validly meet and deliberate up to the date of such an appointment.

Non-voting members of the Board

The Ordinary Shareholders' Meeting May appoint one or more non-voting members (censeurs) to the Company, up to a maximum of four, who May be natural persons or legal entities, chosen from among or outside the shareholders, for a term of office of four years expiring at the close of the Ordinary Shareholders' Meeting called to approve the financial statements of the past year and held in the year during which the term of office expires.

The Board of Directors shall determine the terms and conditions in which the non-voting members shall carry out their duties.

Government Commissioner

Pursuant to Article 24.2 of Act No. 2004-803 of August 9, 2004, the Minister of Energy shall appoint a Government Commissioner to the Company who shall attend meetings of the Board of Directors and its committees in an advisory capacity and May present his/her observations to any Shareholders' Meeting.

Executive management

Chairman and Chief Executive Officer

Subject to the powers expressly granted by law to Shareholders' Meetings, powers that it grants specifically to the Board of Directors and within the scope of the Company's corporate purpose, as well as the of the provisions of Article 13 to 15 of Act No. 2004-803 of August 9, 2004, either the Chairman of the Board of Directors or another natural person appointed by the Board of Directors and holding the title of Chief Executive Officer shall be responsible for the general management of the Company under the responsibility of the Board of Directors.

The Board of Directors, at its meeting of July 22, 2008, decided not to separate the duties of Chairman and Chief Executive Officer. The Chairman of the Board of Directors is responsible for the general management of the Company.

Information on the duties of the executive management is provided in Section 7.1.4 of this Reference Document and in Section 7.1.5 of the Chairman's Report.

The Chairman of the Board of Directors represents the Board. He/she organizes and manages the Board's proceedings and reports thereon to the Shareholders' Meeting. He/she ensures the smooth running of the Company's corporate bodies and in particular sees that the Directors are able to perform their duties.

The Chairman chairs the Board of Directors' meetings, oversees deliberations and ensures compliance with the Internal Regulations. He/she May at any time suspend the meeting. The Chairman upholds the quality of dialogue and ensures that the Board's decisions are made on a collective basis. The Chairman makes sure that the Board spends enough time on discussions and allots time to each of the items on the agenda in proportion to the importance that each issue represents for the Company. The Chairman pays particular attention to ensure that the issues raised according to the agenda receive an appropriate response.

In accordance with Article 16 of the bylaws, meetings of the Board of Directors must be chaired by the Chairman or, in his/her absence, by one of the Vice-Chairmen, or else by a Director chosen by the Board at the beginning of the meeting.

The Chief Executive Officer is vested with the broadest powers to act in the Company's name in all circumstances. The Chairman exercises his/her powers within the scope of the Company's corporate purpose and subject to the powers expressly granted by law to Shareholders' Meetings and to the Board of Directors. The Board of Directors determines, in accordance with the conditions provided for by law, the scope and term of powers granted to the Chief Executive Officer.

Whatever the term for which he/she is appointed, the functions of the Chief Executive Officer shall terminate not later than the close of the Ordinary Shareholders' Meeting called to approve the financial statements for the past fiscal year and held in the year in which the CEO reaches the age of 65.

President

The Board May appoint, as provided by law, only one person responsible for assisting the Chief Executive Officer. This President is to be chosen from among the Directors. The President is also appointed Vice-Chairman of the Board of Directors, pursuant to Article 17.2 of the bylaws.

Whatever the term for which he/she is appointed, the functions of the President shall terminate not later than the close of the Ordinary Shareholders' Meeting called to approve the financial statements for the past fiscal year and held in the year in which the said officer reaches the age of 65.

With respect to third parties, the President has the same powers, exercised within the same limitations, as the Chief Executive Officer.

Internally to the Company, the extent and duration of the powers conferred on the Vice-Chairman and President are determined by the Board, as provided by law.

Vice-Chairman of the Board of Directors

The Board of Directors May elect from among its members one or more Vice-Chairmen (Article 17.2 of the bylaws provides that the President is also appointed Vice-Chairman of the Board of Directors).

The Vice-Chairman is responsible for chairing the Board in the absence of the Chairman.

Decisions of the Board of Directors

Directors are notified of Board of Directors' meetings by the Chairman under the conditions provided for by law, the bylaws and the Internal Regulations. The notice convening the meeting states the meeting's venue and contains the agenda.

When the Board of Directors has not met for over two months, at least one-third of the Directors May request that the Chairman call a meeting on a specific agenda. The Board of Directors meets at the venue stated in the notice convening the meeting.

The Chairman May take the initiative of organizing meetings of the Board of Directors by videoconference, by web conference, or by any other means of telecommunication, within the limits and subject to the conditions set under the current law and regulations and, where applicable, the Rules of Procedure.

The Board May validly deliberate only if at least half of the Directors are present or deemed to be present at the meeting. Members represented are not included in this count.

Directors who participate in Board meetings by any videoconference or telecommunication means that allow them to be identified and that ensure their effective participation in accordance with the conditions set under current regulations, the terms of the bylaws and the Rules of Procedure are deemed to be present for calculation of the quorum and majority.

The Chairman sets the agenda for meetings. Any Director who wishes to discuss any matter with the Board, which is not on the agenda, must notify the Chairman prior to the meeting. The Chairman will in turn notify the Board.

Resolutions are made under the conditions of quorum and majority provided by law. In the event of a tie, the Chairman shall have a casting vote.

Regulated agreements

Any agreement made directly or through an intermediary between GDF SUEZ and a Director, its Chief Executive Officer, its Vice-Chairman, a Deputy General Manager or a shareholder holding more than 10% of the voting rights, or if the shareholder is a company, the company controlling it within the meaning of Article L. 233-3 of the French commercial Code, must be submitted to the Board of Directors for prior approval.

This authorization is also required for agreements involving GDF SUEZ in which one of the persons mentioned in the preceding paragraph is indirectly involved, and to agreements between GDF SUEZ and another company, if one of the Directors, the Chief Executive Officer or one of the Deputy General Managers of the company is an owner, partner with unlimited liability, legal manager, Director, member of the Supervisory Board or, in general, a manager of the company concerned.

Independent Directors of the Company May put forward recommendations on such agreements to the Board of Directors in the interests of the company.

Without prejudice to the formalities of prior authorization and control laid down by law and the bylaws, the Company's Directors must promptly disclose to the Chairman any agreement entered into by the Company and in which they are directly or indirectly involved.

In particular, Directors must thus disclose to the Chairman any agreement entered into between themselves, or a company of which they are executive managers, or in which they directly or indirectly hold a significant interest, and the Company or one of its subsidiaries.

The Chairman shall promptly notify all Directors of the essential terms and conditions of agreements disclosed and notify the Statutory Auditors of agreements authorized by the Board within a one-month period after the said agreements have been signed.

The foregoing terms are not applicable to agreements relating to day-to-day transactions and entered into under normal conditions, which are subject to the formalities provided for in Article L. 225-39 of the French commercial Code.

Compensation of directors and non-voting Board members

The Shareholders' Meeting determines the annual general amount of directors' attendance fees allocated to the Board of Directors which, on recommendation of the Compensation Committee, allocates the said compensation between its members and the non-voting members by deduction from the annual budget for directors' attendance fees.

The Company reimburses Directors for expenses incurred in the performance of their duties upon presentation of substantiating documents.

Directors representing employees are given a time credit equal to one-half of the statutory work time.

10.1.3 RIGHTS, PRIVILEGES AND RESTRICTIONS ATTACHED TO SHARES

Voting rights (Articles 10, 11, 12 and 20 of the bylaws)

Each share entitles the holder to vote and be represented at Shareholders' Meetings, in accordance with current law and the bylaws. Ownership of one share entails automatic acceptance of these bylaws and of all decisions of the Shareholders' Meetings of the Company.

Unless otherwise provided for by law, each shareholder has as many voting rights and May cast as many votes at meetings as he or she holds shares, which are fully paid up.

The shares are indivisible with regard to the Company. Co-owners of shares are represented at Shareholders' Meetings by one of them or by a single agent. In the event of disagreement, at the request of the first co-owner to so request, a court May appoint an agent.

The voting rights attached to shares belong to the beneficial owner of the shares, in the case of Ordinary Shareholder's Meetings and to the bare owner, in the case of Extraordinary Shareholders' Meetings.

Any time it is necessary to own several shares in order to exercise any right whatsoever, in the event of an exchange, reorganization or an allotment of shares, or as a result of a share capital increase or decrease, a merger or any other corporate transaction, the owners of isolated shares or an insufficient number of shares May exercise such a right provided that they combine or, as the case May be, buy or sell the necessary shares or rights.

Shareholders May be represented at any meeting either by their spouse or another shareholder. The owners of securities mentioned in the seventh paragraph of Article L. 228-1 of the French commercial Code May be represented, in accordance with the conditions provided for by law, by a registered intermediary.

Any shareholder May cast a postal vote in accordance with the terms and conditions provided for by law and the regulations. The shareholders may, in accordance with the terms and conditions provided for by law and regulations, send their postal proxy form either as a printed form or, further to a decision of the Board of Directors published in the notice of meeting and the notice to attend the meeting, by electronic transmission.

For information on the French government's golden share, see Section 8.1.3 of this Reference Document.

Golden share (article 6 of the bylaws)

Under Article 24.1 of Act No. 2004-803 of August 9, 2004 and Decree No. 2007-1790 of December 20, 2007, the share capital of GDF SUEZ includes a golden share resulting from the transformation of one ordinary share, which is held by the French government and is aimed at protecting France's critical interests in the energy sector and ensuring the continuity and safeguarding of supplies (see Section 9.3 of this document).

Under the terms of Act No. 2006-1537 of December 7, 2006, the French government must at all times hold more than one third of the Company's share capital.

10.1.4 CHANGE IN RIGHTS ATTACHED TO SHARES

The rights attached to the Company's shares May be modified only by the Extraordinary Shareholders' Meeting, subject to the special terms relating to the French government's golden share under Article 6 of the bylaws (see also Section 9.3 "Golden share" above).

In accordance with the applicable law and regulations, any amendment of the bylaws that defines the rights attached to GDF SUEZ shares must be approved by a two-thirds majority at the Extraordinary Shareholders' Meeting. All increases in the commitments of the shareholders must be unanimously approved by all shareholders.

10.1.5 SHAREHOLDERS' MEETINGS

Notice to attend Meetings (Articles 20, 21 and 22 of the by-laws)

Ordinary and Extraordinary Shareholders' Meetings and, where applicable, Special Shareholders' Meetings must be called, meet and deliberate in accordance with the conditions provided for by law.

The party issuing the notice convening the meeting also draws up the agenda of meetings. However, one or more shareholders may, in accordance with the conditions provided for by law, request that draft resolutions be entered on the agenda.

The meeting May take place at the company's head office or at any other location stated in the notice.

Shareholders' Meetings are chaired by the Chairman of the Board of Directors or, in his/her absence, one of the Vice-Chairmen of the Board of Directors or, in the latter's absence, a Director delegated for this purpose by the Board. Otherwise, the Meeting appoints its own Chairman.

In accordance with the law and regulations, Shareholders' Meetings are described as being Extraordinary when their decisions involve an amendment of the bylaws and as Ordinary in all other cases. Shareholders' Meetings and, where applicable, Special Meetings have the powers defined by law.

The two members of the Shareholders' Meeting present who accept the said duties and who hold the greatest number of votes will act as vote tellers. The officers of the meeting appoint the Secretary, who May be chosen from outside the shareholders.

An attendance sheet is kept in accordance with the conditions provided for by law.

Minutes of meetings are drawn up and copies thereof are issued and certified in accordance with the conditions provided for by law.

Attendance at Meetings (Article 20 of the bylaws)

All shareholders have the right to attend the meetings provided their shares are paid in full.

The right to attend meetings or to be represented therein is subject to the account registration of the securities in the shareholder's name by midnight (CET) of the third business day prior to the meeting, either in the registered securities' accounts held by the Company or in bearer securities' accounts held by the authorized intermediary.

The Board of Directors may, if it deems necessary, send to the shareholders individualized admission cards in each shareholder's name and require them to be presented in order to gain access to the Shareholders' Meeting.

If the Board of Directors so decides at the time of calling the meeting, the shareholders May participate in the meeting by videoconference or by any telecommunication or remote transmission means, including via the Internet, that permits their identification in accordance with the terms and conditions set under current regulations. Where applicable, this decision shall be announced in the notice convening the meeting published in the Bulletin des Annonces Legales Obligatoires (Bulletin of Mandatory Legal Announcements or BALO).

Shareholders May be represented at any meeting either by their spouse or another shareholder.

The owners of securities mentioned in the seventh paragraph of Article L. 228-1 of the French commercial Code May be represented, in accordance with the conditions provided for by law, by a registered intermediary.

10.1.6 PROVISIONS RELATING TO THE DISCLOSURE OF INTERESTS

Duty of disclosure upon crossing thresholds (Article 9 of the bylaws)

In addition to the thresholds provided for under Article L. 233-7 of the French commercial Code, any natural person or legal entity acting alone or in concert, who happens to hold a share of the capital or voting rights or securities, directly or indirectly, that May be converted in the future to capital of the Company - equal or in excess of 0.5% - must inform the Company thereof by recorded delivery letter with acknowledgement of receipt, within five trading days of crossing the said 0.5% threshold, by specifying his/her/its identity, as well as that of natural persons or legal entities acting in concert therewith, and by specifying the total number of shares, voting rights or share equivalents providing access in time to capital that he/she/it owns directly or indirectly or else in concert. This duty of disclosure relates also to the possession of each additional share of 0.5% of the capital or voting rights or share equivalents providing access in time to the capital of the Company. It is noted that thresholds to be declared under this paragraph shall be determined pursuant to the provisions of Articles L. 233-7 and L. 233-9 of the French commercial Code and current regulations. This same duty of disclosure applies in accordance with the same time limits, in the event of crossing under the 0.5% threshold or a multiple thereof.

The intermediary registered as a holder of shares pursuant to the seventh paragraph of Article L. 228-1 of the French commercial Code is bound, without prejudice to the obligations of shareholders, to make the declarations provided for in this Article for all shares for which he/she/it is registered in account.

Pursuant to the provisions of Article L. 233-7 of the French commercial Code, in the event of any breach of the foregoing provisions, one or more shareholders holding more than 0.5% of the capital or voting rights May request that the penalties provided for in the first two paragraphs of Article L. 233-14 of the French commercial Code be applied.

Identification of bearer securities (Article 9 of the bylaws)

In order to identify bearer securities, the Company May ask, in accordance with the law and regulations and subject to the penalties provided for under the French commercial Code, the central depository that manages the issue account of its securities for information that allows identification of holders of Company securities that grant immediately or in the future, the right to vote at its Shareholders' Meeting and, in particular, the quantity of securities held by each of them.

If they are registered securities that May be converted immediately or in the future to capital, the intermediary registered in accordance with the conditions provided for under the French commercial Code must reveal the identity of owners of the said securities on simple request from the Company or its agent, which May be presented at any time.

The breach by holders of securities or intermediaries of their duty to disclose the information provided for above may, in accordance with the conditions provided for by law, entail the suspension or loss of voting right and the right to the payment of dividends attached to the shares.

10.1.7 CHANGE IN SHARE CAPITAL

The share capital May be increased, reduced or amortized in accordance with the conditions provided for by law, subject to the special provisions relating to the French government's stake and its golden share pursuant to Article 6 of the bylaws (see also Section 10.1.3 above).

Only the Extraordinary Shareholders' Meeting is empowered to decide on a share capital increase, based on the report by the Board of Directors.

If the increase is carried out by capitalizing reserves, earnings or issue premiums, the Shareholders' Meeting must vote in accordance with the quorum and majority requirements of Ordinary Shareholders' Meetings.

10.2 LEGAL AND ANTI-TRUST PROCEEDINGS

In the normal course of its business, the Group is party to a number of legal and arbitration proceedings with third parties and is subject to certain investigations and proceedings under competition law. The main proceedings and investigations at the date of this Reference Document are presented hereafter. Provisions recorded in that respect totaled €638 million at December 31, 2010 (versus €481 million at December 31, 2009).

With the exception of the proceedings described in this Section 10.2, the Company is not aware of any other governmental, legal or arbitration proceedings (including any pending or threatened[(1)]) which have had or are likely to have a material impact on the financial position and/or profitability of the Company otr the Group within the past twelve months.

10.2.1 LEGAL PROCEEDINGS

Electrabel – Hungarian state

Electrabel filed international arbitration proceedings against the Hungarian state before the International Centre for Settlement of Investment Disputes (ICSID), for breach of obligations pursuant to the Energy Charter Treaty. Initially. Initially, the dispute mainly pertained to (i) electricity prices set in the context of a long-term power purchase agreement (PPA) entered into between the power plant operator Dunamenti (in which Electrabel owns a 74.82% interest) and MVM (a company controlled by the Hungarian state) on October 10, 1995, and (ii) allocations of CO2 emission allowances in Hungary. The arbitration hearing took place in February 2010 and the arbitrators will hand down their verdict on the question of liability shortly.

(1) This term is understood as investigations or controls that have commenced.

Following (i) the decision by the European Commission of June 4, 2008, according to which the long-term PPAs in force at the time of Hungary's accession to the EU (including the agreement between Dunamenti and MVM) has been deemed illegal State aid incompatible with the EU Treaty, and (ii) Hungary's subsequent decision to terminate these agreements, Electrabel extended its request in order to obtain compensation for the harm suffered as a consequence of such termination. In April 2010, the European Commission approved the method developed by the Hungarian authorities to calculate the amount of State aid and stranded costs (Refer also to section 10.2.2 "Competition and concentration/Long-term Power Purchase Agreements in Hungary").

Furthermore, the European Commission petitioned the arbitration tribunal for amicus curiae participation on August 13, 2008, but this request was refused. The arbitration tribunal temporarily suspended its investigation into certain issues over which the Hungarian state claims it lacks jurisdiction, but authorized Electrabel to file an additional claim for damages, which was subsequently withdrawn by the latter.

Slovak Gas Holding

Slovak Gas Holding ("SGH") is held with equal stakes by GDF SUEZ and E.ON Ruhrgas AG and holds a 49% interest in Slovenský Plynárenský Priemysel, a.s. ("SPP"), the remaining 51% being held by the Slovak Republic through the National Property Fund.

SGH has taken preliminary steps towards international arbitration proceedings against the Slovak Republic for breach of obligations under (i) the Bilateral Treaty, entered into by the Slovak Republic with the Czech Republic on the one hand and the Netherlands on the other hand, and (ii) the Energy Charter Treaty.

The dispute relates to the legal and regulatory framework, which the Slovak Republic has recently amended or redefined in view of controlling SPP's ability to request price increases to cover gas selling costs.

Discussions between the parties are still on going.

Squeeze-out bid for Electrabel shares

On July 10, 2007, Deminor and two other funds initiated proceedings before the Brussels Court of Appeal against SUEZ and Electrabel under which they sought additional consideration following the squeeze-out bid launched by SUEZ in June 2007 on Electrabel shares that it did not already own. By decision dated December 1, 2008, the Court of Appeal ruled the claim unfounded.

Deminor and others appealed the decision before the Court of Cassation on May 22, 2009. These appeal proceedings are still ongoing.

MM. Geenen and others initiated similar proceedings before the Brussels Court of Appeal, which were rejected on the grounds that the application was void. A new application was filed, without involving Electrabel and the Belgian Banking, Financial and Insurance Commission. The case was heard on October 21, 2008 and judgment was reserved. A new hearing was scheduled for September 22, 2009. By a ruling issued on December 24, 2009, the Court dismissed Geenen's appeal on procedural grounds.

Mr. Geenen appealed this decision before the Court of Cassation on June 2, 2010. These proceedings are still ongoing.

AES Energia Cartagena

GDF SUEZ is involved in arbitration proceedings lodged by AES Energia Cartagena before the ICC International Court of Arbitration in September 2009 in connection with the Energy Agreement dated April 5, 2002. The Energy Agreement governs the conversion by AES Energia Cartagena of gas supplied by GDF SUEZ into electricity at the combined cycle power plant located in Cartagena, Spain.

The proceedings relate to the question as to which of the parties should bear past and future costs and expenditures arising in connection with the power plant, and in particular those relating to CO2 emissions permits, property taxes and social subsidies.

The hearings are being held in London. The arbitral awards should be rendered soon, except in the event of a mutually agreed suspension or interruption.

Argentina

In Argentina, concession contract tariffs were frozen by a Public Emergency and Exchange Regime Reform Act (Emergency Act) enacted in January 2002, preventing the application of tariff indexation clauses in the event of a loss in value of the Argentine peso against the US dollar.

In 2003, SUEZ (now GDF SUEZ) and its joint shareholders, water distribution concession operators in Buenos Aires and Santa Fe, launched arbitration proceedings against the Argentine State in its capacity as concession grantor before the ICSID. The purpose of these proceedings is to enforce concession contract clauses in accordance with the Franco-Argentine Bilateral Investment Protection Treaties.

These ICSID arbitration proceedings aim at obtaining compensation for the loss of value of investments made since the start of the concession, as a consequence of measures taken by the Argentine state, following the adoption of the abovementioned Emergency Act. In 2006, the ICSID recognized its jurisdiction over the two disputes. The hearings for both proceedings took place in 2007. Alongside the ICSID proceedings, the concession operators Aguas Argentinas and Aguas Provinciales de Santa Fe were forced to launch proceedings to terminate their concession contracts before the local administrative courts.

However, due to a decline in the financial position of the concession-holding companies since the Emergency Act, Aguas Provinciales de Santa Fe announced at its Shareholders' Meeting of January 13, 2006 that it was filing for bankruptcy.

At the same time, Aguas Argentinas filed for *Concurso Preventivo* (similar to the French bankruptcy procedure). As part of this procedure, a settlement proposal involving the novation of Aguas Argentinas' admissible liabilities was approved by creditors and confirmed by the bankruptcy court on April 11, 2008. The settlement of these liabilities is underway. The proposal provides for an initial payment of 20% of these liabilities (approximately USD 40 million) upon approval, and a second payment of 20% in the event that compensation is obtained from the Argentine state. As controlling shareholders, GDF SUEZ and Agbar decided to financially support Aguas Argentinas in making this initial payment and paid sums of USD 6.1 million and USD 3.8 million respectively, at the time of confirmation.

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

By two decisions dated July 30, 2010, ICSID recognized the liability of the Argentine state in the termination of water distribution and treatment concession contracts in Buenos Aires and Santa Fe. Following these two decisions, the arbitration tribunal will set, in the coming months, the amount of the award to be paid in compensation of the losses sustained.

United Water - Lake DeForest

In March 2008, some of the local residents of the Hackensack river area in Rockland County (NY) filed a claim before the Supreme Court of the State of New York for a total of USD 66 million (later increased to USD 130 million) against United Water (SUEZ Environnement Group) owing to flooding caused by torrential rain.

Those residents point out that the negligence of United Water in the maintenance of the Lake DeForest dam and reservoir adjoining the Lake DeForest reservoir which, following the torrential rain, allegedly ceased to function correctly preventing the draining-off of water into the Hackensack river on which it is built, ultimately resulting in the flooding of the resident's homes. As a result of the rainwater drainage system operated by United Water overflowing upstream of the dam, the residents, despite living in a flood-prone area, have filed a compensatory damages claim for USD 65 million and for punitive damages of the same amount against United Water for alleged negligence in the maintenance of the Lake DeForest dam and reservoir.

United Water does not consider itself responsible for the flooding or for the maintenance of the dam and reservoir and believes these allegations should be dismissed. United Water filed a motion to dismiss these claims in July 2009 on the ground that it was not obliged to operate the dam as a means of flood prevention. This motion was denied on August 27, 2009, and this rejection was confirmed on June 1, 2010. United Water has appealed this decision.

The claim for punitive damages was dismissed on December 21, 2009. This dismissal was confirmed on February 11, 2010 following an appeal by the residents. A further appeal was filed by the plaintiffs. A decision on the merits of the case is expected towards the end of the first half of 2011.

Novergie

Novergie Centre Est (a SUEZ Environnement Group company) used to operate a household waste incineration plant in Gilly-sur-Isère near Albertville (in the Savoie region), which was built in 1984 and is owned by the semi-public corporation, SIMIGEDA (an intercommunal semi-public waste management company in the Albertville district). In 2001, high levels of dioxin were detected near the incineration plant and the Prefect of the Savoie region ordered the closure of the plant in October 2001.

Complaints and claims for damages were filed in March 2002 against, among others, the president of SIMIGEDA, the Prefect of the Savoie region and Novergie Centre Est for poisoning, endangering the lives of others, and non-intentional assault and battery, with respect to dioxin pollution allegedly caused by the incineration plant. In the first half of 2009, the French Court of Cassation upheld the decision of the examining chamber of the Lyon Court of Appeal rejecting the action.

Novergie Centre Est was indicted on December 22, 2005 on counts of endangering the lives of others and breaching administrative regulations.

As part of these proceedings, investigations ordered by the court showed that there had been no increase in the number of cases of cancer in neighboring populations.

On October 26, 2007, the judge in charge of investigating the case dismissed the charges against natural persons indicted for endangering the lives of others. However, the judge ordered that SIMIGEDA and Novergie Centre Est be sent for trial before the criminal court of Albertville for having operated the incinerator «without prior authorization, due to the expiration of the initial authorization as a result of significant changes in operating conditions». On September 9, 2009, the examining chamber of the Chambéry Court of Appeal upheld the decision to dismiss charges of endangering the lives of others made against the Novergie employees.

Having noticed that those primarily responsible for the offenses in question would not be present at the criminal court hearing on September 28, 2010, Novergie Centre Est brought an action against unknown persons for contempt of court and fraudulently organizing insolvency.

The hearing before the criminal court was held on November 29, 2010. Judgment has been reserved until May 23, 2011.

Société des Eaux du Nord

Negotiations have been initiated since 2008/2009 between Lille Métropole metropolitan district (Lille Métropole Communauté Urbaine - LMCU) and Société des Eaux du Nord (SEN), a subsidiary of Lyonnaise des Eaux France, within the framework of the five-yearly review of the drinking water distribution concession contract. In particular, these negotiations pertained to the inferences to be drawn from the addenda signed in 1996 and 1998 as regards SEN's renewal obligations.

As LMCU and SEN failed to reach an agreement as to the provisions governing the review of the contract, they decided to refer the matter to the arbitration commission in accordance with the contract. The commission, chaired by Michel Camdessus, made recommendations.

On June 25, 2010, without following the Commission's recommendations, the LMCU Community Council unilaterally approved the signature of an addendum to the contract which provides for the issuing of a demand for payment of an amount of €115 million to SEN corresponding to the immediate repayment of the unused portion of the outstanding provisions for renewal costs plus interest as estimated by LMCU.

Two appeals seeking annulment of the LMCU Community Council's decision of June 25, 2010, as well as decisions adopted in implementation thereof, were submitted to the Administrative Court of Lille on September 6, 2010 by SEN, as well as by Lyonnaise des Eaux France in its capacity as a shareholder of SEN.

Togo Électricité

In February 2006, the Togolese state took possession of all of the assets of Togo Électricité, without any indemnification. It instituted several proceedings, one of them being against Togo Électricité, a GDF SUEZ (Energy Services) company and then subsequently against GDF SUEZ, seeking an order for payment by the two companies of compensation of between FCFA 27 billion and FCFA 33 billion (between €41 million and €50 million) for breach of contract.

In March 2006, Togo Électricité instituted arbitration proceedings, which were joined by GDF SUEZ, before the ICSID against the Togolese state, following the adoption of governmental decrees which terminated the concession contract held by Togo Électricité since December 2000 for the management of Togo's public power supply service.

On August 10, 2010, the ICSID rendered its award ordering the Republic of Togo to pay Togo Électricité €60 million plus interest at a yearly rate of 6.589% as from 2006. The Congo State brought an action, seeking the annulation of the arbitration award. An ad hoc committee of the ICSID was set up to review the Togolese state's request. Its decision is expected in 2011.

Fos Cavaou

By order dated December 15, 2003 in respect of facilities subject to environmental protection (ICPE) the Prefect of the Bouches du Rhône department authorized Gaz de France to operate an LNG terminal in Fos Cavaou. The building permit as to the terminal was issued the same day by a second prefectural order. These two orders have been challenged in court.

Two actions for annulment of the building permit were filed with the Administrative Court of Marseille, one by the Fos-sur-Mer authorities and the other by the Syndicat d'agglomération nouvelle (SAN). These actions were dismissed by the Court on October 18, 2007. The Fos-sur-Mer municipality appealed this decision on December 20, 2007 but later withdrew from the proceedings on January 11, 2010.

The order authorizing the operation of the terminal is subject to two actions for annulment before the Administrative Court of Marseille, one filed by the Association de Défense et de Protection du Littoral du Golfe de Fos-sur-Mer (ADPLGF) and the other by a private individual.

By a judgment of June 29, 2009, the Administrative Court of Marseille cancelled the prefectural order authorizing the operation of the Fos Cavaou terminal. Elengy, which represents the rights of GDF SUEZ in these proceedings and the Minister of Ecology, Energy, Sustainable Development and Sea, filed an appeal on July 9, 2009 and on September 28, 2009, respectively. These proceedings are still ongoing.

On October 6, 2009, the Prefect of the Bouches du Rhône department issued an order requiring Elengy to apply for an operating permit for the terminal by June 30, 2010 at the latest in order to comply with administrative regulations. The order enables the building work to be continued and the terminal to be partially operated, subject to specific regulations.

On January 19, 2010, ADPLGF filed an appeal with the Administrative Court of Marseille for the annulment of this prefectural order. ADPLGF withdrew its claim before this court on January 4, 2011.

On August 25, 2010, the Prefect of the Bouches du Rhône department issued a new order modifying the order of October 6, 2010 and allowing for the unrestricted temporary operation of the terminal pending the fulfillment of all administrative formalities.

In compliance with the order dated October 6, 2009, Elengy applied for an operating permit with the Prefect on June 30, 2010.

Claims by the Belgian tax authorities

The Belgian tax authorities' Special Tax Inspectorate is claiming €188 million from SUEZ-Tractebel SA, a GDF SUEZ company, concerning past investments in Kazakhstan. SUEZ-Tractebel has filed an appeal against this claim. As the Belgian tax authorities decision is still pending after 10 years, an appeal was lodged with the Brussels Court of First Instance in December 2009.

The Special Tax Inspectorate taxed financial income generated in Luxembourg by the Luxembourg-based cash management branches of Electrabel and SUEZ-Tractebel. This financial income, which was already taxed in Luxembourg, is exempt of taxes in Belgium in accordance with the Belgium-Luxembourg Convention for the prevention of double taxation. The Special Tax Inspectorate refuses this exemption on the basis of an alleged abuse of rights. The tax assessed in Belgium amounts to €245 million for the period 2003 to 2006. The Group has challenged the Special Tax Inspectorate's decision before the Brussels Court of First Instance. A first hearing, ruling on a peripheral question and not on the main issue, is expected for the end of 2011.

Objection to a provision of Belgian tax law

On March 23, 2009, Electrabel (GDF SUEZ Group) filed an appeal with the Belgian Constitutional Court seeking the annulation of the December 22, 2008 framework act (loi-programme) provisions imposing a €250 million tax on nuclear power generators (including €222 million paid by Electrabel). The Constitutional Court rejected this claim by a decision dated March 30, 2010. The December 23, 2009 act has imposed the same tax in respect of 2009 and the December 29, 2010 act in respect of 2010. In compliance with this statute, the Group has paid €213 million for 2009 and €212 for 2010. Pursuant to a Memorandum of Understanding signed on October 22, 2009 between the Belgium state and the Group, this tax should not have been renewed but should have been replaced by a contribution related to the extension and period over which certain power facilities are operated.

Claim by the US tax authorities (IRS)

Some US subsidiaries within GDF SUEZ Energy North America were subject to a tax audit by the IRS for the years 2004 and 2005. The amounts initially claimed were reduced in 2009 and 2010 following appeal. The remaining disputed amounts for these periods correspond to net tax and interest in the amount of USD 10 million. These subsidiaries were also recently subject to a tax audit by the IRS for the years 2006 and 2007. Following this audit, the amounts assessed and contested for these periods correspond to net tax and interest in the amount of USD 5 million.

Claim by the French tax authorities

In their tax deficiency notice dated December 22, 2008, the French tax authorities questioned the tax treatment of the sale by SUEZ of a tax receivable in 2005 for an amount of €995 million. On July 7, 2009, they informed GDF SUEZ that they maintained their position. GDF SUEZ is waiting for the tax assessment notice.

Claim by the Brazilian tax authorities

On December 30, 2010, Tractebel Energia received a tax assessment notice in the amount of BRL 322 million (€140 million) for the period 2005 to 2007. The Brazilian tax authorities mainly disallow deductions related to tax incentives (consideration for intangible assets), in particular assets relating to the Jacui project. Tractebel Energia will contest the tax assessment notice as it believes that the Brazilian tax authorities' arguments are not justified.

10.2.2 COMPETITION AND CONCENTRATION

"Accès France" proceeding

On May 22, 2008, the European Commission announced its decision to initiate formal proceedings against Gaz de France for a suspected breach of EU rules pertaining to abuse of dominant position and restrictive business practices. The proceedings relate to a combination of long-term transport capacity reservation and a network of import agreements, as well as potential underinvestment in transport and import infrastructure capacity.

On June 22, 2009, the Commission sent GDF SUEZ, GRTgaz and Elengy a preliminary assessment in which it alleged that GDF SUEZ might have abused its dominant position in the gas sector by foreclosing access to gas import capacity in France. On June 24, 2009, GDF SUEZ, GRTgaz and Elengy offered commitments in response to the preliminary assessment, while expressing their disagreement with the conclusions it contained.

These commitments were submitted to a market test on July 9, 2009, following which the Commission informed GDF SUEZ, GRTgaz and Elengy of how third parties had responded. On October 21, 2009, GDF SUEZ, GRTgaz and Elengy filed amended commitments aimed at facilitating access to and competition on the French natural gas market. The Commission adopted on December 3, 2009 a decision that renders these commitments legally binding. This decision by the Commission put an end to the proceedings initiated in May 2008. GDF SUEZ, GRTgaz and Elengy have begun to fulfill the commitments under the supervision of a trustee (Société Advolis) approved by the European Commission.

Megal

On June 11, 2008, Gaz de France received a statement of objections from the European Commission in which it voices its suspicions of concerted practice with E.ON resulting in the restriction of competition on their respective markets regarding, in particular, natural gas supplies transported via the Megal pipeline. GDF SUEZ filed observations in reply on September 8, 2008 and a hearing took place on October 14, 2008. On July 8, 2009, the Commission fined GDF SUEZ and E.ON €553 million each for agreeing not to compete against each other in their respective gas markets. GDF SUEZ has paid the fine. The Commission considered that these restrictive business practices, which ended in 2005, had begun in 1975 when the agreements relating to the Megal pipeline were signed and GDF SUEZ and E.ON had agreed not to supply gas transported via the Megal pipeline to customers in their respective markets.

GDF SUEZ brought an action for annulment before the General Court of the European Union on September 18, 2009. The appeal is pending. The written phase of the proceedings brought before the Court continued throughout 2010. The next step is the oral phase of the proceedings which will begin with a date being set for the hearing and any potential preparatory questions the Court May have.

Compagnie Nationale du Rhône

On June 10, 2009, the European Commission decided to impose a fine of €20 million on Electrabel for (i) having acquired control of Compagnie Nationale du Rhône (CNR) at the end of 2003, without its prior approval (ii) and for having carried out this control acquisition before its authorization by the European Commission. The decision was handed down further to a statement of objections sent by the Commission on December 17, 2008, to which Electrabel responded in its observations in reply filed on February 16, 2009. On August 20, 2009 Electrabel brought an action for annulment of the Commission's decision before the General Court of the European Union. The appeal is pending. The written phase of the proceedings before the Court continued throughout 2010. The next step is the oral phase which will begin with a date being set for the hearing before the Court.

Long-term Power Purchase Agreements in Hungary

The European Commission handed down a decision on June 4, 2008, according to which the long-term Power Purchase Agreements entered into between power generators and the Hungarian state, which were in force at the time of Hungary's accession to the European Union, constituted illegal State aid, incompatible with the Treaty on the Functioning of the European Union. It asked the Hungarian state to review these contracts, recover the related State aid from the power generators and, when necessary, to indemnify the parties to the agreements via a compensation mechanism for stranded costs. The Group is directly involved as its subsidiary Dunamenti is a party to a long-term Power Purchase Agreement entered into with MVM, Hungary's state-owned power company, on October 10, 1995. Following the Commission's decision, the Hungarian government passed a law providing for the termination of the Power Purchase Agreements with effect from December 31, 2008 and the recovery of the related State aid. Dunamenti brought an action before the General Court of the European Union on April 28, 2009 for annulment of the Commission's decision. The proceedings are still ongoing. The written phase of the proceedings brought before the Court continued throughout 2010. The Parties filed their statements (the European Commission filed a statement of defense on October 19, 2009, and GDF SUEZ filed a reply on December 4, 2009, to which the Commission replied with a rejoinder on February 16, 2010). The next step is the oral phase of the proceedings which will begin with a date being set for the hearing and any potential preparatory questions the Court May have.

At the same time, discussions took place between the Hungarian state and the European Commission regarding the amount of State aid to be recovered, which must be approved by the Commission, and the compensation mechanism for stranded costs. On April 27, 2010, the European Commission rendered a decision allowing Dunamenti to offset the amount of the illegal State aids and stranded costs, thereby removing any obligation by the latter to pay back the illegal State aid. In 2015, at the initial expiration date of Dunamenti's long-term power purchase agreement, Hungary will recalculate the amount of stranded costs, which could result in Dunamenti having to reimburse aid at that time. (Refer also to section 10.2.1 "Legal proceedings/Electrabel – Hungarian state").

Investigation on the term of electricity supply contracts in Belgium

In July 2007, the European Commission started an investigation into electricity supply contracts entered into by the Group with industrial customers in Belgium. The investigation was conducted and Electrabel, a GDF SUEZ company, has cooperated with the Directorate-General for Competition. The last questionnaire received from the European Commission dates back to July 31, 2009. It was returned on November 9, 2009. Given the results of the in-depth investigation, the European Commission notified its decision to close the investigation procedure or January 28, 2011.

Inquiry into the Belgian electricity wholesale market

In September 2009, the Belgian competition authority (Autorité Belge de la Concurrence) organized raids on several companies operating in Belgium's electricity wholesale market, including Electrabel, a GDF SUEZ company.

Unwinding of cross-shareholdings between Compagnie Générale des Eaux and Lyonnaise des Eaux France

In its decision of July 11, 2002, the French Antitrust Council ruled that the existence of equal stakes in water distribution companies held by Compagnie Générale des Eaux (a subsidiary of Veolia Environnement) and Lyonnaise des Eaux France (a subsidiary of SUEZ Environnement Company) created a collective dominant position of the two groups. Although the French Antitrust Council did not impose sanctions against the two companies, it requested the French Minister of the Economy to compel them to modify or terminate the agreements under which their resources are combined within joint subsidiaries in order to lift the barrier to competition. As part of the Minister of the Economy's investigation, the two companies were asked to unwind their cross-shareholdings in these joint subsidiaries. Lyonnaise des Eaux France and Veolia Eau-Compagnie Générale des Eaux complied with the request and entered into an agreement in principle to this effect on December 19, 2008. On July 30, 2009, the Commission authorized the purchase by Veolia Eau of Lyonnaise des Eaux's stake in three of the joint subsidiaries. The European Commission authorized the purchase by Lyonnaise des Eaux of the six other joint subsidiaries on August 5, 2009. An amendment to the December 2008 agreement was signed on February 3, 2010, providing for the purchase by Lyonnaise des Eaux of Veolia Eau's stake in two of the three joint subsidiaries that were initially going to be bought out by Veolia Eau. A further request for authorization, reflecting the terms and conditions of this amendment, was submitted to the European Commission. The European Commission authorized the transaction by a decision dated March 18, 2010. Unwinding of these shareholdings came into effect on March 23, 2010.

Inquiry into the water distribution and treatment sector in France

In April 2010, the European Commission conducted inspections in the offices of different French companies working in the water and water treatment sector with respect to their possible involvement in practices which fail to comply with Articles 101 and 102 of the Treaty on the Functioning of the European Union. Inspections were conducted within SUEZ Environnement Company and Lyonnaise des Eaux France.

A door seal was accidentally dislodged during the inspection in Lyonnaise des Eaux France's offices

On May 21, 2010, in accordance with chapter VI of EU Regulation No. 1/2003, the Commission decided to launch proceedings against SUEZ Environnement Company with regard to this incident. Within the framework of this proceeding, SUEZ Environnement Company submitted information relating to this incident to the Commission. The Commission sent a statement of objections on that issue to SUEZ Environnement Company and to Lyonnaise des Eaux France on October 20, 2010. SUEZ Environnement Company and Lyonnaise des Eaux France replied to the statement of objections on December 8, 2010.

10.3 DOCUMENTS AVAILABLE TO THE PUBLIC

The documents relating to GDF SUEZ that must be made available to the public (bylaws, reports, historical financial information on Gaz de France, SUEZ and GDF SUEZ, as well as on the GDF SUEZ Group subsidiaries included or mentioned in this Reference Document and those relating to each of the two years prior to the filing of this Reference Document) may be consulted during the entire validity period at the registered office of GDF SUEZ (1 place Samuel de Champlain, Faubourg de l'Arche, 92400 Courbevoie, France). These documents may also be obtained in electronic format from the GDF SUEZ website (www.gdfsuez.com) and some of them may be obtained from the website of the *Autorité des Marchés Financiers* (AMF – French Financial Markets Authority) (www.amf-france.org).

CORPORATE INFORMATION POLICY

Valérie Bernis

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Website: gdfsuez.com

The GDF SUEZ Reference Document has been translated into English, Spanish and Dutch.

In addition to this Reference Document filed with the AMF, GDF SUEZ publishes an Activity Report and a Sustainable Development Report at the time of the Annual Shareholders' Meeting of GDF SUEZ.

FINANCIAL REPORTING SCHEDULE

Presentation of annual earnings for 2010	March 3, 2011
Annual Shareholders' Meeting	May 2, 2011
Presentation of the 2010 half year results	August 10, 2011

11

CONSOLIDATED FINANCIAL STATEMENTS AND PARENT COMPANY FINANCIAL STATEMENTS

11.1 STATUTORY AUDITORS

11.1.1 STATUTORY AUDITORS

Mazars

Represented by Philippe Castagnac and Thierry Blanchetier

Tour Exaltis, 61, Rue Henri Regnault, 92075 Paris la Defense Cedex

Mazars has been a Statutory Auditor for the Company since January 1, 2002. Its term of office was renewed at the Combined Shareholders' Meeting of May 19, 2008 for a period of six years and will expire at the close of the 2014 Ordinary Shareholders' Meeting held to approve the financial statements for the fiscal year ending December 31, 2013.

Ernst & Young et Autres

Represented by Christian Mouillon and Charles-Emmanuel Chosson

41 Rue Ybry, 92576 Neuilly-sur-Seine Cedex

Ernst & Young et Autres has been a Statutory Auditor for the Company since January 1, 2002. Its term of office was renewed at the Combined Shareholders' Meeting of May 19, 2008 for a period of six years and will expire at the close of the 2014 Ordinary Shareholders' Meeting held to approve the financial statements for the fiscal year ending December 31, 2013.

DELOITTE & ASSOCIES

Represented by Jean-Paul Picard and Pascal Pincemin

185 Avenue Charles-de-Gaulle, 92524 Neuilly-sur-Seine

Deloitte & Associés was appointed Statutory Auditor for the Company for the first time at the Combined Shareholders' Meeting of July 16, 2008 for a six-year term that will expire at the close of the 2014 Ordinary Shareholders' Meeting held to approve the financial statements for the fiscal year ending December 31, 2013.

11.1.2 ALTERNATE STATUTORY AUDITORS

CBA

61 Rue Henri Regnault, 92400 Paris la Défense Cedex

CBA was appointed alternate Statutory Auditor for the Company for the first time at the Combined Shareholders' Meeting of May 19, 2008 for a six-year term that will expire at the close of the 2014 Ordinary Shareholders' Meeting held to approve the financial statements for the fiscal year ending December 31, 2013.

AUDITEX

Tour Ernst & Young, 11 allée de l'Arche, 92037 Paris La Defense

Auditex has been an alternate Statutory Auditor for the Company since January 1, 2002. Its term of office was renewed at the Combined Shareholders' Meeting of May 19, 2008 for a six-year term that will expire at the close of the 2014 Ordinary Shareholders' Meeting held to approve the financial statements for the fiscal year ending December 31, 2013.

BEAS

7-9 Villa Houssay, 92524 Neuilly-sur-Seine

BEAS was appointed alternate Statutory Auditor for the Company for the first time at the Combined Shareholders' Meeting of July 16, 2008 for a six-year term that will expire at the close of the 2014 Ordinary Shareholders' Meeting held to approve the financial statements for the fiscal year ending December 31, 2013.

11.2 CONSOLIDATED FINANCIAL STATEMENTS

11.2.1 CONSOLIDATED FINANCIAL STATEMENTS

Statements of financial position

Assets

In millions of euros	Notes	Dec. 31, 2010	Dec. 31, 2009
Non-current assets			
Intangible assets, net	*10*	12,780	11,420
Goodwill	*9*	27,567	27,989
Property, plant and equipment, net	*11*	78,703	69,665
Available-for-sale securities	*14*	3,252	3,563
Loans and receivables at amortized cost	*14*	2,794	2,426
Derivative instruments	*14*	2,532	1,927
Investments in associates	*12*	1,980	2,176
Other non-current assets		1,440	1,696
Deferred tax assets	*7*	1,669	1,419
TOTAL NON-CURRENT ASSETS		**132,717**	**122,280**
Current assets			
Loans and receivables at amortized cost	*14*	1,032	947
Derivative instruments	*14*	5,739	7,405
Trade and other receivables, net	*14*	21,334	19,748
Inventories		3,870	3,947
Other current assets		6,957	5,094
Financial assets at fair value through income	*14*	1,713	1,680
Cash and cash equivalents	*14*	11,296	10,324
TOTAL CURRENT ASSETS		**51,940**	**49,145**
TOTAL ASSETS		184,657	171,425

Liabilities

In millions of euros	Notes	Dec. 31, 2010	Dec. 31, 2009
Shareholders' equity		62,205	60,285
Non-controlling interests		8,513	5,241
TOTAL EQUITY	*16*	**70,717**	**65,527**
Non-current liabilities			
Provisions	*17*	12,989	12,790
Long-term borrowings	*14*	38,179	32,155
Derivative instruments	*14*	2,104	1,792
Other financial liabilities	*14*	780	911
Other non-current liabilities		2,342	2,489
Deferred tax liabilities	*7*	12,437	11,856
TOTAL NON-CURRENT LIABILITIES		**68,830**	**61,993**
Current liabilities			
Provisions	*17*	1,480	1,263
Short-term borrowings	*14*	9,059	10,117
Derivative instruments	*14*	5,738	7,170
Trade and other payables	*14*	14,835	12,887
Other current liabilities		13,997	12,469
TOTAL CURRENT LIABILITIES		**45,109**	**43,905**
TOTAL EQUITY AND LIABILITIES		**184,657**	**171,425**

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

Advances and downpayments received, and certain other accounts that were previously presented under "Trade and other payables", have been reclassified to "Other current liabilities". In order to reflect this change in presentation, comparative data for 2009 have been restated.

Income statements

In millions of euros	Notes	Dec. 31, 2010	Dec. 31, 2009
Revenues		84,478	79,908
Purchases		(44,672)	(41,406)
Personnel costs		(11,755)	(11,365)
Depreciation, amortization and provisions		(5,899)	(5,183)
Other operating income and expenses, net		(13,356)	(13,607)
CURRENT OPERATING INCOME	*4*	**8,795**	**8,347**
Mark-to-market on commodity contracts other than trading instruments		(106)	(323)
Impairment of property, plant and equipment, intangible assets and financial assets		(1,468)	(472)
Restructuring costs		(206)	(179)
Changes in scope of consolidation		1,185	367
Other non-recurring items		1,297	434
INCOME FROM OPERATING ACTIVITIES	*5*	**9,497**	**8,174**
Financial expenses		(2,810)	(2,638)
Financial income		589	1,010
NET FINANCIAL LOSS	*6*	**(2,222)**	**(1,628)**
Income tax expense	*7*	(1,913)	(1,719)
Share in net income of associates	*12*	264	403
NET INCOME		**5,626**	**5,230**
Net income Group share		**4,616**	**4,477**
Non-controlling interests		1,010	753
Earnings per share (euros)	*8*	**2.11**	**2.05**
Diluted earnings per share (euros)	*8*	2.10	2.03

Statements of comprehensive income

In millions of euros	Notes	Dec. 31, 2010	Dec. 31, 2010 Group share	Dec. 31, 2010 Non-controlling interests	Dec. 31, 2009	Dec. 31, 2009 Group share	Dec. 31, 2009 Non-controlling interests
NET INCOME		**5,626**	**4,616**	**1,010**	**5,230**	**4,477**	**753**
Available-for-sale financial assets	*14*	(126)	(119)	(7)	(23)	6	(30)
Net investment hedges		(106)	(63)	(43)	48	44	5
Cash flow hedges (excl. commodity instruments)	*15*	(16)	11	(27)	108	58	50
Commodity cash flow hedges	*15*	457	445	12	925	899	26
Actuarial gains and losses		(500)	(479)	(21)	168	151	17
Translation adjustments		1,147	877	270	497	358	139
Deferred taxes	*7*	21	4	16	(377)	(364)	(13)
Share in other comprehensive income (expense) of associates		32	35	(3)	69	75	(6)
Other comprehensive income		**909**	**710**	**198**	**1,416**	**1,228**	**188**
TOTAL COMPREHENSIVE INCOME		**6,535**	**5,326**	**1,208**	**6,646**	**5,705**	**941**
Group share		5,326			5,705		
Non-controlling interests		1,208			941		

Statements of changes in equity

In millions of euros	Number of shares	Share capital	Additional paid-in capital	Consolidated reserves *	Fair value adjustments and other	Cumulative translation adjustments	Treasury stock	Shareholders' equity	Non-controlling interests	Total equity
Equity at December 31, 2008	**2,193,643,820**	**2,194**	**29,258**	**28,883**	**(172)**	**(673)**	**(1,741)**	**57,748**	**5,071**	**62,818**
Net income				4,477				4,477	753	5,230
Other comprehensive income				114	756	358		1,228	188	1,416
Total comprehensive income				**4,591**	**756**	**358**	**0**	**5,705**	**941**	**6,646**
Employee share issues and share-based payment	1,934,429	2	30	206				239		239
Stock dividends paid	65,398,018	65	1,311	(1,377)				(0)		(0)
Cash dividends paid				(3,401)				(3,401)	(627)	(4,028)
Acquisitions/disposals of treasury stock				(97)			97	(0)		(0)
Other changes			(10)	5	40	(40)		(5)	(143)	(149)
Equity at December 31, 2009	**2,260,976,267**	**2,261**	**30,590**	**28,810**	**623**	**(355)**	**(1,644)**	**60,285**	**5,241**	**65,527**

(*) In accordance with IFRS, actuarial gains and losses are recorded under "Consolidated reserves".
The statement of changes in equity at December 31, 2009 has been adjusted in order to present comparable data.

In millions of euros	Number of shares	Share capital	Additional paid-in capital	Consolidated reserves *	Fair value adjustments and other	Cumulative translation adjustments	Treasury stock	Shareholders' equity	Non-controlling interests	Total equity
Equity at December 31, 2009	**2,260,976,267**	**2,261**	**30,590**	**28,810**	**623**	**(355)**	**(1,644)**	**60,285**	**5,241**	**65,527**
Net income				4,616				4,616	1,010	5,626
Other comprehensive income				(344)	177	877		710	198	909
Total comprehensive income				**4,272**	**177**	**877**		**5,326**	**1,208**	**6,535**
Employee share issues and share-based payment	26,217,490	26	471	120				617		617
Cash dividends paid				(3,330)				(3,330)	(581)	(3,911)
Acquisitions/disposals of treasury stock				(55)			(436)	(491)		(491)
Transactions between owners				(190)				(190)	(21)	(211)
Business combinations									1,658	1,658
Issuance of deeply-subordinated notes									745	745
Share cancelations	(36,898,000)	(37)	(1,378)				1,415			
Other changes				(12)				(12)	261	249
Equity at December 31, 2010	**2,250,295,757**	**2,250**	**29,682**	**29,614**	**800**	**522**	**(665)**	**62,205**	**8,513**	**70,717**

(*) In accordance with IFRS, actuarial gains and losses are recorded under "Consolidated reserves".
The statement of changes in equity at December 31, 2009 has been adjusted in order to present comparable data.

Statements of cash flows

In millions of euros	Dec. 31, 2010	Dec. 31, 2009
Net income	**5,626**	**5,230**
- Share in net income of associates	(264)	(403)
+ Dividends received from associates	273	376
- Net depreciation, amortization and provisions	7,331	4,726
- Impact of changes in scope of consolidation, other non-recurring items	(2,592)	(801)
- Mark-to-market on commodity contracts other than trading instruments	106	323
- Other items with no cash impact	121	217
- Income tax expense	1,913	1,719
- Net financial loss	2,222	1,628
Cash generated from operations before income tax and working capital requirements	**14,736**	**13,016**
+ Tax paid	(2,146)	(1,377)
Change in working capital requirements	**(258)**	**1,988**
CASH FLOW FROM OPERATING ACTIVITIES	**12,332**	**13,628**
Acquisitions of property, plant and equipment and intangible assets	(9,292)	(9,646)
Acquisitions of controlling interests in entities net of cash and cash equivalents acquired (a)	(737)	(475)
Acquisitions of investments in associates and joint ventures (a)	(139)	(286)
Acquisitions of available-for-sale securities	(510)	(902)
Disposals of property, plant and equipment and intangible assets	405	336
Disposals of entities/loss of control net of cash and cash equivalents sold (a)	412	55
Disposals of investments in associates and joint ventures (a)	1,239	1,295
Disposals of available-for-sale securities	847	685
Interest received on non-current financial assets	39	80
Dividends received on non-current financial assets	128	235
Change in loans and receivables originated by the Group and other	(176)	447
CASH FLOW USED IN INVESTING ACTIVITIES	**(7,783)**	**(8,177)**
Dividends paid	(3,918)	(4,028)
Repayment of borrowings and debt	(7,424)	(12,897)
Change in financial assets at fair value through income	16	(993)
Interest paid	(1,565)	(1,293)
Interest received on cash and cash equivalents	141	149
Increase in borrowings and debt	8,709	14,887
Increase/decrease in capital	563	84
Acquisitions/disposals of treasury stock	(491)	0
Issuance of deeply-subordinated notes by SUEZ Environnement	742	0
Changes in ownership interests in controlled entities (a)	(455)	(191)
CASH FLOW USED IN FINANCING ACTIVITIES	**(3,683)**	**(4,282)**
Effect of changes in exchange rates and other	106	107
TOTAL CASH FLOW FOR THE PERIOD	**972**	**1,274**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**10,324**	**9,049**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**11,296**	**10,324**

(a) In accordance with IAS 27 revised, cash flows resulting from changes in a parent's ownership interest in controlled entites are now accounted for in "Cash flow used in financing activities" in the statement of cash flows.

The Group has therefore reviewed the presentation of acquisitions and disposals of consolidated entities in the statement of cash flows.

Up to December 31, 2009, the items "Acquisitions of entities net of cash and cash equivalents acquired" and "Disposals of entities net of cash and cash equivalents sold" included the cash impacts resulting from acquisitions/disposals of entities over which the Group has exclusive or joint control, acquisitions/disposals of associates and changes in ownership interests in entities over which the Group has exclusive or joint control.

As of January 1, 2010, changes in ownership interests in controlled entities are shown under "Changes in ownership interests in controlled entities" within "Cash flow used in financing activities". Acquisitions and disposals of associates and joint ventures are presented separately from cash flows resulting from acquisitions/disposals of controlled entities. Cash flows resulting from acquisitions of controlling interests and loss of control in subsidiaries are shown under "Acquisitions of controlling interests in entities net of cash and cash equivalents acquired" and "Disposals of entities/loss of control net of cash and cash equivalents sold" respectively.

Comparative data for 2009 have been restated in order to present the cash flows concerned in accordance with this new presentation.

11.2.2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GDF SUEZ SA, the parent company of the GDF SUEZ Group, is a French *société anonyme* with a Board of Directors that is subject to the provisions of Book II of the French Commercial Code (*Code de Commerce*), as well as all other provisions of French law applicable to commercial companies. GDF SUEZ was incorporated on November 20, 2004 for a period of 99 years.

It is governed by current and future laws and by regulations applicable to *sociétés anonymes* and its bylaws.

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

GDF SUEZ shares are listed on the Paris, Brussels and Luxembourg stock exchanges.

GDF SUEZ is one of the world's leading energy providers, active across the entire energy value chain – upstream and downstream – in both electricity and natural gas. It develops its businesses (energy, energy services and environment) around a responsible growth model in order to meet the challenges of responding to energy needs, safeguarding supplies, combating climate change and optimizing the use of resources.

On March 2, 2011, the Group's Board of Directors approved and authorized for issue the consolidated financial statements of the Group for the year ended December 31, 2010.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation

Pursuant to European Regulation (EC) 809/2004 on prospectuses dated April 29, 2004, financial information concerning the assets, liabilities, financial position, and profit and loss of GDF SUEZ has been provided for the last two reporting periods (ended December 31, 2009 and 2010). This information was prepared in accordance with European Regulation (EC) 1606/2002 on international accounting standards (IFRS) dated July 19, 2002. The Group's consolidated financial statements for the year ended December 31, 2010 have been prepared in accordance with IFRS as published by the International Accounting Standards Board (IASB) and endorsed by the European Union[1].

The accounting standards applied in the consolidated financial statements for the year ended December 31, 2010 are consistent with the policies used to prepare the consolidated financial statements for the year ended December 31, 2009, except for those described in sections 1.1.1 and 1.1.2 below.

1.1.1 IFRS standards, amendments and IFRIC interpretations applicable in 2010

- IFRS 3 revised – *Business Combinations*, which applies to acquisitions of controlling interests (within the meaning of IAS 27 revised) that take place after January 1, 2010, and IAS 27 revised – *Consolidated and Separate Financial Statements*.

The main changes applicable at January 1, 2010 are presented in section 1.4 below.

- *Improvements to IFRS 2009.*
- Amendment to IAS 39 – *Eligible Hedged Items.*
- Amendment to IFRS 2 – *Group Cash-settled Share-based Payment Transactions.*
- Amendment to IFRS 5 (*Improvements to IFRS 2008*) – *Non-current Assets Held for Sale and Discontinued Operations.*
- IFRIC 17 – *Distributions of Non-cash Assets to Owners.*

With the exception of IFRS 3 revised and IAS 27 revised, these amendments and interpretations have no material impact on the Group's consolidated financial statements for the year ended December 31, 2010.

The Group early adopted IFRIC 12 – Service Concession Arrangements in 2006, and IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 16 – Hedges of a Net Investment in a Foreign Operation and IFRIC 18 – Transfers of Assets from Customers, in 2009.

1.1.2 IFRS standards effective after 2010 that the Group has elected to early adopt in 2010

IAS 24 revised – *Related Party Disclosures:* the Group has elected to early adopt the provisions of IAS 24 revised regarding exemptions to disclosures by government-related entities. Accordingly, the new definition of a related party in the revised standard has not been applied in the consolidated financial statements for the year ended December 31, 2010.

(1) *Available on the European Commission's website: http://ec.europa.eu/internal_market/accounting/ias/index_en.htm*

1.1.3 IFRS standards and IFRIC interpretations effective after 2010 that the Group has elected not to early adopt in 2010

- IFRS 9 – *Financial Instruments: Classification and Measurement.*
- IAS 24 revised – *Related Party Disclosures* (provisions regarding government-related entities).
- Amendment to IAS 32 – *Classification of Rights Issues.*
- Amendment to IAS 12 – *Deferred Tax – Recovery of Underlying Assets.*
- Amendment to IFRS 7 – *Enhancing Disclosures about Transfers of Financial Assets*.
- IFRIC 19 – *Extinguishing Financial Liabilities with Equity Instruments.*
- Amendment to IFRIC 14 – *Prepaid Voluntary Contributions.*
- *Improvements to IFRS 2010.*

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

1.1.4 Reminder of IFRS 1 transition options

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

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

1.2 Measurement basis

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

1.3 Use of judgments and estimates

1.3.1 Estimates

The preparation of consolidated financial statements requires the use of estimates and assumptions to determine the value of assets and liabilities, and contingent assets and liabilities at the 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 consolidated financial statements relate chiefly to:

- measurement of the fair value of assets acquired and liabilities assumed in a business combination;
- measurement of the recoverable amount of goodwill, property, plant and equipment and intangible assets (see sections 1.4.4 and 1.4.5);
- measurement of provisions, particularly for nuclear waste processing and storage, dismantling obligations, disputes, pensions and other employee benefits (see section 1.4.15);
- financial instruments (see section 1.4.11);
- measurement of revenues not yet metered, so called un-metered revenues;
- measurement of recognized tax loss carry-forwards.

1.3.1.1 Measurement of the fair value of assets acquired and liabilities assumed in a business combination

The key assumptions and estimates used to determine the fair value of assets acquired and liabilities assumed include the market outlook for the measurement of 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 – whose sensitivity varies depending on the activity – for the measurement of cash flows, and the applicable discount rate. Any changes in these assumptions may have a material impact on the measurement of the recoverable amount and could result in adjustments to the impairment expenses already booked.

1.3.1.3 Estimates of provisions

Parameters having a significant influence on the amount of provisions, and particularly, but not solely, those relating to the dismantling of industrial facilities, include the timing of expenditure (and notably the timetable for the end of gas operations for the gas infrastructure businesses in France) 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 Pensions and other employee benefit obligations

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

1.3.1.5 Financial instruments

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

1.3.1.6 Revenues

Revenues generated from types of customers whose energy consumption is metered during the accounting period, particularly customers supplied with low-voltage electricity or low-pressure gas, are estimated at the statement of financial position date based on historical data, consumption statistics and estimated selling prices. For sales on networks used by a large number of grid operators, the Group is allocated a certain volume of energy transiting through the networks by the grid managers. The final allocations are often only known several months down the line, which means that revenue figures are only an estimate. However, the Group has developed measuring and modeling tools allowing it to estimate revenues with a satisfactory degree of accuracy and subsequently ensure that risks of error associated with estimating quantities sold and the resulting revenues can be considered as not material. In France, delivered unbilled natural gas ("gas in the meter") is calculated using a method factoring in average energy sale prices and historical consumption data. The average price used takes account of the category of customer and the age of the delivered unbilled "gas in the meter". These estimates fluctuate according to the assumptions used to determine the portion of unbilled revenues at year-end.

1.3.1.7 Measurement of tax loss carry-forward assets

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

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

In particular, the Group exercised its judgment in determining the accounting treatment applicable to concession contracts, the classification of arrangements which contain a lease, the recognition of acquisitions of non-controlling interests[(1)] prior to January 1, 2010 and the identification of electricity and gas purchase and sale "own use" contracts as defined by IAS 39.

In accordance with IAS 1, the Group's current and non-current assets and liabilities are shown separately on the consolidated statement of financial position. For most of the Group's activities, the breakdown into current and non-current items is based on when assets are expected to be realized, or liabilities extinguished. Assets expected to be realized or liabilities extinguished within 12 months of the 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 consolidation

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

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

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

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

A list of the main fully and proportionately consolidated companies, together with investments accounted for by the equity method, is presented in the notes to the consolidated financial statements.

1.4.2 Foreign currency translation methods

1.4.2.1 Presentation currency of the consolidated financial statements

The Group's consolidated financial statements are presented in euros (€), which is its functional currency.

(1) *Formerly "Minority interests".*

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 consolidated statement of income for the year to which they relate;
- non-monetary assets and liabilities denominated in foreign currencies are recognized at the historical cost applicable at the date of the transaction.

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

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

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

1.4.3 Business combinations and changes in ownership interests

Business combinations carried out prior to January 1, 2010 have been accounted for in accordance with IFRS 3 prior to the revision effective January 1, 2010. In accordance with IFRS 3 revised, these business combinations have not been restated.

The Group applies the purchase method as defined in IFRS 3 revised, which consists in recognizing the identifiable assets acquired and liabilities assumed at their fair values at the acquisition date, as well as any non-controlling interest in the acquiree.

IFRS 3 revised and IAS 27 revised introduce changes to the Group's accounting policies applicable to business combinations occurring after January 1, 2010.

The main changes that have an impact on the Group's consolidated financial statements are as follows:

- costs related to acquisitions of controlling interests are expensed;
- in the event of a business combination achieved in stages, previously held equity interest in the acquiree is remeasured at its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss;
- for each business combination, any non-controlling interest in the acquiree is measured either at fair value or at the proportionate share of the acquiree's identifiable net assets. Previously, only the latter option was authorized. The Group will determine on a case-by-case basis which option it will apply to recognize non-controlling interests;
- transactions (purchases or sales) of non-controlling interests that do not result in a change of control are recognized as transactions between shareholders. Consequently, any difference between the fair value of consideration paid or received and the carrying amount corresponding to the non-controlling interest is recognized directly in equity;
- in accordance with the revision of IAS 7 in light of the revision of IAS 27, the comparative statement of cash flows has been restated.

The changes introduced by these new standards led the Group to create a "Changes in scope of consolidation" line in the income statement which is presented as a non-current item in income from operating activities. The following impacts are recognized under "Changes in scope of consolidation":

- costs related to acquisitions of controlling interests;
- in the event of a business combination achieved in stages, impacts of the remeasurement of previously held equity interest in the acquiree at its acquisition-date fair value;
- subsequent changes in the fair value of contingent consideration;
- gains or losses from disposals of investments which result in a change in consolidation method, as well as any impact of the remeasurement of retained interests.

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

Due to the application of IFRS 3 revised at January 1, 2010, the Group is required to separately identify business combinations carried out before and after this date.

Business combinations carried out prior to January 1, 2010

Goodwill represents the excess of the cost of a business combination (acquisition price of shares plus any costs directly attributable to the business combination) over the Group's interest in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities recognized at the acquisition date (except if the business combination is achieved in stages).

For a business combination achieved in stages – i.e., where the Group acquires a subsidiary through successive share purchases – the amount of goodwill is determined for each exchange transaction separately based on the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities at the date of each exchange transaction.

Events/transactions occurring after January 1, 2010 concerning business combinations carried out prior to January 1, 2010

The initial accounting for business combinations is not restated.

Any adjustments to the consideration transferred in these business combinations changes their initial accounting and leads to a matching adjustment to goodwill.

However, certain new provisions introduced by IFRS 3 revised and IAS 27 revised are also applicable to business combinations carried out prior to January 1, 2010. These affect in particular changes in ownership interests in a subsidiary and loss of control occurring after January 1, 2010, which are now accounted for in accordance with the new requirements.

Business combinations carried out after January 1, 2010

Goodwill is measured as the excess of the aggregate of:

(i) the consideration transferred;

(ii) the amount of any non-controlling interests in the acquiree; and

(iii) in a business combination achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree;

over the net of the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed.

Goodwill recognized on the acquisition date is not subsequently adjusted.

Goodwill relating to interests in associate companies is recorded under "Investments in associates".

Measurement of goodwill

Goodwill is not amortized but tested for impairment each year, or more frequently where an indication of impairment is identified. Impairment tests are carried out at the level of cash-generating units (CGUs) or groups of CGUs which constitute groups of assets generating cash inflows that are largely independent of the cash inflows from other cash-generating units.

The methods used to carry out these impairment tests are described in section 1.4.8 "Impairment of property, plant and equipment and intangible assets".

Impairment losses in relation to goodwill cannot be reversed and are shown under "Impairment" in the consolidated 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 internally-generated or acquired intangible assets

Other intangible assets include mainly:

- amounts paid or payable as consideration for rights relating to concession contracts or public service contracts;
- customer portfolios acquired on business combinations;
- power station capacity rights: the Group helped finance the construction of certain nuclear power stations operated by third parties and in consideration received the right to purchase a share of the production over the useful life of the assets. These rights are amortized over the useful life of the underlying assets, not to exceed 40 years;
- surface and underground water drawing rights, which are not amortized as they are granted indefinitely;
- concession assets;
- the GDF Gaz de France brand and gas supply contracts acquired as part of the business combination with Gaz de France in 2008.

Intangible assets are amortized on the basis of the expected pattern of consumption of the estimated future economic benefits embodied in the asset. Amortization is calculated mainly on a straight-line basis over the following useful lives (in years):

	Useful life	
	Minimum	Maximum
Concession rights	10	65
Customer portfolios	10	40
Other intangible assets	1	40

Some intangible assets with an indefinite useful life such as trademarks and water drawing rights are not amortized.

1.4.5 Property, plant and equipment

1.4.5.1 Initial recognition and subsequent measurement

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

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

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

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

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

The Group applies IAS 23 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.

Cushion gas

"Cushion" gas injected into underground storage facilities is essential for ensuring that reservoirs can be operated effectively, and is therefore inseparable from these reservoirs. Unlike "working" gas which is included in inventories, cushion gas is reported in property, plant and equipment. It is measured at average purchase price plus regasification, transportation and injection costs.

1.4.5.2 Depreciation

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

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

Main depreciation periods (years)	Minimum	Maximum
Plant and equipment		
• Energy		
Storage - Production - Transport - Distribution	5	60*
Installation - Maintenance	3	10
Hydraulic plant and equipment	20	65
• Environment	2	70
Other property, plant and equipment	2	33

* *Excluding cushion gas.*

The range of useful lives is due to the diversity of the assets in each category. The minimum periods relate to smaller equipment and furniture, while the maximum periods concern network infrastructures and storage facilities. In accordance with the law of January 31, 2003 adopted by the Belgian Chamber of Representatives with respect to the gradual phase-out of nuclear energy for the industrial production of electricity, the useful lives of nuclear power stations were reviewed and adjusted prospectively to 40 years as from 2003.

Fixtures and fittings relating to the hydro plant operated by the Group are depreciated over the shorter of the contract term and useful life of the assets, taking into account the renewal of the concession period if such renewal is considered to be reasonably certain.

1.4.6 Assets relating to the exploration and production of mineral resources

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

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

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

- there has been sufficient reserves found to justify completion as a producing well if the required capital expenditure is made;
- the Group has made significant progress in determining that reserves exist and that the project is technically and economically viable. This progress is assessed based on criteria such as whether any additional exploratory work (drilling, seismic studies or other significant surveys) is underway or firmly planned for the near future. Progress is also assessed based on any expenses incurred in conducting development studies and on the fact that the Group may be required to wait for the relevant government or third party authorizations for the project, or for available transport capacity or treatment capacity at existing facilities.

In accordance with this method labeled "successful efforts" method, when the exploratory phase has resulted in proved, commercially viable reserves, the related costs are reported in property, plant and equipment and depreciated over the period during which the reserves are extracted. Otherwise, the costs are expensed as incurred.

Depreciation begins when the oil field is brought into production.

Production assets including site rehabilitation costs are depreciated using the unit of production method (UOP) in proportion to the depletion of the oil field, and based on proven developed reserves.

1.4.7 Concession arrangements

SIC 29 – *Service Concession Arrangements: Disclosures*, prescribes the information that should be disclosed in the notes to the financial statements of a concession grantor and concession operator, while IFRIC 12 deals with the treatment to be applied by the concession operator in respect of certain concession arrangements.

These interpretations set out the common features of concession arrangements:

- concession arrangements involve the provision of a public service and the management of associated infrastructure, together with specific capital renewal and replacement obligations;
- the grantor is contractually obliged to offer these services to the public (this criterion must be met for the arrangement to qualify as a concession);
- the operator is responsible for at least some of the management of the infrastructure and does not merely act as an agent on behalf of the grantor;
- the contract sets the initial prices to be levied by the operator and regulates price revisions over the concession period.

For a concession arrangement to fall within the scope of IFRIC 12, usage of the infrastructure must be controlled by the concession grantor. This requirement is met when:

- the grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and
- the grantor controls the infrastructure, i.e., retains the right to take back the infrastructure at the end of the concession.

Under IFRIC 12, the operator's rights over infrastructure operated under concession arrangements should be accounted for based on the party responsible for payment. Accordingly:

- the "intangible asset" model is applied when the concession operator has the right to charge for use of the public sector asset, and when users have primary responsibility to pay the operator for the services;
- and the "financial asset" model is applied when the concession operator has an unconditional right to receive cash or another financial asset, either directly from the grantor or indirectly by means of a guarantee provided by the grantor for amounts receivable from users of the public sector asset (for example, via a contractually guaranteed internal rate of return), or in other words, when the grantor is primarily responsible for payment.

"Primary responsibility" signifies that while the identity of the payer of the services is not an essential criterion, the person ultimately responsible for payment should be identified.

In cases where the local authority pays the Group but merely acts as an intermediary fee collector and does not guarantee the amounts receivable ("pass through arrangement"), the intangible asset model should be used to account for the concession since the users are, in substance, primarily responsible for payment.

However, where the users pay the Group, but the local authority guarantees the amounts that will be paid over the term of the contract (e.g., via a guaranteed internal rate of return), the financial asset model should be used to account for the concession infrastructure, since the local authority is, in substance, primarily responsible for payment. In practice, the financial asset model is mainly used to account for BOT (Build, Operate and Transfer) contracts entered into with local authorities for public services such as wastewater treatment and household waste incineration.

Pursuant to these principles:

- infrastructure to which the operator is given access by the grantor of the concession at no consideration is not recognized in the consolidated statement of financial position;
- start-up capital expenditure is recognized as follows:
  - under the intangible asset model, the fair value of construction and other work on the infrastructure represents the cost of the intangible asset and should be recognized when the infrastructure is built provided that this work is expected to generate future economic benefits (e.g., the case of work carried out to extend the network). Where no such economic benefits are expected, the present value of commitments in respect of construction and other work on the infrastructure is recognized from the outset, with a corresponding adjustment to concession liabilities;
  - under the financial asset model, the amount receivable from the grantor is recognized at the time the infrastructure is built, at the fair value of the construction and other work carried out;

- when the grantor has a payment obligation for only part of the investment, the cost is recognized in financial assets for the amount guaranteed by the grantor, with the balance included in intangible assets ("mixed model").

Renewal costs consist of obligations under concession arrangements with potentially different terms and conditions (obligation to restore the site, renewal plan, tracking account, etc.).

Renewal costs are recognized as either (i) intangible or financial assets depending on the applicable model when the costs are expected to generate future economic benefits (i.e., they bring about an improvement); or (ii) expenses, where no such benefits are expected to be generated (i.e., the infrastructure is restored to its original condition).

Costs incurred to restore the asset to its original condition are recognized as a renewal asset or liability when there is a timing difference between the contractual obligation calculated on a time proportion basis, and its realization.

The costs are calculated on a case-by-case basis based on the obligations associated with each arrangement.

Other concessions

Concession infrastructures that do not meet the requirements of IFRIC 12 are presented as property, plant and equipment.

This is the case of the distribution of gas in France. The related assets are recognized in accordance with IAS 16, since GrDF operates its network under long-term concession arrangements, most of which are renewed upon expiration pursuant to French law no. 46-628 of April 8, 1946.

1.4.8 Impairment of property, plant and equipment and intangible assets

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

Impairment indicators

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

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

- external sources of information:
  - significant changes in the economic, technological, political or market environment in which the entity operates or to which an asset is dedicated;
  - fall in demand;
  - changes in energy prices and US dollar exchange rates;
  - carrying amount of an asset exceeding its regulated asset base.
- internal sources of information:
  - evidence of obsolescence or physical damage not budgeted for in the depreciation/amortization schedule;
  - worse-than-expected performance;
  - fall in resources for Exploration & Production activities.

Impairment

Items of property, plant and equipment and intangible assets are tested for impairment at the level of the individual asset or cash-generating unit (CGU) as appropriate, determined in accordance with IAS 36. If the recoverable amount of an asset is lower than its carrying amount, the carrying amount is written down to the recoverable amount by recording an impairment loss. Upon recognition of an impairment loss, the depreciable amount and possibly the useful life of the assets concerned is revised.

Impairment losses recorded in relation to property, plant and equipment or intangible assets may be subsequently reversed if the recoverable amount of the assets is once again higher than their carrying value. The increased carrying amount of an item of property, plant or equipment attributable to a reversal of an impairment loss may not exceed the carrying amount that would have been determined (net of depreciation/amortization) had no impairment loss been recognized in prior periods.

Measurement of recoverable amount

In order to review the recoverable amount of property, plant and equipment and intangible assets, the assets are grouped, where appropriate, into cash-generating units (CGUs) and the carrying amount of each unit is compared with its recoverable amount.

For operating entities which the Group intends to hold on a long-term and going concern basis, the recoverable amount of an asset corresponds to the higher of its fair value less costs to sell and its value in use. Value in use is primarily determined based on the present value of future operating cash flows and a terminal value. Standard valuation techniques are used based on the following main economic data:

- discount rates based on the specific characteristics of the operating entities concerned;
- terminal values in line with the available market data specific to the operating segments concerned and growth rates associated with these terminal values, not to exceed the inflation rate.

Discount rates are determined on a post-tax basis and applied to post-tax cash flows. The recoverable amounts calculated on the basis of these discount rates are the same as the amounts obtained by applying the pre-tax discount rates to cash flows estimated on a pre-tax basis, as required by IAS 36.

For operating entities which the Group has decided to sell, the related carrying amount of the assets concerned is written down to estimated market value less costs of disposal. Where negotiations are ongoing, this value is determined based on the best estimate of their outcome as of the statement of financial position date.

In the event of a decline in value, the impairment loss is recorded in the consolidated income statement under "Impairment".

1.4.9 Leases

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

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

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

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

1.4.9.1 Accounting for finance leases

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

1.4.9.2 Accounting for operating leases

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

1.4.9.3 Accounting for arrangements that contain a lease

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

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

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

1.4.10 Inventories

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

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

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

Gas inventories

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

Working gas is classified in inventory and measured at weighted average purchase cost upon entering the transportation network regardless of its source, including any regasification costs.

Group inventory outflows are valued using the weighted average unit cost method.

An impairment loss is recognized when the net realizable value of inventories is lower than their weighted average cost.

Greenhouse gas emissions rights

Under European Directive 2003/87/EC establishing a greenhouse gas (GHG) emissions allowance trading scheme within the European Union, several of the Group's industrial sites were granted GHG emission rights free of charge. Under the Directive, each year the sites concerned have to surrender a number of allowances equal to the total emissions from the installations during the previous calendar year. Therefore, the Group may have to purchase emissions allowances on pollution rights markets in order to cover any shortfall in the allowances required for surrender.

As there are no specific rules under IFRS dealing with the accounting treatment of GHG emissions allowances, the Group decided to apply the following principles:

- emission rights are classified as inventories, as they are consumed in the production process;
- emission rights granted free of charge are recorded in the statement of financial position at a value of nil;

- emission rights purchased on the market are recognized at acquisition cost.

The Group records a liability at year-end in the event that it does not have enough emission rights to cover its GHG emissions during the period. This liability is measured at the market value of the allowances required to meet its obligations at year-end.

1.4.11 Financial instruments

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

1.4.11.1 Financial assets

Financial assets comprise available-for-sale securities, loans and receivables carried at amortized cost including trade and other receivables, and financial assets measured at fair value through income, including derivative financial instruments. Financial assets are broken down into current and non-current liabilities in the consolidated statement of financial position.

Available-for-sale securities

"Available-for-sale securities" include the Group's investments in non-consolidated companies and equity or debt instruments that do not satisfy the criteria for classification in another category (see below). Cost is determined using the weighted average cost formula.

These items are measured at fair value on initial recognition, which generally corresponds to the acquisition cost plus transaction costs.

At each 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 transactions, discounted future cash flows, net asset value, 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 loss to be recognized. In this case, the loss is recognized in income under "Impairment". Only impairment losses recognized on debt instruments (debt securities/bonds) may be reversed through income.

Loans and receivables carried at amortized cost

This item primarily includes loans and advances to associates or non-consolidated companies, guarantee deposits, trade and other receivables.

On initial recognition, these loans and receivables are recorded at fair value plus transaction costs. At each statement of financial position date, they are measured at amortized cost using the effective interest rate method.

On initial recognition, trade and other receivables are recorded at fair value, which generally corresponds to their nominal value. Impairment losses are recorded based on the estimated risk of non-recovery. This item also includes amounts due from customers under construction contracts.

Financial assets at fair value through income

These financial assets meet the qualification or designation criteria set out in IAS 39.

This item mainly includes trading securities and short-term investments which do not meet the criteria for classification as cash or cash equivalents (see section 1.4.12). The financial assets are measured at fair value at the statement of financial position date and changes in fair value are recorded in the consolidated income statement.

1.4.11.2 Financial liabilities

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

Financial liabilities are broken down into current and non-current liabilities in the consolidated statement of financial position. Current financial liabilities primarily comprise:

- financial liabilities with a settlement or maturity date within 12 months 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.

Put options on non-controlling interests

Other financial liabilities primarily include put options granted by the Group in respect of non-controlling interests.

Put options on non-controlling interests granted prior to January 1, 2010

As no specific guidance is provided by IFRS, and based on recommendations issued by the AMF for the 2009 reporting period, the Group decided to continue accounting for instruments recognized prior to January 1, 2010 using its previous accounting policies.

- when the put option is initially granted, the present value of the exercise price is recognized as a financial liability, with a corresponding reduction in non-controlling interests. When the value of the put option is greater than the carrying amount of the non-controlling interests, the difference is recognized as goodwill;
- at each statement of financial position date, the amount of the financial liability is revised and any changes in the amount are recorded with a corresponding adjustment to goodwill;
- payments of dividends to non-controlling interests result in an increase in goodwill;
- in the consolidated income statement, non-controlling interests are allocated their share in income. In the consolidated statement of financial position, the share in income allocated to non-controlling interests reduces the carrying amount of goodwill. No finance costs are recognized in respect of changes in the fair value of liabilities recognized against goodwill.

1.4.11.3 Derivatives and hedge accounting

The Group uses financial instruments to manage and reduce its exposure to market risks arising from fluctuations in interest rates, foreign currency exchange rates and commodity prices, mainly for gas and electricity. Use of derivative instruments is governed by a Group policy for managing interest rate, currency and commodity risks.

Definition and scope of derivative financial instruments

Derivative financial instruments are contracts: (i) whose value changes in response to the change in one or more observable variables; (ii) that do not require any material initial net investment; and (iii) that are settled at a future date.

Derivative instruments therefore include swaps, options, futures and swaptions, as well as forward commitments to purchase or sell listed and unlisted securities, and firm commitments or options to purchase or sell non-financial assets that involve physical delivery of the underlying.

For purchases and sales of electricity and natural gas, the Group systematically analyzes whether the contract was entered into in the “normal” course of operations and therefore falls outside the scope of IAS 39. This analysis consists firstly of demonstrating that the contract is entered into and held for the purpose of making or taking physical delivery of the commodity in accordance with the Group’s expected purchase, sale or usage requirements.

The second step is to demonstrate that:

- the Group has no practice of settling similar contracts on a net basis. In particular, forward purchases or sales with physical delivery of the underlying that are carried out with the sole purpose of balancing Group energy volumes are not considered by the Group as contracts that are settled net;
- the contract is not negotiated with the aim of realizing financial arbitration;
- the contract is not equivalent to a written option. In particular, in the case of electricity and gas sales allowing the buyer a certain degree of flexibility concerning the volumes delivered, the Group distinguishes between contracts that are equivalent to capacity sales considered as transactions falling within the scope of ordinary operations and those that are equivalent to written financial options, which are accounted for as derivative financial instruments.

Only contracts that meet all of the above conditions are considered as falling outside the scope of IAS 39. Adequate specific documentation is compiled to support this analysis.

Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

The main Group contracts that may contain embedded derivatives are contracts with clauses or options affecting the contract price, volume or maturity. This is the case primarily with contracts for the purchase or sale of non-financial assets, whose price is revised based on an index, the exchange rate of a foreign currency or the price of an asset other than the contract’s underlying.

Embedded derivatives are separated from the host contract and accounted for as derivatives when:

- the host contract is not a financial instrument measured at fair value through income;
- if separated from the host contract, the embedded derivative fulfills the criteria for classification as a derivative instrument (existence of an underlying, no material initial net investment, settlement at a future date); and
- its characteristics are not closely related to those of the host contract. The analysis of whether or not the characteristics of the derivative are “closely related” to the host contract is made when the contract is signed.

Embedded derivatives that are separated from the host contract are recognized in the consolidated statement of financial position at fair value, with changes in fair value recognized in income (except when the embedded derivative is part of a designated hedging relationship).

Hedging instruments: recognition and presentation

Derivative instruments qualifying as hedging instruments are recognized in the consolidated statement of financial position and measured at fair value. However, their accounting treatment varies according to whether they are classified as:

- a fair value hedge of an asset or liability;
- a cash flow hedge;
- a hedge of a net investment in a foreign operation.

Fair value hedges

A fair value hedge is defined as a hedge of the exposure to changes in fair value of a recognized asset or liability such as a fixed-rate loan or borrowing, or of assets, liabilities or an unrecognized firm commitment denominated in a foreign currency.

The gain or loss from remeasuring the hedging instrument at fair value is recognized in income. The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is also recognized in income even if the hedged item is in a category in respect of which changes in fair value are recognized through equity. These two adjustments are presented net in the consolidated income statement, with the net effect corresponding to the ineffective portion of the hedge.

Cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows that could affect the Group’s income. The hedged cash flows may be attributable to a particular risk associated with a recognized financial or non-financial asset or a highly probable forecast transaction.

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in equity, net of tax, while the ineffective portion is recognized in income. The gains or losses accumulated in equity are reclassified to the consolidated income statement, under the same caption as the loss or gain on the hedged item – i.e., current operating income for operating cash flows and financial income or expenses for other cash flows – in the same periods in which the hedged cash flows affect income.

If the hedging relationship is discontinued, in particular because the hedge is no longer considered effective, the cumulative gain or loss on the hedging instrument remains separately recognized in equity until the forecast transaction occurs. However, if a forecast transaction is no longer 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 equity, net of tax, while the ineffective portion is recognized in income. The gains or losses accumulated in equity are transferred to the consolidated income statement when the investment is sold.

Identification and documentation of hedging relationships

The hedging instruments and hedged items are designated at the inception of the hedging relationship. The hedging relationship is formally documented in each case, specifying the hedging strategy, the hedged risk and the method used to assess hedge effectiveness. Only derivative contracts entered into with external counterparties are considered as being eligible for hedge accounting.

Hedge effectiveness is assessed and documented at the inception of the hedging relationship and on an ongoing basis throughout the periods for which the hedge was designated. Hedges are considered to be effective when changes in fair value or cash flows between the hedging instrument and the hedged item are offset within a range of 80%-125%.

Hedge effectiveness is demonstrated both prospectively and retrospectively using various methods, based mainly on a comparison between changes in the fair value or cash flows between the hedging instrument and the hedged item. Methods based on an analysis of statistical correlations between historical price data are also used.

Derivative instruments not qualifying for hedge accounting: recognition and presentation

These items mainly concern derivative financial instruments used in economic hedges that have not been – or are no longer – documented as hedging relationships for accounting purposes.

When a derivative financial instrument does not qualify or no longer qualifies for hedge accounting, changes in fair value are recognized directly in income, under “Mark-to-market” or “Mark-to-market on commodity contracts other than trading instruments” in current operating income for derivative instruments with non-financial assets as the underlying, and in financial income or expenses for currency, interest rate and equity derivatives.

Derivative instruments used by the Group in connection with proprietary energy trading activities and energy trading on behalf of customers and other derivatives expiring in less than 12 months are recognized in the consolidated statement of financial position in current assets and liabilities, while derivatives expiring after this period are classified as non-current items.

Fair value measurement

The fair value of instruments listed on an active market is determined by reference to the market price. In this case, these instruments are presented in level 1 of the fair value hierarchy.

The fair value of unlisted financial instruments for which there is no active market and for which observable market data exist is determined based on valuation techniques such as option pricing models or the discounted cash flow method.

Models used to evaluate these instruments take into account assumptions based on market inputs:

- the fair value of interest rate swaps is calculated based on the present value of future cash flows;
- the fair value of forward foreign exchange contracts and currency swaps is calculated by reference to current prices for contracts with similar maturities by discounting the future cash flow spread (difference between the forward exchange rate under the contract and the forward exchange rate recalculated in line with the new market conditions applicable to the nominal amount);
- the fair value of currency and interest rate options is calculated using option pricing models;
- commodity derivatives contracts are valued by reference to listed market prices based on the present value of future cash flows (commodity swaps or commodity forwards) or option pricing models (options), which may factor in market price volatility. Contracts with maturities exceeding the depth of transactions for which prices are observable, or which are particularly complex, may be valued based on internal assumptions;
- exceptionally, for complex contracts negotiated with independent financial institutions, the Group uses the values established by its counterparties.

These instruments are presented in level 2 of the fair value hierarchy except when the evaluation is based mainly on data that are not observable; in this case they are presented in level 3 of fair value hierarchy. Most often, this is the case for derivatives with a maturity that falls outside the observability period for market data relating to the underlying or when some parameters such as the volatility of the underlying are not observable.

1.4.12 Cash and cash equivalents

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

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

1.4.13 Treasury shares

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

1.4.14 Share-based payment

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

Share-based payments may involve equity-settled or cash-settled instruments.

Equity-settled instruments

1.4.14.1 Stock option plans

Options granted by the Group to its employees are measured at the grant date using a binomial pricing model for options with no performance conditions or using a Monte Carlo pricing model for options with performance conditions. These models take into account the characteristics of the plan concerned (exercise price, exercise period, performance conditions if any), market data at the time of grant (risk-free rate, share price, volatility, expected dividends), and a behavioral assumption in relation to beneficiaries. The value determined is recorded in personnel costs over the vesting period, offset through equity.

1.4.14.2 Shares granted to employees

The fair value of bonus share plans is estimated by reference to the share price at the grant date, taking into account the fact that no dividends are payable over the vesting period, and based on the estimated turnover rate for the employees concerned and the probability that the Group will meet its performance targets. The fair value measurement also takes into account the non-transferability period associated with these instruments. The cost of shares granted to employees is expensed over the vesting period of the rights and offset against equity.

A Monte Carlo pricing model is used for performance shares granted on a discretionary basis and subject to external performance criteria.

1.4.14.3 Employee share purchase plans

The Group’s corporate savings plans enable employees to subscribe to shares at a lower-than-market price. The fair value of instruments awarded under employee share purchase plans is estimated at the grant date based on the discount awarded to employees and the non-transferability period applicable to the shares subscribed. The cost of employee share purchase plans is recognized in full and offset against equity.

Cash-settled instruments

In some countries where local legislation prevents the Group from offering employee share purchase plans, the instruments awarded consist of share appreciation rights (SARs). SARs are settled in cash. Their fair value is expensed over the vesting period of the rights, with an offsetting entry recorded in employee-related liabilities.

Changes in the fair value of the liability are taken to income for each period.

1.4.15 Provisions

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

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

The Group's obligations in relation to pensions and other employee benefits are recognized and measured in compliance with IAS 19. Accordingly:

- the cost of defined contribution plans is expensed based on the amount of contributions payable in the period;
- the Group's obligations concerning pensions and other employee benefits payable under defined benefit plans are assessed on an actuarial basis using the projected unit credit method. These calculations are based on assumptions relating to mortality, staff turnover and estimated future salary increases, as well as the economic conditions specific to each country or subsidiary of the Group. Discount rates are determined by reference to the yield, at the measurement date, on high-quality corporate bonds in the related geographical area (or on government bonds in countries where no representative market for such corporate bonds exists).

Provisions are recorded when commitments under these plans less the unrecognized past service cost exceed the fair value of plan assets. Where the value of plan assets (capped where appropriate) is greater than the related commitments, the surplus is recorded as an asset under "Other current assets" or "Other non-current assets".

As regards post-employment benefit obligations, the Group elected in 2006 to use the option available under IAS 19 and to discontinue the corridor method.

Actuarial gains and losses resulting from changes in actuarial assumptions and experience adjustments are henceforth recognized in other comprehensive income. Where appropriate, adjustments resulting from applying the asset ceiling to net assets relating to overfunded plans are treated in a similar way.

However, actuarial gains and losses on other long-term benefits such as long-service awards, continue to be recognized immediately in income.

The interest cost in respect of pensions and other employee benefit obligations and the expected return on related plan assets are presented as a financial expense.

1.4.15.2 Other provisions

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

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

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

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

1.4.16 Revenues

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

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

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

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

1.4.16.1 Energy sales

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

Part of the price received by the Group under certain long-term energy sales contracts may be fixed rather than being based on volumes. In rare cases, the fixed amount can change over the term of the contract. In accordance with IAS 18, revenues from such components are recognized on a straight-line basis because, in substance, the fair value of the services rendered does not vary from one period to the next.

In accordance with IAS 1 and IAS 18, both proprietary energy trading transactions and energy trading carried out on behalf of customers are recorded within "Revenues" after netting off sales and purchases. Under the same principle, when sale contracts are offset by similar purchase contracts, or if the sale contracts are entered into as part of an offset strategy, the contribution of operational energy trading activities (wholesale or arbitrage) relating to assets, aimed at optimizing production assets and fuel purchase energy sale portfolios, is recognized in revenues based on the net amount.

1.4.16.2 Rendering of services

Environment

Water

Revenues generated by water distribution are recognized based on volumes delivered to customers, either specifically metered and invoiced or estimated based on the output of the supply networks.

For sanitation services and wastewater treatment, either the price of the services is included in the water distribution invoice or it is specifically invoiced to the local authority or industrial customer concerned.

Commission fees received from the grantors of concessions are recorded as revenues.

Waste services

Revenues arising from waste collection are generally recognized based on the tonnage collected and the service provided by the operator.

Revenues from other forms of treatment (principally sorting and incineration) are recognized based on volumes processed by the operator and the incidental revenues generated by recycling and reuse, such as the sale of paper, cardboard, glass, metals and plastics for sorting centers, and the sale of electricity and heat for incinerators.

Energy services

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

1.4.16.3 Lease and construction contracts

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

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

1.4.17 Current operating income

Current operating income is an indicator used by the Group to present "a level of operational performance that can be used as part of an approach to forecast recurring performance". (This complies with CNC Recommendation 2009-R03 on the format of financial statements of entities applying IFRSs.) Current operating income is a sub-total which helps management to better understand the Group's performance because it excludes elements which are inherently difficult to predict due to their unusual, irregular or non-recurring nature. For GDF SUEZ, such elements relate to mark-to-market on commodity contracts other than trading instruments, asset impairment, restructuring costs, changes in the scope of consolidation and other non-recurring items, and are defined as follows:

- mark-to-market on commodity contracts other than trading instruments corresponds to changes in the fair value (mark-to-market) of financial instruments relating to commodities, gas and electricity, which do not qualify as either trading or hedging instruments. These contracts are used in economic hedges of operating transactions in the energy sector. Since changes in the fair value of these instruments which must be recognized through income in IAS 39 can be material and difficult to predict, they are presented on a separate line of the consolidated income statement;
- impairment includes impairment losses on non-current assets;
- restructuring costs concern costs corresponding to a restructuring program planned and controlled by management that materially changes either the scope of a business undertaken by the entity, or the manner in which that business is conducted, based on the criteria set out in IAS 37;
- changes in scope of consolidation: the items included on this line are detailed in section 1.4.3;
- other non-recurring items chiefly include capital gains and losses on disposals of non-current assets and available-for-sale securities.

1.4.18 Consolidated statement of cash flows

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

"Interest received on non-current financial assets" is classified within investing activities because it represents a return on investments. "Interest received on cash and cash equivalents" is shown as a component of financing activities because the interest can be used to reduce borrowing costs. This classification is consistent with the Group's internal organization, where debt and cash are managed centrally by the treasury department.

As impairment losses on current assets are considered to be definitive losses, changes in current assets are presented net of impairment.

Cash flows relating to the payment of taxes are presented on a separate line of the consolidated statement of cash flows.

1.4.19 Income tax expense

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

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

1.4.20 Earnings per share

Basic earnings per share are calculated by dividing net income Group share for the year by the weighted average number of ordinary shares outstanding during the year. The average number of ordinary shares outstanding during the year is the number of ordinary shares outstanding at the beginning of the year, adjusted by the number of ordinary shares bought back or issued during the year.

The weighted average number of shares and earnings per share are adjusted to take into account the impact of the conversion or exercise of any dilutive potential ordinary shares (options, warrants and convertible bonds, etc.).

NOTE 2 MAIN CHANGES IN GROUP STRUCTURE

2.1 Transactions in the year ended December 31, 2010

2.1.1 Acquisition of a controlling interest in Aguas de Barcelona

The GDF SUEZ Group's acquisition of a controlling interest in the water and environmental activities of Aguas de Barcelona (Agbar) through SUEZ Environnement was announced on October 22, 2009 and finalized on June 8, 2010. SUEZ Environnement now holds a 75.23% stake in Agbar (26.67% at GDF SUEZ level) and has fully consolidated Agbar in its consolidated financial statements since this acquisition. Criteria CaixaCorp (Criteria), the Group's historic partner in Agbar, retains a 24.10% interest. The remaining 0.67% stake is held by shareholders who did not sell their shares in the delisting tender offer launched by Agbar from May 10 to May 24, 2010 (investment of €273 million for Agbar) and have not sold their shares to Agbar since that date. Agbar was previously proportionately consolidated in the Group's financial statements.

On June 8, 2010, Agbar sold its entire stake in Adeslas (health insurance) to Criteria for a consideration of €687 million and Criteria simultaneously sold some of its shares in Agbar to the Group for a total of €666 million. In addition, Criteria and SUEZ Environnement signed a new shareholders' agreement, granting to SUEZ Environnement control of Hisusa, the Agbar group's holding company.

The fair value of the cash consideration transferred in order to gain control of Agbar amounts to €666 million (€20 per share). The Group remeasured the previously held interests at their acquisition-date fair value, i.e., €20 per share or a total amount of €1,374 million. The impact of this remeasurement in the income statement is a gain of €167 million, recognized under "Changes in scope of consolidation" within "Income from operating activities" (see Note 5.4, "Changes in scope of consolidation").

The Group decided to measure the non-controlling interest based on the proportionate share it represents of Agbar's net identifiable assets.

At December 31, 2010, the accounting of the business combination was complete.

The acquisition-date fair values of the identifiable assets and liabilities are presented in the following table:

In millions of euros

Non-current assets	
Intangible assets, net	1,569
Property, plant and equipment, net	3,331
Other non-current assets	503
Deferred tax assets	258
Current assets	
Other current assets	789
Cash and cash equivalents	1,105
Non-current liabilities	
Other non-current liabilities	2,596
Deferred tax liabilities	470
Current liabilities	
Other current liabilities	1,258
TOTAL NET ASSETS (100%)	**3,231**
Purchase consideration transferred	666
Re-measurement of previously held equity interest	1,374
Non-controlling interests	1,585
GOODWILL	**394**

Goodwill totaling €394 million mainly reflects market share, potential for international growth and expected synergies with the Group.

Including the impact of this transaction, Agbar's contribution to the Group's consolidated revenues amounts to €1,931 million.

If the acquisition had taken place on January 1, 2010, Agbar's contribution to the Group's consolidated revenues would have increased by €50 million.

2.1.2 Chile

On November 6, 2009, the GDF SUEZ Group, through its subsidiary SUEZ Energy Andino SA ("SEA"), and Corporación Nacional del Cobre de Chile ("Codelco") decided to reorganize their respective shareholdings in certain companies operating in the Chilean Northern Interconnected System ("SING") by signing a Merger Agreement. The main purposes of the merger operation were to simplify the corporate and ownership structure of the various energy companies and for GDF SUEZ to gain exclusive control over these entities and to improve the decision-making processes in terms of efficiency and quality.

Following the close of the merger on January 29, 2010, Gasoducto NorAndino SA ("GNAC") and Gasoducto NorAndino Argentina SA ("GNAA"), entities previously controlled by the Group, and Electroandina SA ("Electroandina"), Distrinor SA ("Distrinor") and Central Termoeléctrica Andina SA ("CTA"), entities previously jointly controlled by the Group and Codelco, became subsidiaries of E-CL SA ("E-CL", formerly Edelnor SA). The Group's interest in Inversiones Hornitos SA ("CTH"), jointly controlled with Amsa Holding, has also been transferred to E-CL.

All previous existing shareholders' agreements with Codelco were terminated. Through its subsidiary SEA, the Group now has a 52.4% controlling stake in E-CL. The remainder of E-CL's capital is split between Codelco (40.0%) and a free float on the Santiago stock exchange (7.6%). As of January 29, E-CL and its subsidiaries are fully consolidated in the Group's financial statements, with the exception of CTH which continues to be consolidated by the proportionate method.

The valuation for the different companies used in order to calculate the terms of exchange for the Merger were based on discounted cash flows. Following the controlling interest acquired in Electroandina, Distrinor, CTA and E-CL, and in accordance with the revised IFRS 3, the Group remeasured its previously held equity interest in the aforementioned companies to fair value and recognized the dilutive impact on its CTH shares. As a result, a gain of €167 million (including €148 million resulting from the remeasurement of previously held interests), plus acquisition-related costs of €2 million, were recognized in the income statement under "Changes in scope of consolidation" within "Income from operating activities" (see Note 5.4, "Changes in scope of consolidation").

The Group decided to measure the non-controlling interest at its proportionate share of the acquiree's identifiable net assets.

The fair value of the consideration transferred consists of the fair value of the equity interests exchanged of €80 million and an amount of €93 million paid in cash.

At December 31, 2010, the accounting of the business combination was complete.

The acquisition-date fair values of the identifiable assets and liabilities of Electroandina, Distrinor, E-CL and CTA are presented in the following table:

In millions of euros

Non-current assets	
Intangible assets, net	322
Property, plant and equipment, net	884
Other non-current assets	70
Current assets	
Other current assets	175
Cash and cash equivalents	144
Non-current liabilities	
Other non-current liabilities	150
Deferred tax liabilities	124
Current liabilities	
Other current liabilities	405
TOTAL NET ASSETS (100%)	**915**
Purchase consideration transferred	173
Re-measurement of previously held equity interest	307
Non-controlling interests	435
GOODWILL	**0**

The impact of acquiring these entities on consolidated cash flow – reflecting cash disbursed in the acquisition net of cash acquired, plus acquisition-related costs disbursed – was a negative €6 million.

The additional contributions to consolidated revenues and net income Group share from the acquisition date to year-end amount to €498 million and €25 million, respectively.

If the merger had taken place on January 1, 2010, the contribution to revenues and net income Group share would have increased by €34 million and €3 million, respectively.

2.1.3 Unwinding of cross-holdings in water management companies with the Veolia Environnement group

Following consultations with the staff representative bodies of the companies concerned, and the approval of the European Competition Authorities, on March 23, 2010 SUEZ Environnement and the Veolia Environnement group announced the unwinding of all their cross-holdings in water management companies in France.

These companies were previously consolidated by GDF SUEZ using the proportionate method.

Pursuant to the completion of this process, which was launched on December 19, 2008, SUEZ Environnement wholly owns the eight companies listed below through its subsidiary Lyonnaise des Eaux:

- Société d'Exploitation du Réseau d'Assainissement de Marseille (SERAM);
- Société Provençale des Eaux (SPE);
- Société des Eaux du Nord (SEN) and its subsidiaries;
- Société des Eaux de Versailles et de Saint Cloud (SEVESC) and its subsidiaries;
- Société Martiniquaise des Eaux (SME);
- Société Guyanaise des Eaux (SGDE);
- Société Stéphanoise des Eaux (SSE);
- Société Nancéienne des Eaux (SNE).

These companies are now fully consolidated by GDF SUEZ.

Lyonnaise des Eaux simultaneously sold all of its interests in Société des Eaux de Marseille and Société des Eaux d'Arles to Veolia-Eau, generating a consolidated capital gain of €81 million (see Note 5.4, "Changes in scope of consolidation").

The Group remeasured the interests acquired in the aforementioned eight companies previously held by Lyonnaise des Eaux at their acquisition-date fair value, representing a total amount of €148 million. The impact of this remeasurement in the income statement is a gain of €120 million, recognized under "Changes in scope of consolidation" within "Income from operating activities" (see Note 5.4, "Changes in scope of consolidation").

At December 31, 2010, the accounting of the business combination was definitive.

The acquisition-date fair values of the identifiable assets and liabilities are presented in the following table:

In millions of euros

Non-current assets	
Intangible assets, net	265
Property, plant and equipment, net	72
Other non-current assets	1
Deferred tax assets	16
Current assets	
Other current assets	16
Cash and cash equivalents	30
Non-current liabilities	
Other non-current liabilities	182
Deferred tax liabilities	61
Current liabilities	
Other current liabilities	81
TOTAL NET ASSETS (100%)	**76**
Purchase consideration transferred	131
Re-measurement of previously held equity interest	148
GOODWILL	**203**

The estimated amount of provisions was recognized in line with the principles of the revised IFRS 3, which states that provisions should be recognized in respect of contingent liabilities resulting from litigation in progress at the acquisition date (see Note 26, "Legal and anti-trust proceedings").

Goodwill totaling €203 million chiefly represents market share as well as expected synergies with the Group.

The additional impact on consolidated revenues since the effective date of this transaction is a positive €10 million in 2010.

2.1.4 Acquisition of controlling interests in Astoria

On January 7, 2010, the Group increased its interest to 65.4% in the 575 MW Astoria Energy I natural gas-fired power plant located in Queens, New York. Following this acquisition, the Group obtained effective control of the power plant, which consequently has been fully consolidated in the Group's financial statements as of the date of acquisition. Prior to this acquisition, and since May 16, 2008, the Group's interest in the power plant (14.8%) was accounted for under the equity method. The acquisition-date fair value of consideration transferred in the form of cash amounted to €148 million. The Group has committed to transferring an additional consideration contingent on the performance of Astoria Energy I. The acquisition-date fair value of the conditional purchase consideration is estimated at €8 million.

At December 31, 2010, accounting of the business combination was definitive. The amount of goodwill recognized on this business combination was not material.

Since the acquisition date, Astoria's contribution to revenue amounts to €189 million. Its contribution to net income Group share for 2010 is not material.

2.1.5 Disposal of shareholdings in Fluxys group and Fluxys LNG

Within the context of changes in the legal environment and pursuant to the gas law which stipulates that suppliers or their related companies cannot hold more than 24.99% of the share capital or shares with voting rights in a transport infrastructure management company, GDF SUEZ and Publigaz signed an agreement in March 2010 for the sale of the Group's entire shareholding in Fluxys (38.5%).

The transaction took place on May 5, 2010: 270,530 shares were sold at the price of €2,350 per share, for a total amount of €636 million.

The agreement with Publigaz also provided for the GDF SUEZ Group's transfer of its 6.8% holding in Fluxys LNG to Fluxys. On May 5, 2010, GDF SUEZ completely withdrew from the capital of Fluxys LNG through the sale of the shares for the amount of €28 million.

This transaction represents a consolidated capital gain of €422 million for GDF SUEZ (see Note 5.4, "Changes in scope of consolidation").

At December 31, 2009, the contribution made by these entities to net income of associates totaled €57 million.

2.1.6 Sale of Elia

On May 10, 2010, GDF SUEZ finalized the sale to Publi-T of the 12.5% interest held by Group subsidiary Electrabel SA in Elia SA (Elia). The 6,035,522 shares were sold at a price of €26.50 per share, for a total amount of €160 million.

The Group also sold its remaining 11.7% stake in Elia SA on May 18, 2010, at the price of €27 per share for a total amount of €153 million. Following this second transaction, the Group no longer holds any shares in Elia.

These sales generated a consolidated capital gain of €238 million for GDF SUEZ (see Note 5.4, "Changes in scope of consolidation").

At December 31, 2009, Elia's contribution to net income of associates totaled €23 million.

2.1.7 Other transactions carried out in 2010

Several other acquisitions and equity transactions took place in 2010, including the buy-out of non-controlling interests in Gaselys, acquisition of a controlling interest in GNL Mejillones in Chile, and proportionate consolidation of PTTNGD businesses in Thailand following the change in the company's bylaws. The individual and aggregate impacts of these transactions on the consolidated financial statements are not material.

2.2 Update on the main acquisitions carried out in 2009: completion in 2010 of the purchase accounting related to these transactions

2.2.1 European capacity swap agreements

On July 31, 2009, Electrabel and E.ON signed the final agreements concerning the swap of conventional and nuclear power plant capacities. The agreements were validated by the boards of directors of both parties and by the competent competition authorities, and the swap was carried out on November 4, 2009.

On completion of the transaction, Electrabel had acquired from E.ON a total of 860 MW of capacity from conventional power plants and some 132 MW of hydro-electric capacity, for a consideration of €551 million. This acquisition qualified as a business combination. Provisional goodwill for an amount of €453 million was recognized at December 31, 2009.

At December 31, 2010, the Group finalized its determination of the fair value of power plants acquired.The definitive goodwill amounts to €118 million.

As a reminder, the other impacts of the 2009 agreement with E.ON were as follows:

Electrabel sold to E.ON the Langerlo coal and biomass plant (556 MW) as well as the Vilvoorde gas-fired power plant (385 MW). This transaction was carried out for an amount of €505 million, and generated capital gains in an amount of €108 million in the consolidated financial statements of GDF SUEZ.

The Group acquired 700 MW in drawing rights from nuclear power plants in Germany, which are recognized under other receivables in respect of future deliveries to receive.

The Group also sold approximately 770 MW in drawing rights from nuclear power plants with delivery points in Belgium and the Netherlands, which are recognized under down payments received in respect of future obligations to deliver power.

No cash was exchanged between Electrabel and E.ON in respect of these transactions.

2.2.2 Other acquisitions

Various other acquisitions were carried out in 2009 which were not material on an individual basis.

The allocation of the cost of these business combinations was finalized during 2010 and did not materially impact the financial statements.

2.3 Other transactions carried out in 2009

Within the scope of the commitments made to the European Commission in connection with the merger of both groups, SUEZ and Gaz de France agreed to carry out a number of divestments. The following transactions took place in 2009:

- on January 20, 2009, GDF SUEZ completed the sale to Centrica of all of its shares in Belgian company Segebel (representing 50% of Segebel's issued capital). Segebel holds 51% of SPE. The shares were sold for €585 million and the sale did not generate any capital gains;
- as part of the commitments made to the Belgian government (Pax Electrica II agreement), on June 12, 2008 the Group entered into agreements with SPE designed to increase that company's share in Belgian power production. The agreement to swap 100 MW of capacity and the agreement to sell 250 MW of capacity to SPE came into force during the first half of 2009. The sale of a 6.2% interest in co-owned nuclear power units for €180 million generated a capital gain of €70 million;

- as part of the reorganization of its shareholding in Fluxys, GDF SUEZ agreed to sell shares in Fluxys to Publigaz, so as to bring Publigaz' interest in Fluxys to 51.28%. The transaction was duly completed on May 18, 2009, and generated a capital gain of €87 million.

As part of the agreement for the sale of Distrigas to ENI, the Group finalized several agreements in the gas and power sectors, including the acquisition from ENI of 1,100 MW of virtual power production (VPP) capacity in Italy for €1,210 million, supply contracts, Exploration & Production assets, and the City of Rome natural gas distribution network.

As of December 31, 2009, all of these transactions had been completed except the acquisition of the City of Rome natural gas distribution network. As of December 31, 2010, negotiations with ENI are currently in progress in an attempt to find an alternative solution consistent with the commitments undertaken.

NOTE 3 SEGMENT INFORMATION

3.1 Operating segments

In accordance with the provisions of IFRS 8 – *Operating Segments*, the operating segments used to present segment information were identified on the basis of internal reports used by the Group's Management Committee to allocate resources to the segments and assess their performance. The Management Committee is the Group's "chief operating decision maker" within the meaning of IFRS 8.

The Group has therefore identified ten operating segments:

- **Energy France business line** – subsidiaries in this operating segment produce electricity and sell natural gas, electricity and services to private individuals, small business customers and companies in France;
- **Energy Benelux & Germany business area** – subsidiaries in this operating segment produce and sell electricity and/or gas, in Belgium, the Netherlands, Luxembourg and Germany;
- **Energy Europe business area** – these subsidiaries produce electricity and/or provide electricity and gas transmission, distribution and sales services in Europe (excluding France, Benelux and Germany);
- **Energy North America business area** – these subsidiaries produce electricity and/or provide electricity and gas sales services in the United States, Mexico and Canada. They are also active in the LNG import and regasification businesses;
- **Energy Latin America business area** – subsidiaries in this operating segment produce electricity and/or provide electricity and gas transmission and distribution services in Latin America. Since 2010, they have also been active in the LNG import and regasification businesses in Chile;
- **Energy Middle East, Asia & Africa business area** – subsidiaries operating in this segment produce and sell electricity in Thailand, Laos, Singapore, Turkey and the Arabian peninsula. They also provide seawater desalinization services in the Arabian peninsula;
- **Global Gas & LNG business line** – these subsidiaries supply gas to the Group and sell energy and service packages to key European players, using proprietary production as well as long-term gas and LNG contracts;
- **Infrastructures business line** – subsidiaries in this segment operate gas and electricity transportation, storage and distribution networks, and LNG terminals, essentially in France and Germany. They also sell access rights to this infrastructure to third parties;
- **Energy Services business line** – these subsidiaries provide engineering, installation, maintenance and delegated management services, particularly in relation to electrical and heating facilities, pipeline systems and energy networks;
- **SUEZ Environnement business line** – subsidiaries operating in this operating segment provide private customers, local authorities and industrial customers with:
  - water distribution and treatment services, notably under concession contracts (water management), and water purification facility design and construction services (turnkey engineering);
  - and waste collection and treatment services including sorting, recycling, composting, landfilling, energy recovery and hazardous waste treatment.

The "Other" line presented in the table below includes contributions from corporate holding companies and entities centralizing the Group's financing requirements. It does not include holding companies acting as business line heads, which are allocated to the operating segments concerned.

The methods used to recognize and measure these segments for internal reporting purposes are the same as those used to prepare the consolidated financial statements. EBITDA and industrial capital employed are reconciled with the consolidated financial statements.

The main relationships between operating segments concern (i) Energy France and Infrastructures and (ii) Global Gas & LNG and Energy France/Energy Benelux & Germany.

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

Sales of molecules between Global Gas & LNG and Energy France are carried out based on the application of the supply costs formula used to calculate the regulated rates approved by the French Energy Regulatory Commission (CRE).

Due to the variety of its business lines and their geographical localization, the Group serves a very diverse range of customer types and situations (industry, local authorities and individual customers). Accordingly, no external customer represents individually 10% or more of the Group's consolidated revenues.

3.2 Key indicators by operating segment

● REVENUES

	Dec. 31, 2010			Dec. 31, 2009		
In millions of euros	External revenues	Intra-group revenues	Total	External revenues	Intra-group revenues	Total
Energy France	14,982	475	15,457	13,954	434	14,388
Energy Europe & International	31,770	277	32,047	28,350	245	28,594
of which: Energy Benelux & Germany	*14,257*	*970*	*15,228*	*13,204*	*964*	*14,168*
Energy Europe	*8,084*	*659*	*8,743*	*7,746*	*515*	8,261
Energy North America	*4,215*	*61*	*4,276*	*3,877*	*45*	3,922
Energy Latin America	*3,208*	*0*	*3,208*	*2,013*	*0*	2,013
Energy Middle East, Asia & Africa	*2,007*	*0*	*2,007*	*1,511*	*0*	1,511
Intra-business line eliminations		*(1,414)*	*(1,414)*		*(1,280)*	(1,280)
Global Gas & LNG	9,173	11,620	*20,793*	10,657	9,813	20,470
Infrastructures	1,203	4,688	*5,891*	1,043	4,570	5,613
Energy Services	13,486	209	*13,695*	13,621	193	13,814
SUEZ Environnement	13,863	6	*13,869*	12,283	13	12,296
Other	0	0	*0*	0	0	0
Intra-group eliminations		(17,274)	(17,274)		(15,267)	(15,267)
TOTAL REVENUES	84,478	0	84,478	79,908	0	79,908

EBITDA

In millions of euros	Dec. 31, 2010	Dec. 31, 2009
Energy France	1,023	366
Energy Europe & International	5,831	5,027
of which: Energy Benelux & Germany	*2,272*	*2,123*
Energy Europe	*1,163*	*1,011*
Energy North America	*617*	*657*
Energy Latin America	*1,475*	*1,023*
Energy Middle East, Asia & Africa	*406*	*285*
Global Gas & LNG	2,080	2,864
Infrastructures	3,223	3,026
Energy Services	923	921
SUEZ Environnement	2,339	2,060
Other	(332)	(253)
TOTAL EBITDA	**15,086**	**14,012**

CURRENT OPERATING INCOME

In millions of euros	Dec. 31, 2010	Dec. 31, 2009
Energy France	646	288
Energy Europe & International	3,937	3,534
of which: Energy Benelux & Germany	*1,657*	*1,574*
Energy Europe	*646*	*581*
Energy North America	*298*	*429*
Energy Latin America	*1,126*	*833*
Energy Middle East, Asia & Africa	*317*	*197*
Global Gas & LNG	961	1,450
Infrastructures	2,071	1,947
Energy Services	598	598
SUEZ Environnement	1,025	926
Other	(443)	(395)
TOTAL CURRENT OPERATING INCOME	**8,795**	**8,347**

DEPRECIATION AND AMORTIZATION

In millions of euros	Dec. 31, 2010	Dec. 31, 2009
Energy France	(418)	(31)
Energy Europe & International	(1,811)	(1,309)
of which: Energy Benelux & Germany	*(563)*	*(381)*
Energy Europe	*(492)*	*(421)*
Energy North America	*(310)*	*(230)*
Energy Latin America	*(346)*	*(187)*
Energy Middle East, Asia & Africa	*(101)*	*(89)*
Global Gas & LNG	(1,158)	(1,378)
Infrastructures	(1,159)	(1,083)
Energy Services	(296)	(294)
SUEZ Environnement	(975)	(838)
Other	(85)	(65)
TOTAL DEPRECIATION AND AMORTIZATION	**(5,902)**	**(4,998)**

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND FINANCIAL ASSETS

In millions of euros	Dec. 31, 2010	Dec. 31, 2009
Energy France	(87)	(28)
Energy Europe & International	(371)	(134)
of which: Energy Benelux & Germany	*(43)*	*(111)*
Energy Europe	*(306)*	*(4)*
Energy North America	*(12)*	*(9)*
Energy Latin America	*(9)*	*(5)*
Energy Middle East, Asia & Africa	*0*	*0*
Global Gas & LNG	(641)	(179)
Infrastructures	(192)	(2)
Energy Services	(39)	7
SUEZ Environnement	(85)	(85)
Other	(52)	(51)
TOTAL IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND FINANCIAL ASSETS	**(1,468)**	**(472)**

INDUSTRIAL CAPITAL EMPLOYED

In millions of euros	Dec. 31, 2010	Dec. 31, 2009
Energy France	7,360	6,890
Energy Europe & International	36,233	30,230
of which: Energy Benelux & Germany	*9,768*	*8,842*
Energy Europe	*8,670*	*8,400*
Energy North America	*6,088*	*4,908*
Energy Latin America	*8,029*	*5,230*
Energy Middle East, Asia & Africa	*3,703*	*2,820*
Global Gas & LNG	9,027	9,299
Infrastructures	19,072	18,823
Energy Services	2,828	2,516
SUEZ Environnement	13,313	10,059
Other	155	70
TOTAL INDUSTRIAL CAPITAL EMPLOYED	**87,987**	**77,888**

The definition of industrial capital employed now includes receivables arising in relation to the application of IFRIC 4 and IFRIC 12. Comparative data for 2009 have been adjusted and a reconciliation with the Group's previous definition of industrial capital employed is provided in Note 3.5.

CAPITAL EXPENDITURE (CAPEX)

In millions of euros	Dec. 31, 2010	Dec. 31, 2009
Energy France	791	925
Energy Europe & International	4,734	4,668
of which: Energy Benelux & Germany	*1,550*	*1,638*
Energy Europe	*766*	*993*
Energy North America	*312*	*376*
Energy Latin America	*1,514*	*1,453*
Energy Middle East, Asia & Africa	*603*	*226*
Global Gas & LNG	1,149	1,147
Infrastructures	1,787	1,948
Energy Services	623	621
SUEZ Environnement	2,350	1,459
Other	472	392
TOTAL CAPITAL EXPENDITURE	**11,906**	**11,160**

Financial investments included above exclude cash and cash equivalents acquired (€548 million), but include the acquisitions of additional interests in controlled entities which are accounted for in cash flows used in financing activities in the statement of cash flows (€505 million).

3.3 Key indicators by geographic area

The amounts set out below are analyzed by:

- destination of products and services sold for revenues;
- geographic location of consolidated companies for industrial capital employed.

	Revenues		Industrial capital employed	
In millions of euros	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2010	Dec. 31, 2009
France	31,502	30,724	33,789	32,732
Belgium	11,997	11,557	5,318	5,111
Other EU countries	25,152	25,164	25,460	22,191
Other European countries	1,311	1,197	2,040	1,735
North America	5,004	4,642	7,991	6,678
Asia, Middle East and Oceania	4,574	3,203	5,107	4,043
South America	4,050	2,571	8,100	5,271
Africa	887	851	180	127
TOTAL	**84,478**	**79,908**	**87,987**	**77,888**

The definition of industrial capital employed now includes receivables arising in relation to the application of IFRIC 4 and IFRIC 12. Comparative data for 2009 have been adjusted and a reconciliation with the Group's previous definition of industrial capital employed is provided in Note 3.5.

3.4 Reconciliation of EBITDA

RECONCILIATION OF EBITDA WITH CURRENT OPERATING INCOME

In millions of euros	Dec. 31, 2010	Dec. 31, 2009
Current operating income	**8,795**	**8,347**
Depreciation, amortization and provisions	5,899	5,183
Share-based payment (IFRS 2) and other	126	218
Net disbursements under concession contracts	265	263
EBITDA	**15,086**	**14,012**

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

In millions of euros	Dec. 31, 2010	Dec. 31, 2009
(+) Property, plant and equipment and intangible assets, net	91,483	81,085
(+) Goodwill	27,567	27,989
(-) Goodwill arising on the Gaz de France-SUEZ merger (1)	*(11,507)*	*(11,507)*
(+) IFRIC 4 and IFRIC 12 receivables (3)	*1,402*	*1,215*
(+) Investments in associates	1,980	2,176
(+) Trade and other receivables	21,334	19,748
(-) Margin calls (1) (2)	*(547)*	*(1,185)*
(+) Inventories	3,870	3,947
(+) Other current and non-current assets	8,397	6,790
(+) Deferred taxes	(10,768)	(10,437)
(-) Provisions	(14,469)	(14,053)
(+) Actuarial gains and losses recorded in equity (net of deferred taxes) (1)	*657*	*159*
(-) Trade and other payables	(14,835)	(12,887)
(+) Margin calls (1) (2)	*542*	*717*
(-) Other current and non-current liabilities	(16,339)	(14,958)
(-) Other financial liabilities	(780)	(911)
INDUSTRIAL CAPITAL EMPLOYED	87,987	77,888

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

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

(3) Industrial capital employed now includes receivables arising in relation to the application of IFRIC 4 and IFRIC 12. Data for 2009 have been restated in order to reflect the change in definition.

NOTE 4 CURRENT OPERATING INCOME

4.1 Revenues

Group revenues break down as follows:

In millions of euros	Dec. 31, 2010	Dec. 31, 2009
Energy sales	55,694	53,090
Rendering of services	26,620	25,258
Lease and construction contracts	2,164	1,560
REVENUES	**84,478**	**79,908**

In 2010, revenues from lease and construction contracts amounted to €889 million and €1,275 million, respectively (€737 million and €823 million in 2009).

4.2 Personnel costs

In millions of euros	Dec. 31, 2010	Dec. 31, 2009
Short-term benefits	(11,262)	(10,891)
Share-based payment	(119)	(221)
Costs related to defined benefit plans	(261)	(159)
Costs related to defined contribution plans	(113)	(94)
TOTAL	**(11,755)**	**(11,365)**

Post-employment benefit obligations and other long-term employee benefits are presented in Note 18.

Share-based payments are described in Note 23.

4.3 Depreciation, amortization and provisions

In millions of euros	Dec. 31, 2010	Dec. 31, 2009
Depreciation and amortization	(5,902)	(4,998)
Net change in write-downs of inventories and trade receivables	15	(217)
Net change in provisions	(12)	32
TOTAL	**(5,899)**	**(5,183)**

Depreciation and amortization breaks down as €1,034 million for intangible assets and €4,868 million for property, plant and equipment. A breakdown by type of asset is provided in notes 10 and 11.

The increase in depreciation and amortization expenses results both from the impact of business combinations and new assets commissioned in 2010 (thermal power plants in France, LNG terminals, hydroelectric power plants in Brazil, etc.) and in 2009.

Write-downs of inventories and trade receivables decreased in 2010, mainly as a result of a decline in impairment of trade receivables and also of the impact of recognizing previously impaired doubtful receivables as bad debt.

NOTE 5 INCOME FROM OPERATING ACTIVITIES

In millions of euros	Dec. 31, 2010	Dec. 31, 2009
CURRENT OPERATING INCOME	8,795	8,347
Mark-to-market on commodity contracts other than trading instruments	(106)	(323)
Impairment of property, plant and equipment, intangible assets and financial assets	(1,468)	(472)
Restructuring costs	(206)	(179)
Changes in scope of consolidation	1,185	367
Other non-recurring items	1,297	434
INCOME FROM OPERATING ACTIVITIES	9,497	8,174

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

In 2010, this item represents a net loss of €106 million (compared with a net loss of €323 million in 2009), chiefly reflecting:

- changes in the fair value of forward contracts used as economic hedges not eligible for hedge accounting, resulting in a net loss of €139 million compared with a net loss of €285 million in 2009. The net loss for the period results mainly from the settlement of positions with a positive market value at end-December 2009. This negative impact is offset in part by the positive impact of the depreciation of the euro against the US dollar and pound sterling on currency hedges contracted in respect of commodity purchase contracts, as well as by an overall positive price impact resulting from changes in the price of underlying commodities during the period;
- the ineffective portion of cash flow hedges contracted in respect of non-financial assets, and the disqualification from hedge accounting of certain instruments hedging commodity risk, resulting in a gain of €33 million (compared with a loss of €38 million in 2009).

5.2 Impairment of property, plant and equipment, intangible assets and financial assets

In millions of euros	Dec. 31, 2010	Dec. 31, 2009
Impairment losses:		
Goodwill	(169)	(8)
Property, plant and equipment and other intangible assets	(1,220)	(436)
Financial assets	(113)	(103)
Other	(0)	22
TOTAL IMPAIRMENT LOSSES	**(1,502)**	**(526)**
Reversals of impairment losses:		
Property, plant and equipment and other intangible assets	13	40
Financial assets	20	14
TOTAL REVERSALS OF IMPAIRMENT LOSSES	**34**	**53**
TOTAL	(1,468)	(472)

5.2.1 Impairment of goodwill

The Group recognized a €134 million impairment loss against goodwill relating to a gas distribution company in Turkey. This reflects the persistent difficulties encountered by a major industrial customer as well as the risk of changes in the tariff regulation in Turkey from 2017. The value in use of this cash-generating unit (CGU) was determined using (i) cash flow forecasts included in the medium-term business plan covering a period of six years and approved by the Group's Management Committee and (ii) cash flow forecasts that incorporate assumptions related to the changes in the tariff regulation for the period beyond the six-year plan. The estimates used for key impairment testing variables, namely assumptions as to growth in gas consumption and the regulation that will be used to determine gas tariffs from 2017, reflect management's best estimates. The discount rate applied was calculated using market data and came out at 9.7%. The Group also recognized an impairment loss of €175 million (€133 million net of the tax effect) against its gas transportation business in Germany, following the decision by the German regulator (BNetza) to reduce grid fees applied by grid operators (pipe-in-pipe network partners) in Germany. The value in use of the Transportation Germany CGU was calculated using cash flow forecasts through to 2022 and a terminal value reflecting the estimated value of the regulated asset base in 2023. The discount rate applied was 5.1%. The impairment loss was charged against goodwill allocated to the Transportation Germany CGU in an amount of €27 million, and to property, plant and equipment and intangible assets relating to the Megal network in an amount of €148 million.

5.2.2 Impairment of property, plant and equipment and intangible assets (excluding goodwill)

The impairment losses recorded at December 31, 2010 result chiefly from the portfolio of long-term gas supply contracts (€548 million) and of certain Exploration & Production assets in the Global Gas & LNG business line (€95 million), a power production unit in Spain within the Energy Europe business area (€131 million), and the Megal gas transportation network in the Infrastructures business line (€148 million), as described in section 5.2.1.

The Group recognized an impairment loss of €548 million against its long-term gas supply contract portfolio to reflect the persistent spread between gas and oil prices in a market where gas supplies exceed demand. The intangible asset corresponding to this portfolio of supply contracts results chiefly from the amount assigned to these contracts when accounting for the business combinations between SUEZ and Gaz de France in 2008. The recoverable amount of this asset portfolio was determined on the basis of cash flow forecasts over the residual useful lives of the contracts, applying, given the nature of the underlying assets, a low scenario with regard to assumptions of recorrelation of gas and oil prices (see note 9.3.2). A 7.0% discount rate was used.

Due to worse-than-expected development prospects, the Group recognized impairment losses against certain exploration licenses and production assets in Egypt, Libya and the Gulf of Mexico, for a total of €95 million.

An impairment loss totaling €131 million was recognized against a power production unit in Spain due to its worsening economic outlook. The value in use of this asset was calculated using cash flow forecasts included in the medium-term business plan covering a period of six years and approved by the Group's Management Committee, and beyond this period using the future cash flows estimated until the end of the asset's useful life. A 7.7% discount rate was applied to these forecasts.

In 2009, the Group recognized €177 million in impairment losses against its exploration licenses in the Gulf of Mexico and Libya. It also recognized a €113 million impairment loss after the project for a second coal station at Brunsbüttel-Stade in Germany was abandoned.

5.2.3 Impairment of financial assets

At June 30, 2010, the Group recognized additional impairment losses of €46 million against Gas Natural shares (see Note 14.1.1, "Available-for-sale securities"). These securities were subsequently sold in the second half of the year (see Note 14.1.1). Other impairment losses recognized against available-for-sale securities are not material on an individual basis.

Impairment losses recognized in 2009 chiefly concerned Gas Natural shares for €33 million.

5.3 Restructuring costs

Restructuring costs recognized in 2010 result from measures taken to adapt to the economic conditions in the SUEZ Environnement (€83 million) and Energy Services (€86 million) business lines. They also include the costs of regrouping sites in Brussels (€16 million).

In 2009, restructuring costs also related to measures taken to adapt to the economic conditions in the SUEZ Environnement and Energy Services business lines. They also included the costs of integrating Cofathec's activities within the Energy Services business line.

5.4 Changes in scope of consolidation

At December 31, 2010, this item comprises capital gains on the disposal of Fluxys shares (€422 million) and Elia shares (€238 million), and of interests in Société des Eaux de Marseille and Société des Eaux d'Arles in connection with the unwinding of cross-shareholdings with the Veolia Environnement group (€81 million), as described in Note 2, "Main changes in Group structure". This item also includes the impacts of remeasuring the interests previously held (i) in power and transmission assets in Chile (€148 million); (ii) in Lyonnaise des Eaux following the acquisition of controlling interests as part of the unwinding of the cross-shareholdings with the Veolia Environnement group (€120 million); and (iii) in connection with the acquisition of a controlling interest in the Hisusa/Agbar group (€167 million). These transactions are described in further detail in Note 2, "Main changes in Group structure".

In millions of euros	Section of Note 2	Net gains on disposals	Sale/ acquisition costs	Fair value adjustements	Total
Transactions in the year ended December 31, 2010					
Acquisition of a controlling interest in the Hisusa/Agbar group	2.1.1		(9)	167	158
Merger between Chilean entities	2.1.2	19	(2)	148	165
Partial disposal of Central Termoelectrica Andina (CTA)		18			18
Unwinding of cross-shareholdings with Véolia	2.1.3	81		120	201
Disposal of shareholdings in Fluxys group and Fluxys LNG	2.1.5	422	(3)		419
Disposal of Elia	2.1.6	238	(4)		234
Other					(10)
TOTAL IMPACT OF CHANGES IN SCOPE OF CONSOLIDATION					**1,185**

At December 31, 2009, this caption only included disposal gains and losses, the most significant of which related to partial sales of the Group's interests in Walloon inter-municipal companies and in the Fluxys group.

5.5 Other non-recurring items

At December 31, 2010, this caption mainly reflects the impact on revisions to the timing of dismantling provisions for gas infrastructures in France (Transportation and Distribution) for €1,141 million.

These provisions cover obligations to secure distribution and transportation networks at the end of their operating life, which are estimated based on known global gas reserves.

The Group revised the timing of its legal obligations in 2010 to reflect recent studies of gas reserves. Based on the publication of the International Energy Agency, which, on the basis of current production levels, estimated that proven and probable gas reserves were assured for another 250 years, the discounting of these provisions over such a long period results in a present value of virtually zero. These dismantling provisions had been recognized in 2008 in connection with the SUEZ-Gaz de France business combination, but with no matching entry in assets due to their nature. Accordingly, the provision for dismantling gas infrastructures in France was written back through income.

Other non-recurring items also include gains and losses on sales of VNG and Gas Natural non-consolidated equity investments.

In 2009, this caption consisted primarily of capital gains on the sale of 250 MW in production capacity to SPE and on the sale of the Langerloo and Vilvoorde power stations to E.ON. It also includes the impact of certain proceedings initiated against the Group by the European Commission. Following the European Commission's decision in the E.ON/GDF case handed down on July 8, 2009, the Group had adjusted the provision recognized in connection with the allocation of the cost of the Gaz de France-SUEZ business combination to the assets, liabilities and contingent liabilities of Gaz de France, considering actions taken in this case since the merger. The Group had also recognized the fine handed down by the European Commission relating to the Compagnie Nationale du Rhône case.

NOTE 6 NET FINANCIAL INCOME/(LOSS)

	Dec. 31, 2010			Dec. 31, 2009		
In millions of euros	Expenses	Income	Total	Expenses	Income	Total
Cost of net debt	(1,858)	171	(1,686)	(1,707)	441	(1,266)
Other financial income and expenses [(1)]	(953)	417	(535)	(931)	569	(362)
NET FINANCIAL INCOME/(LOSS)	**(2,810)**	**589**	**(2,222)**	**(2,638)**	**1,010**	**(1,628)**

(1) The return on plan assets relating to post-employment benefit obligations deducted from "Unwinding of discounting adjustments to provisions" has been reclassified to "Other Financial income". Comparative data for 2009 have been restated so as to present a meaningful comparison between the two periods presented.

6.1 Cost of net debt

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

In millions of euros	Expenses	Income	Total Dec. 31, 2010	Dec. 31, 2009
Interest on gross borrowings	(2,074)	-	(2,074)	(1,917)
Foreign exchange gains/losses on borrowings and hedges	-	16	16	(39)
Gains and losses on hedges of borrowings	(126)	-	(126)	265
Gains and losses on cash and cash equivalents and financial assets at fair value through income	-	156	156	176
Capitalized borrowing costs	342	-	342	249
COST OF NET DEBT	**(1,858)**	**171**	**(1,686)**	**(1,266)**

The increase in cost of net debt is essentially attributable to:

- the increase in interest on gross borrowings resulting from the increase in average outstanding debt (see Note 14.3, "Net debt");
- negative changes in fair value of derivative instruments (not qualifying for hedge accounting) set up in prior periods to fix the cost of net debt (decrease in interest rates compared to 2009).

6.2 Other financial income and expenses

In millions of euros	Dec. 31, 2010	Dec. 31, 2009
Other financial expenses		
Unwinding of discounting adjustments to provisions (1)	(791)	(763)
Interest on trade and other payables	(86)	(81)
Exchange losses	(43)	(75)
Other financial expenses	(32)	(12)
TOTAL	**(953)**	**(931)**
Other financial income		
Expected return on plan assets (1)	204	161
Income from available-for-sale securities	128	235
Interest income on trade and other receivables	50	74
Interest income on loans and receivables at amortized cost	21	87
Other financial income	14	13
TOTAL	**417**	**569**
OTHER FINANCIAL INCOME AND EXPENSES, NET	(535)	(362)

(1) The return on plan assets relating to post-employment benefit obligations deducted from "Unwinding of discounting adjustments to provisions" has been reclassified to "Other financial income". Comparative data for 2009 have been restated so as to present a meaningful comparison between the two periods presented.

NOTE 7 INCOME TAX EXPENSE

7.1 Actual income tax expense

7.1.1 Breakdown of actual income tax expense

The income tax expense recognized in the income statement for 2010 amounts to €1,913 million (€1,719 million in 2009), breaking down as:

In millions of euros	Dec. 31, 2010	Dec. 31, 2009
Current income taxes	(2,164)	(1,640)
Deferred taxes	251	(79)
TOTAL INCOME TAX EXPENSE RECOGNIZED IN INCOME FOR THE YEAR	(1,913)	(1,719)

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	Dec. 31, 2010	Dec. 31, 2009
Net income	**5,626**	**5,231**
• Share in net income of associates	264	403
• Income tax expense	(1,913)	(1,719)
Income before income tax expense and share in net income of associates (A)	**7,275**	**6,547**
Of which French companies	*2,010*	*1,841*
Of which companies outside France	*5,265*	*4,706*
Statutory income tax rate in France (B)	34.43%	34.43%
THEORETICAL INCOME TAX EXPENSE (C) = (A) X (B)	**(2,505)**	**(2,254)**
Actual income tax expense		
Difference between statutory tax rate applicable in France and statutory tax rate in force in jurisdictions outside France	125	146
Permanent differences	(117)	(73)
Income taxed at a reduced rate or tax-exempt (a)	770	477
Additional tax expense (b)	(299)	(349)
Effect of unrecognized deferred tax assets on tax loss carry-forwards and other tax-deductible temporary differences	(220)	(106)
Recognition or utilization of tax income on previously unrecognized tax loss carry-forwards and other tax-deductible temporary differences	91	140
Impact of changes in tax rates	19	20
Tax credits	199	198
Other (c)	23	82
ACTUAL INCOME TAX EXPENSE	**(1,913)**	**(1,719)**
EFFECTIVE TAX RATE (ACTUAL INCOME TAX EXPENSE DIVIDED BY INCOME BEFORE INCOME TAX AND SHARE IN NET INCOME OF ASSOCIATES)	**26.3%**	**26.3%**

(a) Includes mainly capital gains on tax-exempt disposals of shares in Belgium and Germany, the impacts of lower tax rates applicable to securities transactions in France, special tax regimes used for the coordination centers in Belgium and certain entities in Thailand, and the remeasurement of previously-held equity stakes further to acquisitions of controlling interests in Spain, France, Chile and Thailand.

(b) Includes mainly the tax on dividends applied in several tax jurisdictions, the tax on nuclear activities payable by nuclear-sourced electricity utilities in Belgium (€212 million in 2010 and €213 million in 2009), and regional corporate taxes.

(c) Includes notably a deferred tax asset in the amount of €118 million recognized further to the reorganization of the engineering business in 2009.

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

	Impacts in the income statement	
In millions of euros	Dec. 31, 2010	Dec. 31, 2009
Deferred tax assets:		
Tax loss carry-forwards and tax credits	170	(41)
Pension obligations	35	18
Non-deductible provisions	106	2
Difference between the carrying amount of PP&E and intangible assets and their tax bases	20	160
Measurement of financial instruments at fair value (IAS 32/39)	(61)	156
Other	226	22
TOTAL	**496**	**317**
Deferred tax liabilities:		
Difference between the carrying amount of PP&E and intangible assets and their tax bases	(118)	(76)
Tax-driven provisions	(38)	(13)
Measurement of financial assets and liabilities at fair value (IAS 32/39)	146	(35)
Other	(235)	(272)
TOTAL	**(245)**	**(396)**
NET DEFERRED TAX ASSETS/(LIABILITIES)	251	(79)

7.2 Deferred tax income and expense recognized in “Other comprehensive income”

Net deferred tax income (expense) recognized under “Other comprehensive income” is broken down by component as follows:

In millions of euros	Dec. 31, 2010	Dec. 31, 2009
Available-for-sale financial assets	(5)	5
Actuarial gains and losses	158	(50)
Net investment hedges	12	(3)
Cash flow hedges	(144)	(329)
TOTAL EXCLUDING SHARE OF ASSOCIATES	**21**	**(377)**
Share of associates	(1)	7
TOTAL	20	(370)

7.3 Deferred taxes presented in the combined statement of financial position

7.3.1 Change in deferred taxes

Changes in deferred taxes recognized in the combined statement of financial position, after netting deferred tax assets and liabilities by tax entity, break down as follows:

In millions of euros	Assets	Liabilities	Net position
At December 31, 2009	**1,419**	**(11,856)**	**(10,437)**
Impact on net income for the year	496	(245)	251
Impact on other comprehensive income	181	(158)	23
Impact of changes in scope of consolidation	128	(635)	(507)
Currency effect	137	(235)	(98)
Other	131	(131)	0
Impact of netting by tax entity	(823)	823	0
AT DECEMBER 31, 2010	**1,669**	**(12,437)**	**(10,768)**

7.3.2 Analysis of the net deferred tax position recognized in the combined statement of financial position (before netting deferred tax assets and liabilities by tax entity), by type of temporary difference

	Statement of financial position at	
In millions of euros	Dec. 31, 2010	Dec. 31, 2009
Deferred tax assets:		
Tax loss carry-forwards and tax credits	1,453	1,301
Pension obligations	1,171	1,023
Non-deductible provisions	686	495
Difference between the carrying amount of PP&E and intangible assets and their tax bases	994	715
Measurement of financial instruments at fair value (IAS 32/39)	569	474
Other	879	671
TOTAL	**5,752**	**4,679**
Deferred tax liabilities:		
Difference between the carrying amount of PP&E and intangible assets and their tax bases	(14,688)	(13,543)
Tax-driven provisions	(264)	(224)
Measurement of financial assets and liabilities at fair value (IAS 32/39)	(539)	(425)
Other	(1,029)	(924)
TOTAL	**(16,520)**	**(15,116)**
NET DEFERRED TAX ASSETS/(LIABILITIES)	**(10,768)**	**(10,437)**

7.4 Unrecognized deferred taxes

7.4.1 Unrecognized deductible temporary differences

At December 31, 2010, unused tax loss carry-forwards not recognized by the Group amounted to €1,775 million in respect of ordinary tax losses (unrecognized deferred tax asset effect of €783 million). All tax loss carry-forwards resulting from the GDF SUEZ SA and SUEZ Environment tax consolidation groups are recognized in the statement of financial position.

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, they did not recognize deferred tax assets on these tax loss carry-forwards. These ordinary tax losses, excluding those of SUEZ-Tractebel SA and GDF SUEZ Belgium (these two companies stem from the SUEZ-Tractebel SA spin-off in 2010) are included in the table below. 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, and in view of certain disputes currently in progress, the Group was unable to determine the exact amount of carry-forwards in respect of DRDs for SUEZ-Tractebel SA and GDF SUEZ Belgium as of the end of the reporting period.

The expiration dates for these unrecognized tax loss carry-forwards are presented below:

In millions of euros	Ordinary tax losses
2011	110
2012	43
2013	48
2014 and beyond	1,574
TOTAL	**1,775**

Furthermore, the Group has unrecognized State tax loss carry-forwards in the USA (tax effect of €26 million in 2010 and €37 million in 2009).

The tax effect of other tax-deductible temporary differences not recorded in the statement of financial position was €198 million in 2010 and €130 million in 2009.

7.4.2 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 and in France).

NOTE 8 EARNINGS PER SHARE

	Dec. 31, 2010	Dec. 31, 2009
Numerator *(in millions of euros)*		
Net income Group share [(a)]	4,616	4,477
Denominator *(in millions of shares)*		
Average number of shares outstanding	2,188	2,189
Impact of dilutive instruments		
• Bonus share plan reserved for employees	5	7
• Employee stock subscription and purchase plans	5	6
DILUTED AVERAGE NUMBER OF SHARES OUTSTANDING	**2,197**	**2,203**
Earnings per share *(in euros)*		
Earnings per share	2.11	2.05
Diluted earnings per share	2.10	2.03

(a) The share in net income of SUEZ Environnement included in net income Group share for 2010 represents the share in income after deduction of the coupon attributable to holders of the SUEZ Environnement hybrid shares described in Note 16.8, "Non-controlling interests". The dilutive impact of these shares is therefore already taken into account in earnings per share.

Earnings per share for 2009 was calculated taking into account the impact of the stock dividend paid in the first half of 2009.

The Group's dilutive instruments included in the calculation of diluted earnings per share, and the number of shares outstanding over the period, are detailed in Note 23. Diluted earnings per share does not take into account the stock subscription options granted to employees at an exercise price higher than the average annual GDF SUEZ share price. The plans in questions are from 2000, 2001, 2007, 2008 and 2009 as described in Note 23.1.2, "Details of stock option plans in force". Although these instruments were accretive at December 31, 2010, changes in the average annual share price could make them dilutive in future periods.

NOTE 9 GOODWILL

9.1 Movements in the carrying amount of goodwill

In millions of euros	Gross amount	Impairment losses	Net amount
At December 31, 2008	**27,739**	**(228)**	**27,510**
Acquisitions	1,261		
Impairment		(11)	
Disposals	(411)	0	
Translation adjustments	34	(11)	
Other	(385)	1	
At December 31, 2009	**28,238**	**(249)**	**27,989**
Acquisitions	754		
Impairment		(169)	
Disposals	(836)	23	
Translation adjustments	324	(15)	
Other	(514)	11	
AT DECEMBER 31, 2010	**27,966**	**(399)**	**27,567**

In 2010, “Acquisitions” mainly relate to the Group’s acquisition of a controlling interest in the Hisusa/Agbar group (€394 million), and to the unwinding of the cross-shareholdings previously held by Lyonnaise des Eaux and the Veolia Environnement group (€203 million).

Changes in goodwill recorded under “Disposals” correspond chiefly to the derecognition of previously recognized goodwill in the Hisusa/Agbar group following the Group’s acquisition of a controlling interest (€644 million) and the share of goodwill sold as part of the disposal of Elia shares (€155 million).

The Group recognized impairment losses against the goodwill of a gas distribution entity in Turkey (€134 million) and against goodwill assigned to the Infrastructures-Transmission Germany CGU (€27 million). Details are provided in Note 9.3, “Impairment testing of goodwill CGUs”.

The negative amount of €514 million in “Other” mainly reflects the finalization of the opening statement of financial position of German entities acquired from E.ON in 2009 (€336 million).

Additions to goodwill in 2009 related mainly to acquisitions of German companies in connection with the agreements between Electrabel and E.ON (€453 million), and to the acquisition of Izgaz in Turkey (€179 million), Heron in Greece (€61 million), and the acquisition of an interest in Wuppertal Stadtwerke Energie und Wasser in Germany (€101 million). Goodwill was also recognized on the additional stake acquired in Swire Sita in Hong Kong (€169 million).

Disposals in 2009 included a portion of the goodwill allocated to the Energy - Benelux & Germany CGU in connection with various divestments made by this CGU (see notes 5.4 and 5.5). This chiefly concerns sales of shareholdings in inter-municipal companies in the Walloon region, the sale to SPE of 250 MW in production capacity, and the production capacity swap in Europe with E.ON.

Other changes in 2009 reflected the finalization of the opening statement of financial position for FirstLight (negative impact of €503 million) and Gaz de France (positive impact of €117 million).

9.2 Main goodwill CGUs

The table below provides a breakdown of goodwill by CGU:

CGU *In millions of euros*	Operating segment	Dec. 31, 2010	Dec. 31, 2009
MATERIAL CGUs			
Energy - France	Energy - France	2,885	2,858
Energy - Benelux & Germany	Energy - Benelux & Germany	7,777	8,124
Midstream/Downstream	Global Gas & LNG	4,266	4,379
Distribution	Infrastructures	3,880	3,880
OTHER SIGNIFICANT CGUs			
Storage	Infrastructures	1,268	1,268
Transmission France	Infrastructures	536	536
Energy - Eastern Europe	Energy - Europe	627	594
Energy - North America	Energy - North America	696	631
Sita France	Environnement	529	515
Agbar	Environnement	394	644
OTHER CGUs *(INDIVIDUALLY LESS THAN €500 MILLION)*		**4,710**	**4,561**
TOTAL		**27,567**	**27,989**

The scope of the Energy - Eastern Europe CGU was redefined in 2010 and now mainly excludes Turkey. Accordingly, the Turkey gas distribution CGU is now tested for impairment separately (see Note 9.3.1). The comparative amount for 2009 has also been restated.

Transmission infrastructure businesses are now monitored on a country-by-country basis. The comparative amount for 2009 has therefore been restated, so that the goodwill shown relates only to the Infrastructures-Transmission France CGU.

9.3 Impairment testing of goodwill CGUs

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 the regulated asset base (RAB). The discounted cash flows method uses cash flow forecasts covering an explicit period of six years and resulting from the medium-term business plan approved by the Group's Management Committee. When the discounted cash flow method is used, value in use is calculated on the basis of three scenarios ("low", "medium" and "high"). The "medium" scenario, which management deems the most probable, is usually preferred.

The recoverable amounts that result from applying these three scenarios are based on key assumptions such as discount rates.

The discount rates applied are determined on the basis of the weighted average cost of capital adjusted to reflect business, country and currency risks associated with each CGU reviewed. Discount rates correspond to risk-free market interest rates plus a country risk premium.

The post-tax rates used in 2010 to measure the value in use of goodwill CGUs in the cash flow forecasts were between 4.6% and 11.6% in 2010 (between 4.1% and 11.5% in 2009).

9.3.1 Impairment losses recognized against goodwill in 2010

The Group recognized impairment losses against a gas distribution entity in Turkey (€134 million) and against goodwill assigned to the Infrastructures-Transmission Germany CGU (€27 million). The rationale for recording these impairment losses and the methods used to calculate the recoverable amounts are set out in Note 5.2.1, "Impairment of goodwill".

Aside from these two CGUs, the Group considers that no other impairment losses need to be recognized against goodwill for other Group entities.

9.3.2 Material CGUs

Except for the Energy - France, Energy - Benelux & Germany, Midstream/Downstream and Distribution CGUs described below, no individual amount of goodwill allocated to CGUs represents more than 5% of the Group's total goodwill.

Based on events that are reasonably likely to occur as of the end of the reporting period, the Group considers that any changes in the key assumptions described below would not increase the carrying amount of goodwill in excess of the recoverable amount.

Goodwill allocated to the Energy - France CGU

The total amount of goodwill allocated to this CGU was €2,885 million at December 31, 2010. The Energy - France CGU comprises a range of activities including the production of electricity, the sale of gas, electricity and associated services, and the provision of eco-friendly solutions for housing.

The recoverable amount of the CGU is determined on the basis of the value in use of the group of assets, calculated primarily using cash flow forecasts included in the medium-term business plan covering a period of six years and approved by the Group's Management Committee. The key assumptions used are related to the expected operating conditions, according to the Group's Management Committee, in particular changes in regulatory rates, market prices, future market outlook and the applicable discount rates. The inputs used for each of these assumptions reflect past experience as well as best estimates of market prices.

The cash flows are projected either over the useful life of the underlying assets or over the term of the contracts associated with the activities of the entities included in the CGU.

The discount rates used range from 6.1% and 11.0% and reflect the weighted average cost of capital adjusted to reflect the business risks relating to the assets comprising the CGU.

An increase of 0.5% in the discount rate used would have a negative 21% 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 24% impact on this calculation.

Goodwill allocated to the Energy - Benelux & Germany CGU

The total amount of goodwill allocated to this CGU was €7,777 million at December 31, 2010. This CGU includes the Group's electricity production, sales and distribution activities in Belgium, the Netherlands, Luxembourg and Germany.

The annual review of this CGU's recoverable amount was based on its estimated value in use.

To estimate value in use, the Group uses cash flow projections based on financial forecasts approved by the Group's Management Committee, covering a period of six years, and discount rates between 6.6% and 9.0%. A terminal value was obtained based on the cash flows extrapolated beyond the six-year period using a growth rate equal to expected inflation (2%).

Key assumptions include the discount rate and expected trends in long-term prices for electricity and fuel. These inputs reflect the best estimates of market prices, while fuel consumption is estimated taking into account expected changes in production assets. The discount rates applied are consistent with available external sources of information.

An increase of 0.5% in the discount rate used would have a negative 54% 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 64% impact on this calculation.

The impact of a decrease in average spreads of €1/MWh on the terminal value 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. The impact of an increase in average spreads of €1/MWh on the terminal value would have a positive 32% impact on this calculation.

Goodwill allocated to the Midstream/Downstream CGU

The total amount of goodwill allocated to this CGU was €4,266 million at December 31, 2010. The Midstream/Downstream CGU includes Group entities that supply gas to the Group under supply contracts and by using organized markets, and markets energy offers and related energy services to the Group's largest customers in Europe.

The recoverable amount of the Midstream/Downstream CGU is also calculated on the basis of value in use, using cash flow forecasts. The discount rates applied to these forecasts range from 7.0% to 9.0% depending on business and country risks. The recoverable amount includes a terminal value for the period beyond six years, calculated by applying a long-term growth rate (ranging from 0% to 2% depending on the activities) to normative EBITDA in the last year of the forecasts.

The key assumptions notably include the discount rates, estimated hydrocarbon prices, changes in the euro/dollar exchange rate, the market outlook, and the expected period required for the realignment of oil and gas prices. The inputs used reflect the best estimates of market prices and expected market trends.

In the "medium" scenario, which management has retained in the medium-term business plan, the Group expects the realignment of oil and gas prices to occur as from 2013 (partially) – 2014 (fully). Should this realignment be postponed for two years compared to the "medium" scenario ("low" scenario), the excess of the recoverable amount over the carrying amount would decrease by 44%, the recoverable amount remaining above the carrying amount. Should the realignment occur one year before compared to the "medium" scenario ("high" scenario), the excess of the recoverable amount over the carrying amount would increase by 25%.

An increase of 0.5% in the discount rate used would have a negative 63% 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 73% impact on this calculation.

A 0.5% increase in the long-term growth rate used to determine the terminal value would have a positive 48% impact on the excess of the recoverable amount over the carrying amount. A 0.5% decrease in the long-term growth rate would have a negative 42% impact on this calculation. However, the recoverable amount would remain above the carrying amount.

Goodwill allocated to the Distribution CGU

The total amount of goodwill allocated to this CGU was €3,880 million at December 31, 2010. The Distribution CGU includes the Group's gas distribution activities in France.

The recoverable amount of this CGU was calculated using a method based on the regulated asset base. The regulated asset base is the amount assigned by the regulator to assets operated by the distributor, and is the sum of future pre-tax cash flows, discounted at a rate equal to the pre-tax rate of return guaranteed by the regulator.

9.3.3 Other significant CGUs

The table below sets out the assumptions used to determine the recoverable amount of the other significant cash-generating units. The discounted cash flows (DCF) method is used to determine value in use. The recoverable amount of certain CGUs is calculated using the regulated asset base (RAB) or based on valuations used in recent transactions.

CGU	Operating segment	Measurement method	Discount rate
Energy - Eastern Europe	Energy - Europe	DCF + RAB	8.2% - 11.5%
Energy - North America	Energy - North America	DCF	6.1% - 10.3%
Storage	Infrastructures	DCF	6.2%
Transmission France	Infrastructures	DCF	5.5%
Sita France	Environnement	DCF	5.6%
Agbar	Environnement	DCF + confirmation by multiples	6.7% - 11.6%

9.4 Goodwill segment information

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

In millions of euros	Dec. 31, 2010	Dec. 31, 2009
Energy - France	2,885	2,858
Energy - Europe & International	10,292	10,558
of which: Energy - Benelux & Germany	*7,777*	*8,124*
Energy - Europe	*1,286*	*1,377*
Energy - North America	*696*	*631*
Energy - Latin America	*52*	*31*
Energy - Middle East, Asia & Africa	*481*	*396*
Global Gas & LNG	4,331	4,462
Infrastructures	5,773	5,955
Energy Services	1,157	1,073
Environnement	3,128	3,082
Other	1	1
TOTAL	**27,567**	**27,989**

NOTE 10 INTANGIBLE ASSETS, NET

10.1 Movements in intangible assets

In millions of euros	Intangible rights arising on concession contracts	Capacity entitlements	Other	Total
GROSS AMOUNT				
At December 31, 2008	**3,573**	**2,390**	**8,704**	**14,667**
Acquisitions	398	15	803	1,216
Disposals	(8)	0	(188)	(196)
Translation adjustments	6	0	(2)	4
Changes in scope of consolidation	241	0	282	522
Other	184	0	(79)	105
At December 31, 2009	**4,394**	**2,405**	**9,520**	**16,319**
Acquisitions	501	1	770	1,272
Disposals	(66)	0	(143)	(209)
Translation adjustments	63	0	96	159
Changes in scope of consolidation	427	0	922	1,349
Other	(15)	18	86	89
At December 31, 2010	**5,304**	**2,424**	**11,251**	**18,979**
ACCUMULATED AMORTIZATION AND IMPAIRMENT				
At December 31, 2008	**(1,606)**	**(555)**	**(1,814)**	**(3,975)**
Amortization and impairment	(162)	(86)	(677)	(925)
Disposals	4	0	84	88
Translation adjustments	3	0	9	12
Changes in scope of consolidation	(35)	0	(61)	(97)
Other	(16)	(24)	39	(2)
At December 31, 2009	**(1,812)**	**(665)**	**(2,421)**	**(4,899)**
Amortization and impairment	(174)	(88)	(1,524)	(1,786)
Disposals	35	0	40	75
Translation adjustments	(15)	0	(39)	(55)
Changes in scope of consolidation	162	0	271	433
Other	16	0	16	32
At December 31, 2010	**(1,789)**	**(753)**	**(3,657)**	**(6,199)**
CARRYING AMOUNT				
At December 31, 2009	**2,582**	**1,740**	**7,099**	**11,420**
At December 31, 2010	**3,515**	**1,671**	**7,594**	**12,780**

In 2010, acquisitions correspond mainly to the price paid to secure concession contracts in the Environnement (€338 million, including €201 million for Agbar) and Energy Services (€161 million) business lines, and to exploration and production licenses in Australia (€257 million). Changes in scope of consolidation in 2010 correspond to the Group's acquisition of controlling interests in the Hisusa/Agbar group (€1,020 million) and Chilean energy entities (€348 million), as well as the unwinding of the cross-shareholdings in the Water segment in France (€192 million).

Impairment losses totaling €751 million were recognized in the period, mainly relating to impairment recognized on the long-term gas supply contracts portfolio in the Global Gas & LNG business line, for €548 million. In light of development prospects, the Group recognized impairment losses totaling €84 million against its exploration licenses mainly in Egypt, Libya and the Gulf of Mexico (see Note 5.2.2, "Impairment of property, plant and equipment and intangible assets (excluding goodwill)").

In 2009, acquisitions relate mainly to intangible rights arising on concession contracts in the Environnement business line (€241 million) and on exploration licenses in Indonesia (€101 million) and Algeria (€104 million).

10.1.1 Intangible rights arising on concession contracts

The Group manages a number of concessions as defined by SIC 29 (see Note 22, "Service concession arrangements") covering drinking water distribution, water treatment, waste collection and treatment, and electricity distribution. The rights given to the Group as concession operator in respect of these infrastructures fall within the scope of IFRIC 12 and are accounted for as intangible assets in accordance with the intangible asset model.

10.1.2 Capacity entitlements

The Group has acquired capacity entitlements from power stations operated by third parties. These power station capacity rights were acquired in connection with transactions or within the scope of the Group's involvement in financing the construction of certain power stations. In consideration, the Group received the right to purchase a share of the production over the useful life of the underlying assets. These rights are amortized over the useful life of the underlying assets, not to exceed 40 years. The Group currently holds entitlements in the Chooz B power plant in France, the MKV and HKV plants in Germany, and the virtual power plant (VPP) in Italy.

10.1.3 Other

At end-2010, this caption chiefly relates to water drawing rights, licenses and intangible assets acquired as a result of the merger with Gaz de France, essentially comprising the Gaz de France brand and customer relationships, as well as supply agreements. The exploration and production licenses presented under "Other" in the table above are detailed in Note 19, "Exploration & Production activities".

10.1.4 Non-amortizable intangible assets

The carrying amount of intangible assets that are not amortized because they have an indefinite useful life was €1,007 million at December 31, 2010 (€737 million at end-2009). This caption relates chiefly to water drawing rights, certain Agbar water distribution concessions and the Gaz de France brand recognized as part of the allocation of the cost of the business combination to the assets and liabilities of Gaz de France.

10.2 Research and development costs

Research and development activities primarily relate to various studies regarding technological innovation, improvements in plant efficiency, safety, environmental protection, service quality and the use of energy resources.

Research and development costs (excluding technical assistance costs) that do not meet the criteria for recognition as an intangible asset as set out in IAS 38, totaled €222 million in 2010 and €218 million in 2009. Expenses related to in-house projects in the development phase that meet the criteria for recognition as an intangible asset are not material.

NOTE 11 PROPERTY, PLANT AND EQUIPMENT, NET

11.1 Movements in property, plant and equipment

In millions of euros	Land	Buildings	Plant and equipment	Vehicles	Dismantling costs	Assets in progress	Other	Total
GROSS AMOUNT								
At December 31, 2008	**1,954**	**7,277**	**68,724**	**1,648**	**1,001**	**7,035**	**1,306**	**88,946**
Acquisitions	104	100	1,591	123	0	6,474	76	8,467
Disposals	(70)	(58)	(1,193)	(104)	(21)	7	(47)	(1,486)
Translation adjustments	70	451	488	18	24	161	3	1,215
Changes in scope of consolidation	1	253	528	8	0	101	11	901
Other	278	194	3,863	31	67	(4,007)	(108)	317
At December 31, 2009	**2,337**	**8,216**	**74,002**	**1,723**	**1,072**	**9,770**	**1,241**	**98,360**
Acquisitions	87	174	1,235	150	0	6,548	103	8,297
Disposals	(42)	(51)	(380)	(87)	(26)	(147)	(48)	(780)
Translation adjustments	70	244	1,811	36	18	412	18	2,609
Changes in scope of consolidation	318	126	2,129	(20)	3	53	(107)	2,501
Other	167	(2,895)	8,772	(10)	581	(6,019)	(32)	563
At December 31, 2010	**2,937**	**5,813**	**87,568**	**1,791**	**1,648**	**10,618**	**1,175**	**111,551**
ACCUMULATED DEPRECIATION AND IMPAIRMENT								
At December 31, 2008	**(864)**	**(2,101)**	**(19,920)**	**(1,037)**	**(674)**	**(33)**	**(835)**	**(25,463)**
Depreciation and impairment	(91)	(378)	(3,595)	(160)	(56)	(141)	(88)	(4,509)
Disposals	47	52	891	97	11	2	42	1,140
Translation adjustments	(37)	(107)	(127)	(11)	(14)	1	(2)	(297)
Changes in scope of consolidation	3	8	193	(5)	0	0	(3)	197
Other	(13)	(32)	179	20	1	1	82	238
At December 31, 2009	**(956)**	**(2,558)**	**(22,378)**	**(1,097)**	**(732)**	**(170)**	**(804)**	**(28,695)**
Depreciation and impairment	(89)	(368)	(4,323)	(165)	(75)	(137)	(179)	(5,336)
Disposals	34	23	241	75	(0)	119	40	531
Translation adjustments	(31)	(54)	(481)	(22)	(13)	(2)	(11)	(614)
Changes in scope of consolidation	0	91	880	22	(2)	0	89	1,082
Other	12	593	(555)	30	(10)	52	62	184
At December 31, 2010	**(1,029)**	**(2,273)**	**(26,616)**	**(1,158)**	**(832)**	**(139)**	**(802)**	**(32,848)**
CARRYING AMOUNT								
At December 31, 2009	1,381	5,658	51,623	626	340	9,600	437	69,665
At December 31, 2010	**1,908**	**3,540**	**60,953**	**634**	**817**	**10,479**	**373**	**78,703**

Changes in the scope of consolidation had a net impact of €3,583 million on property, plant and equipment. These changes mainly reflect the acquisition of a controlling interest in the Hisusa/Agbar group, Chilean energy entities (€698 million) and Astoria Energy in the United States (€807 million).

The main impacts of exchange rate fluctuations on the gross amount of property, plant and equipment at December 31, 2010 chiefly consist of translation gains on the US dollar (€899 million), Brazilian real (€680 million), Thai baht (€307 million) and Norwegian krone (€182 million).

Impairment losses recorded against property, plant and equipment at December 31, 2010, amounted to €468 million, and were chiefly recognized against power production assets in Spain and the Megal gas transportation network in Germany, as described in Note 5.2.2, "Impairment of property, plant and equipment and intangible assets (excluding goodwill)".

The increase in dismantling assets mainly reflects the review of provisions for dismantling nuclear facilities in Belgium for €211 million, further to the opinion communicated by the Nuclear Provisions Committee on November 22, 2010 in the context of its legal obligation to conduct triennial reviews of nuclear provisions (see Note 17.2, " Nuclear dismantling liabilities").

Assets relating to the exploration and production of mineral resources included in the table above are detailed in Note 19, "Exploration & Production activities". Fields under development are shown under "Assets in progress", while fields in production are included in "Plant and equipment".

11.2 Pledged and mortgaged assets

Items of property, plant and equipment pledged by the Group to guarantee borrowings and debt amount to €3,538 million at December 31, 2010, versus €2,596 million at December 31, 2009.

11.3 Contractual commitments to purchase property, plant and equipment

In the ordinary course of their operations, some Group companies have entered into commitments to purchase, and the related third parties to deliver, property, plant and equipment. These commitments relate mainly to orders of equipment, vehicles and material required for the construction of energy production units (power and co-generation plants) and for service agreements.

Investment commitments made by the Group to purchase property, plant and equipment totaled €5,956 million at December 31, 2010 (€5,876 million at end-2009). The year-on-year increase in this item is chiefly attributable to new agreements entered into in connection with the construction of the Rotterdam (€696 million) and Chilca One (€211 million) plants, the Bristol Water project and changes in the scope of consolidation relating to the acquisition of a controlling interest in the Hisusa/Agbar group (€358 million). These impacts are partly offset by a power station construction project in Spain which has been abandoned (negative impact of €470 million) and by commitments complied with in respect of investment programs.

11.4 Other information

Borrowing costs for 2010 included in the cost of property, plant and equipment amounted to €342 million at December 31, 2010 and €249 million at end-2009.

NOTE 12 INVESTMENTS IN ASSOCIATES

12.1 Breakdown of investments in associates

	Carrying amount of investments in associates		Share in net income (loss) of associates	
In millions of euros	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2010	Dec. 31, 2009
Belgian inter-municipal companies	416	510	184	190
Elia	0	(86)	0	23
Fluxys	0	242	0	57
Gasag	468	463	20	19
GTT	117	132	(3)	8
Noverco	229	157	10	10
Other	750	757	54	95
TOTAL	**1,980**	**2,176**	**264**	**403**

The decrease in the carrying amount of investments in associates at December 31, 2010 is essentially attributable to the disposal of Elia and Fluxys shares during the first half of 2010 and share capital repayments made by inter-municipal companies in 2010.

Dividends received by the Group from associates in 2010 and 2009 amounted to €273 million and to €376 million, respectively.

Goodwill recognized by the Group on acquisitions of associates is also included in “Investments in associates” for a net amount of €206 million at December 31, 2010 (€280 million at December 31, 2009).

At December 31, 2010, total unrecognized losses of associates (corresponding to the cumulative amount of losses exceeding the carrying amount of the investments in the associates concerned and including other comprehensive income or expense), amounted to €241 million. These unrecognized losses mainly correspond to the negative fair value of financial instruments designated as interest rate hedges (“Other comprehensive income”) used in financing constructions of power and desalination plants by associates in the Middle East.

12.2 Key figures of associates

In millions of euros	Latest % interest	Total assets	Liabilities	Equity	Revenues	Net income
At December 31, 2010						
Belgian inter-municipal companies [(a)]		11,735	6,901	4,834	2,827	585
Noverco Group	17.6	4,393	3,090	1,304	1,271	58
Gasag Group	31.6	2,763	2,002	761	1,162	73
GTT	40.0	126	59	67	77	19
At December 31, 2009						
Belgian inter-municipal companies [(a)]		11,671	5,911	5,760	2,493	681
Elia	24.4	4,420	3,053	1,367	771	84
Fluxys [(b)]	38.5	2,664	1,378	1,287	592	111
GTT	40.0	133	59	75	142	66

(a) Based on the combined financial data for the previous financial year of the Belgian inter-municipal companies, which have been restated in accordance with IFRS.
(b) Based on data reported by Fluxys in 2008.

NOTE 13 INVESTMENTS IN JOINT VENTURES

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

In millions of euros	Consolidation percentage	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenues	Net income/(loss)
At December 31, 2010							
EFOG	22.5	135	334	5	171	166	76
Energia Sustentavel Do Brasil	50.1	271	1,224	77	849	0	5
Acea/Electrabel group	40.6 [(a)]	472	734	739	150	1,291	26
SPP group	24.5	277	1,705	92	350	737	144
WSW Energie und Wasser	33.1	42	307	53	73	170	6
Senoko	30.0	90	773	51	539	524	9
Tirreno Power	35.0	146	569	143	411	308	15
At December 31, 2009							
EFOG	22.5	131	348	13	173	148	59
Energia Sustentavel Do Brasil	50.1	121	472	22	69	0	4
Acea/Electrabel group	40.6 [(a)]	417	718	681	158	1,103	(2)
Hisusa group	51.0 [(b)]	948	2,886	939	1,026	1,697	27
SPP group	24.5	244	1,644	115	199	661	138
WSW Energie und Wasser	33.1	59	305	44	46	186	7
Senoko	30.0	77	653	34	131	374	6
Sociedad GNL Mejillones	50.0	20	171	143	51	0	(56)
Tirreno Power	35.0	127	565	132	416	319	33

(a) Consolidation percentage applicable to the holding companies.
(b) In 2009, Agbar and its controlled subsidiaries were fully consolidated by the Hisusa group, which was proportionately consolidated by GDF SUEZ based on a 51% interest.

The Hisusa group was fully consolidated at June 8, 2010, following the acquisition of the Hisusa/Agbar group by SUEZ Environnement. This transaction is described in further detail in Note 2, "Main changes in Group structure".

GNL Mejillones has been fully consolidated since November 9, 2010.

NOTE 14 FINANCIAL INSTRUMENTS

14.1 Financial assets

The Group's financial assets are broken down into the following categories:

	Dec. 31, 2010			Dec. 31, 2009		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total
Available-for-sale securities	3,252		3,252	3,563		**3,563**
Loans and receivables at amortized cost	2,794	22,366	25,159	2,426	20,696	**23,122**
Loans and receivables at amortized cost (excluding trade and other receivables)	2,794	1,032	3,825	2,426	947	3,373
Trade and other receivables, net		21,334	21,334		19,748	19,748
Financial assets at fair value through income	2,532	7,452	**9,984**	1,927	9,085	**11,011**
Derivative instruments	2,532	5,739	8,271	1,927	7,405	9,331
Financial assets at fair value through income (excluding derivatives)		1,713	1,713		1,680	1,680
Cash and cash equivalents		11,296	**11,296**		10,324	**10,324**
TOTAL	**8,578**	**41,113**	**49,691**	**7,916**	**40,104**	**48,020**

14.1.1 Available-for-sale securities

In millions of euros	
At December 31, 2008	**3,309**
Acquisitions	879
Disposals (carrying amount of disposal)	(546)
Changes in fair value recorded in equity	(23)
Changes in fair value recorded in income	(66)
Changes in scope of consolidation, foreign currency translation and other changes	10
At December 31, 2009	**3,563**
Acquisitions	518
Disposals (carrying amount of disposal)	(648)
Changes in fair value recorded in equity	(126)
Changes in fair value recorded in income	(69)
Changes in scope of consolidation, foreign currency translation and other changes	14
At December 31, 2010	**3,252**

The Group's available-for-sale securities amounted to €3,252 million at December 31, 2010, breaking down as €1,131 million of listed securities and €2,121 million of unlisted securities (respectively, €1,404 million and €2,159 million at December 31, 2009).

Acquisitions during the period relate mainly to the 9% stake purchased in the Nord Stream AG gas pipeline project for €238 million, as well as to acquisitions by Synatom of various SICAV money market funds and bonds in connection with its investment obligations.

Sales in 2010 relate mainly to the sale of Gas Natural shares for €555 million and to the sale of shares in VNG.

Following the fall in the Gas Natural share price in the first half of the year, the Group reversed revaluation gains carried in equity at December 31, 2009 for €103 million, and recognized an additional €46 million impairment loss against income.

In 2009, most impairment losses recognized concerned Gas Natural shares.

14.1.1.1 Gains and losses on available-for-sale securities recognized in equity or income

The table below shows gains and losses on available-for-sale securities recognized in equity or income:

		Remeasurement post acquisition			
In millions of euros	Dividends	Change in fair value	Foreign currency translation	Impairment	Net gains on disposals
Equity*	-	(125)	38	-	-
Income	128			(69)	178
TOTAL AT DECEMBER 31, 2010	**128**	**(125)**	**38**	**(69)**	**178**
Equity*	-	(23)	(17)	-	-
Income	229			(66)	101
TOTAL AT DECEMBER 31, 2009	**229**	**(23)**	**(17)**	**(66)**	**101**

* *Excluding the tax effect*

Net gains on disposals totaling €178 million chiefly include the capital gains on the sales of VNG and Gas Natural shares.

Gains and losses initially recognized in equity and reclassified to income following the disposal of available-for-sale securities totaled €27 million in 2010.

14.1.1.2 Analysis of available-for-sale securities in connection with impairment tests

The Group reviewed the value of its available-for-sale securities on a case-by-case basis, in order to determine whether, in light of the current market environment, any impairment losses should be recognized.

An example of an impairment indicator for listed securities is when the value of any such security falls below 50% of its historical cost or remains below its historical cost for more than 12 months.

Based on these criteria, an impairment loss of €46 million was recognized against Gas Natural shares in the first half of 2010.

The Group considers that no available-for-sale securities suffered a significant decline in value, with the exception of Gas Natural shares in first-half 2010.

14.1.2 Loans and receivables at amortized cost

	Dec. 31, 2010			Dec. 31, 2009		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total
Loans and receivables at amortized cost (excluding trade and other receivables)	2,794	1,032	3,825	2,426	947	**3,373**
Loans granted to affiliated companies	932	230	1,162	1,285	332	*1,617*
Other receivables at amortized cost	1,157	150	1,307	485	326	*812*
Amounts receivable under concession contracts	315	453	768	202	116	*319*
Amounts receivable under finance leases	389	198	588	454	172	*626*
Trade and other receivables		21,334	21,334		19,748	19,748
TOTAL	**2,794**	**22,366**	**25,159**	**2,426**	**20,696**	**23,122**

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

	Dec. 31, 2010			Dec. 31, 2009		
In millions of euros	Gross	Allowances and impairment	Net	Gross	Allowances and impairment	Net
Loans and receivables at amortized cost (excluding trade and other receivables)	4,224	(399)	3,825	3,837	(464)	3,373
Trade and other receivables, net	22,425	(1,091)	21,334	20,915	(1,167)	19,748
TOTAL	**26,649**	**(1,490)**	**25,159**	**24,752**	**(1,630)**	**23,122**

Net gains and losses recognized in the consolidated income statement with regard to loans and receivables at amortized cost (including trade and other receivables) break down as follows:

		Remeasurement post acquisition	
In millions of euros	Interest income	Foreign currency translation	Impairment
At December 31, 2009	186	(52)	(208)
At December 31, 2010	**101**	**(43)**	**(19)**

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

“Loans and receivables at amortized cost” include the receivable due to the Group from the ESO/Elia group amounting to €534 million at December 31, 2010 and €454 million at December 31, 2009.

At December 31, 2010 and December 31, 2009, no material impairment losses had been recognized against loans and receivables at amortized cost (excluding trade and other receivables).

Trade and other receivables

On initial recognition, trade and other receivables are recorded at fair value, which generally corresponds to their nominal value. Impairment losses are recorded based on the estimated risk of non-recovery. The carrying amount of trade and other receivables represents a reasonable estimate of fair value.

Impairment losses recognized against trade and other receivables amounted to €1,091 million at end-2010 compared with €1,167 million at end-2009. This decrease results chiefly from the decline in impairment of trade receivables in 2010, and also from the impact of recognizing previously impaired doubtful receivables as bad debt.

14.1.3 Financial assets at fair value through income

	Dec. 31, 2010			Dec. 31, 2009		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total
Derivative instruments	2,532	5,739	8,271	1,927	7,405	9,331
Derivatives hedging borrowings	*1,452*	*68*	*1,521*	*939*	*115*	*1,053*
Derivatives hedging commodities	*994*	*5,662*	*6,656*	*961*	*7,252*	*8,214*
Derivatives hedging other items	*86*	*9*	*94*	*27*	*38*	*65*
Financial assets at fair value through income (excluding derivatives)	0	1,555	1,555	0	1,609	1,609
Financial assets qualifying as at fair value through income		*1,511*	*1,511*		*1,560*	*1,560*
Financial assets designated as at fair value through income		*45*	*45*		*49*	*49*
Margin calls on derivatives hedging borrowings - assets		157	157		71	71
TOTAL	**2,532**	**7,452**	**9,984**	**1,927**	**9,085**	**11,011**

Financial assets qualifying as at fair value through income (excluding derivatives) are mainly UCITS 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 at fair value through income (excluding derivatives) held for trading purposes totaled €15 million in 2010 versus €26 million in 2009.

Gains and losses on financial assets designated as at fair value through income in 2010 were not material.

14.1.4 Cash and cash equivalents

Cash and cash equivalents totaled €11,296 million at December 31, 2010 (€10,324 million at December 31, 2009).

This caption includes €231 million of restricted cash at end-2010 compared with €149 million at end-2009.

Income recognized in respect of cash and cash equivalents came to €141 million for the year to December 31, 2010 and €149 million for the year to December 31, 2009.

14.1.5 Financial assets and equity instruments pledged as collateral

In millions of euros	Dec. 31, 2010	Dec. 31, 2009
Financial assets and equity instruments pledged as collateral	2,247	2,005

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:

- "Liabilities at amortized cost" (borrowings and debt, trade and other payables, and other financial liabilities);
- "Financial liabilities at fair value through income" (derivative instruments).

The Group's financial liabilities are classified within the following categories at December 31, 2010:

	Dec. 31, 2010			Dec. 31, 2009		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total
Borrowings and debt	38,179	9,059	47,238	32,155	10,117	42,272
Derivative instruments	2,104	5,738	7,842	1,792	7,170	8,961
Trade and other payables	-	14,835	14,835	-	12,887	12,887
Other financial liabilities	780	-	780	911	-	911
TOTAL	41,063	29,632	70,694	34,858	30,174	65,032

Advances and downpayments received and certain other accounts that were previously presented under "Trade and other payables" have been reclassified to "Other current liabilities" in the consolidated statement of financial position at December 31, 2010. In order to reflect this change in presentation, comparative data for 2009 have been restated.

14.2.1 Borrowings and debt

	Dec. 31, 2010			Dec. 31, 2009		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total
Bond issues	23,975	921	24,896	20,606	1,060	21,666
Commercial paper		3,829	3,829		4,273	4,273
Drawdowns on credit facilities	1,286	302	1,588	260	920	1,180
Liabilities under finance leases	1,258	243	1,502	1,241	156	1,398
Other bank borrowings	9,767	1,110	10,877	7,832	1,663	9,495
Other borrowings	1,226	65	1,290	1,479	163	1,643
TOTAL BORROWINGS	**37,512**	**6,470**	**43,982**	**31,418**	**8,236**	**39,653**
Bank overdrafts and current accounts		1,741	1,741		1,357	1,357
OUTSTANDING BORROWINGS	**37,512**	**8,210**	**45,722**	**31,418**	**9,593**	**41,011**
Impact of measurement at amortized cost	621	191	812	636	244	880
Impact of fair value hedge	46	119	165	101	92	193
Margin calls on derivatives hedging borrowings - liabilities		539	539		189	189
BORROWINGS AND DEBT	38,179	9,059	47,238	32,155	10,117	42,272

The fair value of gross borrowings and debt amounted to €47,531 million at December 31, 2010, compared with a net carrying amount of €47,238 million.

Financial income and expenses (mainly comprising interest) are recognized within gains and losses on borrowings and debt and are detailed in Note 6, "Net financial income/(loss)".

Borrowings and debt are analyzed in Note 14.3.

14.2.2 Derivative instruments

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

	Dec. 31, 2010			Dec. 31, 2009		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total
Derivatives hedging borrowings	969	157	1,126	637	115	752
Derivatives hedging commodities	1,037	5,512	6,549	1,085	7,031	8,116
Derivatives hedging other items	98	69	166	70	24	93
TOTAL	**2,104**	**5,738**	**7,842**	**1,792**	**7,170**	**8,961**

14.2.3 Trade and other payables

In millions of euros	Dec. 31, 2010	Dec. 31, 2009
Trade payables	13,458	11,722
Payable on fixed assets	1,377	1,165
TOTAL	**14,835**	**12,887**

The carrying amount of these financial liabilities represents a reasonable estimate of their fair value.

14.2.4 Other financial liabilities

Other financial liabilities break down as follows:

In millions of euros	Dec. 31, 2010	Dec. 31, 2009
Payables related to acquisitions of securities	643	775
Other	136	136
TOTAL	**780**	**911**

Other financial liabilities chiefly relate to liabilities in respect of various counterparties resulting from put options granted by the Group to non-controlling shareholders of fully consolidated companies.

These commitments to purchase equity instruments have therefore been recognized under liabilities (see Note 1.4.11.2), and concern:

- 33.20% of the capital of Compagnie Nationale du Rhône (CNR) in 2010 and 2009;

- 43.16% of the capital of Compagnie du Vent in 2010 and 2009;
- 49% of the capital of Gaselys in 2009 only (the Group purchased non-controlling interests in Gaselys in 2010).

Non-controlling interests in CNR may only exercise their options if the French "Murcef" law is abolished. Non-controlling shareholders of Compagnie du Vent may exercise their options in several phases beginning in 2011.

The Group also holds call options on these shares as part of agreements entered into by the parties.

14.3 Net debt

	Dec. 31, 2010			Dec. 31, 2009		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total
Outstanding borrowings and debt	37,512	8,210	45,722	31,418	9,593	41,011
Impact of measurement at amortized cost	621	191	812	636	244	880
Impact of fair value hedge (a)	46	119	165	101	92	193
Margin calls on derivatives hedging borrowings - liabilities		539	539		189	189
BORROWINGS AND DEBT	**38,179**	**9,059**	**47,238**	**32,155**	**10,117**	**42,272**
Derivative instruments hedging borrowings under liabilities (b)	969	157	1,126	637	115	752
GROSS DEBT	**39,148**	**9,216**	**48,364**	**32,791**	**10,232**	**43,024**
Financial assets at fair value through income	0	(1,555)	(1,555)	0	(1,609)	(1,609)
Margin calls on derivatives hedging borrowings - assets		(157)	(157)		(71)	(71)
Cash and cash equivalents	0	(11,296)	(11,296)	0	(10,324)	(10,324)
Derivative instruments hedging borrowings under assets (b)	(1,452)	(68)	(1,521)	(939)	(115)	(1,053)
NET CASH	**(1,452)**	**(13,077)**	**(14,529)**	**(939)**	**(12,119)**	**(13,057)**
NET DEBT	**37,696**	**(3,861)**	**33,835**	**31,853**	**(1,886)**	**29,967**
Outstanding borrowings and debt	37,512	8,210	45,722	31,418	9,593	41,011
Financial assets at fair value through income	0	(1,555)	(1,555)	0	(1,609)	(1,609)
Cash and cash equivalents	0	(11,296)	(11,296)	0	(10,324)	(10,324)
NET DEBT EXCLUDING THE IMPACT OF DERIVATIVE INSTRUMENTS, CASH COLLATERAL AND AMORTIZED COST	**37,512**	**(4,641)**	**32,871**	**31,418**	**(2,340)**	**29,078**

(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 (see notes 14.1.3 and 14.2.2).

14.3.1 Main debt issues during the period

In 2010, the GDF SUEZ Group carried out a series of bond issues for a total of €4,327 million, mainly comprising:

- a €2 billion issue, consisting of a 7-year tranche for €1 billion maturing in October 2017 and paying interest of 2.75%, and a 12-year tranche for €1 billion maturing in October 2022 and paying interest of 3.5%. A total of €934 million from these issues was used by the Group to partially redeem its bonds maturing in January 2012, January 2013 and January 2014, paying interest of 4.375%, 4.75% and 6.25%, respectively;
- a GBP 700 million, 50-year bond issue paying interest at 5%. A euro swap was taken out in respect of this issue at an average rate of 4.28%;
- an issue of €500 million by SUEZ Environnement, maturing in 2022 and paying interest of 4.125%;
- an issue of USD 400 million by E-CL (Chile), maturing in January 2021 and paying interest of 5.62%;
- a €210 million issue (Thai baht 8,000 million) carried out by Glow Energy Public Ltd.

On June 16, 2010, a 5-year, €4 billion syndicated credit line was signed with a syndicate of 18 banks.

Changes in the scope of consolidation in 2010 led to a €1,934 million increase in net debt. Foreign currency translation increased net debt by €1,102 million (including €485 million on the US dollar).

14.3.2 Debt/equity ratio

In millions of euros	Dec. 31, 2010	Dec. 31, 2009
Net debt	33,835	29,967
Total equity	70,717	65,527
Debt/equity ratio	47.8%	45.7%

14.4 Fair value of financial instruments by level in the fair value hierarchy

14.4.1 Financial assets

The table below shows the allocation of financial instruments carried in assets to the different levels in the fair value hierarchy:

Fair value by level	Dec. 31, 2010				Dec. 31, 2009			
In millions of euros	Total	level 1	level 2	level 3	Total	level 1	level 2	level 3
Available-for-sale securities	3,252	1,131	-	2,120	3,563	1,404	-	2,159
Loans and receivables at amortized cost used in designated fair value hedges	256	-	256	-	270	-	270	-
Loans and receivables at amortized cost (excluding trade and other receivables)	*256*	*-*	*256*	*-*	*270*	*-*	*270*	*-*
Derivative instruments	8,271	1,043	7,175	53	9,332	748	8,521	62
Derivatives hedging borrowings	*1,521*	*-*	*1,521*	*-*	*1,053*	*-*	*1,035*	*18*
Derivatives hedging commodities - relating to portfolio management activities	*2,574*	*257*	*2,267*	*51*	*3,297*	*233*	*3,046*	*18*
Derivatives hedging commodities - relating to trading activities	*4,082*	*786*	*3,294*	*2*	*4,917*	*516*	*4,375*	*26*
Derivatives hedging other items	*94*	*-*	*94*	*-*	*65*	*-*	*65*	*-*
Financial assets at fair value through income	1,555	1,317	238	-	1,609	1,340	269	-
Financial assets qualifying as at fair value through income	*1,511*	*1,317*	*194*	*-*	*1,560*	*1,340*	*220*	*-*
Financial assets designated as at fair value through income	*45*	*-*	*45*	*-*	*49*	*-*	*49*	*-*
TOTAL	13,335	3,492	7,670	2,173	14,773	3,492	9,060	2,221

Available-for-sale securities

Listed securities – measured at their market price at the end of the reporting period – are included in level 1.

Unlisted securities – measured using valuation models based primarily on recent market transactions, the present value of dividends/cash flows or net asset value – are included in level 3.

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

Loans and receivables at amortized cost (excluding trade and other receivables) in a designated fair value hedging relationship are presented in level 2 in the above table. Only the interest rate component of these items is remeasured, with fair value determined by reference to observable data.

Derivative instruments

Derivative instruments included in level 1 are mainly futures traded on organized markets with clearing houses. They are measured at fair value based on their quoted price.

The measurement at fair value of derivative instruments included in level 3 is based on non-observable inputs and internal assumptions, usually because the maturity of the instruments exceeds the observable period for the forward price of the underlying, or because certain inputs such as the volatility of the underlying were not observable at the measurement date.

The measurement at fair value of other derivative instruments is based on commonly-used models in the commodities trading environment, and includes directly and indirectly observable inputs. These instruments are included in level 2 of the fair value hierarchy.

Financial assets qualifying or designated as at fair value through income

Financial assets qualifying as at fair value through income for which the Group has regular net asset value data are included in level 1. If net asset values are not available on a regular basis, these instruments are included in level 2.

Financial assets designated as at fair value through income are included in this case in level 2.

At December 31, 2010, changes in level 3 available-for-sale securities can be analyzed as follows:

In millions of euros	Available-for-sale securities
At December 31, 2009	**2,158**
Gains and losses recorded in income	(23)
Gains and losses recorded in equity	(139)
Acquisitions	358
Disposals	(69)
Changes in scope of consolidation, foreign currency translation and other changes	(166)
At December 31, 2010	**2,120**
Gains and losses recorded in income relating to instruments held at the end of the period	295

A 10% decrease in the overall value of Atlantic LNG, the Group's main unlisted investment, would lead to a pre-tax loss of €51 million charged against equity.

14.4.2 Financial liabilities

The table below shows the allocation of financial instruments carried in liabilities to the different levels in the fair value hierarchy:

Fair value by level	Dec. 31, 2010				Dec. 31, 2009			
In millions of euros	Total	level 1	level 2	level 3	Total	level 1	level 2	level 3
Borrowings used in designated fair value hedges	8,714	-	8,714	-	8,296	-	8,296	-
Derivative instruments	7,842	992	6,782	69	8,961	561	8,315	85
Derivatives hedging borrowings	*1,126*	-	*1,117*	*10*	*752*	-	*752*	-
Derivatives hedging commodities - relating to portfolio management activities	*2,494*	*168*	*2,269*	*57*	*3,279*	*93*	*3,101*	*85*
Derivatives hedging commodities - relating to trading activities	*4,055*	*824*	*3,229*	*2*	*4,837*	*469*	*4,369*	-
Derivatives hedging other items	*166*	-	*166*	-	*93*	-	*93*	-
TOTAL	**16,556**	**992**	**15,495**	**69**	**17,257**	**561**	**16,611**	**85**

Borrowings and debt

This caption includes bonds in a designated fair value hedging relationship which are presented in level 2 in the above table. Only the interest rate component of the bonds is remeasured, with fair value determined by reference to observable data.

Derivative instruments

See Note 14.4.1.

NOTE 15 RISKS ARISING FROM FINANCIAL INSTRUMENTS

Financial risk management procedures are set out in section 5, "Risk factors" of the Reference Document.

15.1 Market risks

15.1.1 Commodity risk

Commodity risk arises primarily from the following activities:

- portfolio management; and
- trading.

The Group has identified two types of commodity risks: price risk resulting from fluctuations in market prices, and volume risks inherent to the business.

In the ordinary course of its operations, the Group is exposed to commodity risks on gas, electricity, coal, oil and oil products, other fuels, CO_2 and other "green" products. The Group is active on these energy markets either for supply purposes or to optimize and secure its energy production chain and its energy sales. The Group also uses derivatives to offer hedging instruments to its clients and to hedge its own positions.

15.1.1.1 Portfolio management activities

Portfolio management seeks to optimize the market value of assets (power plants, gas and coal supply contracts, energy sales and gas storage and transmission) over various timeframes (short-, medium- and long-term). Market value is optimized by:

- guaranteeing supply and ensuring the balance between needs and physical resources;
- managing market risks (price, volume) to unlock optimum value from portfolios within a specific risk framework.

The risk framework aims to safeguard the Group's financial resources over the budget period and smooth out medium-term earnings (over three or five years, depending on the maturity of each market). It encourages portfolio managers to take out economic hedges of their portfolio.

Sensitivity analyses for portfolio management activities, as presented in the table below, are calculated based on a fixed portfolio at a given date and may not necessarily be representative of future changes in consolidated earnings and equity. The analyses are determined excluding the impact of commodity purchase and sale contracts entered into within the ordinary course of business, which are not recognized as derivatives in accordance with IAS 39.

Sensitivity analysis		Dec. 31, 2010		Dec. 31, 2009	
In millions of euros	Price movements	Pre-tax impact on income	Pre-tax impact on equity	Pre-tax impact on income	Pre-tax impact on equity
Oil-based products	+10 $US/bbl	(194)	269	(97)	326
Natural gas	+3 €/MWh	87	(26)	167	(13)
Coal	+10 $US/ton	12	35	82	71
Electricity	+5 €/MWh	(37)	49	(30)	(46)
Greenhouse gas emission rights	+2 €/ton	(41)	(6)	(32)	(6)
EUR/USD	+10%	112	(194)	76	(213)
EUR/GBP	+10%	34	4	(59)	(2)
EUR/CAD	+10%	-	17	-	16
THB/USD	+10%	35	-	4	-

As options contracts are not frequently used, the sensitivity analysis is symmetrical for price increases and decreases.

15.1.1.2 Trading activities

Some Group entities are engaged in trading activities. The primary aim of these activities is to:

- secure access to the wholesale energy market;
- advise on and execute hedges.

Revenues from trading activities totaled €146 million for the year ended December 31, 2010 (€340 million in 2009).

The use of Valut at Risk to quantify market risk arising from trading activities provides a transversal measure of risk taking all markets and products into account. VaR represents the maximum potential loss on a portfolio of assets over a specified holding period based on a given confidence interval. It is not an indication of expected results but is back-tested on a regular basis.

The Group uses a 1-day holding period and a 99% confidence interval. The value-at-risk shown below corresponds to the aggregated VaRs of the Group's trading entities.

Value-at-risk *In millions of euros*	Dec. 31, 2010	2010 average (a)	2010 maximum (b)	2010 minimum (b)	2009 average (a)
Trading activities	6	9	17	5	6

(a) Average daily VaR.
(b) Based on month-end highs and lows observed in 2010.

15.1.2 Hedges of commodity risks

The Group enters into cash flow hedges and fair value hedges as defined by IAS 39, using derivative instruments (firm or options contracts) contracted over-the-counter or on organized markets.

These instruments may be settled net or involve physical delivery of the underlying.

The fair values of commodity derivatives at December 31, 2010 and 2009 are indicated in the table below:

	Dec. 31, 2010				Dec. 31, 2009			
	Assets		Liabilities		Assets		Liabilities	
In millions of euros	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
Derivative instruments relating to portfolio management activities	1,580	994	(1,457)	(1,037)	2,335	961	(2,194)	(1,085)
Cash flow hedges	*964*	*464*	*(837)*	*(299)*	*1,214*	*516*	*(1,389)*	*(592)*
*Other derivative instruments**	*616*	*531*	*(620)*	*(738)*	*1,122*	*445*	*(804)*	*(493)*
Derivative instruments relating to trading activities	4,082	-	(4,055)	-	4,917	-	(4,837)	-
TOTAL	**5,662**	**994**	**(5,512)**	**(1,037)**	**7,252**	**961**	**(7,031)**	**(1,085)**

* *At December 31, 2010, fair value hedges are not material at the level of the Group and are included in this item. Accordingly, comparative data for 2009 have been restated.*

See also notes 14.1.3 and 14.2.2.

The fair values shown in the table above reflect the amounts for which assets could be exchanged, or liabilities settled, at the end of the reporting period. They are not representative of expected future cash flows insofar as positions (i) are sensitive to changes in prices; (ii) can be modified by subsequent transactions; and (iii) can be offset by future cash flows arising on the underlying transactions.

15.1.2.1 Cash flow hedges

The fair values of cash flow hedges by type of commodity are as follows:

	Dec. 31, 2010				Dec. 31, 2009			
	Assets		Liabilities		Liabilities		Assets	
In millions of euros	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
Natural gas	289	144	(322)	(121)	301	71	(420)	(216)
Electricity	149	57	(143)	(73)	284	124	(178)	(95)
Coal	69	44	(27)	(23)	10	17	(7)	(11)
Oil	437	139	(342)	(84)	600	264	(768)	(255)
Other	20	79	(3)	2	19	39	(16)	(14)
TOTAL	**964**	**464**	**(837)**	**(299)**	**1,214**	**516**	**(1,389)**	**(592)**

Notional amounts and maturities of cash flow hedges are as follows:

Notional amounts (net)* *In GWh*	Total At Dec. 31, 2010	2011	2012	2013	2014	2015	Beyond 5 years
Natural gas, electricity and coal	21,021	5,836	4,068	9,859	1,258	-	-
Oil-based products	146,936	100,964	43,527	2,444	-	-	-
Other	-	-	-	-	-	-	-
TOTAL	**167,957**	**106,800**	**47,595**	**12,303**	**1,258**	**-**	**-**

* *Long position/(short position).*

Notional amounts (net)* *In thousands of tons*	Total At Dec. 31, 2010	2011	2012	2013	2014	2015	Beyond 5 years
Greenhouse gas emission rights	(1,084)	160	(1,244)	-	-	-	-
TOTAL	**(1,084)**	**160**	**(1,244)**	**-**	**-**	**-**	**-**

* *Long position/(short position).*

At December 31, 2010, a gain of €238 million was recognized in equity in respect of cash flow hedges versus a gain of €312 million in 2009. A loss of €223 million was reclassified from equity to income in 2010, compared with a loss of €599 million in 2009.

Gains and losses arising from the ineffective portion of hedges are taken to income. A gain of €33 million was recognized in income in 2010, compared with a loss of €38 million in 2009.

15.1.2.2 Other commodity derivatives

Other commodity derivatives include embedded derivatives, commodity purchase and sale contracts which were not entered into within the ordinary course of business at the reporting date, and derivative financial instruments not eligible for hedge accounting in accordance with IAS 39.

15.1.3 Currency risk

The Group is exposed to currency risk, defined as the impact on its statement of financial position and income statement of fluctuations in exchange rates affecting its operating and financing activities. Currency risk comprises (i) transaction risk arising in the ordinary course of business; (ii) transaction risk specifically linked to investment or mergers and acquisitions projects; and (iii) translation risk arising on the consolidation in euros of the financial statements of subsidiaries with a functional currency other than the euro. This risk chiefly concerns the United States, Brazil, Thailand, Poland, Norway and the United Kingdom.

15.1.3.1 Analysis of financial instruments by currency

The following tables present a breakdown by currency of outstanding gross debt and net debt, before and after hedging:

● OUTSTANDING GROSS DEBT

	Dec. 31, 2010		Dec. 31, 2009	
	Before hedging	After hedging	Before hedging	After hedging
EUR zone	61%	53%	65%	63%
USD zone	14%	21%	14%	18%
GBP zone	6%	2%	4%	2%
Other currencies	19%	24%	16%	17%
TOTAL	100%	100%	100%	100%

● NET DEBT

	Dec. 31, 2010		Dec. 31, 2009	
	Before hedging	After hedging	Before hedging	After hedging
EUR zone	57%	45%	60%	56%
USD zone	16%	26%	18%	23%
GBP zone	6%	2%	5%	1%
Other currencies	21%	27%	18%	19%
TOTAL	100%	100%	100%	100%

15.1.3.2 Currency risk sensitivity analysis

Sensitivity was analyzed based on the Group's net debt position (including the impact of interest rate and foreign currency derivatives) at the reporting date.

For currency risk, sensitivity corresponds to a 10% rise or fall in exchange rates compared to closing rates.

Impact on income after currency hedges

Changes in exchange rates against the euro only affect income via gains and losses on liabilities denominated in a currency other than the functional currency of companies carrying the liabilities on their statements of financial position, and when the liabilities in question do not qualify as net investment hedges. The impact of a uniform increase (or decrease) of 10% in foreign currencies against the euro would ultimately be a gain (or loss) of €24 million.

Impact on equity

For financial instruments (debt and derivatives) designated as net investment hedges, a uniform adverse change of 10% in foreign currencies against the euro would have a positive impact of €474 million on equity. This impact is countered by the offsetting change in the net investment hedged.

15.1.4 Interest rate risk

The Group seeks to manage its borrowing costs by limiting the impact of interest rate fluctuations on its income statement. It does this by ensuring a balanced interest rate structure in the medium-term (five years). The Group's aim is therefore to use a mix of fixed rates, floating rates and capped floating rates for its net debt. The interest rate mix may shift around this balance in line with market trends. This was the case in 2010 following the sharp drop in long-term interest rates for the euro and US dollar, when the Group continued to increase the proportion of fixed-rate hedges and extended the term of its hedges in order to capitalize on attractive interest rates in the medium-term.

In order to manage the interest rate structure for its net debt, the Group uses hedging instruments, particularly interest rate swaps and options. At December 31, 2010, the Group has a portfolio of interest rate options (caps) which protect it from a rise in short-term interest rates for the euro, US dollar and pound sterling. Since all short-term interest rates hit a record low in 2010, hardly any options hedging euros, US dollars and pounds sterling have so far been activated.

15.1.4.1 Analysis of financial instruments by type of interest rate

The following tables present a breakdown by type of interest rate of outstanding gross debt and net debt before and after hedging.

OUTSTANDING GROSS DEBT

	Dec. 31, 2010		Dec. 31, 2009	
	Before hedging	After hedging	Before hedging	After hedging
Floating rate	41%	44%	41%	43%
Fixed rate	59%	56%	59%	57%
TOTAL	100%	100%	100%	100%

NET DEBT

	Dec. 31, 2010		Dec. 31, 2009	
	Before hedging	After hedging	Before hedging	After hedging
Floating rate	18%	22%	20%	23%
Fixed rate	82%	78%	80%	77%
TOTAL	100%	100%	100%	100%

15.1.4.2 Interest rate risk sensitivity analysis

Sensitivity was analyzed based on the Group's net debt position (including the impact of interest rate and foreign currency derivatives) at the reporting date.

For interest rate risk, sensitivity corresponds to a 1% rise or fall in the yield curve compared with year-end interest rates.

Impact on income after hedging

A uniform rise of 1% in short-term interest rates (across all currencies) on the nominal amount of floating-rate net debt and the floating-rate leg of derivatives, would increase net interest expense by €83 million. A fall of 1% in short-term interest rates would reduce net interest expense by €102 million. The asymmetrical impacts are attributable to the low short-term interest rates (less than 1%) applicable to certain financial assets and liabilities.

In the income statement, a rise of 1% in interest rates (across all currencies) would result in a gain of €210 million attributable to changes in the fair value of derivatives not documented or designated as net investment hedges. However, a fall of 1% in interest rates would generate a loss of €239 million. The asymmetrical impacts are attributable to the interest rate options portfolio.

Impact on equity

A uniform rise or fall of 1% in interest rates (across all currencies) would have a positive or negative impact of €273 million on equity, attributable to changes in the fair value of derivative instruments documented as cash flow hedges held by fully or proportionately consolidated subsidiaries.

15.1.4.3 Currency and interest rate hedges

The table below shows the fair values and notional amounts of financial instruments designated as currency or interest rate hedges:

	Dec. 31, 2010		Dec. 31, 2009	
In millions of euros	Market value	Nominal amount	Market value	Nominal amount
Fair value hedges	288	1,908	34	2,012
Cash flow hedges	86	3,219	(25)	2,498
Net investment hedges	(59)	4,659	36	3,346
Derivative instruments not qualifying for hedge accounting	10	13,056	0	13,314
TOTAL	325	22,842	45	21,169

	Dec. 31, 2010		Dec. 31, 2009	
In millions of euros	Market value	Nominal amount	Market value	Nominal amount
Fair value hedges	378	7,616	367	7,308
Cash flow hedges	(282)	5,094	(179)	4,727
Derivative instruments not qualifying for hedge accounting	(35)	19,680	18	14,924
TOTAL	61	32,291	207	26,960

The fair values shown in the table above are positive for an asset and negative for a liability.

The Group qualifies foreign currency derivatives hedging firm foreign currency commitments and interest rate swaps transforming fixed-rate debt into floating-rate debt as fair value hedges.

Cash flow hedges are mainly used to hedge future foreign currency cash flows as well as floating-rate debt.

Net investment hedging instruments are mainly cross currency swaps.

Derivative instruments not qualifying for hedge accounting correspond to instruments that do not meet the definition of hedges from an accounting perspective, even though they are used as economic hedges of borrowings and foreign currency commitments. The impact on foreign currency derivatives is almost entirely offset by gains and losses on the hedged items.

Fair value hedges

At December 31, 2010, the net impact of fair value hedges recognized in the income statement represents a loss of €9 million.

Cash flow hedges

Foreign currency and interest rate derivatives designated as cash flow hedges can be analyzed as follows by maturity:

At December 31, 2010 *In millions of euros*	Total	2011	2012	2013	2014	2015	Beyond 5 years
Fair value of derivatives by maturity	(195)	(69)	(24)	(6)	(22)	1	(75)

At December 31, 2009 *In millions of euros*	Total	2010	2011	2012	2013	2014	Beyond 5 years
Fair value of derivatives by maturity	(204)	(77)	(63)	(5)	27	(5)	(82)

At December 31, 2010, gains and losses taken to equity in the period totaled €96 million.

The amount reclassified from equity to income in the period was €7 million.

The ineffective portion of cash flow hedges recognized in income represents a loss of €13 million.

Net investment hedges

The ineffective portion of net investment hedges recognized in income represents a loss of €37 million.

15.2 Counterparty risk

The Group is exposed to counterparty risk from customers, suppliers, partners, intermediaries and banks on its operating and financing activities, when such parties are unable to honor their contractual obligations. Counterparty risk results from a combination of payment risk (failure to pay for services or deliveries carried out), delivery risk (failure to deliver services or products paid for) and the risk of replacing contracts in default (known as mark-to-market exposure – i.e., the cost of replacing the contract in conditions other than those initially agreed).

15.2.1 Operating activities

The Group's Energy Market Risk Committee (CRME) consolidates and monitors the Group's exposure to its main energy counterparties on a quarterly basis and ensures that the exposure limits set for these counterparties are respected.

Past-due trade and other receivables are analyzed below:

	Past due assets not impaired at the reporting date				Impaired assets	Assets neither impaired nor past due	
Trade and other receivables *In millions of euros*	0-6 months	6-12 months	More than 1 year	Total	Total	Total	Total
At December 31, 2010	1,235	261	403	1,900	1,640	18,885	**22,425**
At December 31, 2009	1,086	305	177	1,567	1,447	17,901	**20,915**

The age of receivables that are past due but not impaired may vary significantly depending on the type of customer with which the Group does business (private corporations, individuals or public authorities). The Group decides whether or not to recognize impairment on a case-by-case basis according to the characteristics of the customer concerned. The Group does not consider that it is exposed to any material concentration of risk in respect of receivables.

In the case of commodity derivatives, counterparty risk arises from positive fair value. Counterparty risk is taken into account when calculating the fair value of these derivative instruments.

Counterparty risk [(a)] *In millions of euros*	Dec. 31, 2010		Dec. 31, 2009	
	Investment grade [(b)]	Total [(d)]	Investment grade [(b)]	Total [(d)]
Gross exposure	7,752	8,128	9,629	10,477
Net exposure [(c)]	1,670	1,761	2,451	2,648
% exposure to investment grade counterparties	94.8%		92.6%	

(a) Excluding positions with a negative fair value.

(b) Investment grade corresponds to transactions with counterparties rated at least BBB- by Standard & Poor's, Baa3 by Moody's, or an equivalent by Dun & Bradstreet. Counterparties are also qualified as investment grade based on publicly available credit ratings, taking into account collaterals, letters of credit and parent company guarantees.

(c) After taking into account collateral netting agreements and other credit enhancement.

(d) The difference between the amount exposed to counterparty risk and the total amount of derivatives hedging commodities under assets results from trade receivables and commodity purchase and sale contracts entered into within the ordinary course of business.

15.2.2 Financing activities

For its financing activities, the Group has put in place procedures for managing and monitoring risk based on (i) the accreditation of counterparties according to external credit ratings, objective market data (credit default swaps, market capitalization) and financial structure, and (ii) risk exposure limits.

The Group 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 Group's Treasury department and reports to the Finance division.

15.2.2.1 Counterparty risk arising from loans and receivables at amortized cost (excluding trade and other receivables)

The balance of outstanding past-due loans and receivables at amortized cost (excluding trade and other receivables) is analyzed below:

Loans and receivables at amortized cost (excluding trade and other receivables) *In millions of euros*	Past due assets not impaired at the reporting date				Impaired assets	Assets neither impaired nor past due	
	0-6 months	6-12 months	More than 1 year	Total	Total	Total	Total
At December 31, 2010	9	9	12	29	433	3,745	**4,208**
At December 31, 2009	15	2	10	27	464	3,345	**3,835**

The balance of outstanding loans and receivables at amortized cost (excluding trade and other receivables) does not include impairment losses or changes in fair value and in amortized cost, which totaled €(399) million, €(2) million and €18 million, respectively, at December 31, 2010, versus €(464) million, €(5) million and €6 million, respectively, at December 31, 2009. Changes in these items are presented in Note 14.1.2 "Loans and receivables at amortized cost".

15.2.2.2 Counterparty risk arising from investing activities

The Group is exposed to counterparty risk arising from investments of surplus cash and from the use of derivative financial instruments. In the case of financial instruments at fair value through income, counterparty risk arises on instruments with a positive fair value.

At December 31, 2010, total outstandings exposed to credit risk amounted to €14,362 million.

Counterparty risk arising from investing activities	Dec. 31, 2010			Dec. 31, 2009		
	Investment grade (a)	Unrated (b)	Non-investment grade (b)	Investment grade (a)	Unrated (a)	Non-investment grade (b)
% exposure to counterparties	90%	9%	1%	84%	15%	1%

(a) Counterparties rated at least BBB- by Standard & Poor's or Baa3 by Moody's.

(b) The bulk of exposure to unrated or non-investment grade counterparties arises within consolidated companies comprising non-controlling interests, or within Group companies operating in emerging countries where cash cannot be pooled and is therefore invested locally.

At December 31, 2010, no single counterparty represented more than 7.6% of cash investments.

15.3 Liquidity risk

In the context of its operating activities, the Group is exposed to a risk of having insufficient liquidity to meet its contractual obligations. Margin calls required in certain commodities market activities are included in the calculation of working capital requirements.

The Group's liquidity is based on maintaining cash and cash equivalents and access to confirmed credit facilities. These facilities are appropriate for the scale of its operations and for the timing of contractual debt repayments. Confirmed credit facilities had been granted for a total of €16,177 million at December 31, 2010, of which €14,588 million was available and undrawn. 75% of the total lines of credit and 83% of the lines not drawn are centralized. None of these centralized facilities contain a default clause linked to covenants or minimum credit ratings.

At December 31, 2010, bank loans accounted for 35% of gross debt (excluding overdrafts and the impact of derivatives and amortized cost), while the remaining debt was raised on capital markets (including €24,896 million in bonds, or 57% of gross debt).

Available cash, comprising cash and cash equivalents, financial assets qualifying and designated as at fair value through income, less bank overdrafts, totaled €11,111 million at December 31, 2010.

The Group's financing policy is based on:

- centralizing external financing;
- diversifying sources of financing between credit institutions and capital markets;
- achieving a balanced debt repayment profile.

The Group centralizes virtually all financing needs and cash flow surpluses of the companies it controls, as well as most of their medium- and long-term external financing requirements. Centralization is provided by financing vehicles (long-term and short-term) and by dedicated Group cash pooling vehicles based in France, Belgium and Luxembourg.

Surpluses held by these structures are managed in accordance with a uniform policy. Unpooled cash surpluses are invested in instruments selected on a case-by-case basis in light of local financial market imperatives and the financial strength of the counterparties concerned.

The Group seeks to diversify its long-term sources of financing by carrying out public or private bond issues within the scope of its Euro Medium Term Notes program. It also issues commercial paper in France and Belgium, as well as in the United States.

Outstanding short-term commercial paper issues represented 9% of gross debt, or €3,829 million at December 31, 2010. As commercial paper is relatively inexpensive and highly liquid, it is used by the Group in a cyclical or structural fashion to finance its short-term cash requirements. However, all outstanding commercial paper is backed by confirmed bank lines of credit so that the Group could continue to finance its activities if access to this financing source were to dry up.

Since the onset of the financial crisis in fourth-quarter 2008 and the ensuing rise in counterparty risk, the Group adjusted its investment policy with the aim of keeping an extremely high level of liquidity and protecting invested capital (86% of cash pooled at December 31, 2010 was invested in overnight bank deposits and standard money market funds with daily liquidity). Performance and counterparty risks are monitored on a daily basis for both investment types, allowing the Group to take immediate action where required in response to market developments.

15.3.1 Undiscounted contractual payments relating to financing activities

At December 31, 2010, undiscounted contractual payments on net debt (excluding the impact of derivatives and amortized cost) break down as follows by maturity:

At December 31, 2010 *In millions of euros*	**Total**	**2011**	**2012**	**2013**	**2014**	**2015**	**Beyond 5 years**
Bond issues	24,896	921	2,534	1,278	3,790	2,297	14,076
Commercial paper	3,829	3,829	(0)	0	0	0	0
Drawdowns on credit facilities	1,588	302	388	2	393	415	88
Liabilities under finance leases	1,502	243	129	110	110	82	827
Other bank borrowings	10,877	1,110	1,132	1,365	1,165	738	5,366
Other borrowings	1,290	65	372	166	58	32	598
Bank overdrafts and current accounts	1,741	1,741	0	0	0	0	0
Outstanding borrowings and debt	**45,722**	**8,210**	**4,555**	**2,922**	**5,516**	**3,564**	**20,956**
Financial assets qualifying or designated as at fair value through income	(1,555)	(1,555)	0	0	0	0	0
Cash and cash equivalents	(11,296)	(11,296)	0	0	0	0	0
NET DEBT EXCLUDING THE IMPACT OF DERIVATIVE INSTRUMENTS, CASH COLLATERAL AND AMORTIZED COST	**32,871**	**(4,641)**	**4,555**	**2,922**	**5,516**	**3,564**	**20,956**

At December 31, 2009 *In millions of euros*	Total	2010	2011	2012	2013	2014	Beyond 5 years
OUTSTANDING BORROWINGS AND DEBT	41,011	9,593	2,125	4,186	2,808	5,188	17,111
Financial assets qualifying or designated as at fair value through income, and cash and cash equivalents	(11,933)	(11,933)	0	0	0	0	0
NET DEBT EXCLUDING THE IMPACT OF DERIVATIVE INSTRUMENTS, CASH COLLATERAL AND AMORTIZED COST	29,078	(2,340)	2,125	4,186	2,808	5,188	17,111

At December 31, 2010, undiscounted contractual interest payments on outstanding borrowings and debt break down as follows by maturity:

At December 31, 2010 *In millions of euros*	Total	2011	2012	2013	2014	2015	Beyond 5 years
Undiscounted contractual interest payments on outstanding borrowings and debt	17,769	1,801	1,902	1,711	1,570	1,370	9,414

At December 31, 2009 *In millions of euros*	Total	2010	2011	2012	2013	2014	Beyond 5 years
Undiscounted contractual interest payments on outstanding borrowings and debt	13,694	1,600	1,558	1,518	1,357	1,220	6,442

At December 31, 2010, undiscounted contractual payments on outstanding derivatives (excluding commodity instruments) recognized in assets and liabilities break down as follows by maturity (net amounts):

At December 31, 2010 *In millions of euros*	Total	2011	2012	2013	2014	2015	Beyond 5 years
Derivatives (excluding commodity instruments)	214	533	(118)	32	(69)	0	(166)

At December 31, 2009 *In millions of euros*	Total	2010	2011	2012	2013	2014	Beyond 5 years
Derivatives (excluding commodity instruments)	326	91	223	50	(9)	(15)	(13)

To better reflect the economic substance of these transactions, the cash flows linked to the derivatives recognized in assets and liabilities shown in the table above relate to net positions.

The maturities of the Group's undrawn confirmed credit facility programs are analyzed in the table below:

At December 31, 2010 *In millions of euros*	Total	2011	2012	2013	2014	2015	Beyond 5 years
Confirmed undrawn credit facility programs	14,588	1,528	5,307	653	1,324	5,193	583

At December 31, 2009 *In millions of euros*	Total	2010	2011	2012	2013	2014	Beyond 5 years
Confirmed undrawn credit facility programs	14,691	2,991	751	9,474	127	1,130	218

Of these undrawn programs, an amount of €3,829 million is allocated to covering issues of commercial paper.

Undrawn confirmed credit lines include a €4 billion multi-currency syndicated loan maturing in 2015 and contracted in June 2010. These facilities will be used to refinance ahead of maturity credit lines expiring in 2012. They are not subject to any covenants or credit rating requirements.

At December 31, 2010, no single counterparty represented more than 6.1% of the Group's confirmed undrawn credit lines.

15.3.2 Undiscounted contractual payments relating to operating activities

The table below provides an analysis of undiscounted fair values due and receivable in respect of commodity derivatives recorded in assets and liabilities at the reporting date.

Liquidity risk *In millions of euros*	Total	2011	2012	2013	2014	2015	Beyond 5 years
Derivative instruments carried in liabilities							
relating to portfolio management activities	*(2,495)*	*(1,647)*	*(622)*	*(116)*	*(35)*	*(23)*	*(52)*
relating to trading activities	*(4,062)*	*(4,062)*					
Derivative instruments carried in assets							
relating to portfolio management activities	*2,599*	*1,624*	*651*	*228*	*32*	*20*	*44*
relating to trading activities	*4,098*	*4,098*					
TOTAL AT DECEMBER 31, 2010	140	14	29	113	(3)	(4)	(9)

Liquidity risk *In millions of euros*	Total	2010	2011	2012	2013	2014	Beyond 5 years
Derivative instruments carried in liabilities							
relating to portfolio management activities	*(3,302)*	*(2,224)*	*(723)*	*(246)*	*(39)*	*(18)*	*(53)*
relating to trading activities	*(4,814)*	*(4,814)*					
Derivative instruments carried in assets							
relating to portfolio management activities	*3,268*	*2,278*	*673*	*256*	*45*	*4*	*12*
relating to trading activities	*4,895*	*4,895*					
TOTAL AT DECEMBER 31, 2009	47	135	(50)	11	6	(14)	(41)

The Group provides an analysis of residual contractual maturities for commodity derivative instruments included in its portfolio management activities. Derivative instruments relating to trading activities are considered to be liquid in less than one year, and are presented under current items in the statement of financial position.

15.4 Commitments relating to commodity purchase and sale contracts entered into within the ordinary course of business

In the ordinary course of their business, some Group operating companies entered into long-term contracts, some of which include “take-or-pay” clauses. These consist of firm commitments to purchase (sell) specified quantities of gas, electricity and steam and related services, in exchange for a firm commitment from the other party to deliver (purchase) said quantities and services. These contracts were documented as falling outside the scope of IAS 39. The table below shows the main future commitments arising from contracts entered into by the Global Gas & LNG, Energy France and Energy Europe & International business lines (expressed in TWh):

In TWh	Total at Dec. 31, 2010	2011	2012-2015	Beyond 5 years	Total at Dec. 31, 2009
Firm purchases	(11,013)	(957)	(3,191)	(6,865)	**(11,897)**
Firm sales	2,115	509	686	920	**1,842**

15.5 Equity risk

At December 31, 2010, available-for-sale securities held by the Group amounted to €3,252 million (see Note 14.1.1).

A fall of 10% in the market price of listed shares would have a negative impact (before tax) of around €113 million on the Group’s comprehensive income.

The Group’s main unlisted security corresponds to its interest in Atlantic LNG, which is measured based on the present value of future dividends and cash flows. The main assumptions affecting the measurement of these unlisted securities are production volumes and energy prices. A 10% change in the overall value of the Atlantic LNG share price would impact equity by an amount of €51 million.

The Group’s portfolio of listed and unlisted securities is managed within the context of a specific investment procedure and performance is reported on a regular basis to Executive Management.

NOTE 16 EQUITY

16.1 Share capital

	Number of shares			Value (in millions of euros)		
	Total	Treasury	Outstanding	Share capital	Additional paid-in capital	Treasury stock
AT DECEMBER 31, 2008	**2,193,643,820**	**(48,323,501)**	**2,145,320,319**	**2,194**	**29,258**	**(1,741)**
Share issuances	1,934,429		1,934,429	2	30	
Stock dividends	65,398,018		65,398,018	65	1,301	
Purchases and disposals of treasury stock		3,208,648	3,208,648			97
AT DECEMBER 31, 2009	**2,260,976,267**	**(45,114,853)**	**2,215,861,414**	**2,261**	**30,590**	**(1,644)**
Share issuances	26,217,490		26,217,490	26	471	
Share cancelations	(36,898,000)	36,898,000	0	(37)	(1,378)	1,415
Purchases and disposals of treasury stock		(17,637,311)	(17,637,311)			(436)
AT DECEMBER 31, 2010	2,250,295,757	(25,854,164)	2,224,441,593	2,250	29,683	(665)

Changes in the number of shares during 2010 reflect:

- employee share issuances as part of the worldwide employee share plan baptized “Link 2010” (see Note 23.2). A total of 24.2 million shares were subscribed in addition to 0.5 million shares awarded without consideration, bringing the total value of the August 24, 2010 capital increase to €478 million (excluding issuance costs);
- the exercise of stock subscription options (1.5 million shares, see Note 23.1.2);
- the cancelation of all of the 36,898,000 treasury shares held at end-December 2009, which was decided by the Board of Directors on August 9, 2010.

Changes in the number of shares during 2009 reflect:

- payment of a portion of the special dividend in stock. On May 4, 2009, the Shareholders’ Meeting resolved that a special €0.80 per share dividend could be paid in cash or in stock. The special dividend was paid on June 4, 2009 in cash for €340.6 million and in stock for €1,376.6 million, representing an increase of 65,398,018 new shares;
- the exercise of stock subscription options, accounting for the issuances during the period.

16.2 Instruments providing a right to subscribe for new GDF SUEZ SA shares

In prior periods, the Group granted stock subscription options to its employees as part of stock option plans. These plans are described in Note 23, “Share-based payment”.

16.3 Treasury stock and stock repurchase program

The Group has a stock repurchase program resulting from the authorization granted to the Board of Directors by the Ordinary and Extraordinary Shareholders’ Meeting of May 3, 2010. This program provides for the repurchase of up to 10% of the shares comprising the share capital at the date of the meeting concerned. Under the program, the aggregate amount of acquisitions net of expenses may not exceed the sum of €12 billion, and the purchase price must be less than €55 per share.

Net share repurchases carried out in 2010 amounted to €491 million.

In 2010, the Group also canceled 36,898,000 treasury shares held at end-December 2009.

16.4 Other disclosures concerning additional paid-in capital and consolidated reserves

Total additional paid-in capital and consolidated reserves at December 31, 2010 (including net income for the year) amounted to €59,297 million, of which €226 million related to the legal reserve of GDF SUEZ SA. Under French law, 5% of the net income of French companies must be transferred to the legal reserve until the legal reserve reaches 10% of share capital. This reserve cannot be distributed to shareholders other than in the case of liquidation.

The distributable paid-in capital and reserves of GDF SUEZ SA totaled €44,509 million at December 31, 2010 (€47,789 million at December 31, 2009).

16.5 Dividends

	Amount distributed *(in millions of euros)*	Net dividend per share in euros *(cash dividends)*	Number of shares *(stock dividends)*
In respect of 2008			
Remaining dividend payout for 2008 (paid May 6, 2009)	1,287	0.60	
Special dividend (paid in cash or in shares at the option of shareholders, June 4, 2009)	1,717		
Paid in cash	*341*	*0.80*	
Paid in shares	*1,377*		65,398,018
In respect of 2009			
Interim dividend (paid December 18, 2009)	1,773	0.80	
Remaining dividend payout for 2009 (paid May 10, 2010)	1,484	0.67	
In respect of 2010			
Interim dividend (paid November 15, 2010)	1,846	0.83	

Recommended dividend for 2010

Shareholders at the Shareholders' Meeting convened to approve the financial statements of GDF SUEZ for the year ended December 31, 2010, will be asked to approve a dividend of €1.50 per share, representing a total payout of €3,337 million based on the number of shares outstanding at December 31, 2010. An interim dividend of €0.83 per share was paid on November 15, 2010, representing a total amount of €1,846 million.

Subject to approval by the Shareholders' Meeting, this dividend shall be paid from May 6, 2011 and is not recognized as a liability in the accounts at December 31, 2010. The consolidated financial statements at December 31, 2010 are therefore presented before the appropriation of earnings.

16.6 Total gains and losses recognized in equity (Group share)

In millions of euros	Dec. 31, 2010	Change	Dec. 31, 2009	Change	Dec. 31, 2008
Available-for-sale financial assets	646	(119)	765	6	759
Net investment hedges	31	(63)	95	44	51
Cash flow hedges (excl. commodity instruments)	(196)	11	(207)	58	(265)
Commodity cash flow hedges	342	445	(103)	899	(1,002)
Actuarial gains and losses	(748)	(479)	(269)	151	(420)
Deferred taxes	185	4	181	(364)	545
Share of associates in total gains and losses recognized in equity, net of taxes	(48)	35	(83)	75	(158)
Translation adjustments on items above	(35)	(3)	(32)	8	(40)
SUB-TOTAL	**177**	**(169)**	**346**	**877**	**(531)**
Translation adjustments on other items	557	879	(322)	351	(673)
TOTAL	734	710	24	1,228	(1,204)

Translation adjustments recycled to the statement of income for the period were not material.

Cumulative actuarial gains and losses are shown within consolidated reserves attributable to the Group.

16.7 Transactions between owners on entities controlled by the Group

The main transaction between owners concerns the repurchase by the Group of the 49% interest in Gaselys held by Société Générale.

16.8 Non-controlling interests

Other than net income attributable to non-controlling interests, the increase in "Non-controlling interests" is essentially attributable to (i) the business combinations described in Note 2, "Main changes in Group structure", (ii) the issuance by SUEZ Environnement of deeply-subordinated notes, and (iii) the capital increase at Wilhelmshaven.

Deeply-subordinated notes issued by SUEZ Environnement

In 2010, SUEZ Environnement issued €750 million in deeply-subordinated, perpetual "hybrid" notes (excluding issuance costs). These notes are subordinated to all senior creditors, and have an initial fixed coupon of 4.82% for the first five years.

As the notes are equity instruments, the proceeds of the issuance, less issuance costs net of tax, are recognized under "Non-controlling interests" within equity.

16.9 Capital management

GDF SUEZ aims to optimize its financial structure at all times by pursuing an appropriate balance between net debt (see Note 14.3) and total equity, as shown in the statement of financial position. The Group's key objective in managing its financial structure is to maximize value for shareholders, reduce the cost of capital and maintain a high credit rating, while at the same time ensuring the Group has the financial flexibility to leverage value-creating external growth opportunities. The Group manages its financial structure and makes any necessary adjustments in light of prevailing economic conditions. In this context it may choose to adjust the amount of dividends paid to shareholders, reimburse a portion of capital, carry out share buybacks, issue new shares, launch share-based payment plans or sell assets in order to scale back its net debt.

The Group's policy is to maintain an "A" rating with Moody's and S&P. To achieve this, it manages its financial structure in line with the indicators usually monitored by these agencies, namely the Group's operating profile, financial policy and a series of financial ratios. One of the most commonly used ratios is operating cash flow less financial expenses and taxes paid expressed as a percentage of adjusted net debt. Net debt is primarily adjusted for nuclear waste reprocessing and storage provisions, provisions for unfunded pension plans, and operating lease commitments.

The Group's objectives, policies and processes for managing capital have remained unchanged over the past few years.

GDF SUEZ SA is not obliged to comply with any minimum capital requirements except those provided for by law.

NOTE 17 PROVISIONS

In millions of euros	Dec. 31, 2009	Allocations	Reversals (utilizations)	Reversals (surplus provisions)	Reversals of provisions for gas infrastructures (France)	Changes in scope of consolidation	Impact of unwinding discount adjustments	Translation adjustments	Other	Dec. 31, 2010
Post-employment benefits and other long-term benefits	3,863	242	(344)	(4)		13	191	31	369	4,362
Nuclear fuel reprocessing and storage	3,677	108	(23)	0		0	183	0	(9)	3,936
Dismantling of plant and equipment [(a)]	3,602	6	(18)		(1,172)	2	164	3	255	2,840
Site rehabilitation	1,138	43	(43)	(8)		6	40	21	165	1,362
Other contingencies	1,773	519	(424)	(120)		154	9	18	40	1,969
TOTAL PROVISIONS	**14,053**	**919**	**(851)**	**(132)**	**(1,172)**	**175**	**586**	**73**	**820**	**14,469**

(a) Of which €2,413 million in provisions for dismantling nuclear facilities at December 31, 2010, versus €2,093 million at December 31, 2009.

The "Changes in scope of consolidation" column chiefly reflects impacts from the acquisition of a controlling interest in the Agbar group by SUEZ Environnement, as well as the unwinding of cross-holdings in the Water sector in France.

The "Reversals of provisions for gas infrastructures (France)" column includes mainly the reversal of provisions for dismantling gas transmission and distribution infrastructures in France (see Note 17.3, "Dismantling obligations arising on other plant and equipment" and Note 5.5, "Other non-recurring items").

The impact of unwinding discounting adjustments in respect of post-employment benefit obligations and other long-term benefits relates to the interest cost on the pension obligations, net of the expected return on plan assets.

The "Other" column mainly reflects (i) actuarial gains and losses arising on post-employment benefits in 2010 and recorded in other comprehensive income; and (ii) the increase in provisions for dismantling nuclear facilities in Belgium and for site rehabilitation in the Exploration & Production business, for which the matching entry is recorded in property, plant and equipment.

Allocations, reversals and the impact of unwinding discounting adjustments are presented as follows in the consolidated income statement:

In millions of euros	Net allocations
Income from operating activities	(1,240)
Other financial income and expenses	586
Income tax expense	2
TOTAL	**(651)**

The different types of provisions and the calculation principles applied are described hereafter.

17.1 Post-employment benefits and other long-term benefits

See Note 18.

17.2 Nuclear dismantling liabilities

In the context of its nuclear power generation activities, the Group incurs decommissioning liabilities relating to the dismantling of nuclear facilities and the reprocessing of spent nuclear fuel.

17.2.1 Legal framework

The Belgian law of April 11, 2003, amended by the law of April 25, 2007, granted Group subsidiary Synatom responsibility for managing provisions set aside to cover the costs of dismantling nuclear power plants and managing radioactive fissile material from such plants. One of the tasks of the Nuclear Provisions Committee set up pursuant to the above-mentioned law is to oversee the process of computing and managing these provisions. The Committee also issues opinions on the maximum percentage of funds that Synatom can lend to operators of nuclear plants and on the types of assets in which Synatom may invest its outstanding funds.

To enable the Committee to carry out its work in accordance with the above-mentioned law, Synatom is required to submit a report every three years describing the core inputs used to calculate these provisions.

On September 22, 2010, Synatom submitted its triennial report on nuclear provisions to the Nuclear Provisions Committee, which published its opinion on November 22, 2010.

The Committee's recommendations led to an increase of €215 million in the provision for dismantling nuclear facilities, with a corresponding adjustment to the "dismantling asset" for the same amount. In comparison with the previous report, core inputs such as estimation methods, financial parameters and management scenarios remain unchanged. The changes taken into account were aimed at incorporating the latest economic data and detailed technical analyses into the calculation (tariffs, physical and radiological inventories, etc.).

The provision for managing radioactive fissile material continues to be calculated based on the measurement assumptions set out in the 2007 review.

The Nuclear Provisions Committee has authorized the Group to submit two reviews in 2011. The first will look at the margin of error that should be envisaged for the nuclear facilities dismantling phase, which currently remains unchanged. The second, focusing on the provision for managing radioactive fissile material in nuclear facilities, will assess the feasibility of making non-recycled plutonium from Belgian nuclear power stations available to third parties and also provide details of how reprocessing costs are calculated. The findings of these analyses and resulting discussions with the Nuclear Provisions Committee could lead the Group to revise certain measurement assumptions applied to these provisions.

The provisions set aside take into account all existing or planned environmental regulatory requirements on a European, national and regional level. If additional legislation were to be introduced in the future, the cost estimates used as a basis for the calculation could vary. However, the Group is not aware of additional planned legislation on this matter which would materially impact the value of the provisions.

The provisions recognized by the Group at December 31, 2010 were calculated taking into account the prevailing contractual and legal framework, which sets the operating life of nuclear reactors at 40 years.

At the end of 2009, an agreement was signed with the Belgian government under which the latter agreed to take the appropriate legal measures to extend the lifespan of three nuclear reactors from 40 to 50 years. The measures require the adoption of new laws or modification of existing laws.

Any extension to the lifespan of these three nuclear reactors should not have a material impact on dismantling provisions. The extended lifespan of these reactors would lead to less-than-optimal coordination with dismantling work for the facilities as a whole. However, this would be offset by the deferral of payments to be made. The matching entry for changes to these provisions – subject to certain conditions – will be an adjustment to the corresponding assets in the same amount.

Provisions for nuclear fuel reprocessing and storage should not be significantly affected by the extension in the lifespan of the three oldest reactors, insofar as the average unit cost of reprocessing all radioactive spent nuclear fuel over the period the reactors are operated does not change materially.

These provisions may be adapted in line with the extension of the assets' useful lives, when the relevant bills have been passed.

17.2.2 Provisions for nuclear fuel reprocessing and storage

When spent nuclear fuel is removed from a reactor, it remains radioactive and requires processing. There are two different procedures for managing radioactive spent fuel, based on either reprocessing or essentially on conditioning without reprocessing. The Belgian government has not yet decided which scenario will be made compulsory in Belgium.

The Nuclear Provisions Committee bases its analyses on deferred reprocessing of radioactive spent nuclear fuel. The Group therefore books provisions for all costs resulting from this spent fuel management scenario, including on-site storage, transportation, reprocessing by an accredited facility, storage and removal of residual spent fuel after treatment.

Provisions for nuclear fuel reprocessing are calculated based on the following principles and parameters:

- costs are calculated based on the deferred reprocessing scenario, whereby the spent fuel is reprocessed and ultimately removed and buried in a deep geological depository;
- payments are staggered over a period through to 2050, when any residual spent fuel and the provision required to cover the cost of removal and deep underground storage will be transferred to ONDRAF, the Belgian agency for radioactive waste and enriched fissile materials. Based on the deferred reprocessing scenario, the last residual spent fuel would be buried in about 2080;
- the long-term obligation is assessed based on estimated internal costs and external costs measured on the basis of offers received from third parties or fee proposals from independent organizations;
- the 5% discount rate used (actual rate of 3% plus 2% inflation rate) is based on an analysis of average, past and prospective changes in benchmark long-term rates;
- charges to the provision are calculated based on the average unit cost of quantities used up to the end of the facility's operating life;
- an annual allocation is also recognized, corresponding to the impact of unwinding the discount.

In view of the nature and timing of the costs they are intended to cover, the actual future cost may differ from estimates. The provisions may be adjusted in line with future changes in the above-mentioned parameters. These parameters are nevertheless based on information and estimates which the Group deems reasonable at the date of this report and which have been approved by the Nuclear Provisions Committee.

17.2.3 Provisions for dismantling nuclear facilities

Nuclear power stations have to be dismantled at the end of their operational lives. Provisions are set aside in the Group's accounts to cover all costs relating to (i) the shutdown phase, which involves removing radioactive fuel from the site; and (ii) the dismantling phase, which consists of decommissioning and cleaning up the site.

Provisions for dismantling nuclear facilities are calculated based on the following principles and parameters:

- costs payable over the long term are calculated by reference to the estimated costs for each nuclear facility, based on a study conducted by independent experts under the assumption that the facilities will be dismantled progressively;
- an inflation rate of 2% is applied up to the end of the dismantling period to calculate the future value of the obligation;
- a discount rate of 5% (including 2% inflation) is applied to determine the net present value of the obligation, and is the same as the rate used to calculate the provision for nuclear fuel processing and storage;
- dismantling work is expected to begin between three and four years after the facilities concerned have been shut down, taking into account the currently applicable useful life of 40 years as of the date the facilities are commissioned;
- payments are spread over approximately seven years after the date the dismantling work starts;
- the present value of the obligation when the facilities are commissioned represents the initial amount of the provision. The matching entry is an asset recognized for the same amount within the corresponding property, plant and equipment category. This asset is depreciated over a period of 40 years as from the commissioning date;
- the annual allocation to the provision, reflecting the interest cost on the provision carried in the books at the end of the previous year, is calculated at the discount rate used to estimate the present value of future cash flows.

The nuclear facilities for which the Group holds capacity entitlements are also provisioned in an amount reflecting the Group's share in the expected dismantling costs.

17.2.4 Sensitivity to discount rates

Based on currently applicable parameters in terms of estimated costs and the timing of payments, a change of 50 basis points in the discount rate could lead to an adjustment of around 10% in dismantling and nuclear fuel reprocessing provisions. A fall in discount rates would lead to an increase in outstanding provisions, while a rise in discount rates would reduce the provision amount.

A 5% increase or decrease in nuclear dismantling or nuclear fuel reprocessing and storage costs could increase or decrease the corresponding provisions by roughly the same percentage.

Changes arising as a result of the review of the dismantling provision would not have an immediate impact on income, since the matching entry under certain conditions would consist of adjusting the corresponding assets in the same amount.

Sensitivity to discount rates as presented above in accordance with the applicable standards, is an automatic calculation and should therefore be interpreted with appropriate caution in view of the variety of other inputs – some of which may be interdependent – included in the evaluation. Moreover, the frequency with which these provisions are reviewed by the Nuclear Provisions Committee in accordance with applicable regulations ensures that the overall obligation is measured accurately.

17.3 Dismantling obligations arising on other plant and equipment

Certain plant and equipment, including conventional power stations, transmission and distribution pipelines, storage facilities and LNG terminals, have to be dismantled at the end of their operational lives. This obligation is the result of prevailing environmental regulations in the countries concerned, contractual agreements, or an implicit Group commitment.

Based on the publication of the International Energy Agency, which, on the basis of current production levels, estimated that proven and probable gas reserves were assured for another 250 years, the Group has revised the timing of its dismantling provisions for gas infrastructures in France. These provisions, whose present value is now virtually zero, have been reversed (see Note 5.5, "Other non-recurring items").

17.4 Site rehabilitation

17.4.1 Waste activities

The June 1998 European Directive on waste storage facilities introduced a number of obligations regarding the closure and long-term monitoring of these facilities. These obligations lay down the rules and conditions incumbent on the operator (or owner of the site where the operator fails to comply with its obligations) in terms of the design and scale of storage, collection and treatment centers for liquid (leachates) and gas (biogas) effluents. It also requires these facilities to be inspected during 30 years.

These obligations give rise to two types of provisions (rehabilitation and long-term monitoring), calculated on a case-by-case basis depending on the site concerned. In accordance with the accrual basis of accounting, the provisions are set aside over the period the site is in operation, pro rata to the depletion of waste storage volume. Costs to be incurred at the time of a site's closure or during the long-term monitoring period (30 years after a site is shut down within the European Union) are discounted to present value. An asset is recorded as counterparty to the provision and depreciated in line with the depletion of the waste storage volume or the need for coverage during the period.

The amount of the provision for site rehabilitation (at the time the facility is shut down) depends on whether a semi-permeable, semi-permeable with a drainable facility, or impermeable shield is used. This has a considerable impact on future levels of leachate effluents and hence on future waste treatment costs. To calculate the provision, the cost to rehabilitate the as-yet untreated surface area needs to be estimated. The provision carried in the statement of financial position at year-end must cover the costs to rehabilitate the untreated surface area (difference between the fill rate and the percentage of the site's surface that has already been rehabilitated). The amount of the provision is reviewed each year based on work completed or still to be carried out.

The calculation of the provision for long-term monitoring depends on both the costs arising on the production of leachate and biogas effluents, and on the amount of biogas recycled. The recycling of biogas represents a source of revenue and is deducted from the amount of long-term monitoring expenditure. The main expense items arising from long-term monitoring obligations relate to:

- construction of infrastructure (biogas recycling facility, installation of leachate treatment facility) and the demolition of installations used while the site is in operation;
- upkeep and maintenance of the protective shield and infrastructures (surface water collection);
- control and monitoring of surface water, underground water and leachates;
- replacement and repair of observation wells;
- leachate treatment costs;
- biogas collection and processing costs (taking into account any revenues from biogas recycling).

The provision for long-term monitoring obligations to be recognized at year-end depends on the fill rate of the facility at the end of the period, estimated aggregate costs per year and per caption (based on standard or specific costs), the estimated shutdown date and the discount rate applied to each site (based on its residual life).

17.4.2 Exploration & Production activities

The Group also sets aside a provision for the rehabilitation of exploration and production facilities. A provision representing the present value of the estimated rehabilitation costs is carried in liabilities with a matching entry to property, plant and equipment. The depreciation charge on this asset is included within current operating income and the cost of unwinding the discount is booked in financial expenses.

17.5 Other contingencies

This caption includes provisions for miscellaneous employee-related litigation, environmental risks and various business risks, as well as amounts intended to cover tax disputes, claims and similar contingencies. These are discussed in further detail in Note 26, "Legal and anti-trust proceedings".

NOTE 18 POST-EMPLOYMENT BENEFITS AND OTHER LONG-TERM BENEFITS

18.1 Significant events in 2010

The law reforming pensions in France was promulgated by the French President and published in the *Journal Officiel* (bulletin of public notices) on November 10, 2010.

The key measures of this reform are as follows:

- two-year rise in the legal retirement age under statutory pension schemes from 60 to 62 years, and a two-year rise in the age at which the discount on pension benefits is canceled. These changes will be phased in gradually through to 2018, increasing by four months each year from July 1, 2011. As a result, these changes will only affect employees born in 1951 or later;
- gradual two-year rise in the legal retirement age under the special EGI pension scheme as from January 1, 2017, based on an increase of four months each year to reach 62 years on January 1, 2022 for employees in "sedentary" occupations, and 57 years for employees having completed 15 years of active service;
- extension of the period during which employees pay in contributions to be eligible for a full pension. The contribution period has been increased to 41.5 years under the statutory pension scheme for employees born in 1960 or later, and to 41.5 years for employees eligible for the special EGI pension scheme as of January 1, 2020.

The Group considers that the changes in its projected benefit obligation as a result of these measures represent changes in actuarial assumptions. Consequently, the €133 million increase in the provision for post-employment benefit obligations due to the pension reform in France was recognized as an actuarial loss in 2010 within "Other comprehensive income".

18.2 Description of the main pension plans

The Group's main pension plans are described below.

18.2.1 Companies belonging to the Electricity and Gas Industries sector in France

Since January 1, 2005, the CNIEG (*Caisse Nationale des Industries Électriques et Gazières*) has operated the pension, disability, death, occupational accident and occupational illness benefit plans for electricity and gas industry companies (hereinafter "EGI"). The CNIEG is a social security legal entity under private law placed under the joint responsibility of the ministries in charge of social security, budget and energy.

Salaried employees and retirees of EGI sector companies have been fully affiliated to the CNIEG since January 1, 2005. The main Group companies covered by this plan are GDF SUEZ SA, GrDF, GRTgaz, Elengy, Storengy, GDF SUEZ Thermique France, CPCU, TIRU, GEG, Compagnie Nationale du Rhône (CNR) and SHEM.

Following the funding reform of the special EGI pension scheme introduced by Law 2004-803 of August 9, 2004 and its implementing decrees, specific benefits (pension benefits on top of the standard benefits payable under ordinary law) already vested at December 31, 2004 ("past specific benefits") were allocated between the various EGI entities. Past specific benefits (benefits vested at December 31, 2004) relating to regulated transmission and distribution businesses ("regulated past specific benefits") are funded by the levy on gas and electricity transmission and distribution services (*Contribution Tarifaire d'Acheminement*) and therefore no longer represent an obligation for the GDF SUEZ Group. Past specific benefits (benefits vested at December 31, 2004) relating to unregulated activities are funded by EGI sector entities to the extent defined by decree no. 2005-322 of April 5, 2005. The specific benefits vested under the plan since January 1, 2005 are fully financed by EGI sector companies in proportion to their respective share of the electricity and gas market as measured by total payroll costs.

As this plan represents a defined benefit scheme, the Group has set aside a pension provision in respect of specific benefits payable to employees of unregulated activities and specific benefits vested by employees of regulated activities since January 1, 2005. This provision also covers the Group's early retirement obligations.

Pension benefit obligations and other "mutualized" obligations are assessed by the CNIEG.

At December 31, 2010, the provision set aside in respect of the special pension scheme for EGI sector companies amounted to €2.1 billion (€1.7 billion at December 31, 2009).

18.2.2 Companies belonging to the electricity and gas sector in Belgium

In Belgium, the rights of employees in electricity and gas sector companies, principally Electrabel, Electrabel Customer Solutions (ECS), Laborelec and some GDF SUEZ Belgium employee categories, are governed by collective bargaining agreements.

These agreements, applicable to "wage-rated" employees recruited prior to June 1, 2002 and managerial staff recruited prior to May 1, 1999, specify the benefits entitling employees to a supplementary pension equivalent to 75% of their most recent annual income, for a full career and in addition to the statutory pension. These top-up pension payments provided under defined benefit plans are partly reversionary. In practice, the benefits are paid in the form of a lump sum for the majority of plan participants.

Most of the obligations resulting from these pension plans are financed through pension funds set up for the electricity and gas sector and by certain insurance companies.

Pre-funded pension plans are financed by employer and employee contributions. Employer contributions are calculated annually based on actuarial assessments.

"Wage-rated" employees recruited after June 1, 2002 and managerial staff recruited after May 1, 1999 are covered under defined contribution plans. However, for contributions paid since January 1, 2004, the law specifies a minimum average annual return of 3.25% over the beneficiary's service life. Any deficit has to be borne by the employer. Therefore, for the portion of pension obligations corresponding to contributions paid since January 1, 2004, these plans should be considered as defined benefit plans. However, the plans continue to be recognized by the Group as defined contribution schemes, mainly because no material net liability has been identified. The actual rate of return was compared with the guaranteed minimum rate of return; the unfunded portion was not material at December 31, 2010.

The projected benefit obligation relating to these plans represented around 16% of total pension obligations and related liabilities at December 31, 2010.

18.2.3 Collective agreement applicable to employees of the Brussels headquarters

As part of the reorganization of the activities managed by Electrabel, GDF SUEZ Belgium and GDF SUEZ CC, and employee transfers between these companies, the bylaws of Electrabel, GDF SUEZ Belgium and GDF SUEZ CC were merged. In accordance with the pension provisions set out in these bylaws, managerial staff ("*cadres*") are eligible for the defined contribution plan operated by Electrabel for managerial staff recruited after May 1, 1999 (see section 18.2.2), through the consolidation of vested rights on a projected unit credit basis. More than 95% of the employees concerned chose to join this plan, effective as of January 1, 2009.

The transfer of employees to this plan led to a virtually identical reduction in pension obligations and plan assets, which were transferred to the afore-mentioned defined contribution plan. As a result, the impact on the consolidated income statement in 2009 was not material.

All new recruits are now automatically affiliated to the defined contribution plan.

18.2.4 Multi-employer plans

Employees of some Group companies are affiliated to multi-employer pension plans. Multi-employer plans are particularly common in the Netherlands, where electricity and gas sector employees are normally required to participate in a compulsory industry-wide scheme.

Under multi-employer plans, risks are pooled to the extent that the plan is funded by a single contribution rate determined for all affiliate companies and applicable to all employees. The GDF SUEZ Group accounts for multi-employer plans as defined contribution plans in accordance with IAS 19.

An expense of €72 million was recognized in 2010 in respect of multi-employer pension plans.

18.2.5 Other pension schemes

Most other Group companies grant their employees retirement benefits. In terms of financing, pension plans within the Group are almost equally split between defined benefit and defined contribution plans.

The Group's main pension plans outside France and Belgium concern:

- United States: the UWR defined benefit plan is available to employees of the regulated sector. All US subsidiaries offer their employees a 401(k) type plan;
- United Kingdom: the large majority of defined benefit pension plans are now closed to new entrants and benefits no longer vest under these plans. All entities run a defined contribution scheme;
- Germany: the Group's German subsidiaries have closed their defined benefit plans;
- Brazil: Tractebel Energia operates its own pension scheme. This scheme has been split into two parts, one for the (closed) defined benefit plan, and the other for the defined contribution plan that has been available to new entrants since the beginning of 2005.

18.3 Description of other post-employment benefit obligations and long-term benefits

18.3.1 Other benefits granted to current and former EGI sector employees

Other benefits granted to EGI sector employees are:

Post-employment benefits:

- reduced energy prices;
- end-of-career indemnities;
- bonus leave;
- immediate bereavement benefits.

Long-term benefits:

- allowances for occupational accidents and illnesses;
- temporary and permanent disability allowances;
- length-of-service awards.

The Group's main obligations are described below.

18.3.1.1 Reduced energy prices

Under Article 28 of the national statute for electricity and gas industry personnel, all employees (current and former employees, provided they meet certain length-of-service conditions) are entitled to benefits in kind which take the form of reduced energy prices known as "employee rates".

This benefit entitles employees to electricity and gas supplies at a reduced price. For the retirement phase, this represents a post-employment defined benefit which is recognized over the period during which the employee services are rendered. Retirees must have accumulated at least 15 years' service in EGI sector companies to be eligible for the reduced energy price scheme.

In accordance with the agreements signed with EDF in 1951, GDF SUEZ provides gas to all current and former employees of GDF SUEZ and EDF, while EDF supplies these same beneficiaries with electricity. GDF SUEZ pays (or benefits from) the balancing contribution payable in respect of its employees as a result of energy exchanges between the two utilities.

The obligation to provide energy at a reduced price to current and former employees is measured as the difference between the energy sale price and the preferential rates granted.

The provision set aside in respect of reduced energy prices amounts to €1.5 billion.

18.3.1.2 End-of-career indemnities

Employees (or their dependents in the event of death during active service) are entitled to end-of-career indemnities which increase in line with the length-of-service within the utilities.

18.3.1.3 Compensation for occupational accidents and illnesses

Like other employees under the standard pension scheme, EGI sector employees are entitled to compensation for accidents at work and other occupational illnesses. These benefits cover all employees or the dependents of employees who die as a result of occupational accidents or illnesses, or injuries suffered on the way to work.

The amount of the obligation corresponds to the likely present value of the benefits to be paid to current beneficiaries, taking into account any reversionary annuities.

18.3.2 Other benefits granted to employees of the gas and electricity sector in Belgium

Electricity and gas sector companies also grant other employee benefits such as the reimbursement of medical expenses, electricity and gas price reductions, as well as length-of-service awards and early retirement schemes. These benefits are not pre-funded, with the exception of the special "*allocation transitoire*" termination indemnity (equal to three months' statutory pension), considered as an end-of-career indemnity and managed by an external insurance company.

18.3.3 Other collective agreements

Most other Group companies also grant their staff post-employment benefits (early retirement plans, medical coverage, benefits in kind, etc.) and other long-term benefits such as jubilee and length-of-service awards.

18.4 Defined benefit plans

18.4.1 Amounts presented in the statement of financial position and statement of comprehensive income

In accordance with IAS 19, the information presented in the statement of financial position relating to post-employment benefit obligations and other long-term benefits results from the difference between the gross projected benefit obligation, the fair value of plan assets, and any unrecognized past service cost. A provision is recognized if this difference is positive (net obligation), while a prepaid benefit cost is recorded in the statement of financial position when the difference is negative, provided that the conditions for recognizing the prepaid benefit cost are met.

Changes in provisions for post-employment benefits and other long-term benefits, plan assets and reimbursement rights recognized in the statement of financial position are as follows:

In millions of euros	Provisions	Plan assets	Reimbursement rights
AT DECEMBER 31, 2008	**(4,151)**	**189**	**444**
Exchange rate differences	(44)	1	
Changes in scope of consolidation and other	191	(28)	(317)
Actuarial gains and losses	230	(51)	17
Periodic pension cost	(414)	31	8
Asset ceiling/IFRIC 14	(2)	0	(9)
Contributions/benefits paid	327	54	
AT DECEMBER 31, 2009	**(3,862)**	**196**	**143**
Exchange rate differences	(32)	(0)	
Changes in scope of consolidation and other	94	(94)	
Actuarial gains and losses	(523)	18	(5)
Periodic pension cost	(445)	(4)	7
Asset ceiling/IFRIC 14	1	1	
Contributions/benefits paid	405	6	(3)
AT DECEMBER 31, 2010	**(4,362)**	**122**	**142**

Plan assets and reimbursement rights are presented in the statement of financial position under “Other non-current assets” or “Other current assets”.

The cost recognized for the period in the income statement amounts to €449 million in 2010 and €382 million in 2009. The components of this defined benefit cost in the period are set out in Note 18.4.4, “Components of the net periodic pension cost”.

Cumulative actuarial gains recognized in equity amounted to €892 million at December 31, 2010, compared to €376 million at December 31, 2009.

In millions of euros	2010	2009
At January 1	376	554
Actuarial (gains)/losses generated during the year	516	(178)
At December 31	892	376

Actuarial gains and losses presented in the above table include translation adjustments and actuarial gains and losses recorded on equity-accounted associates, representing net actuarial losses of €11 million in 2010 and net actuarial gains of €10 million in 2009. Actuarial gains and losses recognized on a separate line in “Other comprehensive income” represented net actuarial losses of €500 million in 2010 and net actuarial gains of €168 million in 2009. Actuarial losses for 2010 attributable to the pension reform in France totaled €133 million.

18.4.2 Change in benefit obligations and plan assets

The table below shows the amount of the Group's projected benefit obligations and plan assets, changes in these items during the periods presented, and their reconciliation with the amounts reported in the statement of financial position:

		2010				2009			
In millions of euros		Pension benefit obligations [a]	Other post-employment benefit obligations [b]	Long-term benefit obligations [c]	Total benefit obligations	Pension benefit obligations [a]	Other post-employment benefit obligations [b]	Long-term benefit obligations [c]	Total benefit obligations
A - CHANGE IN PROJECTED BENEFIT OBLIGATION									
Projected benefit obligation at January 1		(5,502)	(1,659)	(465)	(7,626)	(5,634)	(1,705)	(482)	(7,821)
Service cost		(212)	(24)	(39)	(274)	(195)	(22)	(31)	(248)
Interest cost		(293)	(81)	(22)	(396)	(298)	(83)	(22)	(403)
Contributions paid		(11)			(11)	(12)			(12)
Amendments		(1)			(1)	16	(2)	(0)	14
Acquisitions/disposals of subsidiaries		(187)	2	1	(184)	269	65	(3)	330
Curtailments/settlements		208	1	1	209	55	6	3	63
Non-recurring items		41	(5)		35	78	(2)	(1)	75
Actuarial gains and losses		(402)	(349)	(34)	(785)	(57)	13	(3)	(47)
Benefits paid		351	83	53	486	384	69	45	498
Other (translation adjustments)		(121)	(4)	(3)	(128)	(108)	3	30	(75)
Projected benefit obligation at December 31	**A**	**(6,130)**	**(2,037)**	**(508)**	**(8,675)**	**(5,502)**	**(1,659)**	**(465)**	**(7,626)**
B - CHANGE IN FAIR VALUE OF PLAN ASSETS									
Fair value of plan assets at January 1		3,934	39	0	3,973	3,831	40	0	3,871
Expected return on plan assets		205	3		208	177	2		180
Actuarial gains and losses		240	7		247	176	2		178
Contributions received		262	21		283	235	23		258
Acquisitions/disposals of subsidiaries		188	(5)		184	(167)			(167)
Settlements		(198)			(198)	(46)	(5)		(51)
Benefits paid		(327)	(21)		(348)	(346)	(23)		(369)
Other (translation adjustments)		95	3		98	74	(1)		73
Fair value of plan assets at December 31	**B**	**4,399**	**47**	**0**	**4,447**	**3,934**	**39**	**0**	**3,973**
C - FUNDED STATUS	**A+B**	**(1,730)**	**(1,990)**	**(508)**	**(4,228)**	**(1,568)**	**(1,620)**	**(465)**	**(3,653)**
Unrecognized past service cost			(11)		(11)	(1)	(10)		(12)
Asset ceiling *					0	(1)	(1)		(2)
NET BENEFIT OBLIGATION	**A+B**	**(1,730)**	**(2,001)**	**(508)**	**(4,239)**	**(1,571)**	**(1,631)**	**(465)**	**(3,667)**
ACCRUED BENEFIT LIABILITY		(1,853)	(2,001)	(508)	(4,362)	(1,767)	(1,631)	(465)	(3,863)
PREPAID BENEFIT COST		122	0		122	196			196

** Including additional provisions set aside on application of IFRIC 14.*
(a) Pensions and retirement bonuses.
(b) Healthcare, gratuities and other post-employment benefits.
(c) Length-of-service awards and other long-term benefits.

Changes in the scope of consolidation in 2010 were not material. Changes in the scope of consolidation in 2009 essentially include the impact of the transfer of obligations in respect of distribution employees of Net Wallonie (€296 million), as well as the first-time consolidation of various subsidiaries within the Energy Europe & International business line.

The amount recorded within "Non-recurring items" in 2010 chiefly reflects the write-back of the provision set aside at end-2005 in connection with the review clause and no longer warranted. In 2009, this amount concerned the write-back of the outstanding provision set aside in respect of the 2008 pension reform.

18.4.3 Change in reimbursement rights

The Group's obligations as presented above are grossed up with the reimbursement rights resulting from the pension obligations of the inter-municipal companies and against the portion of plan assets held by Contassur following its reclassification as a related party(1).

18.4.3.1 Electrabel reimbursement right

Until December 31, 2008, obligations towards employees of Electrabel's distribution business were covered by a reimbursement right granted by the walloon inter-municipal companies. These reimbursement rights reflected the fact that Electrabel made its personnel available to the inter-municipal companies for the day-to-day operation of the networks. All related personnel costs (including pension costs) were billed by Electrabel to the inter-municipal companies based on actual costs. Electrabel's pension obligations regarding these employees were included within liabilities under provisions for pensions and other employee benefit obligations. The matching entry was a reimbursement right in respect of the inter-municipal companies for a similar amount. Since Ores – a Group entity providing personnel to Walloon inter-municipal companies – was sold to the Walloon inter-municipal companies at the beginning of 2009, this reimbursement right no longer exists.

In millions of euros	2010	2009
Fair value at January 1	0	296
Changes in scope of consolidation		(296)
Actuarial gains and losses		
Net proceeds for the year		
Contributions paid		
FAIR VALUE AT DECEMBER 31	0	0

18.4.3.2 Reimbursement right relating to Contassur

Changes in the fair value of the reimbursement rights relating to plan assets managed by Contassur were as follows:

In millions of euros	2010	2009
Fair value at January 1	143	147
Expected return on plan assets	7	8
Actuarial gains and losses	(5)	17
Actual return	*2*	*25*
Employer contributions	18	20
Employee contributions	2	2
Acquisitions/disposals excluding business combinations		(20)
Curtailments		
Benefits paid	(22)	(31)
FAIR VALUE AT DECEMBER 31	142	143

(1) *Although Contassur is subject to the same management and control obligations as any insurance company, due to the structure of its customer base and the composition of its executive management, it is considered that the GDF SUEZ Group has the power to influence the company's management.*

18.4.4 Components of the net periodic pension cost

The net periodic cost recognized in respect of defined benefit obligations for the years ended December 31, 2010 and 2009 breaks down as follows:

In millions of euros	Dec. 31, 2010	Dec. 31, 2009
Current service cost	274	248
Interest cost	396	403
Expected return on plan assets	(208)	(180)
Actuarial gains and losses *	34	3
Past service cost	(1)	(3)
Gains or losses on pension plan curtailments, terminations and settlements	(11)	(14)
Non-recurring items	(35)	(75)
TOTAL	**449**	**382**
o/w recorded in current operating income	261	159
o/w recorded in net financial income/(loss)	188	223

** On long-term benefit obligation*

18.4.5 Funding policy and strategy

When defined benefit plans are funded, the related plan assets are invested in pension funds and/or with insurance companies, depending on the investment practices specific to the country concerned. The investment strategies underlying these defined benefit plans are aimed at striking the right balance between return on investment and acceptable levels of risk.

The objectives of these strategies are twofold: to maintain sufficient liquidity to cover pension and other benefit payments; and as part of risk management, to achieve a long-term rate of return higher than the discount rate or, where appropriate, at least equal to future required returns.

When plan assets are invested in pension funds, investment decisions and the allocation of plan assets are the responsibility of the fund manager concerned. For French companies, where plan assets are invested with an insurance company, the latter manages the investment portfolio for unit-linked policies and guarantees a rate of return on assets in euro-denominated policies. These diversified funds are actively managed by reference to composite indexes and adapted to the long-term profile of the liabilities, taking into account eurozone government bonds and shares in front-ranking companies within and outside the eurozone.

The insurer's sole obligation is to ensure a fixed minimum return on assets in euro-denominated funds.

The funding of these obligations at December 31 for each of the periods presented can be analyzed as follows:

In millions of euros	Projected benefit obligation	Fair value of plan assets	Unrecognized past service cost	Asset ceiling *	Total net obligation
Underfunded plans	(5,308)	4,086	(15)		(1,237)
Overfunded plans	(345)	361	(2)	(1)	14
Unfunded plans	(3,023)	0	7		(3,016)
AT DECEMBER 31, 2010	**(8,676)**	**4,447**	**(10)**	**(1)**	**(4,239)**
Underfunded plans	(4,094)	2,055	(20)	(1)	(2,060)
Overfunded plans	(1,729)	1,919	(2)	(1)	186
Unfunded plans	(1,803)		10		(1,793)
AT DECEMBER 31, 2009	**(7,626)**	**3,973**	**(12)**	**(2)**	**(3,667)**

** Including additional provisions set aside on application of IFRIC 14.*

The allocation of plan assets by principal asset category can be analyzed as follows:

	2010	2009
Equities	28%	29%
Bonds	52%	50%
Real estate	3%	3%
Other (including money market securities)	18%	19%
TOTAL	**100%**	**100%**

18.4.6 Actuarial assumptions

Actuarial assumptions are determined individually by country and company in conjunction with independent actuaries. Weighted discount rates are presented below:

	Pension benefit obligations		Other post-employment benefit obligations		Long-term benefit obligations		Total benefit obligations	
	2010	2009	2010	2009	2010	2009	2010	2009
Discount rate *	4.8%	4.9%	4.8%	4.9%	4.8%	4.9%	4.8%	4.9%
Estimated future increase in salaries	3.0%	3.7%	N/A	N/A	2.7%	3.8%	2.8%	3.7%
Expected return on plan assets	5.9%	6.2%	5.9%	6.2%	N/A	N/A	5.9%	6.2%
Average remaining working years of participating employees	13 years	14 years	15 years	14 years	15 years	14 years	13 years	14 years

* *15-year reference rate for the eurozone.*

18.4.6.1 Discounting rates

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.

The discount rates used for EUR, USD and GBP represent 10, 15, and 20-year rates on AA composite indexes referenced by Bloomberg.

According to the Group's estimates, a 1% increase or decrease in the discount rate would result in a change of approximately 11% in the obligations.

18.4.6.2 Expected return on plan assets

To calculate the expected return on plan assets, the portfolio is divided into sub-groups of homogenous components sorted by major asset class and geographic area, based on the composition of the benchmark indexes and volumes in each fund at December 31 of the previous year.

An expected rate of return is assigned to each sub-group for the period, based on information published by a third party. The fund's overall performance in terms of absolute value is then compiled and compared with the value of the portfolio at the beginning of the period.

The expected return on plan assets is calculated in light of market conditions and based on a risk premium. The risk premium is calculated by reference to the supposedly risk-free rate on government bonds, for each major asset class and geographic area.

The return on plan assets relating to Group companies in Belgium in 2010 was around 4.75% for assets managed by Group insurance companies and 8% for assets managed by pension funds.

The return on plan assets for companies eligible for the EGI pension scheme was 4.7% in 2010.

According to the Group's estimates, a 1% increase or decrease in the expected return on plan assets would result in a change of approximately 9% in the value of plan assets.

The table below shows the weighted average return on plan assets broken down by asset category:

	2010	2009
Equities	7.1%	7.6%
Bonds	5.1%	5.1%
Real estate	6.4%	6.3%
Other (including money market securities)	2.6%	2.6%
TOTAL	**5.9%**	**6.2%**

18.4.6.3 Other assumptions

The rate of increase in medical costs (including inflation) was estimated at 3%.

A one percentage point change in the assumed increase in healthcare costs would have the following impacts:

In millions of euros	One point increase	One point decrease
Impact on expenses	5	(4)
Impact on pension obligations	50	(43)

18.4.7 Experience adjustments

The breakdown of experience adjustments giving rise to actuarial gains and losses is as follows:

	2010		2009		2008		2007		2006	
In millions of euros	Pension benefit obligations	Other benefit obligations	Pension benefit obligations	Other benefit obligations	Pension benefit obligations	Other benefit obligations	Pension benefit obligations	Other benefit obligations	Pension benefit obligations	Other benefit obligations
Projected benefit obligation at December 31	(6,130)	(2,545)	(5,502)	(2,124)	(5,634)	(2,187)	(4,066)	(713)	(4,413)	(804)
Fair value of plan assets	4,399	47	3,934	39	3,831	40	2,452	47	2,406	47
Surplus/deficit	(1,730)	(2,498)	(1,568)	(2,085)	(1,803)	(2,147)	(1,614)	(666)	(2,007)	(757)
Experience adjustments to projected benefit obligation	236	115	(5)	(15)	(95)	12	(12)	(62)	59	(4)
• As a % of the total	-4%	-5%	0%	1%	2%	-1%	0%	9%	-1%	1%
Experience adjustments to fair value of plan assets	240	7	176	2	528	12	(9)	1	(19)	1
• As a % of the total	5%	15%	4%	6%	14%	29%	0%	3%	-1%	3%

18.4.8 Geographical breakdown of net obligations

In 2010, the geographical breakdown of the main obligations and actuarial assumptions (weighted average rates) was as follows:

	Eurozone			United Kingdom			United States			Rest of the world		
In millions of euros	Pension benefit obligations	Other post-employment benefit obligations	Long-term benefit obligations	Pension benefit obligations	Other post-employment benefit obligations	Long-term benefit obligations	Pension benefit obligations	Other post-employment benefit obligations	Long-term benefit obligations	Pension benefit obligations	Other post-employment benefit obligations	Long-term benefit obligations
Net benefit obligations	(1,394)	(1,887)	(485)	(34)			(102)	(48)		(200)	(55)	(23)
Discount rate	4.4%	4.7%	4.1%	5.3%			5.5%	5.5%		7.5%	5.2%	5.4%
Estimated future increase in salaries	2.8%	2.1%	2.7%	3.0%			3.1%	3.1%		3.4%	5.0%	3.7%
Expected return on plan assets	5.4%	N/A	N/A	5.7%			8.6%	8.6%		7.8%	4.1%	N/A
Average remaining working years of participating employees	14	15	15	12			13	14		8	11	10

18.4.9 Estimated employer contributions payable in 2011 under defined benefit plans

The Group expects to pay around €148 million in contributions into its defined benefit plans in 2011, including €22 million for EGI sector companies. Annual contributions in respect of EGI sector companies will be made by reference to rights vested in the year, taking into account the funding level for each entity in order to even out contributions over the medium term.

18.5 Defined contribution plans

In 2010, the Group recorded a €113 million charge in respect of amounts paid into Group defined contribution plans (€94 million in 2009). These contributions are recorded under "Personnel costs" in the consolidated income statement.

NOTE 19 EXPLORATION & PRODUCTION ACTIVITIES

19.1 Exploration & Production assets

Exploration & Production assets break down into the following three categories: Exploration & Production licenses, presented under "Intangible assets" in the statement of financial position, fields under development, shown under "Assets in development phase", and fields in production, shown under "Assets in production phase", which are included in "Property, plant and equipment" in the statement of financial position.

In millions of euros	Licenses	Assets in development phase	Assets in production phase	Total
A. Gross amount				
At December 31, 2008	**404**	**718**	**5,455**	**6,577**
Changes in scope of consolidation				
Acquisitions	379	574	180	1,132
Disposals	(88)		(1)	(89)
Translation adjustments	2	121	184	307
Other	82	7	9	98
At December 31, 2009	**778**	**1,420**	**5,827**	**8,025**
Changes in scope of consolidation				
Acquisitions	286	387	89	762
Disposals			(28)	(28)
Translation adjustments	19	46	160	225
Other	17	(1,422)	1,291	(114)
At December 31, 2010	**1,101**	**431**	**7,339**	**8,871**
B. Accumulated amortization, depreciation and impairment				
At December 31, 2008	**(37)**		**(193)**	**(230)**
Changes in the scope of consolidation				
Disposals	4			4
Amortization, depreciation and impairment	(182)		(701)	(883)
Translation adjustments	2		(16)	(13)
Other	(49)	(4)	(141)	(195)
At December 31, 2009	**(262)**	**(4)**	**(1,051)**	**(1,317)**
Changes in scope of consolidation				
Disposals				
Amortization, depreciation and impairment	(85)		(745)	(830)
Translation adjustments	(8)		(20)	(28)
Other		4		4
At December 31, 2010	**(355)**	**0**	**(1,816)**	**(2,171)**
C. Carrying amount				
At December 31, 2009	516	1,416	4,776	6,708
At December 31, 2010	**746**	**431**	**5,523**	**6,700**

"Acquisitions" for 2010 notably include licenses acquired in Australia (€257 million) as part of the Bonaparte project, and project developments, notably on the Gjøa and Gudrun fields in Norway (€209 million).

In 2010, impairment mainly relates to licenses in Egypt, Libya and the Gulf of Mexico.

19.2 Capitalized exploration costs

The following table provides a breakdown of the net change in capitalized exploration costs:

In millions of euros	2010	2009
At January 1	**75**	**275**
Changes in scope of consolidation		
Capitalized exploration costs for the year	206	121
Amounts recognized in expenses for the period	(63)	(80)
Other	54	(241)
AT DECEMBER 31	**272**	**75**

Capitalized exploration costs are reported in the statement of financial position within "Other assets".

19.3 Investments during the period

Investments for the Exploration & Production business amounted to €647 million and €1,111 million in 2010 and 2009, respectively. Investments are included in "Acquisitions of property, plant and equipment and intangible assets" in the statement of cash flows.

NOTE 20 FINANCE LEASES

20.1 Finance leases for which GDF SUEZ acts as lessee

The carrying amounts of property, plant and equipment held under finance leases are broken down into different categories depending on the type of asset concerned.

The main finance lease agreements entered into by the Group primarily concern Novergie's incineration facilities, the Choctaw power station in the United States and Cofely's co-generation plants.

The present values of future minimum lease payments break down as follows:

	Future minimum lease payments at Dec. 31, 2010		Future minimum lease payments at Dec. 31, 2009	
In millions of euros	Undiscounted value	Present value	Undiscounted value	Present value
Year 1	265	254	185	179
Years 2 to 5 inclusive	695	649	638	579
Beyond year 5	832	559	771	470
TOTAL FUTURE MINIMUM LEASE PAYMENTS	1,792	1,462	1,594	1,227

The following table provides a reconciliation of maturities of liabilities under finance leases as reported in the statement of financial position (see Note 14.2.1) with undiscounted future minimum lease payments by maturity:

In millions of euros	Total	Year 1	Years 2 to 5 inclusive	Beyond year 5
Liabilities under finance leases	1,502	243	431	827
Impact of discounting future repayments of principal and interest	290	22	264	5
UNDISCOUNTED FUTURE MINIMUM LEASE PAYMENTS	1,792	265	695	832

20.2 Finance leases for which GDF SUEZ acts as lessor

These leases fall mainly within the scope of IFRIC 4 guidance on the interpretation of IAS 17. They concern (i) energy purchase and sale contracts where the contract conveys an exclusive right to use a production asset; and (ii) certain contracts with industrial customers relating to assets held by the Group.

The Group has recognized finance lease receivables for Solvay, Lanxess (Belgium), Bowin (Thailand) and Air Products (Netherlands) in relation to co-generation plants. It has also recognized finance lease receivables on the sale of transmission capacities in Mexico.

In millions of euros	Dec. 31, 2010	Dec. 31, 2009
Undiscounted future minimum lease payments	720	672
Unguaranteed residual value accruing to the lessor	30	28
TOTAL GROSS INVESTMENT IN THE LEASE	**749**	**700**
Unearned financial income	**163**	**129**
NET INVESTMENT IN THE LEASE (STATEMENT OF FINANCIAL POSITION)	**587**	**571**
• *o/w present value of future minimum lease payments*	*571*	*556*
• *o/w present value of unguaranteed residual value*	*15*	*14*

Amounts recognized in the statement of financial position in connection with finance leases are detailed in Note 14.1.2, "Loans and receivables at amortized cost".

Undiscounted future minimum lease payments receivable under finance leases can be analyzed as follows:

In millions of euros	Dec. 31, 2010	Dec. 31, 2009
Year 1	141	165
Years 2 to 5 inclusive	298	280
Beyond year 5	280	227
TOTAL	720	672

NOTE 21 OPERATING LEASES

21.1 Operating leases for which GDF SUEZ acts as lessee

The Group has entered into operating leases mainly in connection with LNG tankers, and miscellaneous buildings and fittings.

Operating lease income and expense for 2009 and 2010 can be analyzed as follows:

In millions of euros	Dec. 31, 2010	Dec. 31, 2009
Minimum lease payments	(831)	(708)
Contingent lease payments	(93)	(135)
Sub-letting income	19	4
Sub-letting expenses	(97)	(103)
Other operating lease expenses	(231)	(120)
TOTAL	(1,232)	(1,062)

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

In millions of euros	Dec. 31, 2010	Dec. 31, 2009
Year 1	696	608
Years 2 to 5 inclusive	1,715	1,523
Beyond year 5	1,606	1,736
TOTAL	**4,017**	**3,868**

21.2 Operating leases for which GDF SUEZ acts as lessor

These leases fall mainly within the scope of IFRIC 4 guidance on the interpretation of IAS 17. They concern primarily the HHPC plant in Thailand, the Baymina plant in Turkey, and the Hopewell, Red Hills and Trigen plants in the United States.

Operating lease income for 2009 and 2010 can be analyzed as follows:

In millions of euros	Dec. 31, 2010	Dec. 31, 2009
Minimum lease payments	767	711
Contingent lease payments	12	0
TOTAL	**779**	**711**

Lease income is recognized in revenue.

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

In millions of euros	Dec. 31, 2010	Dec. 31, 2009
Year 1	554	481
Years 2 to 5 inclusive	2,037	1,880
Beyond year 5	1,999	2,113
TOTAL	**4,590**	**4,474**

NOTE 22 SERVICE CONCESSION ARRANGEMENTS

SIC 29 – *Service Concession Arrangements: Disclosures* was published in May 2001 and prescribes the information that should be disclosed in the notes to the financial statements of a concession grantor and concession operator.

IFRIC 12 was published in November 2006 and prescribes the accounting treatment applicable to concession arrangements meeting certain criteria in which the concession grantor is considered to control the related infrastructure (see Note 1.4.7).

As described in SIC 29, a service concession arrangement generally involves the grantor conveying for the period of the concession to the operator:

(a) the right to provide services that give the public access to major economic and social facilities;

(b) and in some cases, the right to use specified tangible assets, intangible assets, and/or financial assets,

in exchange for the operator:

(c) committing to provide the services according to certain terms and conditions during the concession period; and

(d) when applicable, committing to return at the end of the concession period the rights received at the beginning of the concession period and/or acquired during the concession period.

The common characteristic of all service concession arrangements is that the operator both receives a right and incurs an obligation to provide public services.

The Group manages a large number of concessions as defined by SIC 29 covering drinking water distribution, water treatment, waste collection and treatment, and gas and electricity distribution.

These concession arrangements set out rights and obligations relative to the infrastructure and to the public service, in particular the obligation to provide users with access to the public service. In certain concessions, a schedule is defined specifying the period over which users should be provided access to the public service. The terms of the concession arrangements vary between 10 and 65 years, depending mainly on the level of capital expenditure to be made by the concession operator.

In consideration of these obligations, GDF SUEZ is entitled to bill either the local authority granting the concession (mainly incineration and BOT water treatment contracts) or the users (contracts for the distribution of drinking water or gas and electricity) for the services provided. This right to bill gives rise to an intangible asset, a tangible asset, or a financial asset, depending on the applicable accounting model (see Note 1.4.7).

The tangible asset model is used when the concession grantor does not control the infrastructure. For example, this is the case with water distribution concessions in the United States, which do not provide for the return of the infrastructure to the grantor of the concession at the end of the contract (and the infrastructure therefore remains the property of GDF SUEZ), and also natural gas distribution concessions in France, which fall within the scope of law no. 46-628 of April 8, 1946.

A general obligation also exists to return the concession infrastructure to good working condition at the end of the concession. Where appropriate (see Note 1.4.7), this obligation leads to the recognition of a capital renewal and replacement liability.

Services are generally billed at a fixed price which is linked to a particular index over the term of the contract. However, contracts may contain clauses providing for price adjustments (usually at the end of a five-year period) if there is a change in the economic conditions forecast at the inception of the contracts. By exception, contracts exist in certain countries (e.g., the United States and Spain) which set the price on a yearly basis according to the costs incurred under the contract. These costs are therefore recognized in assets (see Note 1.4.7). For the distribution of natural gas in France, the Group applies the ATRD rates set by the Minister of Ecology, Energy, Sustainable Development and Sea, following consultation with the French Energy Regulatory Commission (CRE). Since July 1, 2008, the Group has applied the ATRD 3 rates set by the Ministerial decree of June 2, 2008. The ATRD 3 rates schedule introduced a new regulatory framework covering a period of four years and incorporating a number of productivity targets. The decree provides for the automatic adjustment of these rates on July 1 of each year. The rates schedule was established based on capital charges made up of (i) depreciation expense and (ii) the rate of return on capital employed. These two components are computed by reference to the valuation of assets operated by the Group, known as the Regulated Asset Base (RAB). The RAB includes the following asset groups: pipelines and connections, pressure-regulation stations, meters, other technical facilities, buildings and IT equipment. To determine the annual capital charges, the CRE applies a depreciation period ranging from 4 to 45 years. Pipelines and connections, which represent 95% of the assets included in the Regulated Asset Base, are depreciated over a period of 45 years. The rate of return on capital employed is calculated based on a return of 6.75% on the RAB (actual rate before income tax).

NOTE 23 SHARE-BASED PAYMENT

Expenses recognized in respect of share-based payment break down as follows:

Expense for the year

In millions of euros	Notes	2010	2009
Stock option plans	*23.1*	57	58
Employee share issues	*23.2*	34	-
Share Appreciation Rights *	*23.2*	(4)	10
Bonus/performance share plans	*23.3*	34	149
Exceptional bonus	*23.4*	(3)	4
		119	**221**

* *Set up within the scope of employee share issues in certain countries.*

The €102 million decrease in share-based payment expense in 2010 reflects:

- the write-back of expenses recognized in previous reporting periods, due to certain share plans failing to meet performance conditions (see Note 23.3.3.);
- the fall in the volume, and therefore in the cost for the period, of certain share plans due to the failure to meet the performance conditions associated with the plans and to the fact that no new worldwide share ownership plan was launched in the year;
- the implementation of the Group's employee share issue (see Note 23.2.).

23.1 Stock option plans

23.1.1 Stock option policy

No new GDF SUEZ stock option grants were approved by the Group's Board of Directors in 2010.

At the Group's Shareholders' Meeting in 2009, members of the 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. This condition states that 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 Monday November 9, 2009 to Friday November 8, 2013 inclusive.

23.1.2 Details of GDF SUEZ stock option plans in force

Plan	Date of authorizing AGM	Vesting date	Adjusted exercise price	Number of benefi-ciaries per plan	Number of options granted to members of the Executive Commit-tee**	Outstanding options at Dec. 31, 2009	Options exer-cised***	Options canceled****	Outstanding options at Dec. 31, 2010	Expiration date	Residual life
11/28/2000	5/5/2000	11/28/2004	32.38	1,347	1,193,708	3,025,231		3,025,231	0	11/28/2010	
12/21/2000	5/5/2000	12/21/2004	33.66	510	153,516	1,061,420		1,061,420	0	12/20/2010	
11/28/2001*	5/4/2001	11/28/2005	30.70	3,161	1,784,447	5,701,462		19,119	5,682,343	11/28/2011	0.9
11/20/2002*	5/4/2001	11/20/2006	15.71	2,528	1,327,819	1,913,847	135,773	(2,166)	1,780,240	11/19/2012	1.9
11/19/2003*	5/4/2001	11/19/2007	12.39	2,069	1,337,540	1,964,238	374,137	(1,067)	1,591,168	11/18/2011	0.9
11/17/2004*	4/27/2004	11/17/2008	16.84	2,229	1,320,908	6,178,668	711,661	7,815	5,459,192	11/16/2012	1.9
12/9/2005*	4/27/2004	12/9/2009	22.79	2,251	1,352,000	6,390,988	293,301	26,286	6,071,401	12/8/2013	2.9
1/17/2007	4/27/2004	1/17/2011	36.62	2,190	1,218,000	5,831,613		67,996	5,763,617	1/16/2015	4.0
11/14/2007	5/4/2007	11/14/2011	41.78	2,104	804,000	4,552,011		58,941	4,493,070	11/13/2015	4.9
11/12/2008	7/16/2008	11/12/2012	32.74	3,753	2,615,000	6,438,940		63,040	6,375,900	11/11/2016	5.9
11/10/2009	5/4/2009	11/10/2013	29.44	4,036	0	5,240,854		119,448	5,121,406	11/9/2017	6.9
TOTAL					**13,106,938**	**48,299,272**	**1,514,872**	**4,446,063**	**42,338,337**		

* *Plans exercisable at December 31, 2010.*
** *Corresponding to the Management Committee at the time the options were awarded in 2000 and 2001.*
*** *In certain specific circumstances such as retirement or death, outstanding options may be exercised in advance of the vesting date.*
**** *Including options under the November 20, 2002 and November 19, 2003 plans that were eliminated by error in 2007.*

23.1.3 Number of GDF SUEZ stock options

	Number of options	Average exercise price *(in euros)*
Balance at December 31, 2009	**48,299,272**	**27.7**
Options granted		
Options exercised	(1,514,872)	16.8
Options canceled	(4,446,063)	32.7
Balance at December 31, 2010	**42,338,337**	**28.6**

The average price of the GDF SUEZ share in 2010 was €25.90.

23.1.4 Fair value of GDF SUEZ stock option plans in force

The fair value of stock option plans is mainly determined using a binomial or Monte Carlo model. The following assumptions were used to calculate the fair value of the plans in force:

	2009 plan	
	without performance condition	with external performance condition
Model	binomial	Monte Carlo
Volatility of GDF SUEZ share [(a)]	32.4%	32.4%
Risk-free rate [(b)]	3.1%	3.1%
Volatility of the Eurostoxx Utilities index [(c)]		18.7%
Correlation [(d)]		77.3%
In euros		
Dividend [(e)]	1.6	1.6
Fair value of options at the grant date	6.27	5.41

(a) Historic volatility restated by excluding the 5% most extreme values.
(b) Risk-free interest rate over the life of the plan.
(c) Historic volatility calculated over a period of eight years, reflecting the maturity of the options.
(d) Correlation between the GDF SUEZ share and the Eurostoxx Utilities index calculated over a period of eight years, reflecting the maturity of the options.
(e) Dividends expected by the market.

23.1.5 Accounting impact

Based on a staff turnover assumption of 5%, the expense recorded during the period in relation to the Group's stock option plans was as follows:

Grant date	Expense for the year	
In millions of euros	Dec. 31, 2010	Dec. 31, 2009
12/9/2005		10
1/17/2007	17	17
11/14/2007	16	16
11/12/2008	14	14
11/10/2009	8	1
12/17/2009 (SE)	3	0
12/16/2010 (SE)	0	
	57	**58**

The expense recognized includes grants made by SUEZ Environnement on its own shares, including 2,944,200 stock purchase options at an exercise price of €14.20. As well as a minimum presence of four years in the Group, the exercise of these options is also subject to performance conditions. Two conditions have been defined depending on the beneficiary's profile:

- a market performance condition based on the performance of the Suez Environnement Company share compared to the average performance of the CAC 40 and Eurostoxx Utilities indexes over the period from December 15, 2010 to December 15, 2014;
- an internal performance condition based on the Group's cumulative recurring net income between 2010 and 2013 inclusive.

23.1.6 Share Appreciation Rights

The award of Share Appreciation Rights (SARs) to US employees since 2007 (as replacement for stock options) does not have a material impact on the Group's consolidated financial statements.

23.2 Employee share issues

23.2.1 Description of plans available

In 2010, Group employees were entitled to subscribe to employee share issues as part of the Link 2010 worldwide employee share ownership plan. They could subscribe to either:

- the Link Classique plan: this plan allows employees to subscribe to shares either directly or via an employee investment fund at lower-than-market price; or
- the Link Multiple plan: under this plan, employees may subscribe to shares, either directly or via an employee investment fund, and also benefit from any appreciation in the Group share price (leverage effect) at the end of the mandatory lock-up period; or
- Share Appreciation Rights (SARs): this leveraged plan entitles beneficiaries to receive a cash bonus equal to the appreciation in the Company's stock after a period of five years. The resulting employee liability is covered by warrants.

The Link Classique plan featured an employer contribution under the terms and conditions described below.

Participating French employees were entitled to bonus GDF SUEZ shares depending on their own contribution to the plan:

- for the first ten shares subscribed, one bonus share was granted for every one share subscribed;
- as from the eleventh share subscribed, one bonus share was granted for every four shares subscribed, up to a maximum of ten shares;
- the number of bonus shares granted was capped at 20 per employee.

For employees in other countries, GDF SUEZ shares were granted through a bonus share award plan, subject to the employee's presence in the Group and depending on their own contribution to the plan:

- for the first ten shares subscribed, one bonus share was granted for every one share subscribed;
- as from the eleventh share subscribed, one bonus share was granted for every four shares subscribed, up to a maximum of ten shares;
- the number of bonus shares granted was capped at 20 shares per employee for the subscription of 50 shares;
- the bonus shares will be awarded to employees on August 24, 2015, provided that they are still with the GDF SUEZ Group on April 30, 2015.

The method used to value this bonus share award scheme is described in Note 23.3.

23.2.2 Accounting impact

The subscription price for the 2010 plan represents the average opening price of the GDF SUEZ share on the NYSE Euronext Paris Eurolist market over the 20 trading days preceding the decision of the Company's Chairman and Chief Executive Officer setting the start of the subscription/waiver period, less 20%, i.e., €19.78.

The expense recognized in the consolidated financial statements in respect of the Link Classique and Link Multiple plans corresponds to the difference between the fair value of the shares subscribed and the subscription price. Fair value takes into account the condition of non-transferability attached to the shares over a period of five years, as provided for by French legislation. It also considers the opportunity cost implicitly borne by GDF SUEZ under the leveraged share ownership plan in allowing its employees to benefit from more attractive financial conditions than those that would have been available to them as individual investors.

The following assumptions were applied:

- Five-year risk-free interest rate: 1.92%;
- Spread applicable to the retail banking network: 3.20%;
- Employee financing costs: 5.12%;
- Share borrowing costs: 1.0%;
- Share price at grant date: €25.09;
- Volatility spread: 6.0%.

Based on the above, the Group recognized a total expense of €34 million for 2010 in respect of the 24.2 million shares subscribed and 0.5 million bonus shares awarded under employer contributions, bringing the final amount of the share issue and related additional paid-in capital to €478 million (excluding issuance costs).

	Link Classique	Link Multiple	France - additional employer's contribution	Total
Amount subscribed *(in millions of euros)*	60	418	0	478
Number of shares subscribed *(in millions of shares)*	3.0	21.2	0.5	24.7
Discount *(€/share)*	5.0	5.0	25.1	
Non-transferability restriction *(€/share)*	(5.3)	(5.3)	(5.4)	
Opportunity cost *(€/share)*		1.5		
Cost for the Group *(in millions of euros)*	**0**	**23**	**10**	**34**
Sensitivity analysis				
+0.5% increase in employee financing costs	0	(15)	0	(15)
+0.5% increase in opportunity cost	0	3	0	3

The accounting impact of cash-settled Share Appreciation Rights consists in recognizing a payable to the employee over the vesting period of the rights, with the corresponding adjustment recorded in income. At December 31, 2010, the fair value of the liability relating to the 2007 and 2010 awards amounted to €2 million. The Spring 2005 plan matured on December 29, 2010, resulting in the exercise of warrants for an amount of €14 million.

The fair value of the liability is determined using the Black & Scholes model.

The impact of these awards on the consolidated income statement – including coverage by warrants – is a gain of €4 million, including €7 million in respect of SARs awarded as part of the Link 2010 plan.

23.3 Bonus shares and performance shares

23.3.1 Plans in force at December 31, 2010 and impact on income

The expense recorded during the period in relation to the bonus share plans in force is as follows:

Grant date	Number of shares awarded*	Fair value per share** *In euros*	Expense for the year *(In millions of euros)* Dec. 31, 2010	Dec. 31, 2009
February 2007 plan (SUEZ)	989,559	36.0		3
June 2007 plan (GDF)	1,539,009	33.4		8
July 2007 plan (SUEZ)	2,175,000	37.8	9	19
August 2007 plan (SUEZ)	193,686	32.1	1	1
November 2007 plan (SUEZ)	1,244,979	42.4	(14)	20
May 2008 plan (GDF)	1,586,906	40.3	(8)	29
June 2008 plan (SUEZ)	2,372,941	39.0	(4)	30
November 2008 plan (GDF SUEZ)	1,812,548	28.5	(3)	19
July 2009 plan (GDF SUEZ)	3,297,014	19.7	26	12
July 2009 plan (SUEZ Environnement)	2,040,810	9.6	7	3
November 2009 plan (GDF SUEZ)	1,693,840	24.8	15	2
December 2009 plan (SUEZ Environnement)	173,852	12.3	1	0
January 2010 plan (ExCom)	348,660	18.5	3	
March 2010 plan (Gaselys)	51,112	21.5	0	
August 2010 plan (Link)	207,947	19.4	0	
December 2010 plan (SUEZ Environnement)	829,080	10.8	0	
			34	**149**

** Number of shares awarded after adjustments relating to the merger with Gaz de France in 2008.*

*** Weighted average (where applicable).*

23.3.2 Bonus shares and performance shares granted in 2010

Performance share plan of January 20, 2010

On January 20, 2010, the Board of Directors authorized the allocation of 348,660 performance shares to members of the Management Committee and the Executive Committee. The plan is subject to the following conditions:

- presence in the Group at March 14, 2012;
- non-transferability restriction applicable to the shares until March 14, 2014;
- internal performance condition related to Group EBITDA in 2011 (for half of the shares allocated);
- external performance condition related to the performance of the GDF SUEZ share with respect to changes in the Eurostoxx Utilities index over the vesting period (for the other half of the shares allocated).

Performance share plan of March 3, 2010

On March 3, 2010, the Board of Directors authorized the allocation of 51,112 GDF SUEZ performance shares to certain employees of Gaselys. This plan did not have a material impact on income for the period.

Bonus share plan of August 24, 2010

As part of the employee share issue, bonus shares were awarded to subscribers of the Link Classique plan outside France (based on one bonus share for the first ten shares subscribed, and then one bonus share for every four shares subscribed over and above the first ten, up to a maximum of twenty bonus shares per beneficiary). A total of 207,947 bonus shares were awarded under this plan, subject to a condition requiring employees to be with the GDF SUEZ Group on April 30, 2015.

SUEZ Environnement plan of December 16, 2010

The Board of Directors of SUEZ Environnement granted 829,080 performance shares to 2,127 beneficiaries. This plan supplements the stock option plan approved at the same Board meeting and has the same objectives as that plan. Vesting is contingent on a minimum presence of between two to four years in the Group, depending on the country and beneficiary. Shares granted under French plans are also subject to a two-year lock-up period. Vesting is also subject to performance conditions.

For the 978 grantees also receiving stock options, the following two conditions must be met:

- a market performance condition based on the performance of the Suez Environnement Company share compared to the average performance of the CAC 40 and Eurostoxx Utilities indexes over the period from December 15, 2010 to December 15, 2014;
- an internal performance condition based on the Group's cumulative recurring net income between 2010 and 2013 inclusive.

For the 1,149 grantees only receiving performance shares and not stock options, all shares granted are subject to an internal performance condition based on the Group's EBITDA between 2011 and 2012 inclusive.

23.3.3 Review of internal performance conditions applicable to the plans

Eligibility for certain bonus share and performance share plans is subject to an internal performance condition. When this condition is not fully met, the number of bonus shares granted to employees is reduced in accordance with the plans' regulations, leading to a decrease in the total expense recognized in relation to the plans in accordance with IFRS 2.

Performance conditions are reviewed at each reporting date. Besides the plans expiring in the first half of 2010, the number of performance shares granted under the November 2008 plan was adapted in 2010 in line with the EBITDA condition specified in the plans regulations.

23.3.4 Fair value of bonus shares and performance shares

The fair value of GDF SUEZ performance shares was calculated using the method described in Note 1 to the consolidated financial statements for the year ended December 31, 2010 (Note 1.4.14.2). The following assumptions were used to determine the fair value of each new plan awarded in 2010 and included in the table in Note 23.3.1:

	August 2010 plan (Link)	March 2010 plan (Gaselys)	January 2010 plan (ExCom)		November 2009 plan (GDF SUEZ)	July 2009 plan (GDF SUEZ)
Share price at grant date *(€/share)*	25.1	27.4	28.7	28.7	29.4	24.8
Expected dividend rate	6%	6%	6%	6%	6%	6%
Employee financing costs	N/A (1)	6.7%	6.7%	6.7%	7.2%	7.2%
Non-transferability restriction *(€/share)*	0 (1)	(1.7)	(1.9)	(1.9)	(1.0)	(1.0)
Stock market-related performance condition	No	no	no	yes	no	no
Fair value per share *(€/share)*	19.4	21.5	23.7	13.4	24.8	19.7

(1) No non-transferability condition exists with respect to this plan.

23.4 SUEZ exceptional bonus

In November 2006, SUEZ introduced a temporary exceptional bonus award plan aimed at rewarding employee loyalty and involving employees more closely in the Group's success. This plan, which matured on June 1, 2010, provided for payment of an exceptional bonus equal to the value of four SUEZ shares at June 1, 2010 and gross dividends for 2005-2009 (including any special dividends), paid at the latest on May 31, 2010. Since the merger, the calculation has been based on a basket of shares comprising one GDF SUEZ share and one Suez Environnement Company share.

On June 1, 2010, the final value of the bonus amounted to €141.60.

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.

Income of €2.6 million was recognized in 2010 to reflect a fall in the value of the exceptional bonus between December 2009 and June 2010.

NOTE 24 RELATED PARTY TRANSACTIONS

This note describes material transactions between the Group and its related parties. The Group has elected to early adopt the provisions of IAS 24 revised regarding exemptions to disclosures by government-related entities. Accordingly, the new definition of a related party in the revised standard has not been applied in the consolidated financial statements for the year ended December 31, 2010.

Compensation payable to key management personnel is disclosed in Note 25, "Executive compensation".

The Group's main subsidiaries (fully consolidated companies) are listed in Note 28, "List of the main consolidated companies at December 31, 2010". Only material transactions are described below.

24.1 Relations with the French State and with entities owned or partly owned by the French State

24.1.1 Relations with the French State

Further to the merger between Gaz de France and SUEZ on July 22, 2008, the French State owns 36.05% of GDF SUEZ and appoints 6 representatives to the Group's 21-member Board of Directors.

The French State holds a golden share aimed at protecting France's critical interests and ensuring the continuity and safeguarding of supplies in the energy sector. The golden share is granted to the French State indefinitely and entitles it to veto decisions taken by GDF SUEZ if it considers they could harm France's interests.

Public service engagements in the energy sector are defined by the law of January 3, 2003.

They are implemented by means of a new public service contract dated December 23, 2009, which sets out the Group's public service obligations and the conditions for rate regulation in France:

- as part of its public service obligations, the Group is reinforcing its commitments in terms of the protection of goods and individuals, solidarity and assistance to low-income customers, sustainable development and research;
- regarding the conditions for rate regulation in France, a decree was published in connection with the contract redefining the overall regulatory framework for setting and changing natural gas rates in France. The mechanism as a whole provides clearer direction on the conditions for changing regulated rates, notably through rate change forecasts based on costs incurred. It also establishes rules and responsibilities for the various players over the period 2010-2013.

Transmission rates on the GRT Gaz transportation network and the gas distribution network in France, as well as rates for accessing the French LNG terminals, are all regulated. Rates are set by Ministerial decree.

24.1.2 Relations with EDF

Following the creation on July 1, 2004 of the French gas and electricity distribution network operator (EDF Gaz de France Distribution), Gaz de France SA and EDF entered into an agreement on April 18, 2005 setting out their relationship as regards the distribution business. The December 7, 2006 law on the energy sector reorganized the natural gas and electricity distribution networks. ERDF SA, a subsidiary of EDF SA, and GRDF SA, a subsidiary of GDF SUEZ SA, were created on January 1, 2007 and January 1, 2008, respectively, and act in accordance with the agreement previously signed by the two incumbent operators.

24.2 Relations with the CNIEG *(Caisse Nationale des Industries Electriques et Gazières)*

The Group's relations with the CNIEG, which manages all old-age, death and disability benefits for active and retired employees of the Group who belong to the special EGI pension plan, employees of EDF, and Non-Nationalized Companies (*Entreprises Non Nationalisées* – ENN), are described in Note 18, "Post-employment benefits and other long-term benefits".

24.3 Transactions with joint ventures and associates

24.3.1 Joint ventures

EFOG (United Kingdom)

GDF SUEZ has an interest of 22.5% in EFOG.

The Group purchased gas for €257 million from EFOG in 2010 (€226 million in 2009).

As part of its policy of pooling surplus cash, the Group received cash advances from EFOG. The outstanding amount of these advances totaled €115 million at December 31, 2010 and €101 million at December 31, 2009.

Acea-Electrabel group (Italy)

GDF SUEZ Italia is a wholly-owned subsidiary of Electrabel and has a 40.59% interest in Acea-Electrabel which itself owns several subsidiaries.

GDF SUEZ sold electricity and gas to the Acea-Electrabel group for an amount of €100 million in 2010, compared with €61 million in 2009.

GDF SUEZ has also granted loans to the Acea-Electrabel group, in respect of which €349 million remained outstanding at December 31, 2010 versus €345 million at end-2009.

SPP group (Slovakia)

GDF SUEZ holds a 24.5% interest in the SPP group.

Natural gas sales and other services billed to the SPP group amounted to €125 million in 2010 and €14 million in 2009.

Natural gas purchases and other services provided by the SPP group amounted to €124 million in 2010 and €48 million in 2009.

24.3.2 Associates

Elia System Operator (ESO)/Elia

Elia was sold in May 2010 generating a capital gain of €238 million.

Prior to this sale, Elia, which was set up in 2001, was 24.36%-owned by Electrabel.

Elia is a grid operator of the high-voltage electricity transmission network in Belgium. Transmission fees are subject to the approval of the Belgian Electricity and Gas Regulatory Commission (CREG).

Electrabel purchased electricity transmission services from ESO/Elia in an amount of €131.0 million in 2009.

The Group rendered services to ESO/Elia for a total amount of €131 million in 2009.

Inter-municipal companies

The mixed inter-municipal companies with which Electrabel is associated manage the electricity and gas distribution network in Belgium.

Electrabel Customer Solutions (ECS) purchased gas and electricity network distribution rights from the inter-municipal companies in an amount of €2,012 million in 2010, compared with €1,985 million in 2009.

Receivables relating to gas and electricity supply stood at €12 million at December 31, 2010, versus €28 million at December 31, 2009.

At December 31, 2010, Electrabel has granted cash advances to the inter-municipal companies totaling €123 million (€135 million at December 31, 2009).

Contassur

Contassur is a life insurance company accounted for under the equity method. It is 15%-owned by Electrabel.

Contassur offers insurance contracts, chiefly with pension funds that cover post-employment benefit obligations for Group employees and also employees of other companies mainly engaged in regulated activities in the electricity and gas sector in Belgium.

These insurance policies give rise to reimbursement rights, and are therefore recorded under "Other assets" in the statement of financial position for €142 million at December 31, 2010 and €143 million at December 31, 2009.

NOTE 25 EXECUTIVE COMPENSATION

The Group's key management personnel comprise the members of the Executive Committee and Board of Directors. Their compensation breaks down as follows :

In millions of euros	Dec. 31, 2010	Dec. 31, 2009
Short-term benefits	33	32
Post-employment benefits	4	4
Share-based payment	17	11
Termination benefits	2	-
TOTAL	56	47

NOTE 26 LEGAL AND ANTI-TRUST PROCEEDINGS

The legal and arbitration proceedings presented hereafter are recognized as liabilities or are presented for information purposes. The Group has not identified any material contingent liabilities other than the disputes discussed below that would be likely to result in an outflow of resources for the Group.

The Group is party to a number of legal and anti-trust proceedings with third parties or with the tax authorities of certain countries in the normal course of its business. Provisions are recorded for these proceedings when (i) a legal, contractual or constructive obligation exists at the end of the reporting period 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 proceedings totaled €638 million at December 31, 2010 (€481 million at December 31, 2009).

26.1 Legal proceedings

26.1.1 Electrabel – Hungarian state

Electrabel filed international arbitration proceedings against the Hungarian state before the International Centre for Settlement of Investment Disputes (ICSID), for breach of obligations pursuant to the Energy Charter Treaty. Initially, the dispute mainly pertained to (i) electricity prices set in the context of a long-term power purchase agreement (PPA) entered into between the power plant operator Dunamenti (in which Electrabel owns a 74.82% interest) and MVM (a company controlled by the Hungarian state) on October 10, 1995, and (ii) allocations of CO_2 emission allowances in Hungary. The arbitration hearing took place in February 2010 and the arbitrators will hand down their verdict on the question of liability shortly.

Following (i) the decision by the European Commission of June 4, 2008, according to which the long-term PPAs in force at the time of Hungary's accession to the EU (including the agreement between Dunamenti and MVM) has been deemed illegal State aid incompatible with the EU Treaty, and (ii) Hungary's subsequent decision to terminate these agreements, Electrabel extended its request in order to obtain compensation for the harm suffered as a consequence of such termination. In April 2010, the European Commission approved the method developed by the Hungarian authorities to calculate the amount of State aid and stranded costs. (Refer also to Note 26.2.4 "Competition and concentration"/Long-term Power Purchase Agreements in Hungary").

Furthermore, the European Commission petitioned the arbitration tribunal for amicus curiae participation on August 13, 2008, but this request was refused. The arbitration tribunal temporarily suspended its investigation into certain issues over which the Hungarian state claims it lacks jurisdiction, but authorized Electrabel to file an additional claim for damages, which was subsequently withdrawn by the latter.

26.1.2 Slovak Gas Holding

Slovak Gas Holding ("SGH") is held with equal stakes by GDF SUEZ and E.ON Ruhrgas AG and holds a 49% interest in Slovenský Plynárenský Priemysel, a.s. ("SPP"), the remaining 51% being held by the Slovak Republic through the National Property Fund.

SGH has taken preliminary steps towards international arbitration proceedings against the Slovak Republic for breach of obligations under (i) the Bilateral Treaty, entered into by the Slovak Republic with the Czech Republic on the one hand and the Netherlands on the other hand, and (ii) the Energy Charter Treaty.

The dispute relates to the legal and regulatory framework, which the Slovak Republic has recently amended or redefined in view of controlling SPP's ability to request price increases to cover gas selling costs.

Discussions between the parties are still ongoing.

26.1.3 Squeeze-out bid for Electrabel shares

On July 10, 2007, Deminor and two other funds initiated proceedings before the Brussels Court of Appeal against SUEZ and Electrabel under which they sought additional consideration following the squeeze-out bid launched by SUEZ in June 2007 on Electrabel shares that it did not already own. By decision dated December 1, 2008, the Court of Appeal ruled the claim unfounded.

Deminor and others appealed the decision before the Court of Cassation on May 22, 2009. These appeal proceedings are still ongoing.

MM. Geenen and others initiated similar proceedings before the Brussels Court of Appeal, which were rejected on the grounds that the application was void. A new application was filed, without involving Electrabel and the Belgian Banking, Financial and Insurance Commission. The case was heard on October 21, 2008 and judgment was reserved. A new hearing was scheduled for September 22, 2009. By a ruling issued on December 24, 2009, the Court dismissed Geenen's appeal on procedural grounds.

Mr Geenen appealed this decision before the Court of Cassation on June 2, 2010. These proceedings are still ongoing.

26.1.4 AES Energia Cartagena

GDF SUEZ is involved in arbitration proceedings lodged by AES Energia Cartagena before the ICC International Court of Arbitration in September 2009 in connection with the Energy Agreement dated April 5, 2002. The Energy Agreement governs the conversion by AES Energia Cartagena of gas supplied by GDF SUEZ into electricity at the combined cycle power plant located in Cartagena, Spain.

The proceedings relate to the question as to which of the parties should bear past and future costs and expenditures arising in connection with the power plant, and in particular those relating to CO_2 emissions permits, property taxes and social subsidies.

The hearings are being held in London. The arbitral awards should be rendered soon, except in the event of a mutually agreed suspension or interruption.

26.1.5 Argentina

In Argentina, concession contract tariffs were frozen by a Public Emergency and Exchange Regime Reform Act (Emergency Act) enacted in January 2002, preventing the application of tariff indexation clauses in the event of a loss in value of the Argentine peso against the US dollar.

In 2003, SUEZ (now GDF SUEZ) and its joint shareholders, water distribution concession operators in Buenos Aires and Santa Fe, launched arbitration proceedings against the Argentine State in its capacity as concession grantor before the ICSID. The purpose of these proceedings is to enforce concession contract clauses in accordance with the Franco-Argentine Bilateral Investment Protection Treaties.

These ICSID arbitration proceedings aim at obtaining compensation for the loss of value of investments made since the start of the concession, as a consequence of measures taken by the Argentine state, following the adoption of the abovementioned Emergency Act. In 2006, the ICSID recognized its jurisdiction over the two disputes. The hearings for both proceedings took place in 2007. Alongside the ICSID proceedings, the concession operators Aguas Argentinas and Aguas Provinciales de Santa Fe were forced to launch proceedings to terminate their concession contracts before the local administrative courts.

However, due to a decline in the financial position of the concession-holding companies since the Emergency Act, Aguas Provinciales de Santa Fe announced at its Shareholders' Meeting of January 13, 2006 that it was filing for bankruptcy.

At the same time, Aguas Argentinas filed for "Concurso Preventivo" (similar to the French bankruptcy procedure). As part of this procedure, a settlement proposal involving the novation of Aguas Argentinas's admissible liabilities was approved by creditors and confirmed by the bankruptcy court on April 11, 2008. The settlement of these liabilities is underway. The proposal provides for an initial payment of 20% of these liabilities (approximately USD 40 million) upon approval, and a second payment of 20% in the event that compensation is obtained from the Argentine state. As controlling shareholders, GDF SUEZ and Agbar decided to financially support Aguas Argentinas in making this initial payment and paid sums of USD 6.1 million and USD 3.8 million respectively, at the time of confirmation.

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

By two decisions dated July 30, 2010, ICSID recognized the liability of the Argentine state in the termination of water distribution and treatment concession contracts in Buenos Aires and Santa Fe. Following these two decisions, the arbitration tribunal will set, in the coming months, the amount of the award to be paid in compensation of the losses sustained.

26.1.6 United Water - Lake DeForest

In March 2008, some of the local residents of the Hackensack river area in Rockland County (NY) filed a claim beforethe Supreme Court of the State of New York for a total of USD 66 million (later increased to USD 130 million) against United Water (SUEZ Environnement Group) owing to flooding caused by torrential rain.

Those residents point out that the negligence of United Water in the maintenance of the Lake DeForest dam and reservoir adjoining the Lake DeForest reservoir which, following the torrential rain, allegedly ceased to function correctly preventing the draining-off of water into the Hackensack river on which it is built, ultimately resulting in the flooding of the residents' homes. As a result of the rainwater drainage system operated by United Water overflowing upstream of the dam, the residents, despite living in a flood-prone area, have filed a compensatory damages claim for USD 65 million and for punitive damages of the same amount against United Water for alleged negligence in the maintenance of the Lake DeForest dam and reservoir.

United Water does not consider itself responsible for the flooding or for the maintenance of the dam and reservoir and believes these allegations should be dismissed. United Water filed a motion to dismiss these claims in July 2009 on the ground that it was not obliged to operate the dam as a means of flood prevention. This motion was denied on August 27, 2009, and this rejection was confirmed on June 1, 2010. United Water has appealed this decision.

The claim for punitive damages was dismissed on December 21, 2009. This dismissal was confirmed on February 11, 2010 following an appeal by the residents. A further appeal was filed by the plaintiffs. A decision on the merits of the case is expected towards the end of the first half of 2011.

26.1.7 Novergie

Novergie Centre Est (a SUEZ Environnement Group company) used to operate a household waste incineration plant in Gilly-sur-Isère near Albertville (in the Savoie region), which was built in 1984 and is owned by the semi-public corporation, SIMIGEDA (an intercommunal semi-public waste management company in the Albertville district). In 2001, high levels of dioxin were detected near the incineration plant and the Prefect of the Savoie region ordered the closure of the plant in October 2001.

Complaints and claims for damages were filed in March 2002 against, among others, the president of SIMIGEDA, the Prefect of the Savoie region and Novergie Centre Est for poisoning, endangering the lives of others, and non-intentional assault and battery, with respect to dioxin pollution allegedly caused by the incineration plant. In the first half of 2009, the French Court of Cassation upheld the decision of the examining chamber of the Lyon Court of Appeal rejecting the action.

Novergie Centre Est was indicted on December 22, 2005 on counts of endangering the lives of others and breaching administrative regulations.

As part of these proceedings, investigations ordered by the court showed that there had been no increase in the number of cases of cancer in neighboring populations.

On October 26, 2007, the judge in charge of investigating the case dismissed the charges against natural persons indicted for endangering the lives of others. However, the judge ordered that SIMIGEDA and Novergie Centre Est be sent for trial before the criminal court of Albertville for having operated the incinerator "without prior authorization, due to the expiration of the initial authorization as a result of significant changes in operating conditions". On September 9, 2009, the examining chamber of the Chambéry Court of Appeal upheld the decision to dismiss charges of endangering the lives of others made against the Novergie employees.

Having noticed that those primarily responsible for the offenses in question would not be present at the criminal court hearing on September 28, 2010, Novergie Centre Est brought an action against unknown persons for contempt of court and fraudulently organizing insolvency.

The hearing before the criminal court was held on November 29, 2010. Judgment has been reserved until May 23, 2011.

26.1.8 Société des Eaux du Nord

Negotiations have been initiated since 2008/2009 between Lille Métropole metropolitan district (Lille Métropole Communauté Urbaine - LMCU) and Société des Eaux du Nord (SEN), a subsidiary of Lyonnaise des Eaux France, within the framework of the five-yearly review of the drinking water distribution concession contract. In particular, these negotiations pertained to the inferences to be drawn from the addenda signed in 1996 and 1998 as regards SEN's renewal obligations.

As LMCU and SEN failed to reach an agreement as to the provisions governing the review of the contract, at the end of 2009 they decided to refer the matter to the arbitration commission in accordance with the contract. The commission, chaired by Michel Camdessus, made recommendations.

On June 25, 2010, without following the Commission's recommendations, the LMCU Community Council unilaterally approved the signature of an addendum to the contract which provides for the issuing of a demand for payment of an amount of €115 million to SEN corresponding to the immediate repayment of the unused portion of the outstanding provisions for renewal costs plus interest as estimated by LMCU.

Two appeals seeking annulment of the LMCU Community Council's decision of June 25, 2010, as well as decisions adopted in implementation thereof, were submitted to the Administrative Court of Lille on September 6, 2010 by SEN, as well as by Lyonnaise des Eaux France in its capacity as a shareholder of SEN.

26.1.9 Togo Électricité

In February 2006, the Togolese state took possession of all of the assets of Togo Électricité, without any indemnification. It instituted several proceedings, one of them being against Togo Électricité, a GDF SUEZ (Energy Services) company and then subsequently against GDF SUEZ, seeking an order for payment by the two companies of compensation of between FCFA 27 billion and FCFA 33 billion (between €41 million and €50 million) for breach of contract.

In March 2006, Togo Électricité instituted arbitration proceedings, which were joined by GDF SUEZ, before the ICSID against the Togolese state, following the adoption of governmental decrees which terminated the concession contract held by Togo Électricité since December 2000 for the management of Togo's public power supply service.

On August 10, 2010, the ICSID rendered its award ordering the Republic of Togo to pay Togo Électricité €60 million plus interest at a yearly rate of 6.589% as from 2006. The Congo state brought an action, seeking the annulation of the arbitration award. An ad hoc committee of the ICSID was set up to review the Togolese state's request. Its decision is expected in 2011.

26.1.10 Fos Cavaou

By order dated December 15, 2003 in respect of facilities subject to environmental protection (ICPE) the Prefect of the Bouches du Rhône department authorized Gaz de France to operate an LNG terminal in Fos Cavaou. The building permit for the terminal was issued the same day by a second prefectural order. These two orders have been challenged in court.

Two actions for annulment of the building permit were filed with the Administrative Court of Marseille, one by the Fos-sur-Mer authorities and the other by the Syndicat d'agglomération nouvelle (SAN). These actions were dismissed by the Court on October 18, 2007. The Fos-sur-Mer municipality appealed this decision on December 20, 2007 but later withdrew from the proceedings on January 11, 2010.

The order authorizing the operation of the terminal is subject to two actions for annulment before the Administrative Court of Marseille, one filed by the Association de Défense et de Protection du Littoral du Golfe de Fos-sur-Mer (ADPLGF) and the other by a private individual.

By a judgment of June 29, 2009, the Administrative Court of Marseille cancelled the prefectural order authorizing the operation of the Fos Cavaou terminal. Elengy, which represents the rights of GDF SUEZ in these proceedings and the Minister of Ecology, Energy, Sustainable Development and Sea, filed an appeal on July 9, 2009 and on September 28, 2009, respectively. These proceedings are still ongoing.

On October 6, 2009, the Prefect of the Bouches du Rhône department issued an order requiring Elengy to apply for an operating permit for the terminal by June 30, 2010 at the latest in order to comply with administrative regulations. The order enables the building work to be continued and the terminal to be partially operated, subject to specific regulations.

On January 19, 2010, ADPLGF filed an appeal with the Administrative Court of Marseille for the annulment of this prefectural order. ADPLGF withdrew its claim before this court on January 4, 2011.

On August 25, 2010, the Prefect of the Bouches du Rhône department issued a new order modifying the order of October 6, 2010 and allowing for the unrestricted temporary operation of the terminal pending the fulfillment of all administrative formalities.

In compliance with the order dated October 6, 2009, Elengy applied for an operating permit with the Prefect on June 30, 2010.

26.1.11 Claims by the Belgian tax authorities

The Belgian tax authorities' Special Tax Inspectorate is claiming €188 million from SUEZ-Tractebel SA, a GDF SUEZ company, concerning past investments in Kazakhstan. SUEZ-Tractebel SA has filed an appeal against this claim. As the Belgian tax authorities decision is still pending after 10 years, an appeal was lodged with the Brussels Court of First Instance in December 2009.

The Special Tax Inspectorate taxed financial income generated in Luxembourg by the Luxembourg-based cash management branches of Electrabel and SUEZ-Tractebel SA This financial income, which was already taxed in Luxembourg, is exempt of taxes in Belgium in accordance with the Belgium-Luxembourg Convention for the prevention of double taxation. The Special Tax Inspectorate refuses this exemption on the basis of an alleged abuse of rights. The tax assessed in Belgium amounts to €245 million for the period 2003 to 2007. The Group has challenged the Special Tax Inspectorate's decision before the Brussels Court of First Instance. A first hearing, ruling on a peripheral question and not on the main issue, is expected for the end of 2011.

26.1.12 Objection to a provision of Belgian tax law

On March 23, 2009, Electrabel (GDF SUEZ Group) filed an appeal with the Belgian Constitutional Court seeking the annulment of the December 22, 2008 framework act (*loi-programme*) provisions imposing a €250 million tax on nuclear power generators (including €222 million paid by Electrabel). The Constitutional Court rejected this claim by a decision dated March 30, 2010. The December 23, 2009 act has imposed the same tax in respect of 2009 and the December 29, 2010 act in respect of 2010. In compliance with this statute, the Group has paid €213 million for 2009 and €212 million for 2010. Pursuant to a Memorandum of Understanding signed on October 22, 2009 between the Belgium state and the Group, this tax should not have been renewed but should have been replaced by a contribution related to the extension and period over which certain power facilities are operated.

26.1.13 Claim by the US tax authorities (IRS)

Some US subsidiaries within GDF SUEZ Energy North America were subject to a tax audit by the IRS for the years 2004 and 2005. The amounts initially claimed were reduced in 2009 and 2010 following appeal. The remaining disputed amounts for these periods correspond to net tax and interest in the amount of USD 10 million. These subsidiaries were also recently subject to a tax audit by the IRS for the years 2006 and 2007. Following this audit, the amounts assessed and contested for these periods correspond to net tax and interest in the amount of USD 5 million.

26.1.14 Claim by the French tax authorities

In their tax deficiency notice dated December 22, 2008, the French tax authorities questioned the tax treatment of the sale by SUEZ of a tax receivable in 2005 for an amount of €995 million. On July 7, 2009, they informed GDF SUEZ that they maintained their position. GDF SUEZ is waiting for the tax assessment notice.

26.1.15 Claim by the Brazilian tax authorities

On December 30, 2010, Tractebel Energia received a tax assessment notice in the amount of BRL 322 million (€140 million) for the period 2005 to 2007. The Brazilian tax authorities mainly disallow deductions related to tax incentives (consideration for intangible assets), in particular assets relating to the Jacui project. Tractebel Energia will contest the tax assessment notice as it believes that the Brazilian tax authorities' arguments are not justified.

26.2 Competition and concentration

26.2.1 "Accès France" proceeding

On May 22, 2008, the European Commission announced its decision to initiate formal proceedings against Gaz de France for a suspected breach of EU rules pertaining to abuse of dominant position and restrictive business practices. The proceedings relate to a combination of long-term transport capacity reservation and a network of import agreements, as well as potential underinvestment in transport and import infrastructure capacity.

On June 22, 2009, the Commission sent GDF SUEZ, GRTgaz and Elengy a preliminary assessment in which it alleged that GDF SUEZ might have abused its dominant position in the gas sector by foreclosing access to gas import capacity in France. On June 24, 2009, GDF SUEZ, GRTgaz and Elengy offered commitments in response to the preliminary assessment, while expressing their disagreement with the conclusions it contained.

These commitments were submitted to a market test on July 9, 2009, following which the Commission informed GDF SUEZ, GRTgaz and Elengy of how third parties had responded. On October 21, 2009, GDF SUEZ, GRTgaz and Elengy filed amended commitments aimed at facilitating access to and competition on the French natural gas market. The Commission adopted on December 3, 2009 a decision that renders these commitments legally binding. This decision by the Commission put an end to the proceedings initiated in May 2008. GDF SUEZ, GRTgaz and Elengy have begun to fulfill the commitments under the supervision of a trustee (Société Advolis) approved by the European Commission.

26.2.2 Megal

On June 11, 2008, Gaz de France received a statement of objections from the European Commission in which it voices its suspicions of concerted practice with E.ON resulting in the restriction of competition on their respective markets regarding, in particular, natural gas supplies transported via the Megal pipeline. GDF SUEZ filed observations in reply on September 8, 2008 and a hearing took place on October 14, 2008. On July 8, 2009, the Commission fined GDF SUEZ and E.ON €553 million each for agreeing not to compete against each other in their respective gas markets. GDF SUEZ has paid the fine. The Commission considered that these restrictive business practices, which ended in 2005, had begun in 1975 when the agreements relating to the Megal pipeline were signed and GDF SUEZ and E.ON had agreed not to supply gas transported via the Megal pipeline to customers in their respective markets.

GDF SUEZ brought an action for annulment before the General Court of the European Union on September 18, 2009. The appeal is pending. The written phase of the proceedings brought before the Court continued throughout 2010. The next step is the oral phase of the proceedings which will begin with a date being set for the hearing and any potential preparatory questions the Court may have.

26.2.3 Compagnie Nationale du Rhône

On June 10, 2009, the European Commission decided to impose a fine of €20 million on Electrabel for (i) having acquired control of Compagnie Nationale du Rhône (CNR) at the end of 2003, without its prior approval (ii) and for having carried out this control acquisition before its authorization by the European Commission. The decision was handed down further to a statement of objections sent by the Commission on December 17, 2008, to which Electrabel responded in its observations in reply filed on February 16, 2009. On August 20, 2009 Electrabel brought an action for annulment of the Commission's decision before the General Court of the European Union. The appeal is pending. The written phase of the proceedings before the Court continued throughout 2010. The next step is the oral phase which will begin with a date being set for the hearing before the Court.

26.2.4 Long-term Power Purchase Agreements in Hungary

The European Commission handed down a decision on June 4, 2008, according to which the long-term Power Purchase Agreements entered into between power generators and the Hungarian state, which were in force at the time of Hungary's accession to the European Union, constituted illegal State aid, incompatible with the Treaty on the Functioning of the European Union. It asked the Hungarian state to review these contracts, recover the related State aid from the power generators and, when necessary, to indemnify the parties to the agreements via a compensation mechanism for stranded costs. The Group is directly involved as its subsidiary Dunamenti is a party to a long-term Power Purchase Agreement entered into with MVM, Hungary's state-owned power company, on October 10, 1995. Following the Commission's decision, the Hungarian government passed a law providing for the termination of the Power Purchase

Agreements with effect from December 31, 2008 and the recovery of the related State aid. Dunamenti brought an action before the General Court of the European Union on April 28, 2009 for annulment of the Commission's decision. The proceedings are still ongoing. The written phase of the proceedings brought before the Court continued throughout 2010. The Parties filed their statements (the European Commission filed a statement of defense on October 19, 2009, and GDF SUEZ filed a reply on December 4, 2009, to which the Commission replied with a rejoinder on February 16, 2010). The next step is the oral phase of the proceedings which will begin with a date being set for the hearing and any potential preparatory questions the Court may have.

At the same time, discussions took place between the Hungarian state and the European Commission regarding the amount of State aid to be recovered, which must be approved by the Commission, and the compensation mechanism for stranded costs. On April 27, 2010, the European Commission rendered a decision allowing Dunamenti to offset the amount of the illegal State aids and stranded costs, thereby removing any obligation by the latter to pay back the illegal State aid. In 2015, at the initial expiration date of Dunamenti's long-term Power Purchase Agreement, Hungary will recalculate the amount of stranded costs, which could result in Dunamenti having to reimburse aid at that time. (Refer also to Note 26.1.1 "Legal proceedings/Electrabel – Hungarian state").

26.2.5 Investigation on the term of electricity supply contracts in Belgium

In July 2007, the European Commission started an investigation into electricity supply contracts entered into by the Group with industrial customers in Belgium. The investigation is ongoing and Electrabel, a GDF SUEZ company, is cooperating with the Directorate-General for Competition. The last questionnaire received from the European Commission dates back to July 31, 2009. It was returned on November 9, 2009.

26.2.6 Inquiry into the Belgian electricity wholesale market

In September 2009, the Belgian competition authority (Autorité Belge de la Concurrence) organized raids on several companies operating in Belgium's electricity wholesale market, including Electrabel, a GDF SUEZ company.

26.2.7 Unwinding of cross-shareholdings between Compagnie Générale des Eaux and Lyonnaise des Eaux France

In its decision of July 11, 2002, the French Antitrust Council ruled that the existence of equal stakes in water distribution companies held by Compagnie Générale des Eaux (a subsidiary of Veolia Environnement) and Lyonnaise des Eaux France (a subsidiary of Suez Environnement Company) created a collective dominant position of the two groups. Although the French Antitrust Council did not impose sanctions against the two companies, it requested the French Minister of the Economy to compel them to modify or terminate the agreements under which their resources are combined within joint subsidiaries in order to lift the barrier to competition. As part of the Minister of the Economy's investigation, the two companies were asked to unwind their cross-shareholdings in these joint subsidiaries. Lyonnaise des Eaux France and Veolia Eau-Compagnie Générale des Eaux complied with the request and entered into an agreement in principle to this effect on December 19, 2008. On July 30, 2009, the Commission authorized the purchase by Veolia Eau of Lyonnaise des Eaux's stake in three of the joint subsidiaries. The European Commission authorized the purchase by Lyonnaise des Eaux of the six other joint subsidiaries on August 5, 2009. An amendment to the December 2008 agreement was signed on February 3, 2010, providing for the purchase by Lyonnaise des Eaux of Veolia Eau's stake in two of the three joint subsidiaries that were initially going to be bought out by Veolia Eau. A further request for authorization, reflecting the terms and conditions of this amendment, was submitted to the European Commission. The European Commission authorized the transaction by a decision dated March 18, 2010. These cross-shareholdings have been unwound since March 23, 2010.

26.2.8 Inquiry into the water distribution and treatment sector in France

In April 2010, the European Commission conducted inspections in the offices of different French companies working in the water and water treatment sector with respect to their possible involvement in practices which fail to comply with Articles 101 and 102 of the Treaty on the Functioning of the European Union. Inspections were conducted within Suez Environnement Company and Lyonnaise des Eaux France.

A door seal was accidentally dislodged during the inspection in Lyonnaise des Eaux France's offices.

On May 21, 2010, in accordance with chapter VI of EU Regulation No. 1/2003, the Commission decided to launch proceedings against Suez Environnement Company with regard to this incident. Within the framework of this proceeding, Suez Environnement Company submitted information relating to this incident to the Commission. The Commission sent a statement of objections on that issue to Suez Environnement Company and to Lyonnaise des Eaux France on October 20, 2010. Suez Environnement Company and Lyonnaise des Eaux France replied to the statement of objections on December 8, 2010.

NOTE 27 SUBSEQUENT EVENTS

Acquisition of International Power Plc

Description of the combination

The acquisition of International Power Plc ("International Power") by GDF SUEZ, publicly announced on August 10, 2010, was completed on February 3, 2011.

The main stages of this business combination were as follows:

- August 10, 2010: the Boards of GDF SUEZ and International Power enter into a Memorandum of Understanding detailing the main terms and conditions of the proposed combination of International Power and GDF SUEZ Energy International business areas (1) (outside Europe), along with certain assets in the UK and Turkey (collectively, "GDF SUEZ Energy International");
- October 13, 2010: GDF SUEZ, Electrabel and International Power sign the Merger Agreement and the other main agreements governing the relationship between GDF SUEZ and the new International Power group;
- December 16, 2010: the general shareholders' meeting of International Power approves the combination with GDF SUEZ Energy International;
- February 3, 2011: GDF SUEZ completes its acquisition of International Power, having met all conditions precedent. These included approval from certain regulatory or competition authorities, some reorganisation concerning the corporate structure and the scope of the assets and bussiness to be contributed, and admission to listing on the Official List of the UK Listing Authority (UKLA) and to trading on the London Stock Exchange's main market of the new International Power shares.

The acquisition of International Power has taken the form of the contribution by GDF SUEZ of GDF SUEZ Energy International to International Power, in exchange for 3,554,347,956 new ordinary International Power shares issued on February 3, 2011.

As part of the contribution and in accordance with the Merger Agreement, GDF SUEZ carried out some reorganisation concerning the corporate structure and the scope of the assets and bussiness to be contributed. GDF SUEZ made an equity contribution of €5,277 million and GBP 1,413 million (€1,670 million) to GDF SUEZ Energy International entities. The GBP 1,413 million capital increase is intended to finance a special dividend of GBP 0.92 per share payable to the existing shareholders of International Power.

As a result of this combination, GDF SUEZ holds approximately 70% of the voting rights of the International Power group.

The combination of International Power and GDF SUEZ Energy International creates a global leader in independent power generation. This will accelerate GDF SUEZ's industrial development and strengthen its international presence in the United States, United Kingdom as well as in high-growth markets such as the Middle East and Asia.

International Power is fully consolidated in the Group's consolidated financial statements with effect from February 3, 2011.

On February 25, 2011, International Power paid a special dividend of GBP 0.92 per share, or a total of GBP 1,413 million (€1,670 million) to shareholders – excluding holders of new ordinary shares – listed on the company's share register on February 11, 2011, the record date.

As part of achieving the clearance from the European Commission, it has been agreed to divest the International Power's interest in the T-Power project in Belgium during 2011. The purpose of the T-Power project is to build and operate a 420 MW combined cycle gas turbine facility.

Fair value of consideration transferred

The fair value of the consideration transferred to acquire 70% of International Power was calculated based on the price of International Power shares on February 3, 2011, the date of the business combination. The fair value transferred amounts to €5,147 million and corresponds to 1,077 million International Power shares acquired (i.e., 70% of existing International Power shares prior to the transaction) multiplied by the February 3 share price of GBP 4.08 per share (1 GBP = €1.17).

Summary of the 2010 financial statements of International Power Plc

Given the effective date of the business combination and the size of the International Power group, the initial accounting of the fair value of International Power's assets acquired and liabilities assumed could not be performed at the time the financial statements are authorized for issue. Consequently, the Group can not present all of the information required by IFRS 3 concerning business combinations carried out after the reporting period.

International Power's 2010 financial data shown below have been restated to present data in accordance with the Group's accounting and presentation policies.

In 2010, International Power reported revenues and net income Group share at €4,442 million and €169 million, respectively.

(1) *Energy International businesses include entities in the operating segments "Energy North America business area", "Energy Latin America business area", and "Energy Middle East, Asia & Africa business area", described in Note 3, "Segment information".*

International Power's summary statement of financial position at December 31, 2010 is shown below:

In millions of euros	
Non-current assets	
Intangible assets, net	196
Goodwill	836
Property, plant and equipment, net	9,077
Other non-current assets	3,956
Current assets	
Trade and other receivables	988
Cash and cash equivalents	1,645
Other current assets	672
TOTAL ASSETS	**17,369**
Total equity	5,831
Non current Liabilities	
Lont-term borrowings	7,588
Other non-current liabilities	1,874
Current Liabilities	
Short-term borrowings	503
Trade and other payables	815
Other current liabilities	759
TOTAL EQUITY AND LIABILITIES	**17,369**

NOTE 28 LIST OF THE MAIN CONSOLIDATED COMPANIES AT DECEMBER 31, 2010

The table below is provided for indicative purposes only and only includes the main fully and proportionately consolidated companies in the GDF SUEZ Group.

The following abbreviations are used to indicate the consolidation method applied in each case:

- FC: Full consolidation (subsidiaries);
- PC: Proportionate consolidation (joint venture);
- EM: Equity method (associates);
- NC: Not consolidated.

Entities marked with an asterisk * form part of the legal entity GDF SUEZ SA.

		% interest		% control		Consolidation method	
Company name	Corporate headquarters	Dec. 2010	Dec. 2009	Dec. 2010	Dec. 2009	Dec. 2010	Dec. 2009
Energy France (BEF)							
COMPAGNIE NATIONALE DU RHONE (CNR)	2, rue André Bonin - 69004 Lyon - France	49.9	49.9	49.9	49.9	FC	FC
GDF SUEZ SA - ELECTRICITY DIVISION*	1, place Samuel de Champlain – 92930 Paris La Défense - France	100.0	100.0	100.0	100.0	FC	FC
GDF SUEZ SA - SALES DIVISION*	1, place Samuel de Champlain – 92930 Paris La Défense - France	100.0	100.0	100.0	100.0	FC	FC
SAVELYS	5, rue François 1er - 75418 Paris - France	100.0	100.0	100.0	100.0	FC	FC

		% interest		% control		Consolidation method	
Company name	Corporate headquarters	Dec. 2010	Dec. 2009	Dec. 2010	Dec. 2009	Dec. 2010	Dec. 2009
Energy Benelux & Germany (BEEI)							
ELECTRABEL NEDERLAND NV	Dr. Stolteweg 92 - 8025 AZ Zwolle - Netherlands	100.0	100.0	100.0	100.0	FC	FC
ENERGIE SAARLORLUX GMBH	Richard Wagner Strasse 14 – 16 - 66111 Saarbrücken - Germany	51.0	51.0	51.0	51.0	FC	FC
ELECTRABEL	Boulevard du Regent, 8 - 1000 Brussels - Belgium	100.0	100.0	100.0	100.0	FC	FC
ELECTRABEL CUSTOMER SOLUTIONS	Boulevard du Regent, 8 - 1000 Brussels - Belgium	95.8	95.8	95.8	95.8	FC	FC
SYNATOM	Avenue Ariane 7 - 1200 Brussels - Belgium	100.0	100.0	100.0	100.0	FC	FC

Company name	Corporate headquarters	% interest		% control		Consolidation method	
		Dec. 2010	Dec. 2009	Dec. 2010	Dec. 2009	Dec. 2010	Dec. 2009
Energy Europe (BEEI)							
DUNAMENTI	Erömü ut 2 - 2442 Szazhalombatta - Hungary	74.8	74.8	74.8	74.8	FC	FC
GDF SUEZ ENERGIA POLSKA SA	Zawada 26 - 28-230 Polaniec - Poland	100.0	100.0	100.0	100.0	FC	FC
ROSIGNANO ENERGIA SPA	Via Piave no. 6 - Rosignano Maritimo - Italy	99.5	99.5	99.5	99.5	FC	FC
ACEA ELECTABEL GROUP [(a)]	Piazzale Ostiense, 2 - 00100 Rome - Italy	40.6	40.6	40.6	40.6	PC	PC
TIRRENO POWER SPA	47, Via Barberini - 00187 Rome - Italy	35.0	35.0	35.0	35.0	PC	PC
SC GDF SUEZ ENERGY ROMÂNIA SA	Bld Marasesti, 4-6, sector 4 - Bucharest - Romania	51.0	40.8	51.0	40.8	FC	FC
EGAZ DEGAZ Zrt	Pulcz u. 44 - H 6724 - Szeged - Hungary	99.9	99.7	99.9	99.7	FC	FC
SLOVENSKY PLYNARENSKY PRIEMYSEL (SPP)	Mlynské Nivy 44/a - 825 11 - Bratislava - Slovakia	24.5	24.5	24.5	24.5	PC	PC
AES ENERGIA CARTAGENA S.R.L.	Ctra Nacional 343, P.K. 10 - El Fangal, Valle de Escombreras - 30350 Cartagena - Spain	26.0	26.0	26.0	26.0	FC	FC
GDF SUEZ ENERGY UK LTD	1 City Walk - LS11 9DX - Leeds - United Kingdom	100.0	100.0	100.0	100.0	FC	FC
GDF SUEZ ENERGIA ITALIA SPA	Via Orazio, 31l - 00193 Rome - Italy	100.0	100.0	100.0	100.0	FC	FC
VENDITE - ITALCOGIM ENERGIE SPA	Via Spadolini, 7 - 20141 Milan - Italy	100.0	100.0	100.0	100.0	FC	FC

(a) Ownership interest in the ACEA/Electrabel holding company.

Company name	Corporate headquarters	% interest		% control		Consolidation method	
		Dec. 2010	Dec. 2009	Dec. 2010	Dec. 2009	Dec. 2010	Dec. 2009
Energy North America (BEEI)							
GDF SUEZ ENERGY GENERATION NORTH AMERICA GROUP	1990 Post Oak Boulevard, Suite 1900 Houston, TX 77056-4499 - United States	100.0	100.0	100.0	100.0	FC	FC
SUEZ LNG NORTH AMERICA GROUP	One Liberty Square, Boston, MA 02109 - United States	100.0	100.0	100.0	100.0	FC	FC
GDF SUEZ ENERGY MARKETING NORTH AMERICA GROUP	1990 Post Oak Boulevard, Suite 1900 Houston, TX 77056-4499 - United States	100.0	100.0	100.0	100.0	FC	FC
GDF SUEZ ENERGY RESOURCES NORTH AMERICA GROUP	1990 Post Oak Boulevard, Suite 1900 Houston, TX 77056-4499 - United States	100.0	100.0	100.0	100.0	FC	FC

Company name	Corporate headquarters	% interest		% control		Consolidation method	
		Dec. 2010	Dec. 2009	Dec. 2010	Dec. 2009	Dec. 2010	Dec. 2009
Energy Latin America (BEEI)							
In Chile, electricity and gas transmission assets held by GDF SUEZ and Codelco have been grouped within their subsidiary, Edelnor. From January 29, 2010, Edelnor and its subsidiaries are fully consolidated in the Group financial statements (see Note 2.1.2). In Brazil, GDF SUEZ Group holds 50.1% of the voting rights of Energia Sustentavel Do Brasil (EBSR), a company created to develop the Jirau project. Considering the contractual arrangements in place, a large number of strategic management decisions are subject to a 75% majority vote. EBSR therefore qualifies as being a jointly controlled entity. Accordingly, and even though it holds more than 50% of the voting rights, Energia Sustentavel do Brasil has been proportionately consolidated by the Group.							
E-CL SA	Jr. César López Rojas # 201 Urb. Maranga San Miguel - Chile	52.4	27.4	52.4	27.4	FC	PC
TRACTEBEL ENERGIA GROUP	Rua Antônio Dib Mussi, 366 Centro, 88015-110 Florianopolis, Santa Catarina - Brazil	68.7	68.7	68.7	68.7	FC	FC
ENERSUR	Av. República de Panamá 3490, San Isidro, Lima 27 - Peru	61.7	61.7	61.7	61.7	FC	FC
ENERGIA SUSTENTAVEL DO BRASIL SA	Avenida Almirante Barroso, no. 52, sala 2802, CEP 20031-000 Rio de Janeiro - Brazil	50.1	50.1	50.1	50.1	PC	PC

Company name	Corporate headquarters	% interest		% control		Consolidation method	
		Dec. 2010	Dec. 2009	Dec. 2010	Dec. 2009	Dec. 2010	Dec. 2009
Energy Middle East, Asia & Africa (BEEI)							
GLOW ENERGY PUBLIC CO LTD	195 Empire Tower, 38th Floor - Park Wing, South Sathorn Road, Yannawa, Sathorn, Bangkok 10120 - Thailand	69.1	69.1	69.1	69.1	FC	FC
BAYMINA ENERJI AS	Ankara Dogal Gaz Santrali, Ankara Eskisehir Yolu 40.Km, Maliöy Mevkii, 06900 Polatki/Ankara - Turkey	95.0	95.0	95.0	95.0	FC	FC
SENOKO POWER LIMITED GROUP	111 Somerset Road - #05-06, Tripleone Somerset Building - 238164 Singapore	30.0	30.0	30.0	30.0	PC	PC

Company name	Corporate headquarters	% interest		% control		Consolidation method	
		Dec. 2010	Dec. 2009	Dec. 2010	Dec. 2009	Dec. 2010	Dec. 2009
Global Gas & Lng (B3G)							
E.F. OIL AND GAS LIMITED	33 Cavendish Square - W1G OPW - London - United Kingdom	22.5	22.5	22.5	22.5	PC	PC
GDF SUEZ E&P UK LTD	60, Gray Inn Road - WC1X 8LU - London - United Kingdom	100.0	100.0	100.0	100.0	FC	FC
GDF SUEZ E&P NORGE AS	Forusbeen 78 - Postboks 242 - 4066 Stavanger - Norway	100.0	100.0	100.0	100.0	FC	FC
GDF E&P NEDERLAND BV	Einsteinlaan 10 - 2719 EP Zoetermeer - Netherlands	100.0	100.0	100.0	100.0	FC	FC
GDF SUEZ E&P DEUTSCHLAND GMBH	Waldstrasse 39 - 49808 Linden - Germany	100.0	100.0	100.0	100.0	FC	FC
GDF SUEZ SA - B3G	1, place Samuel de Champlain - 92930 Paris La Défense - France	100.0	100.0	100.0	100.0	FC	FC
GDF INTERNATIONAL TRADING	1, place Samuel de Champlain - 92930 Paris La Défense - France	100.0	100.0	100.0	100.0	FC	FC
GAZ DE FRANCE ENERGY DEUTSCHLAND GMBH	Friedrichstrasse 60 - 10117 Berlin - Germany	100.0	100.0	100.0	100.0	FC	FC
GDF SUEZ GAS SUPPLY & SALES NEDERLAND BV	Einsteinlaan 10 - 2719 EP Zoetermeer - Netherlands	100.0	100.0	100.0	100.0	FC	FC
GASELYS	1, place Samuel de Champlain - 92930 Paris La Défense - France	100.0	51.0	100.0	51.0	FC	FC

Company name	Corporate headquarters	% interest		% control		Consolidation method	
		Dec. 2010	Dec. 2009	Dec. 2010	Dec. 2009	Dec. 2010	Dec. 2009
Infrastructures							
Within the context of changes in the legal environment and pursuant to the French gas law which stipulates that suppliers or their related companies cannot hold more than 24.99% of the share capital or shares with voting rights in a transport infrastructure management company, GDF SUEZ and Publigaz signed an agreement in March 2010 for the sale of the Group's entire shareholding in Fluxys (38.5%). The transaction occurred on May 5, 2010 (see Note 2.1.5).							
FLUXYS GROUP	Avenue des Arts, 31 - 1040 Brussels - Belgium	0.0	38.5	0.0	38.5	NC	EM
STORENGY	Immeuble Djinn - 12 rue Raoul Nordling - 92270 Bois Colombes - France	100.0	100.0	100.0	100.0	FC	FC
ELENGY	Immeuble EOLE - 11 avenue Michel Ricard - 92270 Bois Colombes - France	100.0	100.0	100.0	100.0	FC	FC
GRDF	6, rue Condorcet - 75009 Paris - France	100.0	100.0	100.0	100.0	FC	FC
GRTGAZ	Immeuble BORA - 6 rue Raoul Nordling - 92270 Bois Colombes - France	100.0	100.0	100.0	100.0	FC	FC

Company name	Corporate headquarters	% interest		% control		Consolidation method	
		Dec. 2010	Dec. 2009	Dec. 2010	Dec. 2009	Dec. 2010	Dec. 2009
Energy Services (BSE)							
COFELY	1, place des Degrés 92059 - Paris La Défense Cedex - France	100.0	100.0	100.0	100.0	FC	FC
AXIMA FRANCE	46, Boulevard de la Prairie du Duc - 44000 Nantes - France	100.0	100.0	100.0	100.0	FC	FC
COFELY AG	Thurgauerstrasse 56 - Postfach - 8050 Zurich - Switzerland	100.0	100.0	100.0	100.0	FC	FC
CPCU	185, rue de Bercy - 75012 Paris - France	64.4	64.4	64.4	64.4	FC	FC
FABRICOM SA	254, Rue de Gatti de Gamond - 1180 Brussels - Belgium	100.0	100.0	100.0	100.0	FC	FC
ENDEL	1, place des Degrés - 92059 Paris La Défense Cedex - France	100.0	100.0	100.0	100.0	FC	FC
COFELY NEDERLAND NV	Kosterijland 50 - 3981 AJ Bunnik - Netherlands	100.0	100.0	100.0	100.0	FC	FC
INEO	1, place des Degrés - 92059 Paris La Défense Cedex - France	100.0	100.0	100.0	100.0	FC	FC

Company name	Corporate headquarters	% interest Dec. 2010	% interest Dec. 2009	% control Dec. 2010	% control Dec. 2009	Consolidation method Dec. 2010	Consolidation method Dec. 2009
SUEZ Environnement							
GDF SUEZ holds 35% of Suez Environnement Compagny and exercises exclusive control through a shareholders' agreement. Accordingly, Suez Environnement Compagny is fully consolidated. On June 8, 2010, SUEZ Environnement took control of the water and environment activities of Aguas de Barcelona (Agbar). Agbar has been fully consolidated since June 1, 2010.							
SUEZ ENVIRONNEMENT	Tour CB21 - 16 place de l'Iris - 92040 Paris La Défense Cedex - France	35.6	35.4	35.6	35.4	FC	FC
LYONNAISE DES EAUX FRANCE GROUP	Tour CB21 - 16 place de l'Iris - 92040 Paris La Défense Cedex - France	35.6	35.4	100	100	FC	FC
DEGREMONT GROUP	183, avenue du 18 juin 1940 - 92500 Rueil Malmaison - France	35.6	35.4	100	100	FC	FC
HISUSA	Torre Agbar - Avenida Diagonal 211 - 08018 Barcelona - Spain	23.9	18.1	67.1	51.0	FC	PC
AGBAR GROUP	Torre Agbar - Avenida Diagonal 211 - 08018 Barcelona - Spain	26.7	16.3	99.0	51.0	FC	PC
SITA HOLDINGS UK LTD GROUP	Grenfell Road - Maidenhead - Berkshire SL6 1ES - United Kingdom	35.6	35.4	100	100	FC	FC
SITA DEUTSCHLAND GMBH GROUP	Industriestrasse 161 D-50999, Köln - Germany	35.6	35.4	100	100	FC	FC
SITA NEDERLAND BV GROUP	Mr E.N. van Kleffensstraat 6 - Postbis 7009, NL - 6801 HA Amhem - Netherlands	35.6	35.4	100	100	FC	FC
SITA FRANCE GROUP	Tour CB21 - 16 place de l'Iris - 92040 Paris La Défense Cedex - France	35.5	35.4	99.9	99.9	FC	FC
LYDEC	20, boulevard Rachidi - Casablanca – Morocco	18.1	18.1	51.0	51.0	FC	FC
UNITED WATER GROUP	200 Old Hook Road - Harrington Park - New Jersey - United States	35.6	35.4	100	100	FC	FC

		% interest		% control		Consolidation method	
Company name	Corporate headquarters	Dec. 2010	Dec. 2009	Dec. 2010	Dec. 2009	Dec. 2010	Dec. 2009
Other							
GDF SUEZ SA	1, place Samuel de Champlain - 92930 Paris La Défense - France	100.0	100.0	100.0	100.0	FC	FC
GDF SUEZ BELGIUM	Place du Trône, 1 - 1000 Brussels - Belgium	100.0	100.0	100.0	100.0	FC	FC
GIE - GDF SUEZ ALLIANCE	1, place Samuel de Champlain - 92930 Paris La Défense - France	100.0	100.0	100.0	100.0	FC	FC
GDF SUEZ FINANCE SA	1, place Samuel de Champlain - 92930 Paris La Défense - France	100.0	100.0	100.0	100.0	FC	FC
GDF SUEZ CC	Place du Trône, 1 - 1000 Brussels - Belgium	100.0	100.0	100.0	100.0	FC	FC
GENFINA	Place du Trône, 1 - 1000 Brussels - Belgium	100.0	100.0	100.0	100.0	FC	FC

NOTE 29 FEES PAID TO STATUTORY AUDITORS AND MEMBERS OF THEIR NETWORKS

At December 31, 2010, the GDF SUEZ Group's Statutory Auditors were Deloitte, Ernst & Young, and Mazars. In accordance with French decree no. 2008-1487, fees paid to the Statutory Auditors and the members of their networks by the Group are disclosed in the table below.

29.1 Fees paid by the Group to Statutory Auditors and to members of their networks in 2010

	Ernst & Young		Deloitte		Mazars et Guerard	
In millions of euros	Amount	%	Amount	%	Amount	%
Audit						
Statutory audit, attest engagements and review of consolidated and parent company financial statements						
• GDF SUEZ SA	3.0	14.5%	5.1	24.3%	1.6	20.8%
• Fully- and proportionately-consolidated subsidiaries	14.3	69.8%	13.6	65.1%	5.3	67.5%
Other audit-related procedures and services(1)						
• GDF SUEZ SA	0.4	2.0%	0.0	0.0%	0.2	2.1%
• Fully- and proportionately-consolidated subsidiaries	2.1	10.3%	1.5	7.0%	0.7	9.1%
SUB-TOTAL	**19.8**	**96.6%**	**20.1**	**96.4%**	**7.8**	**99.4%**
Other services						
• Tax	0.6	3.1%	0.5	2.6%	0.0	0.4%
• Other services	0.1	0.3%	0.2	1.0%	0.0	0.2%
SUB-TOTAL	**0.7**	**3.4%**	**0.7**	**3.6%**	**0.0**	**0.6%**
TOTAL(2)	20.5	100%	20.9	100%	7.8	100%

(1) Amounts relating to statutory audit engagements for the acquisition of International Power were €3.7 million for Deloitte.

(2) Amounts relating to proportionately-consolidated entities, which essentially concern statutory audit engagements, were €0.18 million for Deloitee, €0.38 million for Ernst & Young and €0.07 million for Mazars.

Audit fees paid to firms other than the Group's statutory audit firms amounted to €3.6 million.

29.2 Fees paid by the Group to Statutory Auditors and to members of their networks in 2009

	Ernst & Young		Deloitte		Mazars et Guerard	
In millions of euros	Amount	%	Amount	%	Amount	%
Audit						
Statutory audit, attest engagements and review of consolidated and parent company financial statements						
• GDF SUEZ SA	2.3	12.3%	1.6	8.8%	1.8	24.5%
• Fully- and proportionately-consolidated subsidiaries	13.8	74.4%	13.7	75.0%	4.9	68.1%
Other audit-related procedures and services						
• GDF SUEZ SA	0.4	2.0%	0.5	2.8%	0.1	1.4%
• Fully- and proportionately-consolidated subsidiaries	1.2	6.6%	2.0	10.8%	0.3	4.4%
SUB-TOTAL	**17.7**	**95.3%**	**17.8**	**97.4%**	**7.0**	**98.3%**
Other services						
• Tax	0.8	4.2%	0.4	2.4%	0.1	1.1%
• Other services	0.1	0.5%	0.0	0.2%	0.0	0.6%
SUB-TOTAL	**0.9**	**4.7%**	**0.5**	**2.6%**	**0.1**	**1.7%**
TOTAL(1)	18.6	100%	18.2	100%	7.2	100%

(1) Amounts relating to proportionately-consolidated entities, which essentially concern statutory audit engagements, were €1.7 million for Deloitte, €0.6 million for Ernst & Young and €0.2 million for Mazars et Guerard.

Audit fees paid to firms other than the Group's statutory audit firms amounted to €3.7 million.

11.3 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2010

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in the French language and is provided solely for the convenience of English speaking users.

The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. The information presented below is the opinion on the consolidated financial statements and includes explanatory paragraphs discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.

This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders

In compliance with the assignment entrusted to us by your Annual General Meetings, we hereby report to you, for the year ended December 31, 2010, on:

- the audit of the accompanying consolidated financial statements of GDF SUEZ;
- the justification of our assessments;
- the specific verification required by French law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used, the significant estimates made, and evaluating the overall financial statements presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as of December 31, 2010 and of the results of its operations for the year then ended in accordance with IFRS as adopted by the European Union.

Without qualifying our opinion, we draw your attention to notes 1.1.1 and 1.1.2 to the consolidated financial statements which describes the changes in accounting methods resulting from the application of new standards and interpretations as from January 1, 2010, in particular the revised standards IFRS 3 "Business combinations" and IAS 27 "Consolidated and separate financial statements", which main changes are presented in the note 1.4.

II. JUSTIFICATION OF ASSESSMENTS

In accordance with the requirements of article L. 823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

Accounting estimates

As disclosed in note 1.3 to the consolidated financial statements, the GDF SUEZ Group is required to make estimates and assumptions in order to prepare its consolidated financial statements. These significant accounting estimates relate to the measurement of the fair value of assets acquired and liabilities assumed in connection with a business combination, and the measurement of goodwill, property, plant and equipment and intangible assets, provisions, financial derivative instruments, un-metered revenues (as in "gas in the meter") and the assessment of the tax loss carry-forwards recognized as deferred tax asset. note 1.3 to the consolidated financial statements also specifies that the future results of the related transactions may differ from these estimates depending on different assumptions used or situations.

- Regarding the measurement of the fair value of assets acquired and liabilities assumed in connection with a business combination, our procedures consisted in assessing the reasonableness and appropriateness of the methodologies and assumptions used to measure the allocated amounts and to verify that note 2 to the consolidated financial statements provides appropriate disclosure.

- Regarding goodwill as well as property, plant and equipment and intangible assets, we have examined the methods used to perform impairment tests, the data and assumptions used as well as the procedure for approving these estimates by management. We have reviewed the calculations made by the Group and verified that notes 5 and 9 to the consolidated financial statements provide appropriate disclosure.
- Regarding provisions, in particular, provisions for nuclear fuel reprocessing and storage, decommissioning of nuclear power plants and gas infrastructures, provisions for litigation, and provisions for retirement and other employee benefits, we have assessed the bases on which these provisions have been recorded and notably the timetable for the end of gas operations regarding the gas infrastructures in France, and verified that notes 5, 17, 18 and 26 to the consolidated financial statements provide appropriate disclosure.
- Regarding the valuation of financial derivative instruments that are not listed on financial markets, the Group uses internal computer models representative of market practices. Our work consisted in examining the system for monitoring these models and assessing the data and assumptions used. We have also verified that notes 14 and 15 to the consolidated financial statements provide appropriate disclosure.
- Delivered unbilled natural gas ("gas in the meter") and electricity are calculated using a method factoring in average energy sale prices and historical consumption data. Our work consisted in assessing the methods and assumptions used to calculate these estimates and verifying that note 1.3 to the consolidated financial statements provides appropriate disclosure.
- Concerning the tax loss carry-forwards recognized as deferred tax assets, our work consisted in verifying that the recognition criteria were satisfied and assessing the assumptions underlying the forecasts of taxable profits and the relating consumptions of tax loss carry-forwards. We have also verified that note 7 to the consolidated financial statements provides appropriate disclosure.

Accounting policies and methods

We have examined the accounting treatments adopted by the GDF SUEZ Group, in particular, in respect of:

- the practical applications of the provisions of IAS 39 relating to the type of contracts considered to be part of "normal activity", areas that are not the subject of specific provisions under IFRS, as adopted in the European Union,
- the accounting treatment applied to the concession contracts,
- the classification of arrangements which contains a lease,
- the recognition of acquisitions of non controlling interests prior to January 1, 2010.

We verified that note 1 to the consolidated financial statements provides appropriate disclosure in this respect.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. SPECIFIC VERIFICATION

As required by law we have also verified in accordance with professional standards applicable in France the information presented in the Group's management report.

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

Neuilly-sur-Seine and Paris-La Défense, March 7, 2011

The Statutory Auditors

DELOITTE & ASSOCIÉS	ERNST & YOUNG et Autres	MAZARS
Jean-Paul Picard Pascal Pincemin	Christian Mouillon Charles-Emmanuel Chosson	Philippe Castagnac Thierry Blanchetier

11.4 PARENT COMPANY FINANCIAL STATEMENTS

N.B. : Amounts in tables are expressed in millions of euros. In certains cases, rounding may cause non-material discrepancies in the lines and columns showing totals and changes.

11.4.1 FINANCIAL STATEMENTS

Balance sheet assets

		Dec. 31, 2010			Dec. 31, 2009
In millions of euros	Note	Gross	Depreciation, amortization and impairment	Net	Net
NON-CURRENT ASSETS					
Intangible assets	C 1-2-8	1,281	526	755	914
Property, plant and equipment	C 1-2-8	997	523	474	491
Financial fixed assets	C 4				
Equity investments		62,839	3,711	59,128	56,311
Other financial fixed assets		6,428	301	6,127	9,478
	I	**71,545**	**5,061**	**66,484**	**67,194**
CURRENT ASSETS					
Inventories	C 5-8				
Gas reserves		1,184		1,184	1,776
Other		2		2	8
Advances and down-payments received on orders		7		7	27
Operating receivables	C 6-8				
Trade and other receivables		6,973	258	6,715	4,935
Other operating receivables		790		790	625
Miscellaneous receivables					
Current accounts with subsidiaries		5,642		5,642	6,983
Other miscellaneous receivables		732	22	710	720
Marketable securities		1,185		1,185	403
Cash and cash equivalents		411		411	148
	II	**16,926**	**280**	**16,646**	**15,625**
ACCRUALS	III C 7	**554**		**554**	**91**
UNREALIZED FOREIGN EXCHANGE LOSSES	IV	**450**		**450**	**226**
TOTAL ASSETS	(I TO IV)	89,475	5,341	84,134	83,136

Balance sheet equity and liabilities

In millions of euros		Note	Dec. 31, 2010	Dec. 31, 2009
EQUITY				
SHAREHOLDERS' EQUITY		C 9		
Share capital			2,250	2,261
Additional paid-in capital			29,683	30,589
Revaluation adjustments			43	43
Legal reserve			226	226
Other reserves			130	99
Retained earnings			15,685	16,711
Net income			857	2,261
Interim dividend			(1,846)	(1,772)
Tax-driven provisions and investment subsidies		C 11	672	600
	I		47,700	51,018
OTHER EQUITY	II	C 10	449	450
	I + II		48,149	51,468
PROVISIONS FOR CONTINGENCIES AND LOSSES	III	C 11	3,187	3,378
LIABILITIES		C 12-13-14		
Borrowings and debt				
Borrowings			18,079	16,375
Current accounts with subsidiaries			3,987	4,302
Other borrowings and debt			1,116	1,067
			23,182	21,744
Advances and downpayments received on orders			1	1
Trade and other payables			6,333	4,054
Tax and employee-related liabilities			1,443	1,165
Other liabilities			1,176	1,036
	IV		32,135	28,000
ACCRUALS	V		232	137
UNREALIZED FOREIGN EXCHANGE GAINS	VI		431	153
TOTAL EQUITY AND LIABILITIES	(I TO VI)		84,134	83,136

Income statement

In millions of euros	Note	Dec. 31, 2010	Dec. 31,2009
Energy sales		23,356	23,245
Other production sold		2,017	1,649
REVENUES	**C 15**	**25,373**	**24,894**
Production taken to inventory		(9)	-
Production for own use		61	47
TOTAL PRODUCTION		**25,425**	**24,941**
Energy purchases and change in gas reserves		(17,102)	(16,867)
Other purchases		(31)	(35)
Other external charges		(7,372)	(6,771)
VALUE ADDED		**920**	**1,268**
Taxes and duties net of subsidies received		(79)	(81)
Personnel costs		(705)	(807)
GROSS OPERATING INCOME		**136**	**380**
Net additions to depreciation, amortization and impairment	C 16	(163)	(126)
Net additions to provisions	C 16	(5)	99
Other operating income and expenses		(65)	(30)
NET OPERATING INCOME/(LOSS)		**(97)**	**323**
NET FINANCIAL INCOME	**C 17**	**1,491**	**1,554**
NET RECURRING INCOME		**1,394**	**1,877**
NON-RECURRING ITEMS	**C 18**	**(893)**	**184**
INCOME TAX	**C 19**	**356**	**200**
NET INCOME		857	2,261

Cash flow statement

In millions of euros		Dec. 31, 2010	Dec. 31, 2009
1. Cash flows from operations	1	**1,727**	**1,326**
Change in inventories	2a	(598)	(327)
Change in trade receivables (net of trade receivables with a credit balance)	2b	1,780	(1,482)
Change in trade payables	2c	(926)	1,196
Change in other items	2d	(32)	(1,980)
2. Change in working capital requirements (2a+2b+2c+2d)	2	**224**	**(2,593)**
CASH FLOW FROM OPERATING ACTIVITIES	**(1 - 2) I**	**1,503**	**3,919**
II - Investing activities			
1. Cash flow used in investing activities			
Property, plant and equipment and intangible assets		223	277
Financial fixed assets		3,604	2,409
Change in amounts payable on investments		(1,350)	-
	1	**2,477**	**2,686**
2. Cash flow from investing activities			
Net proceeds from asset disposals		156	124
Decrease in financial fixed assets		1,978	1,938
	2	**2,133**	**2,062**
CASH FLOW FROM INVESTING ACTIVITIES	**(1- 2) II**	**344**	**624**
III - CASH FLOW AFTER OPERATING AND INVESTING ACTIVITIES	**(I - II) III**	**1,159**	**3,295**
IV – Financing activities			
1. Capital increases – employee share subscriptions	1	**497**	**28**
2. Dividends and interim dividends paid to shareholders (1)	2	**(3,330)**	**(3,400)**
3. Financing raised on capital markets			
Bond issues		2,812	6,664
Short- and medium-term credit facilities		36,006	26,387
	3	**38,818**	**33,051**
4. Repayments			
Bond issues and short- and medium-term credit facilities		37,568	29,267
	4	**37,568**	**29,267**
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES	**(1 + 2 + 3 – 4) IV**	**(1,583)**	**412**
V - CHANGE IN CASH AND CASH EQUIVALENTS	**(III + IV) V**	**(423)**	**3,707**

(1) The €3,330 million figure reflects the recurring dividend net of the interim dividend paid in 2009 (€1,484 million) and the 2010 interim dividend (€1,846 million).

11.4.2 NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

A Summary of significant accounting policies

The 2010 financial statements have been drawn up in euros in compliance with the general principles prescribed by the French chart of accounts, as set out in Regulation No. 99.03 issued by the French Accounting Standards Committee (*Comité de Réglementation Comptable* – CRC), and with the valuation methods described below.

Financial transactions involving equity investments and the related receivables, especially impairment charges or reversals, are included in non-recurring items rather than financial items. In accordance with Article 120-2 of the French chart of accounts, GDF SUEZ SA considers that although this classification diverges from French accounting standards, it gives a more faithful view of the income statement because all items of income and expenses relating to equity investments can be shown together with capital gains or losses on disposals under non-recurring items.

Use of estimates

The preparation of financial statements requires GDF SUEZ SA to use estimates and assumptions that affect the amounts reported in the financial statements or in the notes thereto. This mainly concerns provisions for site rehabilitation costs, the measurement of derivative financial instruments not quoted on an active market, provisions for contingencies, the measurement of equity investments, delivered unbilled natural gas ("gas in the meter") used to determine the portion of unbilled revenues at year-end, and provisions and off-balance sheet commitments relating to employee benefits.

The financial statements reflect management's best estimates of these amounts, based on information available at the end of the reporting period.

Shareholders' equity

Additional paid-in capital

External costs directly attributable to capital increases are deducted from additional paid-in capital. Other costs are expensed as incurred.

Merger premium

External expenses directly attributable to the merger in 2008 between Gaz de France SA and SUEZ SA are deducted from the merger premium.

Revaluation adjustments

This caption results from the legal revaluations of non-amortizable assets not operated under concessions carried out in 1959 and 1976.

Other equity – irredeemable and non-voting securities (*titres participatifs*)

GDF SUEZ SA issued irredeemable and non-voting securities in 1985 and 1986 within the scope of Act No. 83.1 of January 10, 1983 and Act No. 85.695 of July 11, 1985. These securities are shown in liabilities for their nominal amount and are redeemable only at the initiative of GDF SUEZ SA. Interest paid on irredeemable and non-voting securities is included in financial expenses (see note 10).

Irredeemable and non-voting securities that have been redeemed are classified in "Marketable securities".

Gains or losses arising on the cancellation of irredeemable and non-voting securities bought back by the Company are shown in financial items.

Intangible assets

This caption mainly comprises:

- the purchase cost or production cost of software, amortized over its estimated useful life;
- technical losses resulting from the merger.

Technical losses are allocated off-the-books to the various assets contributed within the scope of the merger. In the event of a disposal, the portion of the loss relating to the assets sold is reversed through income.

Research costs are expensed in the year in which they are incurred.

In accordance with the option permitted by CRC Regulation No. 2004-06, other development costs are capitalized provided they meet specific criteria, particularly as regards the pattern in which the intangible asset is expected to generate future economic benefits.

A useful life of between five and seven years is generally used to calculate software amortization.

Accelerated depreciation, classified in the balance sheet under tax-driven provisions, is recognized whenever the useful lives for tax purposes are shorter than those used for accounting purposes, or whenever the depreciation method for accounting and tax purposes differs.

Property, plant and equipment

All items of property, plant and equipment are carried at purchase cost or production cost, including ancillary expenses, with the exception of assets acquired prior to December 31, 1976, which are shown at their revalued amount at that date.

Almost all items of property, plant and equipment are depreciated on a straight-line basis.

Assets are depreciated over their useful lives, based on the period over which they are expected to be used. The useful lives for the main asset classes are as follows:

- buildings: 20 to 60 years;
- other: 3 to 15 years.

Accelerated depreciation, classified in the balance sheet under tax-driven provisions, is recognized whenever the useful lives for tax purposes are shorter than those used for accounting purposes, or whenever the depreciation method for accounting and tax purposes differs.

Components

When the components of a given asset cannot be used separately, the overall asset is recognized. If one or more components have different useful lives at the outset, each component is recognized and depreciated separately.

Financial fixed assets

Equity investments

Equity investments represent long-term investments providing GDF SUEZ SA with control or significant influence over the issuer, or helping it to establish business relations with the issuer.

Newly-acquired equity investments are recognized at purchase price plus directly attributable transaction fees.

Investments which GDF SUEZ SA intends to hold on a long-term basis are written down if their value in use has fallen below their book value. Value in use is assessed by reference to the intrinsic value, yield value, expected cash flows and stock market prices for the assets, taking into account any currency hedges where appropriate.

Investments which GDF SUEZ SA has decided to sell are written down if their book value is lower than their estimated sale price. If sale negotiations are ongoing at the end of the reporting period, the best estimate is used to determine the sale price.

Amounts receivable from equity investments

This caption consists of loans granted by GDF SUEZ SA to equity investments.

They are recognized at face value. In line with the treatment adopted for equity investments, these amounts are written down if their value in use falls below their face amount.

Provisions for contingencies may be booked if the Company considers that the cost of its commitment exceeds the value of the assets held.

Other financial fixed assets

This caption includes mainly investments other than equity investments that GDF SUEZ SA intends to hold on a long-term basis but which do not meet the definition of equity investments.

A writedown may be taken against other financial fixed assets in accordance with the criteria described above for equity investments.

Liquidity agreement and treasury stock

The Company has entered into liquidity agreements with an investment services provider. Under these agreements, the investment services provider agrees to buy and sell GDF SUEZ SA shares to organize the market for and ensure the liquidity of the share on the Paris and Brussels stock markets.

The amounts paid to the investment services provider are included in "Other long-term investments". An impairment loss is recognized against the shares when their average price for the month in which the accounts are closed is lower than their book value.

Marketable securities

Marketable securities are shown on the balance sheet at cost.

When the market value of securities at December 31st is lower than their acquisition cost, a writedown is recognized for the difference.

For listed securities, market value is determined based on the market price at the end of the reporting period.

Gas inventories

Gas injected into underground reservoirs is included in inventories. It is measured at average purchase cost including domestic and international freight costs upon entering the transportation network regardless of its source, and including any regasification costs. Outflows are measured on a monthly basis using the weighted average unit cost method.

An impairment loss is recognized when the net realizable value of inventories, representing the selling price less costs directly and indirectly attributable to distribution, is lower than weighted average cost.

Operating receivables

This caption includes all receivables arising on the sale of goods, and other receivables arising in the ordinary course of operations.

Gas delivered but not billed

Receivables also include unbilled revenues for gas delivered, regardless of whether or not the meters have been read.

This caption concerns customers not billed monthly (mainly residential customers) and customers whose billing period is not aligned with the consumption period of a given month.

In France, delivered unbilled natural gas ("gas in the meter") is calculated using a method factoring in average energy prices and historical consumption data. The average price used takes account of the category of customer and the age of the delivered unbilled "gas in the meter". These estimates are sensitive to the assumptions used.

Customers (mainly retail customers) can opt to pay on a monthly basis. In this case, the Company recognizes a monthly advance and a bill is issued at the anniversary date of the contract giving rise to the payment (or refund) of any difference between the amount billed and the advance payments already received.

Unbilled revenues in respect of delivered unbilled natural gas are netted against the advances already collected by the Company from customers billed monthly.

Impairment of trade receivables

Bad debt risk is analyzed on a case-by-case basis for the Company's largest customers.

Receivables from other customers are written down using rates which increase in line with the age of the related receivables.

The potential bad debt risk arising on amounts receivable in respect of delivered unbilled natural gas is also taken into account.

Foreign currency transactions

Income and expenses denominated in foreign currencies are recorded at their equivalent value in euros at the transaction date.

Foreign currency receivables, payables and cash and cash equivalents are converted at the exchange rate prevailing at year-end.

Translation differences are taken to income when they arise on cash and cash equivalents, or to the balance sheet under unrealized foreign exchange gains or losses when they arise on receivables and payables. A provision is set aside for unrealized losses after taking account of any associated hedging instruments.

Provisions for contingencies and losses

In accordance with CRC Regulation No. 2000-06 on liabilities, a provision is recognized when the Company has a legal or constructive obligation resulting from a past event which is expected to result in an outflow of resources embodying economic benefits that can be measured reliably.

The provision represents the best estimate of the amount required to settle the present obligation at the end of the reporting period.

Provisions for rehabilitating land on which former gas production plants were located

These provisions are set aside to cover the estimated costs of rehabilitating land on which former gas production plants were located, in light of general environmental protection standards and laws and regulations specific to certain equipment.

These provisions reflect the best estimate of the costs that this will involve, based on (i) current cost information, technical knowledge and experience acquired, and (ii) regulatory requirements in force or in the process of being adopted.

The provision is set aside for the full amount of any such costs, since the Company may be asked to rehabilitate the site at any time. The provision recognized has not been discounted.

Any revisions subsequently made to estimates (timing of rehabilitation obligations, estimated costs involved, etc.) are taken into account on a prospective basis. Movements in these provisions are shown under operating items.

Provision for employee bonus share awards and stock option plans

In accordance with CRC Regulation No. 2008-15 of December 4, 2008, the provision for employee bonus share awards is recognized on a straight-line basis over the vesting period. The provision ultimately covers the disposal loss equal to the book value of treasury stock granted free of consideration to employees.

Movements in this provision and any related costs are shown in personnel expenses.

For stock options, a provision is set aside whenever the share price at the end of the reporting period is higher than the exercise price of the options granted. The provision is set aside on a straight-line basis over the vesting period, and ultimately covers the disposal loss equal to the purchase cost of the shares, less the exercise price paid by employees.

Bond redemption premiums and issue costs

In accordance with the benchmark treatment prescribed by the French National Accounting Board (Conseil National de la Comptabilité – CNC), bond issue costs are recognized on a straight-line basis over the life of the instruments. These issue costs mainly consist of advertising expenses (for public issues) and fees due to financial intermediaries.

Bonds carrying a redemption premium are recognized in liabilities for their total amount including redemption premiums. The matching entry for these premiums is recorded in assets under accruals, and amortized over the life of the bonds pro rata to interest.

Pensions and other employee benefit obligations

Special regime for Electricity and Gas utilities

GDF SUEZ SA employees qualify for the disability, pension and death benefits available under the special regime for Electricity and Gas utilities (see note 22).

Accounting treatment

In accordance with the option permitted by the CNC's Emerging Issues Taskforce in opinion 2000-A dated July 6, 2000, GDF SUEZ SA recognizes provisions under liabilities solely for benefits granted to employees whose rights have already begun to vest (annuities for occupational accidents and illnesses, temporary incapacity or disability benefits), benefits due during the employee's working life (long-service awards and bonus leave).

As part of the 2008 merger between SUEZ and Gaz de France with retroactive effect from January 1, 2008, provisions for pensions and other employee benefits (pensions, retirement indemnities and healthcare) carried by SUEZ SA at December 31, 2007 were transferred to GDF SUEZ SA.

In accordance with opinion 2005-C of the CNC's Emerging Issues Taskforce and with the method applied by GDF SUEZ SA and described above, no further amounts will be set aside to these provisions in respect of rights newly vested by employees or the unwinding of discounting adjustments on the provisions transferred within the scope of the merger. These provisions are written back in line with the settlement of the corresponding obligations.

No provisions are set aside in liabilities for other commitments. These are disclosed in note 22 on off-balance sheet commitments.

Basis of measurement and actuarial assumptions

Benefit obligations are measured using the projected unit credit method. The present value of the obligations of GDF SUEZ SA is calculated by allocating vested benefits to periods of service under the plan's benefit formula. When an employee's service in later years leads to a materially higher level of benefits than in earlier years, the Group allocates the benefits on a straight-line basis.

Future payments in respect of these benefits are calculated based on assumptions as to salary increases, retirement age, mortality and employee turnover.

The rate used to discount future benefit payments is determined by reference to the yield on investment grade corporate bonds based on maturities consistent with the benefit obligation.

Financial instruments and commodity derivatives

To hedge and manage its currency, interest rate and commodity risk, GDF SUEZ SA uses financial and operating instruments disclosed in off-balance sheet commitments.

The recognition of gains or losses on these transactions depends on whether they are carried out on an organized market, in which case the gain or loss on the contract, representing the change in its market value, is recognized before the contract is unwound, or whether they are traded over-the-counter, in which case the change in market value is not recognized.

In the case of contracts traded over-the-counter that qualify as hedging instruments, gains or losses are taken to income symmetrically with the gain or loss on the hedged items. A provision is booked for unrealized losses that do not qualify for hedge accounting treatment.

If the hedged item ceases to exist, the contract is unwound and any gains or losses taken to income.

GDF SUEZ SA uses internal models representative of market practices to value financial derivative instruments that are not listed on financial markets.

Income tax

Since January 1, 1988, GDF SUEZ SA has been part of the tax consolidation regime introduced by Article 68 of Act. No. 87-1060 of December 30, 1987. GDF SUEZ SA is head of the tax group within the meaning of Articles 223 A *et seq*. of the French Tax Code.

The contribution of subsidiaries in the tax consolidation group to the Group's income tax expense equals the amount of tax for which they would have been liable if they had not been members of the tax consolidation group.

The impacts of tax consolidation are recorded under the income tax expense of GDF SUEZ SA, as parent company.

GDF SUEZ SA also records a provision for any tax savings generated by subsidiaries' tax losses. These savings initially benefit GDF SUEZ SA as parent company, and are recovered by the subsidiaries once they return to profit (hence the provision booked).

Statutory training entitlement

Rights vested under the statutory training entitlement at December 31, 2010 are disclosed in note 24.

In accordance with opinion 2004 F of the CNC's Emerging Issues Taskforce on the recognition of statutory training entitlements, no provision has been recorded by GDF SUEZ SA in the 2010 financial statements, as employee rights are included in the Company training plan.

B Comparability of periods presented

The financial statements for the year ended 31 December 2010 are comparable with the financial statements for the year ended 31 December 2009.

C Additional information regarding the balance sheet and income statement

NOTE 1 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Changes in the gross value of these assets can be analyzed as follows:

In millions of euros	Dec. 31, 2009	Increases	Decreases	Reclassifications	Dec. 31, 2010
INTANGIBLE ASSETS	**1,107**	**116**	**(11)**	**69**	**1,281**
Software	366	-	(10)	104	460
Technical losses	285	-	-	-	285
Other intangible assets	354	12	(1)	62	427
Intangible assets in progress	102	104	-	(97)	109
PROPERTY, PLANT AND EQUIPMENT	**904**	**123**	**(23)**	**(7)**	**997**
Land	41	-	(1)	-	40
Buildings	468	-	(9)	27	486
Plant and equipment	143	3	(9)	4	141
Other	128	2	(4)	113	239
Property, plant and equipment in progress	124	118	-	(151)	91
ADVANCES AND DOWNPAYMENTS	**81**	**-**	**(19)**	**(62)**	**-**
	2,092	239	(53)	-	2,278

Research & development costs recognized in expenses in 2010 totaled €90 million (€68 million in 2009).

NOTE 2 DEPRECIATION, AMORTIZATION AND IMPAIRMENT OF INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Changes in this caption were as follows:

In millions of euros	Dec. 31, 2009	Additions taken through the income statement	Reversals taken through the income statement	Changes taken through the balance sheet	Dec. 31, 2010
INTANGIBLE ASSETS	**193**	**339**	**(6)**	**-**	**526**
Software	168	69	(6)	-	231
Technical losses	-	-	-	-	-
Other intangible assets	25	270	-	-	295
PROPERTY, PLANT AND EQUIPMENT	**494**	**41**	**(12)**	**-**	**523**
Land	-	-	-	-	-
Buildings	326	15	(4)	-	337
Plant and equipment	76	6	(5)	-	77
Other	92	20	(3)	-	109
Property, plant and equipment in progress	-	-	-	-	-
	687	**380**	**(18)**	**-**	**1,049**

Depreciation, amortization and impairment expenses can be broken down as follows:

In millions of euros	Dec. 31, 2010	Dec. 31, 2009
Straight-line method	156	74
Declining-balance method	1	1
Impairment	1	1
	158	**76**

An additional expense of €1 million was recognized against non-recurring items in respect of accelerated depreciation and amortization, compared with an expense of €7 million in 2009.

GDF SUEZ SA recognized depreciation of €221 million in non-recurring items on long-term contractual access rights against its gas supply contract portfolio to reflect the persistent decorrelation between gas and oil prices in a market where gas supplies exceed demand.

Movements in impairment during the period are detailed in note 8.

NOTE 3 FINANCE LEASES

If GDF SUEZ SA were the outright owner of property and other plant and equipment currently held under finance leases, these assets would be reported as follows:

In millions of euros	Gross value	Additions for the period	Net value	Depreciation
Property	92	6	80	12
Other property, plant and equipment	-	-	-	-
	92	6	80	12

Contractual commitments are as follows:

	Lease payments					
In millions of euros	Paid in 2010	Outstanding	Due in 1 year or less	Due in 1 to 5 years	Due in more than 5 years	Purchase option price
Property	7	32	7	22	3	-
Other property, plant and equipment	-	-	-	-	-	-
	7	32	7	22	3	-

Virtually all property lease agreements provide for a purchase option exercisable at a symbolic price of one euro.

NOTE 4 FINANCIAL FIXED ASSETS

Note 4 A Gross values

Changes in the gross value of these assets can be analyzed as follows:

In millions of euros	Dec. 31, 2009	Increases	Decreases	Other	Dec. 31, 2010
Equity investments	**59,493**	**3,540**	**(194)**	**-**	**62,839**
Consolidated equity investments	59,080	3,535	(146)	-	62,469
Non-consolidated equity investments	413	5	(48)	-	370
Other investments	-	-	-	-	-
Other financial fixed assets	**9,762**	**72**	**(3,404)**	**(2)**	**6,428**
Other long-term investments	1,431	-	(1,424)	-	7
Amounts receivable from equity investments	7,975	33	(1,942)	5	6,071
Loans	42	7	(10)	(7)	32
Other financial fixed assets	314	32	(28)		318
	69,255	**3,612**	**(3,598)**	**(2)**	**69,267**

The year-on-year change in equity investments at December 31, 2010 reflects:

- subscriptions to the capital increases carried out by Electrabel (€3.5 billion), Elengy (€16 million) and Celizan (€13 million);
- the disposal of investments in SSIMI and Great for €96 million and €49 million, respectively.

Other long-term investments at December 31, 2009 mainly included 36,898,000 treasury shares held with a view to being canceled, totaling €1,415 million. These shares were duly cancelled during the period (see note 9A).

At December 31, 2009, GDF SUEZ SA held 197,500 treasury shares under the liquidity agreement. These shares had an acquisition cost of €6 million (identical to their market value at that date). No treasury shares are held under the liquidity agreement at December 31, 2010 (movements in treasury stock are analyzed in note 9A).

Equity investments and amounts due from these investments are detailed in note 27.

Note 4 B Impairment

In millions of euros	Dec. 31, 2009	Additions	Reversals	Other	Dec. 31, 2010
Consolidated equity investments	2,899	605	(39)		3,465
Non-consolidated equity investments	283	-	(37)		246
Amounts receivable from equity investments	283	18	-	(1)	300
Other	1	-	-		1
	3,466	**623**	**(76)**	**(1)**	**4,012**

Additions mainly concern impairment losses taken against Genfina shares for €268 million and against GDF SUEZ Communication for €245 million. Reversals relate chiefly to reversals of the provision recognized in respect of Ondeo shares for €26 million and Great shares for an amount of €12 million following the disposal of these investments.

NOTE 5 INVENTORIES

In millions of euros	Gross value at Dec. 31, 2009	Increases	Decreases	Gross value at Dec. 31, 2010
Gas reserves	1,776	1,673	(2,265)	1,184
Other	8	2	(8)	2
	1,784	**1,675**	**(2,273)**	**1,186**

NOTE 6 MATURITY OF RECEIVABLES

		Due		
In millions of euros	Gross amount at Dec. 31, 2010	Dec. 31, 2011	Between 2012 and 2015	2016 and beyond
Non-current assets				
Amounts receivable from equity investments	6,071	736	1,310	4,025
Loans	32	4	14	14
Other	318	17	208	93
Current assets				
Trade and other receivables	6,973	6,973	-	-
Current accounts with subsidiaries	5,642	5,642	-	-
Other operating receivables	790	790	-	-
Other receivables	732	583	134	15
Advances and downpayments received on orders	7	3	-	4
	20,565	**14,748**	**1,666**	**4,151**

NOTE 7 ACCRUALS

Assets

In millions of euros	Dec. 31, 2009	Increases	Decreases	Dec. 31, 2010
Loan redemption premiums	32	31	(5)	58
Deferred loan issuance costs	19	16	(5)	30
Financial instruments	40	466	(40)	466
	91	**513**	**(50)**	**554**

Liabilities

In millions of euros	Dec. 31, 2009	Increases	Decreases	Dec. 31, 2010
Options contracts	5	112	(22)	95
Financial instruments	132	137	(132)	137
	137	**249**	**(154)**	**232**

NOTE 8 IMPAIRMENT OF ASSETS (EXCLUDING FINANCIAL FIXED ASSETS)

In millions of euros	Dec. 31, 2009	Additions	Reversals	Other	Dec. 31, 2010
Intangible assets	-	221	-	-	221
Property, plant and equipment	1	-	-	-	1
Inventories	-	-	-	-	-
Receivables	273	104	(98)	1	280
Marketable securities	-	-	-	-	-
	274	**325**	**(98)**	**1**	**502**

Amortization of intangible assets is analyzed in note 2.

NOTE 9 SHAREHOLDERS' EQUITY

Note 9 A Share capital - shares issued and outstanding

Share capital is fully paid up. Each share carries a single voting right.

Share capital

Shares comprising the share capital at January 1	**2,260,976,267**
Shares issued during the period:	
• employee share subscriptions – Link employee share ownership plan	24,702,618
• employee share subscriptions	1,514,872
Shares cancelled during the period:	(36,898,000)
Total number of shares comprising the share capital	**2,250,295,757**

At its meeting of July 22, 2008, the Board of Directors of GDF SUEZ SA decided to buy back its own shares with a view to canceling the shares repurchased, for a maximum amount of €1 billion. The Board of Directors subsequently decided to discontinue the buyback program, and the cancelation of all of the 36,898,000 treasury shares held at end-December 2009 was decided at the meeting held on August 9, 2010. No new share buyback programs were implemented in 2010 for the purpose of canceling the Company›s shares.

In 2010, a total of 14,869,804 shares were purchased and 15,067,304 shares were sold under these liquidity agreements, generating a net capital gain of €2 million. No treasury shares are held under the liquidity agreement at December 31, 2010.

At December 31, 2010, GDF SUEZ SA held 25,854,164 shares acquired in connection with bonus share awards (see note 9 C), for a total amount of €665 million. At end-2010, the market value of these shares amounted to €694 million.

Note 9 B Change in shareholders' equity

In millions of euros

Shareholders' equity at December 31, 2009	**51,018**
Employee share subscriptions (capital plus additional paid-in capital)	
• as part of an employee share ownership plan (see note 9D)	472
• directly by employees	25
Dividends and interim dividends paid	(3,330)
Cancelation of treasury shares	(1,415)
Tax-driven provisions	73
Miscellaneous	-
Income	857
Shareholders' equity at December 31, 2010	**47,700**

In 2010, GDF SUEZ SA paid:

- a recurring dividend net of the interim dividend paid in 2009 of €0.67 per share, representing a total amount of €1,484 million. The total 2009 dividend was €1.47 per share, representing a total payout of €3,257 million;
- an interim dividend for 2010 of €0.83 per share, representing a total amount of €1,846 million.

GDF SUEZ SA also cancelled 36,898,000 treasury shares, thus reducing shareholders' equity by an amount of €1,415 million.

Note 9 C Employee bonus share awards and stock option plans

Bonus share policy and stock option policy

Bonus share awards are intended to involve all employees more closely in the Group's growth and performance. They are awarded to employees upon a decision of the Board of Directors, in accordance with decisions taken by the Shareholders' Meeting, subject to a minimum seniority of two years and a number of performance conditions.

Stock option policy – or employee share issues prior to the merger between Gaz de France and Suez – aims to closely involve executive and senior management, as well as high-potential managers, in the future development of the Company and in creating shareholder value. Conditions for the award of options and the list of beneficiaries are approved by the Board of Directors in accordance with authorizations granted at Shareholders' Meetings. Certain stock option awards have been replaced by bonus shares awards, made available to more employees than were previously eligible for stock options.

In 2010, GDF SUEZ SA granted 584,767 bonus shares to GDF SUEZ Group employees. No stock options were granted during the year. During the same period, 2,075,995 shares were distributed to the Group's employees.

Based on all existing share plans, the number of beneficiaries and staff turnover assumptions, at December 31, 2010, GDF SUEZ SA considered that it had an obligation to deliver 19,294,442 shares, including 11,595,590 shares on the exercise of stock options.

In 2010, GDF SUEZ SA purchased 19,910,806 shares for a total of €500 million. In view of the shares delivered in 2010, the Company holds 25,854,164 shares to cover its bonus share obligations at December 31, 2010, representing a total amount of €665 million. The market value of these shares at end-2010 was €694 million.

Details of bonus share and stock option plans in force

Bonus shares awarded

In millions of euros	Number of shares awarded or delivered	Per share value	Expense in 2010	Expense in 2009
Suez Plan of February 12, 2007 (1)	966,324	27.75	-	(4.2)
GDF Plan of June 20, 2007 (1)	1,368,901	33.44	-	7.0
Suez Plan of July 16, 2007 (1)	977,339	27.75	6.8	4.0
Suez Plan of November 14, 2007 (1)	717,609	27.75	(8.1)	8.9
GDF Plan of May 28, 2008 (1)	852,464	27.75	(8.6)	16.9
Suez Plan of June 1, 2008 (1)	1,397,829	27.75	(6.0)	20.6
GDF SUEZ Plan of November 12, 2008	604,895	27.22	(7.4)	17.9
GDF SUEZ Plan of July 8, 2009	3,042,379	26.89	33.4	17.1
GDF SUEZ Plan of November 10, 2009	1,591,139	27.23	16.5	2.6
GDF SUEZ Plan of January 20, 2010	348,660	27.75	4.3	-
GDF SUEZ Plan of March 3, 2010	48,434	26.15	0.4	-
GDF SUEZ Plan of August 24, 2010	187,672	25.34	0.3	-
			31.6	**90.8**

(1) Plans for which shares have been partially or totally delivered.

Stock options granted

In millions of euros	Number of stock options granted	Exercise price	Expense in 2010	Expense in 2009
GDF SUEZ Plan of November 12, 2008	6,401,610	32.74	none	(0.6)
GDF SUEZ Plan of November 10, 2009	5,193,980	29.44	(0.2)	0.2
			(0.2)	**(0.4)**

Following the GDF SUEZ merger, GDF SUEZ SA took over the stock subscription options granted by SUEZ SA prior to the merger. In view of the options exercised and in the absence of any further share subscription options granted since the merger, GDF SUEZ SA could be required to issue a maximum 30,841,031 shares at December 31, 2010.

Note 9 D Employee share issues

On January 20, 2010 and May 3, 2010, the Board of Directors decided to issue shares to be granted to all Group employees through share ownership plans, in accordance with decisions taken by the Shareholders' Meeting of GDF SUEZ SA on July 16, 2008 and May 4, 2009. The maximum amount of shares to be issues is fixed at 26,000,000 representing a nominal value of €26 million.

On July 6, 2010, the subscription price was set at €19.80 per share, based on the average opening price of the GDF SUEZ share on the NYSE Euronext Paris Eurolist market over the preceding 20 trading days, less 20%. French Group employees were also awarded 521,056 bonus shares. Group employees working outside France will accrue entitlement to bonus shares to be awarded on August 24, 2015, on condition that they are still working in the Group on that date.

On August 24, 2010, the Chairman and Chief Executive Officer approved the issues of 24,702,618 new shares as part of the employee share issue program. This corresponds to 24,181,562 new shares subscribed by employees and 521,056 bonus shares, for a total amount of €488 million, including a nominal amount of €25 million and €10 million offset against additional paid-in capital for the bonus share awards. Issuance costs of €6 million were also offset against additional paid-in capital. The net impact on shareholders' equity amounted to €472 million.

NOTE 10 OTHER EQUITY

In millions of euros	Dec. 31, 2010	Dec. 31, 2009
Irredeemable and non-voting securities (titres participatifs)	429	429
Value of concession assets – Concession grantors' rights	20	21
	449	**450**

GDF SUEZ SA issued irredeemable and non-voting securities in 1985 and 1986 pursuant to Act No. 83.1 of January 1, 1983 and Act No. 85.695 of July 11, 1985. Since August 1992, GDF SUEZ SA may choose to redeem these irredeemable and non-voting securities at any time, at a price equal to 130% of their nominal amount.

The irredeemable and non-voting securities accrue interest within an average bond yield range of between 85% and 130%. They include a fixed component equal to 63% of the average bond yield (TMO) and a variable component based on the year-on-year increase in value added reported by GDF SUEZ SA or the Group (Group share), whichever is higher.

A contract hedging the interest payable on these irredeemable and non-voting securities was set up in 2006 (see note 21 A).

At end-2010, the corresponding financial expense amounted to €19 million.

NOTE 11 PROVISIONS

Note 11 A Tax-driven provisions and investment subsidies

In millions of euros	Dec. 31, 2009	Additions taken through the income statement	Reversals taken through the income statement	Dec. 31, 2010
Tax-driven provisions	**600**	**147**	**(75)**	**672**
Accelerated depreciation and amortization	360	129	(65)	424
Provision for price increases	237	18	(9)	246
Provision for investments	3	-	(1)	2
Investment subsidies	**-**	**-**	**-**	**-**
TOTAL	600	147	(75)	672

Note 11 B Provisions for contingencies and losses

In millions of euros	Dec. 31, 2009	Additions	Reversal of used provisions	Reversals (surplus provisions)	Other	Dec. 31, 2010
Provisions for site rehabilitation (Note 11 B1)	26	10	5	3	-	28
Provisions relating to employees (note 11 B2)	337	70	83	62	-	262
Provisions for taxes (Note 11 B3)	581	3	83	-	(4)	497
Provisions for tax consolidation (Note 11 B4)	2,122	112	277	2	-	1,955
Vendor warranties (Note 11 B5)	97	9	37	-	+3	72
Risks arising on subsidiaries (Note 11 B6)	30	-	-	-	(1)	29
Other provisions for contingencies and losses (note 11 B7)	185	254	97	-	+2	344
	3,378	**458**	**582**	**67**	**-**	**3,187**

Note 11 B1 Provisions for site rehabilitation

Provisions for site rehabilitation totaled €28 million at December 31, 2010, and €23 million at December 31, 2009, and chiefly relate to the rehabilitation of land on which gas production plants were located. In 2010, €5 million of the provision was utilized, reflecting rehabilitation work completed. An additional charge of €10 million was also recognized to reflect revised estimates.

The €3 million provision for plant and equipment relating solely to the Corsican distribution network was reversed in full during the year.

Note 11 B2 Provisions relating to employees

Pension obligations are covered by insurance funds and a provision of €16 million.

Provisions have been set aside for the full amount of disability benefits and allowances for occupational accidents and illnesses of active employees at year-end, bonus leave, and long-service awards, totaling €78 million, €14 million and €7 million, respectively.

The provisions for pensions and other employee benefit obligations carried by SUEZ SA at the time of the 2008 merger are written back as and when the corresponding liabilities for which they were set aside at end-2007 are extinguished. No further amounts are set aside to these provisions in respect of rights newly vested or the unwinding of discounting adjustments. At December 31, 2010, the corresponding provisions amounted to €16 million for pensions and €18 million for post-employment benefits.

The amount of end-of-career indemnities is partially covered by insurance funds and the shortfall amounted to €23 million at December 31, 2010.

Details of changes in these provisions are provided in note 22.

Provision for employee bonus share awards and stock option plans

At December 31, 2010, the provision for employee bonus share awards and stock option plans amounted to €128 million (€154 million at end-2009).

In 2010, GDF SUEZ SA set aside a further €62 million to this provision to cover rights vested by employees. It also wrote back €63 million of the provision following the expiration of certain bonus share plans.

In addition to presence in the Group at the vesting date, eligibility for certain bonus share and performance share plans is subject to an internal performance condition. When this condition is not fully met, the number of bonus shares granted to employees is reduced in accordance with the plans' regulations. Provisions of €25 million were reversed during the period based on adjustments to the number of stock options that will actually vest.

Other provisions

At December 31, 2010, GDF SUEZ SA recognized other provisions relating to employees for €1 million.

Note 11 B3 Provisions for taxes

Provisions for taxes totaled €497 million at December 31, 2010, and €581 million at December 31, 2009, and chiefly relate to the acquisition of the transmission network in 2002. The provisions will be written back over a period of 14 years. The amount written back in 2010 was €83 million.

Note 11 B4 Provisions for tax consolidation

GDF SUEZ SA has chosen to file consolidated tax returns. As a result, it sets aside a provision reflecting its obligation to transfer to subsidiaries any tax losses utilized.

At December 31, 2007, the capital gain on the disposal of the gas distribution activity had no impact on tax, since GrDF was part of the tax consolidation group. As from 2008 the subsidiary's statutory financial statements show tax savings relating to the amortizable component of the capital gain arising on the disposal of the gas distribution business. This excess amortization is canceled out at the level of the tax consolidation group. In accordance with the tax consolidation agreements signed with its subsidiaries, GDF SUEZ SA recognized a provision for tax consolidation with respect to GrDF for a definitive amount of €1,938 million, based on the amortizable component. At December 31, 2010, the Company wrote back an amount of €107 million (€105 million at end-2009) corresponding to the neutralization of the excess amortization on the amortizable component arising in the year.

Provisions for tax consolidation amounted to €1,955 million at end-2010, including €1,625 million relating to the amortizable component of GrDF's intangible assets.

Note 11 B5 Provisions for vendor warranties

At December 31, 2010, provisions for vendor warranties totaled €72 million. The additional amount of €9 million set aside in the year concerns the vendor warranty granted on the sale of Indosuez to Crédit Agricole, and brings the provision into line with the estimated risks.

Reversals mainly concern the vendor warranty on Thide granted to Cogac which was exercised during the period for an amount of €25 million in full and final settlement, and the vendor warranty on the sale of NOOS which expired and was therefore reversed in an amount of €9 million.

Note 11 B6 Provisions for risks arising on subsidiaries

Risks arising on subsidiaries totaled €29 million at December 31, 2010, versus €30 million at end-2009.

Note 11 B7 Other provisions for contingencies and losses

This item mainly includes provisions for contingencies arising on other third parties, provisions for disputes, and provisions for currency and interest rate risk. Movements in these provisions chiefly impact non-recurring and financial items.

The increase in these provisions over the period related mainly to new provisions for currency and interest rate risk of €93 million and €27 million, respectively.

NOTE 12 BORROWINGS AND DEBT

In millions of euros	Dec. 31, 2010	Dec. 31, 2009
Borrowings	**22,066**	**20,677**
Bonds	14,584	12,381
Other loans	3,495	3,994
Current accounts and loans with subsidiaries	3,987	4,302
Other borrowings and debt	**1,116**	**1,067**
Deposits received from customers	38	39
Current portion of interest due	528	547
Bank overdrafts	368	168
Miscellaneous borrowings	182	313
	23,182	**21,744**

The increase in borrowings in 2010 reflects:

- issues of euro bonds for €2 billion and bonds issued in sterling for GBP 700 million, giving a total of €2,812 million (see note 13 A), offset by the redemption of bonds for an amount of €934 million;
- issues of commercial paper for a total of €582 million;

offset by:

- a €1,081 million decrease in issues of US Commercial Paper;
- a €315 million reduction in current accounts and loans with subsidiaries.

NOTE 13 MATURITIES OF BORROWINGS, DEBT AND PAYABLES

In millions of euros	Dec. 31, 2010	Due		
		End-2011	Between 2012 and 2015	2016 and beyond
Borrowings and debt	**23,182**	**8,430**	**5,957**	**8,795**
Bonds	14,584	-	5,789	8,795
Other loans	3,495	3,495		
Current accounts and loans with subsidiaries	3,987	3,987		
Other borrowings and debt	1,116	948	168	
Trade and other payables	**6,333**	**6,333**		
Tax and employee-related liabilities	**1,443**	**1,443**		
Other liabilities	**1,176**	**1,128**	**48**	
Advances from customers	343	343		
Other	833	785	48	
Advances and downpayments received on orders	**1**	**1**		
	32,135	**17,335**	**6,005**	**8,795**

Note 13 A Breakdown of bond debt

	Dec. 31. 2010	Issue date	Expiration date	Interest	Listing
Public issues					
• in millions of euros	1,125	02/2003	02/2013	4.750%	Paris/Luxembourg
• in millions of euros	750	02/2003	02/2018	5.125%	Paris/Luxembourg
• in millions of euros	800	10/2008	01/2014	6.250%	Luxembourg
• in millions of euros	900	10/2008	01/2019	6.875%	Luxembourg
• in millions of euros	400	12/2008	01/2014	6.250%	Luxembourg
• in millions of euros	300	12/2008	01/2019	6.875%	Luxembourg
• in millions of euros	1,140	01/2009	01/2012	4.375%	Luxembourg
• in millions of euros	1,500	01/2009	01/2016	5.625%	Luxembourg
• in millions of euros	1,000	01/2009	01/2021	6.375%	Luxembourg
• in millions of euros	750	02/2009	02/2015	5.000%	Luxembourg
• in millions of euros	1,000	10/2010	10/2022	3.500%	Paris
• in millions of euros	1,000	10/2010	10/2017	2.750%	Paris
• in millions of pounds sterling	500	10/2008	10/2028	7.000%	Luxembourg
• in millions of pounds sterling	700	02/2009	02/2021	6.125%	Luxembourg
• in millions of pounds sterling	700	10/2010	10/2060	5.000%	Paris
• in millions of Swiss francs	625	12/2008	12/2012	3.500%	Zurich
• in millions of Swiss francs	350	02/2009	12/2012	3.500%	Zurich
• in millions of yen	65,000	12/2009	12/2014	1.170%	Tokyo
Private placements					
• in millions of yen	15,000	12/2008	12/2023	3.180%	None
• in millions of yen	18,000	02/2009	02/2014	LibJPY3+1.2%	None

Note 13 B Other loans

At December 31, 2010, other loans were denominated in euros (€2,084 million, including €1,308 million at variable rates and €776 million at fixed rates) and in US dollars (equivalent value of €1,411 million). These loans fall due in less than one year.

Note 13 C Other borrowings and debt

Other borrowings and debt (deposits received from customers, bank overdrafts, bank facilities, etc.) are chiefly denominated in euros.

NOTE 14 ANALYSIS OF BORROWINGS AND DEBT BY CURRENCY AND INTEREST RATE

Note 14 A Analysis by interest rate

	After hedging		Before hedging	
In millions of euros	Dec. 31. 2010	Dec. 31. 2009	Dec. 31. 2010	Dec. 31. 2009
Floating rate				
Bonds	5,346	4,205	165	135
Other loans	2,081	2,933	1,308	215
Current accounts with subsidiaries	3,987	4,148	3,987	4,148
Other borrowings and debt	1,116	1,067	1,116	1,067
Fixed rate				
Bonds	9,238	8,176	14,419	12,246
Other loans	1,414	1,061	2,187	3,779
Current accounts with subsidiaries	-	154	-	154
	23,182	**21,744**	**23,182**	**21,744**

Note 14 B Analysis by currency

	After hedging		Before hedging	
In millions of euros	Dec. 31. 2010	Dec. 31. 2009	Dec. 31. 2010	Dec. 31. 2009
In euros				
Bonds	14,584	12,381	10,692	9,632
Other loans	3,495	3,994	2,084	1,502
Current accounts with subsidiaries	3,797	4,109	3,588	3,860
Other borrowings and debt	1,116	1,067	1,116	1,067
In foreign currency				
Bonds	-	-	3,892	2,749
Other loans	-	-	1,411	2,492
Current accounts with subsidiaries	190	193	399	442
	23,182	**21,744**	**23,182**	**21,744**

NOTE 15 BREAKDOWN OF REVENUES

In millions of euros	Dec. 31. 2010	Dec. 31. 2009
Energy sales		
• France	15,989	16,187
• International	7,367	7,058
Works, research and services provided	1,248	962
Revenues from non-core activities and other	769	687
REVENUES	**25,373**	**24,894**

NOTE 16 ADDITION TO DEPRECIATION, AMORTIZATION, IMPAIRMENT AND PROVISIONS (NET OF REVERSALS), AND EXPENSE TRANSFERS

Note 16 A Net additions to depreciation and amortization

In millions of euros	Dec. 31. 2010	Dec. 31. 2009
Straight-line depreciation/amortization	156	74
Declining-balance depreciation/amortization	1	1
Concession termination amortization	1	1
Reversals	(1)	-
NET ADDITIONS TO DEPRECIATION AND AMORTIZATION	**157**	**76**

Note 16 B Net additions to impairment

Net additions to impairment amounted to €6 million in 2010, versus €50 million in 2009.

Note 16 C Net changes in provisions

In millions of euros	Dec. 31. 2010	Dec. 31. 2009
Provision for capital renewal and replacement liabilities regarding concessions	2	4
Provision for site rehabilitation	4	(21)
Provisions relating to employees	(17)	(97)
Other contingency and loss provisions for operating items	16	15
NET CHANGES IN PROVISIONS	**5**	**(99)**

Note 16 D Expense transfers

Expense transfers are included in other operating income. They amounted to €17 million in 2010 and €30 million in 2009.

NOTE 17 FINANCIAL INCOME AND EXPENSE

In millions of euros	Dec. 31. 2010 Expenses	Dec. 31. 2010 Income	Dec. 31. 2010 Net	Dec. 31. 2009 Net
Other interest income and expenses	(1,250)	473	(777)	(726)
Interest on current accounts and amounts receivable from equity investments	(25)	316	291	377
Foreign exchange gains/(losses)	(851)	862	11	(56)
Dividends received	-	2,075	2,075	1,881
Movements in provisions for financial items	(131)	22	(109)	78
TOTAL	**(2,257)**	**3,748**	**1,491**	**1,554**

NOTE 18 NON-RECURRING ITEMS

In millions of euros	Dec. 31. 2010 Expenses	Dec. 31. 2010 Income	Dec. 31. 2010 Net	Dec. 31. 2009 Net
Disposals of property, plant and equipment and intangible assets	(17)	35	18	4
Disposals of financial fixed assets	(198)	121	(77)	(168)
Provision for price increases	(18)	9	(9)	(19)
Accelerated depreciation and amortization	(129)	65	(64)	(67)
Movements in provisions relating to equity investments	(625)	77	(548)	181
Other	(259)	46	(213)	253
TOTAL	**(1,246)**	**353**	**(893)**	**184**

The net balance of non-recurring items for 2010 chiefly reflects:

- a provision for impairment of the investment in GDF SUEZ Communication and Genfina;
- a provision for impairment of intangible rights (see note 2);
- net additions to tax-driven provisions.

NOTE 19 TAX POSITION

1. Tax consolidation regime

The current option to file consolidated tax returns initially elected for by Gaz de France SA (now GDF SUEZ SA) was automatically renewed on January 1, 2008 for a period of five years.

2. Income tax

The income tax rate in 2010 was 34.43%. This includes the 3.3% contribution introduced in 2000.

In millions of euros	2010	2009
Income tax due by GDF SUEZ SA for the period (excluding tax consolidation group) (1)	0	0
Income tax relating to subsidiaries within the tax consolidation group (2)	(117)	(131)
Net change in provisions for income tax (3)	(250)	(90)
Other	11	21
CORPORATE INCOME TAX		
Income tax expense		
Tax benefit	**(356)**	**(200)**

(1) GDF SUEZ SA generated a tax loss in 2010. In 2009, taxable earnings had been offset against prior-period losses.

(2) The savings resulting from tax consolidation amounted to €117 million in 2010 and €131 million in 2009, and are attributable to the difference between:

- *€489 million in tax due to the French Treasury in respect of the tax consolidation group (€192 million in 2009);*
- *the €606 million contribution to Group tax due to GDF SUEZ SA by subsidiaries reporting a profit (€323 million in 2009).*

(3) Net reversals from provisions for taxes in 2010 reflect mainly:

- *€60 million in reversals from provisions for utilized provisions previously set aside on tax losses transferred by subsidiaries in the tax consolidation group, against net new provisions of €98 million in 2009;*
- *€107 million in reversals from the provision relating to the excess amortization during the period of the amortizable component of the capital gain generated on the sale of gas distribution activities in 2007;*
- *€83 million in reversals from the provision set aside to cover the tax impact of recognizing the capital gain on the purchase of the transmission network in 2002 over a period of 14 years (unchanged from 2009).*

3. Deferred tax

Future tax liabilities as shown in the table below result from temporary differences between the treatment of income and expenses for tax and accounting purposes.

The future tax rate applied takes into account the special 3.3% tax contributions provided for by Article 235 ter ZC of the French Tax Code, less a deduction of €763,000.

In millions of euros	2010	2009
Deferred tax liabilities		
• Unrecognized deductible expenses	509	227
• Untaxed income recognized	272	299
Deferred tax assets		
• Temporary non-deductible expenses recognized	590	350
• Unrecognized taxable income	434	156
Net deferred tax (asset in 2010)		
• Tax base	243	(20)
• Amount	84	(7)

5. Tax audit

In their tax deficiency notice dated December 22, 2008, the French tax authorities questioned the tax treatment of the sale of a tax receivable in 2005 for an amount of €995 million. The Company contested the tax authorities' position, which it considers unfounded, and has therefore not set aside a provision for the financial consequences of the dispute. On July 7, 2009, they informed GDF SUEZ SA that they confirmed their position. GDF SUEZ SA is waiting to receive the tax assessment notice.

NOTE 20 MARKETABLE SECURITIES

Marketable securities are shown in the balance sheet for a gross value of €1,185 million. The market value of these securities at December 31, 2010 was €1,218 million. GDF SUEZ shares acquired for subsequent allocation to employees are also included in this caption (see note 9C).

NOTE 21 OFF-BALANCE SHEET COMMITMENTS (EXCLUDING EMPLOYEE BENEFIT OBLIGATIONS)

Note 21 A Financial commitments

The GDF SUEZ Group's Finance Division is responsible for managing all financial risks (interest rate, currency, liquidity and credit risks).

Liquidity risk

The Group's financing policy is based on:

- centralizing external financing;
- diversifying sources of financing between credit institutions and capital markets;
- achieving a balanced debt repayment profile.

The centralization of financing needs and cash flow surpluses for the Group is provided by its financing vehicles (long-term and short-term) and its cash pooling vehicles.

Since 2008, GDF SUEZ SA is no longer responsible for the Group's cash pooling arrangements. Short-term cash requirements and cash surpluses for Europe are managed by dedicated financial vehicles in France, Belgium and Luxembourg. These vehicles centralize virtually all of the cash requirements and surpluses of companies controlled by the Group, ensuring that counterparty risk and investment strategies are managed consistently.

The Group seeks to diversify its long-term sources of financing by carrying out public or private bond issues within the scope of its Euro Medium Term Notes program. It also issues commercial paper in France and Belgium, as well as in the United States. Since the merger, long-term capital markets have been accessed chiefly by GDF SUEZ SA in connection with the Group's new bond issues, and by GDF SUEZ SA and Electrabel in connection with commercial paper.

As commercial paper is relatively inexpensive and highly liquid, it is used by the Group in a cyclical or structural fashion to finance its short-term cash requirements. However, outstanding commercial paper is backed by confirmed bank lines of credit so that the Group could continue to finance its activities if access to this financing source were to dry up.

The Group's liquidity is based on maintaining cash and cash equivalents and access to confirmed credit facilities. GDF SUEZ SA can therefore access facilities readily convertible into cash, enabling it to meet its cash requirements in the ordinary course of business or to serve as a bridge to finance external growth operations:

- GDF SUEZ SA has negotiated two syndicated lines of credit of €4,500 million and €4,000 million, maturing in May 2012 and June 2015, respectively.

  These facilities are not subject to any covenants or credit rating requirements;
- GDF SUEZ SA also has access to short-term debt markets through short-term debt issues: US commercial paper for USD 4,500 million (of which USD 1,885 million had been drawn down at end-2010), and euro commercial paper (*billets de trésorerie*) for €5,000 million (€2,084 million drawn down at December 31, 2010);
- to optimize liquidity management at the level of the Group, the Finance Division of GDF SUEZ has set up a cash pooling mechanism with the Group's main subsidiaries.

Counterparty risk

GDF SUEZ SA is exposed to counterparty risk arising on its operating and financing activities.

To manage counterparty risk arising on operating activities, the Group has put in place monitoring procedures adapted to the characteristics of the counterparties concerned (private corporations, individuals, public authorities). Customers representing a major counterparty for the Group are covered by procedures applicable to the financial activities described below, thereby providing broad-ranging oversight of the corresponding counterparty risk.

For its financing activities, the Group has put in place procedures for managing and monitoring risk based on (i) the accreditation of counterparties according to external credit ratings, objective market data (credit default swaps, market capitalization) and financial structure, and (ii) risk exposure limits. GDF SUEZ SA also draws on a structured legal framework based on master agreements (including netting clauses) and collateralization contracts (margin calls). The oversight procedure for managing counterparty risk arising from financing activities is managed by a middle office that operates independently of the Group's Treasury department and reports to the Finance division.

Interest rate risk

Based on its net debt position, GDF SUEZ SA has adopted a policy for optimizing borrowing costs using a combination of financial instruments (interest swaps and options) according to market conditions.

GDF SUEZ SA takes care to ensure that the difference between its floating-rate debt and its cash surpluses invested at a floating rate has a low degree of exposure to adverse changes in short-term interest rates.

Positions are managed centrally and are reviewed each quarter or whenever any new financing is raised. Management must approve in advance any transaction that causes the interest rate mix to change significantly.

	Notional amount at Dec. 31, 2010						
In millions of euros	Due in 1 year or less	Due in 1 to 5 years	Due in 6 to 10 years	Due after 10 years	Total	Fair Value at Dec. 31, 2010	Notional amount at Dec. 31, 2009
INTEREST RATE SWAP							
fixed-rate borrower/floating-rate lender	-	1,500	1,293	1,510	4,303	(172)	3,638
floating-rate borrower/fixed-rate lender	775	2,841	2,860	2,264	8,740	250	8,419
SALE OF SWAPTION							
fixed-rate borrower/floating-rate lender	-	193	387	577	1,157	(60)	-
PURCHASE OF SWAPTION							
fixed-rate borrower/floating-rate lender	-	-	-	-	-	-	676
PURCHASE OF CAP			**1,000**	**250**	**1,250**	**75**	
TOTAL EUR	**775**	**4,534**	**5,540**	**4,601**	**15,450**	**93**	**12,733**
INTEREST RATE SWAP							
fixed-rate borrower/floating-rate lender	-	525	-	-	525	(5)	494
TOTAL NOK	**-**	**525**	**-**	**-**	**525**	**(5)**	**494**
INTEREST RATE SWAP							
fixed-rate borrower/floating-rate lender	-	-	-	374	374	2	347
TOTAL USD	**-**	**-**	**-**	**374**	**374**	**2**	**347**
	775	5,059	5,540	4,975	16,349	90	13,574

In millions of euros	Notional amount at Dec. 31, 2010					Fair Value at Dec. 31, 2010	Notional amount at Dec. 31, 2009
	Due in 1 year or less	Due in 1 to 5 years	Due in 6 to 10 years	Due after 10 years	Total		
CURRENCY SWAP							
fixed-rate borrower/fixed-rate lender	-	-	813	1,394	2,207	(37)	1,413
TOTAL GBP			**813**	**1,394**	**2,207**	**(37)**	**1,413**
CURRENCY SWAP							
floating-rate borrower/fixed-rate lender	-	598	-	138	736	124	615
floating-rate borrower/floating-rate lender	-	166	-	-	166	8	157
TOTAL JPY	**-**	**764**	**-**	**138**	**902**	**132**	**772**
CURRENCY SWAP							
floating-rate borrower/fixed-rate lender	-	780	-	-	780	164	639
TOTAL CHF	**-**	**780**	**-**	**-**	**780**	**164**	**639**
CURRENCY SWAP							
floating-rate borrower/floating-rate lender	561	935	-	-	1,496	58	1,067
TOTAL USD	**561**	**935**	**-**	**-**	**1,496**	**58**	**1,067**
	561	2,479	813	1,532	5,385	317	3,891

Interest rate hedges in force at December 31, 2010 are described below:

- On January 23, 2006, GDF SUEZ SA entered into an interest rate swap with a financial institution hedging the interest rate on its class A irredeemable and non-voting securities (titres participatifs). The swap is for a notional amount of €480 million, maturing on October 15, 2035, and comprises two successive periods:
  - up to October 15, 2015, a rate of 130% is applied to the notional amount indicated above,
  - thereafter, a rate of 100% is applied through to maturity;

GDF SUEZ SA receives floating-rate interest equal to the average 10-year yield on a constant maturity swap (CMS) in euros, and pays an all-in fixed rate of 4.3285%.

The 10-year yield on the constant maturity swap is strongly correlated with the benchmark average bond yield (TMO) used to calculate the interest payable on the irredeemable and nonvoting securities), while offering better liquidity and stability over the term of the hedge.

- GDF SUEZ SA entered into short-term swaps (maturing in less than six months) to hedge the interest rate risk on its short-term cash management transactions (essentially commercial paper issues in EUR and USD). These included:
  - floating-rate borrower (Eonia)/fixed-rate lender swaps for a notional amount of €775 million (euro commercial paper); and
  - floating-rate borrower (Eonia)/floating-rate lender swaps for a notional amount of USD 2,000 million (US commercial paper).
- GDF SUEZ SA uses floating-rate borrower swaps when it is issuing bonds unless Management decides otherwise. Interest rate risk is subsequently managed centrally through the use of interest rate swaps and options with due reference to market conditions.
- As part of the Group's interest rate risk management policy, in 2009 GDF SUEZ SA set up macro-hedges fixing the interest rate on the Group's US and NOK debt, for €347 million and €494 million, respectively.

Currency risk

GDF SUEZ SA is exposed to currency risk chiefly on commercial transactions involving the purchase and sale of gas, since several gas purchase and sale contracts are indexed to the price of oil derivatives, mostly listed in US dollars.

The exposure to currency risk on these transactions is managed and monitored as follows:

- pass-through mechanisms are applied in determining (i) sale prices for eligible customers, and (ii) regulated rates;

- the margin on fixed-price sale contracts or contracts indexed by financial swaps is hedged.

There is a time lag between the impact of fluctuations in the US dollar on procurement costs and their repercussion onto sales prices, reflecting mainly the effect of rolling averages and the inventory stocking/run-down cycle.

To manage its exposure to fluctuations in exchange rates, GDF SUEZ SA uses forward currency purchase or sale contracts to hedge its gas purchases and its financing activities.

To limit the impact of translation risk on certain amounts receivable from equity investments and on future foreign currency purchases, and to hedge the net asset risk arising on consolidation, GDF SUEZ SA has taken new positions or reinforced existing positions in forward currency transactions that allow it to cancel out or minimize translation adjustments on deposits and loans or other future operations.

At December 31, 2010, commitments under these contracts were as follows:

Forward contracts *In millions of euros*	Fixed portion of commitments at Dec. 31, 2010 — Maturity 2011	2012	2013 and beyond	Euro equivalent at Dec. 31, 2010	Exchange rate fluctuations at Dec. 31, 2010	Fixed portion of commitments at Dec. 31, 2009
LONG POSITIONS						
- AUD	1	-	-	1	-	
- CHF	-	639	-	637	2	639
- EUR	1	-	-	1	-	8
- GBP	1,957	3	2,237	4,168	29	1,773
- JPY	-	-	772	773	(1)	772
- NOK	-	-	-	-	-	3
- USD	1,268	1,114	-	2,394	(12)	2,923
SHORT POSITIONS						0
- AUD	1	-	-	1	-	
- CAD	-	-	-	-	-	64
- CHF	55	-	-	58	(3)	
- EUR	1	-	-	1	-	8
- GBP	1,848	-	-	1,838	10	145
- HUF	43	-	-	43	-	
- MXN	134	-	-	133	1	
- NOK	303	-	-	317	(14)	1,388
- RON	59	-	-	60	(1)	
- USD	392	18	-	412	(2)	257

Other financial commitments given

In millions of euros	Total at Dec. 31, 2010	Maturity End-2011	Between 2012 and 2015	2016 and beyond
MARKET-RELATED COMMITMENTS				
Performance and other guarantees	1,736	169	47	1,520
Performance and other guarantees given on behalf of subsidiaries	1,953	266	84	1,603
FINANCING COMMITMENTS				
Personal sureties given	3,889	1,344	1,911	634
Guarantees and endorsements given to subsidiaries	2,725	535	1,275	915
Collateral given	-	-	-	-
Credit lines	190	-	-	190
OTHER COMMITMENTS GIVEN				
Contractual guarantees for sales of businesses	2,403	88	1,954	361
Operating lease commitments	637	70	312	255
Finance lease commitments	32	7	22	3
Commitments relating to LNG tankers	759	140	318	301
	14,324	**2,619**	**5,923**	**5,782**

Personal sureties relate mainly to:

- debt issued and commitments given by GIE GDF SUEZ Alliance to members of the GIE, excluding GDF SUEZ SA. GDF SUEZ SA has stood surety for each member in the event they receive a call for funds above and beyond their share in the GIE. Each member's responsibility for the payment of its share is recorded in commitments received;
- the balance relates to payment guarantees granted to counterparties of GDF SUEZ SA.

Guarantees and endorsements to subsidiaries correspond to payment guarantees granted by GDF SUEZ SA to third parties on behalf of its subsidiaries.

Commitments given with regard to credit lines relate mainly to credit lines granted to GDF SUEZ SA subsidiaries.

Contractual guarantees for sales of businesses relate mainly to commitments given on the disposals of Nalco and Suez-Tractebel:

- for Nalco, GDF SUEZ SA is counter-guarantor in the event of default by the sellers, Léo Holding and Nalco International SAS;
- for SUEZ-Tractebel , the sale is accompanied by a vendor's warranty for a maximum amount of €1,500 million, expiring in March 2013 at the latest.

Operating lease commitments relate to the present value of rent payments outstanding through to maturity of the property leases within the scope of GDF SUEZ SA's operations. As certain property rental expenses are rebilled to Group subsidiaries, the corresponding commitments are shown in commitments received.

Finance lease commitments are detailed in note 3.

Commitments relating to LNG tankers concern freight contracts.

Other commitments have been given in respect of performance and completion guarantees:

- to Naperville Property Trust (acting on behalf of NCC Solar Company), banks and investors. These guarantees cover all payment obligations, notably for outstanding rent (€139 million) under the lease agreement for the premises occupied by Nalco, an entity based in Naperville which was sold in 2003 and whose head office is still in Naperville. The lease was taken over by Léo Holding following the sale of Nalco. GDF SUEZ SA received an equivalent counter-guarantee from Ondeo Nalco, which remains liable to the Group and the lessor for all obligations under the lease;
- to the Hong Kong authorities, in respect of contracts awarded to Sita (now SUEZ Environnement), which counter-guaranteed GDF SUEZ SA for the same amounts. These contracts relate to:
  - the operation of the Nent landfill in partnership with Newworld and Guandong groups,
  - the operation of various landfill sites, including Went, NWNT and Pillar Point, initially in partnership with Swire Pacific Ltd. Since Swire Pacific sold its interest in its joint subsidiary in 2009 to SUEZ Environnement – which now owns the entire share capital of the venture – these guarantees were reissued by GDF SUEZ. However, if a guarantee is called upon in respect of the period during which the subsidiary was under joint control, Swire has pledged an indemnity ensuring that ultimate responsibility is split 50-50 between the two groups;
- to Surrey County Council for a BOT contract awarded to SUEZ Environnement, which stood as guarantor for GDF SUEZ SA under the contract;

- to two Scottish companies, Ayr Environmental Services and Caledonian Environmental Services, for contracts for the construction of wastewater purification and sludge treatment plants awarded to the Degrémont SA/AMEC Capital Projects Ltd group of construction companies;
- to the Lord Mayor, Aldermen and Burgesses of Cork, in respect of a contract for the construction and operation of the Cork City wastewater purification plant awarded to a consortium comprising two of the Group's subsidiaries, Vinci subsidiary Dumez GTM, PJ Hegarty & Sons and Electrical & Pump Services. Each consortium member and Vinci agreed to counter-guarantee GDF SUEZ SA;
- to the Halifax Regional Municipality in respect of a contract for the construction of Halifax, Dartmouth and Herring Cove water treatment plants awarded to D&D Water Solutions Inc, a 50-50 joint venture owned by Degrémont Limited (a subsidiary of Degrémont) and Dexter (a subsidiary of Municipal Enterprises Limited). GDF SUEZ SA is acting as second-ranking guarantor and Degrémont as first-ranking guarantor for its share of the contract;
- in 2008, SUEZ Environnement undertook to counter-guarantee all of the guarantees given by GDF SUEZ SA (formerly SUEZ SA) for the Environment business that it had not yet counter-guaranteed;
- in Exploration-Production activities, it is customary for the parent company to provide local authorities with unlimited guarantees covering the obligations and environmental risks of subsidiaries and GDF SUEZ has provided numerous such guarantees;
- as part of the spin-off of water and wastewater activities in 2000, a performance guarantee was granted by GDF SUEZ SA in the context of its transfer of local public service franchise contracts to Lyonnaise des Eaux France. There are some 441 such contracts.

GDF SUEZ SA has also undertaken to:

- guarantee the consequences of any proceedings initiated against SUEZ-Tractebel subsidiary Ineo in connection with the fire at Crédit Lyonnais' head office;
- indemnify GE Capital UIS for a period of ten years starting December 2002, for all legal and/or financial consequences resulting from a third party disputing its title to the premises at 16 rue de la Ville l'Evêque, Paris, France (which it acquired after taking over the leasing contract held by its subsidiary SSIMI), on condition that it exercises the call option granted by the lessor.

Other financial commitments received

In millions of euros	Total at Dec. 31, 2010	Maturity		
		End-2011	Between 2012 and 2015	2016 and beyond
MARKET-RELATED COMMITMENTS				
Guarantees received	-	-	-	-
FINANCING COMMITMENTS				
Undrawn credit facilities	10,500	575	9,425	500
Other financing commitments received	-	-	-	-
Other financing commitments received in relation to subsidiaries	-	-	-	-
OTHER COMMITMENTS RECEIVED				
Counter-guarantees for personal sureties	3,342	880	1,910	552
Counter-guarantees for trading commitments	-	-	-	-
Operating lease commitments	287	46	180	61
Finance lease commitments	32	7	22	3
Commitments relating to LNG tankers	559	46	212	301
	14,720	**1,554**	**11,749**	**1,417**

GDF SUEZ SA has negotiated two revolving lines of credit of €4.5 billion secured in May 2005 and maturing in 2012, and €4 billion secured in June 2010 and maturing in 2015. The lending banks are able to opt out of the syndicate on an individual basis in the event of a change in the Company's controlling shareholder.

GDF SUEZ SA grants credit facilities to its subsidiaries. The undrawn amount of these facilities at December 31, 2010 was €24 million.

Counter-guarantees given on personal sureties concern guarantees received from members of GIE GDF SUEZ Alliance.

Securities commitments

At December 31, 2010, GDF SUEZ SA granted a put option to minority shareholders concerning 43.16% of La Compagnie du Vent. The option may be exercised in several phases starting in 2011.

Note 21 B Commodity-related commitments

Natural gas and electricity commitments

Gas supplies in Europe are based primarily on long-term "take-or-pay" contracts. These long-term commitments make it possible to finance costly production and transmission infrastructures. Under these contracts, the seller makes a long-term commitment to serve the buyer, subject to a commitment by the latter to buy minimum quantities regardless of whether or not it takes delivery of them. These commitments are combined with backup measures (*force majeure*) and flexible volume arrangements, making it possible to manage any uncertainties (primarily weather conditions) affecting demand as well as any technical contingencies that may arise.

These types of contracts can run up to 25 years and are used by GDF SUEZ SA to meet the demands of its customers for natural gas in the medium and long term.

The contracts provide for reciprocal commitments regarding specified quantities of gas:

- a commitment by GDF SUEZ SA to purchase quantities of gas above a minimum threshold;
- a commitment by suppliers to provide these quantities at competitive prices.

The appeal of these contracts is provided by indexed price formulas and price adjustment mechanisms. GDF SUEZ SA makes the bulk of its purchases under such contracts.

At December 31, 2010, GDF SUEZ SA had commitments to purchase a minimum of 508 TWh the first year, 2,277 TWh between two and five years, and 5,694 TWh after five years.

GDF SUEZ SA also entered into forward purchases and sales of natural gas, primarily at maturities of less than one year, as part of its trading activities. These consist of purchases and sales on short-term markets and offers featuring engineered prices for industrial customers.

At December 31, 2010, commitments given by GDF SUEZ SA totaled 39 TWh under forward purchase contracts and 67 TWh under forward sale contracts.

To meet its commitments to take delivery of specified volumes, GDF SUEZ SA has entered into long-term contracts to reserve land and sea transmission capacities.

As part of its trading activities, GDF SUEZ SA has also entered into forward purchases and sales of electricity and has purchased electricity options. At December 31, 2010, commitments given by GDF SUEZ SA totaled 14 TWh under forward purchase contracts and 15 TWh under forward sale contracts. As part of its carbon dioxide brokerage activities, GDF SUEZ SA has also entered into the same volume of forward purchases and sales of CO_2 emissions allowances for 424,000 tons of CO_2.

Commodity derivatives

Commodity derivatives (natural gas, oil and electricity) consist mainly of swaps, futures and options set up to manage price risk within the scope of the trading activities of GDF SUEZ SA. These instruments are traded with third parties by the Company's specialized subsidiary, Gaselys.

These derivatives are contracted to manage risks arising on:

- price engineering transactions designed to meet the growing demand among customers for tight controls on gas and electricity price risk. These products are primarily intended to guarantee a commercial margin regardless of trends in the commodity indexes included in the prices offered to customers, even when they differ from the commodity indexes to which GDF SUEZ SA purchases are pegged. Options (calls and puts) are set up to guarantee maximum and minimum prices;
- measures taken to optimize procurement costs. Energy procurement costs, assets used in electricity production and reservations of available transmission and storage capacity not required to supply customers are systematically valued on the market.

The exposure to commodity price risk on these commercial transactions is managed and monitored as follows:

- pass-through mechanisms are applied in determining (i) sale prices for eligible customers, and (ii) regulated rates;
- the margin on fixed-price sale contracts or contracts indexed by financial swaps is hedged.

There is a time lag between the impact of changes in commodity prices on procurement costs and their repercussion onto sales prices, reflecting mainly the effect of rolling averages and the inventory stocking/run-down cycle.

	Notional amount at Dec. 31, 2010				Fair value at Dec. 31, 2010 in millions of euros	Notional amount at Dec. 31, 2009 in GWh
	In GWh by maturity			In millions of euros		
	x < 1 year	1 year < x < 2 years	x > 2 years			
SWAPS (LONG POSITIONS)						
Natural gas	28,144	3,555	9,024	833	41	34,373
Oil-based products	206,135	55,879	19,301	7,449	490	370,810
CER EUA– CO^2	150	175	75	7	2	
SWAPS (SHORT POSITIONS)						
Natural gas	51,221	23,401	2,406	1,793	241	49,403
Oil-based products	107,483	43,573	7,259	4,100	340	225,744
Electricity	-	-	-	-	-	550
CER EUA– CO^2	150	175	75	9	3	-
OPTIONS (LONG POSITIONS)						
Natural gas	612	612	459	-	2	-
Oil-based products	3,562	5,783	-	140	8	6,922
Electricity	-	-	-	-	-	-
OPTIONS (SHORT POSITIONS)						
Natural gas	-	-	-	-	-	2,524
Oil-based products	54	-	-	-	-	14,424
Electricity	5,170	5,556	440	27	10	-
FORWARDS (LONG POSITIONS)						
Natural gas	-	-	-	-	-	-
Oil-based products	-	-	-	-	-	-
Electricity	10,686	670	7,010	932	2	-
FORWARDS (SHORT POSITIONS)						
Natural gas	-	-	-	-	-	-
Oil-based products	-	-	-	-	-	-
Electricity	9,124	528	8,044	1,032	33	-

Note 21 C Energy savings certificates

Planning Act No. 2005-781 of July 13, 2005 laying down the key areas of French energy policy introduced energy savings certificates as from July 1, 2006. This system requires suppliers of energy to meet certain energy savings targets imposed by public authorities over a given period. Energy suppliers are free to decide the way in which they discharge these obligations.

GDF SUEZ SA successfully discharged its energy savings obligations for the first three-year period from July 1, 2006 to June 30, 2009.

National energy savings targets for the second three-year period from January 1, 2011 to December 31, 2013, have been fixed at 345 TWH for the three years. Decree No. 2010-1663 of December 29, 2010 sets out the new bases for calculating and allocating national energy savings targets between different enterprises.

Each energy supplier›s annual target is determined based on its sales and an energy proportionality coefficient:

Energy	**Target-based coefficient**
Electricity	0.168kWh cumac*/kWh sold
Natural gas	0.095kWh cumac*/kWh sold

* *cumac: updated cumulative kilowatt-hours (kWh).*

Because of the manner in which they are determined, final targets for individual energy suppliers for the 2011-2013 period will be published in a government decree by March 31, 2014 at the latest.

Note 21 D Insurance of eligible risks

GDF SUEZ SA systematically transfers all material risks based on an identification of risks eligible for insurance – particularly relating to Company assets and damages caused to third parties. Insurance policies offer extensive coverage in order to limit the financial impact of any claims on the Group's accounts.

To ensure a consistent approach, insurance policies are managed at Group level. As a result, new projects developed by subsidiaries can be incorporated within existing policies to enable the parent company to fully assume its role for its majority-owned subsidiaries.

Note 21 E Legal and arbitration proceedings

Competition and industry concentration

On June 11, 2008, Gaz de France received a statement of objections from the European Commission in which it voices its suspicions of concerted practice with E.ON resulting in the restriction of competition on their respective markets regarding, in particular, natural gas supplies transported via the Megal pipeline. GDF SUEZ filed observations in reply on September 8, 2008 and a hearing took place on October 14, 2008. On July 8, 2009, the Commission fined GDF SUEZ and E.ON €553 million each for agreeing not to compete against each other in their respective gas markets. GDF SUEZ has paid the fine. The Commission considered that these restrictive business practices, which ended in 2005, had begun in 1975 when the agreements relating to the Megal pipeline were signed and GDF SUEZ and E.ON had agreed not to supply gas transported via the Megal pipeline to customers in their respective markets.

GDF SUEZ brought an action for annulment before the General Court of the European Union on September 18, 2009. The appeal is pending. The written phase of the proceedings before the Court continued throughout 2010. The next step is the oral phase of the proceedings which will begin with a date being set for the hearing and any potential preparatory questions the Court may have.

Argentina

In Argentina, concession contract tariffs were frozen by a Public Emergency and Exchange Regime Reform Act (Emergency Act) enacted in January 2002, preventing the application of tariff indexation clauses in the event of a loss in value of the Argentine peso against the US dollar.

In 2003, SUEZ (now GDF SUEZ) and its joint shareholders, water distribution concession operators in Buenos Aires and Santa Fe, launched arbitration proceedings against the Argentine State in its capacity as concession grantor before the ICSID. The purpose of these proceedings is to enforce concession contract clauses in accordance with the Franco-Argentine Bilateral Investment Protection Treaties.

These ICSID arbitration proceedings aim to obtain compensation for the loss of value of investments made since the start of the concession, as a consequence of measures taken by the Argentine state, following the adoption of the abovementioned Emergency Act. In 2006, the ICSID recognized its jurisdiction over the two disputes. The hearings for both proceedings took place in 2007. Alongside the ICSID proceedings, the concession operators Aguas Argentinas and Aguas Provinciales de Santa Fe were forced to launch proceedings to terminate their concession contracts before the local administrative courts.

However, due to a decline in the financial position of the concession-holding companies since the Emergency Act, Aguas Provinciales de Santa Fe announced at its Shareholders› Meeting of January 13, 2006 that it was filing for bankruptcy.

At the same time, Aguas Argentinas filed for «Concurso Preventivo» (similar to the French bankruptcy procedure). As part of this procedure, a settlement proposal involving the novation of Aguas Argentinas›s admissible liabilities was approved by creditors and confirmed by the bankruptcy court on April 11, 2008. The settlement of these liabilities is underway. The proposal provides for an initial payment of 20% of these liabilities (approximately USD 40 million) upon approval, and a second payment of 20% in the event that compensation is obtained from the Argentine State. As controlling shareholders, GDF SUEZ and Agbar decided to financially support Aguas Argentinas in making this initial payment and paid sums of USD 6.1 million and USD 3.8 million respectively, at the time of confirmation.

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

By two decisions dated July 30, 2010, ICSID recognized the liability of the Argentine State in the termination of water distribution and treatment concession contracts in Buenos Aires and Santa Fe. Following these two decisions, the arbitration tribunal will set, in the coming months, the amount of the award to be paid in compensation of the losses sustained.

Squeeze-out bid for Electrabel shares

On July 10, 2007, Deminor and two other funds initiated proceedings before the Brussels Court of Appeal against SUEZ SA and Electrabel under which they sought additional consideration following the squeeze-out bid launched by SUEZ SA in June 2007 on the Electrabel shares that it did not already own. By decision dated December 1, 2008, the Court of Appeal ruled the claim unfounded.

Deminor and others appealed the decision before the Court of Cassation on May 22, 2009. These appeal proceedings are still ongoing.

MM. Geenen and others initiated similar proceedings before the Brussels Court of Appeal, which were rejected on the grounds that the application was void . A new application was filed, without involving Electrabel and the Belgian Banking, Financial and Insurance Commission. The case was heard on October 21, 2008 and judgment was reserved. A new hearing was scheduled for September 22, 2009. By a ruling issued on December 24, 2009, the Court dismissed Geenen's appeal on procedural grounds.

Mr. Geenen appealed this decision before the Court of Cassation on June 2, 2010. These proceedings are still ongoing.

AES Energia Cartagena

GDF SUEZ is involved in arbitration proceedings lodged by AES Energia Cartagena before the ICC International Court of Arbitration in September 2009 in connection with the Energy Agreement dated April 5, 2002. The Energy Agreement governs the conversion by AES Energia Cartagena of gas supplied by GDF SUEZ into electricity at the combined cycle power plant located in Cartagena, Spain.

The proceedings relate to the question as to which of the parties should bear past and future costs and expenditures arising in connection with the power plant and in particular those relating to CO_2 emissions permits, property taxes and social subsidies.

The hearings are being held in London. The arbitral awards should be rendered soon, except in the event of a mutually agreed suspension or interruption.

NOTE 22 PENSIONS AND OTHER EMPLOYEE BENEFIT OBLIGATIONS

● OVERVIEW OF OBLIGATIONS

In millions of euros	Dec. 31, 2010	Dec. 31, 2009
PENSIONS	**1,758**	**1,651**
• EGI sector scheme	1,477	1,401
• Other schemes	281	250
OTHER RETIREMENT AND POST-EMPLOYMENT BENEFITS	**311**	**296**
• Reduced energy and water prices	193	176
• End-of-career indemnities	57	60
• Immediate bereavement benefits	25	23
• Other schemes	36	37
OTHER EMPLOYEE BENEFIT OBLIGATIONS	**93**	**83**
• Disability benefits and other	86	77
• Long-service awards	7	6
	2,162	2,030

Note 22 A Pensions

The main defined-benefit plans operated by GDF SUEZ SA comprise:

- pensions falling within the scope of the special scheme for Electricity and Gas utilities ("EGI");
- pension plans taken over following the merger of SUEZ SA into GDF SUEZ SA:
  - the 1953 supplementary pension plan, closed since December 31, 1988,
  - plans operated by the former Compagnie de SUEZ (annuity schemes based on end-of-career salaries),
  - supplementary pension plans for senior managers operated by all water companies (annuity schemes based on end-of-career salaries).

Pension plan for electricity and gas utilities

Since January 1, 2005, the *Caisse Nationale des Industries Electriques et Gazières* (CNIEG) has operated the pension, disability, life, occupational accident and occupational illness benefit plans for EGI sector companies. The CNIEG is a private welfare body placed under the joint responsibility of the ministries in charge of social security, budget and energy. Salaried employees and retirees of EGI sector companies have been fully affiliated to the CNIEG since January 1, 2005. The conditions for calculating benefit entitlement under the EGI scheme are set out in the national statute for EGI sector employees (decree of June 22, 1946) and determined by the government. By law, companies cannot amend any of these conditions.

Act no. 2004-803 of August 9, 2004 (concerning electricity and gas public services and electricity and gas utilities) and its implementing decrees allocated specific benefits already vested at December 31, 2004 ("past specific benefits") between the various EGI entities. For each entity, the law also distinguished between (i) benefits related to gas and electricity transmission and distribution businesses ("regulated past specific benefits"), and (ii) benefits related to other activities ("unregulated past specific benefits"). Specific rights under the special pension plan applicable to EGI companies are on top of the standard benefits payable under ordinary law.

Regulated past specific benefits are funded by the levy on gas transmission and distribution services (*Contribution Tarifaire d'Acheminement*), and therefore no longer represent an obligation for the GDF SUEZ Group.

Unregulated past specific benefits are funded by EGI sector entities to the extent defined by decree no. 2005-322 of April 5, 2005. For GDF SUEZ SA, this funding obligation represents 3.25% of the past specific benefit obligations of all EGI sector companies.

The specific benefits vested under the plan since January 1, 2005 will be wholly financed by EGI sector companies in proportion to their respective share of the electricity and gas market as measured by total payroll costs.

1. Financial obligations of GDF SUEZ SA

Pursuant to the Act of August 9, 2004 on electricity and gas public services and electricity and gas utilities, as from January 1, 2005 GDF SUEZ SA has the following financial obligations:

- to pay the CNIEG its share of the contributions due under statutory pension plans. These contributions are then paid over by the CNIEG to the CNAV and to the mandatory supplementary pension schemes AGIRC and ARRCO;
- to pay the CNIEG its contribution to financing the benefits paid in excess of rights under statutory pension plans not funded by the CTA levy;
- to pay the CNIEG its share in exceptional flat-rate contributions in full and final discharge of its liabilities due to the CNAV, AGIRC and ARRCO and not financed by the CTA levy;
- to pay the CNIEG its share of the administrative expenses incurred by the CNIEG as well as compensation with respect to other statutory pension schemes and benefits relating to disability, death, work accidents and occupational illnesses;
- as a gas and electricity supplier (and carrier, where applicable), to collect and pay over to the CNIEG the CTA levies.

2. Reform of public sector pensions

2008 reforms

The special pension scheme for electricity and gas utilities was amended by decree no. 2008-69 of January 22, 2008. The related modifications were effective from July 1, 2008 and mainly concerned:

- an extension of the period during which employees pay in contributions;
- introduction of a discount/premium mechanism;
- the methodology for recalculating pensions.

During the transitional phase, the period over which employees have to pay in contributions before they can retire on a full pension previously set at 150 quarters will rise gradually up to 160 quarters on December 1, 2012.

Discounts will be gradually introduced for employees who have not completed the required pay-in period. The discount consists of applying a financial penalty to employees who have not paid in contributions over a sufficient period to qualify for a full pension. Conversely, a premium will be applied to employees who, under certain conditions, continue to work beyond 60 and have paid in contributions over more than 160 quarters.

Pensions and disability annuities are recalculated as of January 1, 2009 on the basis of the retail price index (excluding tobacco).

The Act of August 9, 2004 introduced a surcharge on natural gas transmission and distribution services (the CTA levy) designed to fund the specific pension benefits accruing to current employees in the EGI sector ("regulated past specific benefits") and vested at December 31, 2004. The funding of these benefits is no longer incumbent on the GDF SUEZ Group, except for modifications caused by changes in the system after December 31, 2004 that increase the level of such benefits and result from changes in the classification of employees or in the regulations governing post-employment entitlements under EGI plans.

2010 reforms

Act no. 2010-1330 of November 9, 2010 has amended statutory and public sector pension schemes by raising the legal retirement from 60 to 62 years of age. Pending the implementing decree for the special EGI pension scheme, in view of the principle of linking this scheme to public sector pension schemes stipulated in the Act of January 22, 2008, this reform will be applied to employees covered by the EGI scheme from January 1, 2017. Consequently, the legal retirement age and the age at which the discount on pension benefits is canceled will gradually be raised to 62 and 67, respectively in 2024.

The calculation of GDF SUEZ SA's employee benefit obligations at December 31, 2010, factors in all of the impacts of the 2010 pension reforms, namely:

- because they are linked, beginning in 2011, the special EGI pension scheme will fund the impacts of the reform to the statutory pension scheme. In particular, this concerns the increase in the legal retirement age. This phase will not affect employees in the EGI sector;
- beginning in 2017, the aforementioned impacts of the reform of the special EGI pension scheme will begin to apply.

The net impact of these two phases on GDF SUEZ SA's employee benefit obligations is €72 million. The portion of these obligations covered by a provision has increased by €1 million and mainly relates to long-term benefits such as jubilee and length-of-service awards and bonus leave.

Calculation of pension obligations

In accordance with CNC Recommendation No. 2003-R.01 of April 1, 2003, GDF SUEZ SA calculates its pension obligations using a yield-to-maturity method. The method used is known as the projected unit credit method and is based on assumptions regarding:

- end-of-career salaries (based on seniority, salaries and career promotions);
- retirement age, based on specific criteria applicable to EGI sector employees (length of service, number of children for female employees);
- changes in the population of retired employees, based on mortality tables drawn up by INSEE and an employee turnover rate based on behavioral statistics for EGI sector employees;
- payments of benefits to surviving spouses, based on the life expectancy of employees and their spouses, and the percentage of married employees among EGI sector personnel.

The obligations are calculated as follows:

- based on the rights vested at the measurement date, under both the EGI scheme and statutory pension schemes;
- for all active and retired employees in the EGI sector, and all employees and eligible beneficiaries for former SUEZ plans;
- including contributions to CNIEG administrative expenses.

The discount rate used at December 31, 2010 was 4.80% (4.90% at December 31, 2009).

Obligations resulting from the reform of the EGI pension scheme

At December 31, 2010, the total obligations of GDF SUEZ SA in respect of EGI sector employees, net of CTA funding where appropriate and before the tax impact, were as follows:

In millions of euros	
Pension obligations	1,426
+ Obligations resulting from the review clause (AGIRC and ARRCO) (1)	-
+ Obligations in respect of administrative expenses due to the CNIEG	51
TOTAL OBLIGATIONS AT DECEMBER 31, 2010	**1,477**

(1) On January 1, 2005, when the special EGI pension scheme was reformed and the CNIEG was set up, financial agreements were negotiated between the CNIEG and the mandatory pension schemes (CNAV, AGIRC, ARRCO) whereby the CNIEG was linked financially to the mandatory schemes under a principle of financial neutrality for the insured employees of all of the schemes concerned.

A single review clause was included in the financial agreements negotiated with the supplementary schemes, AGIRC and ARRCO. After the first five-year period during which the schemes were linked, the review provided for an amendment of the benefit transfer rate in line with total payroll costs in the EGI sector and new assumptions concerning increases in new beneficiaries. Depending on the findings of the review, application of the clause could result in either an increase in benefits paid by AGIRC and ARRCO or additional contributions payable by GDF SUEZ SA.

Following the joint review conducted by the three bodies (CNIEG, AGIRC and ARRCO) in 2010, AGIRC and ARRCO wrote to the CNIEG at the end of 2010 to fix the final benefit transfer rates at a higher amount than initially provided for. Moreover, in view of the surplus contributions paid in between 2005 and 2010, AGIRC and ARRCO will reimburse GDF SUEZ SA the sum of €9 million and this amount was recorded in 2010.

The impact of the increase in the benefit transfer rate to AGIRC and ARCCO in the financial statements of GDF SUEZ SA at December 31, 2010 is as follows:

- reversal of the surplus provision set aside for the review clause at the end of 2005 for an amount of €35 million;
- reduction of the Company›s benefit obligations by €37 million. This did not have any impact on income;
- recognition of the reimbursement by AGIRC and ARRCO of €9 million in surplus contributions paid in between 2005 and 2010.

Note 22 B Other employee benefit obligations

Benefits payable to active and retired employees of EGI sector companies (excluding pensions) are described below:

- Long-term benefits:
  - allowances for occupational accidents and illnesses,
  - temporary and permanent disability allowances,
  - long-service awards.
- Post-employment benefits:
  - reduced energy prices,
  - end-of-career indemnities,
  - bonus leave,
  - immediate bereavement benefits,
  - partial reimbursement of educational expenses.

Retired employees of SUEZ SA are eligible for postemployment benefits consisting of a cash contribution to the costs of their water supply and complementary healthcare insurance.

The discount rate used to calculate these obligations varies according to when they fall due. The discount rate used to calculate post-employment benefit obligations was 4.80% at December 31, 2010 and 4.90% at December 31, 2010. The discount rate used to calculate other commitments was 4.35% at end-2010 and 4.60% at end-2009.

1. Allowances for occupational accidents and illnesses

Like other employees under the standard pension scheme, EGI sector employees are entitled to compensation for accidents at work and other occupational illnesses. These benefits cover all employees or the dependents of employees who die as a result of occupational accidents or illnesses, or injuries suffered on the way to work.

The amount of the obligation corresponds to the likely present value of the benefits to be paid to current beneficiaries, taking into account any reversionary annuities.

2. Reduced energy prices

Under Article 28 of the national statute for electricity and gas industry personnel, all current and former employees are entitled to benefits in kind which take the form of energy granted at “employee rates”. This benefit entitles employees to electricity and gas supplies at a reduced price. For the retirement phase, this represents a post-employment defined benefit which is recognized over the period during which the employee services are rendered.

The amount of the GDF SUEZ SA obligation regarding gas supplied to GDF SUEZ SA employees within the EGI sector and to EDF employees corresponds to the likely present value of the power (KWh) supplied to the employees during the retirement phase, assessed based on the unit cost of the energy.

The amount of the obligation also takes account of the price of the energy exchange agreement with EDF. In accordance with the financial agreements signed with EDF in 1951, in return for EDF supplying the Group’s EGI sector employees with electricity at preferential rates, GDF SUEZ SA supplies gas to EDF’s employees at preferential rates by means of a balancing contribution. The obligation resulting from this energy exchange agreement represents the likely present value of the components of the balancing contribution allocated to GDF SUEZ SA employees during the retirement phase.

Retirees must have accumulated at least 15 years’ service in EGI sector companies to be eligible for the reduced energy price scheme.

3. End-of-career indemnities

Further to the reform of EGI pensions as of July 1, 2008, retiring employees (or their dependents in the event of death during active service) are entitled to end-of-career indemnities which increase in line with the length-of-service within the utilities.

The obligation resulting from end-of-career indemnities is calculated using the projected unit credit method.

Note 22 C Change in the present value of benefit obligations

	EGI sector scheme		Other schemes		Other post-employment benefits		Long-term benefits		Total	
In millions of euros	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Present value of benefit obligation at January 1	**1,401**	**1,311**	**250**	**241**	**296**	**282**	**83**	**82**	**2,030**	**1,916**
Service cost	35	31	2	6	5	6	6	6	48	49
Interest cost	68	68	11	12	14	15	4	4	97	99
Actuarial gains and losses on the obligation	35	51	31	6	20	3	9	1	95	61
Benefits paid under all schemes (funded and unfunded) (1)	(62)	(60)	(13)	(13)	(24)	(21)	(9)	(10)	(108)	(104)
Other	-	-	-	(2)	-	11	-	-	-	9
Present value of benefit obligation at December 31	**1,477**	**1,401**	**281**	**250**	**311**	**296**	**93**	**83**	**2,162**	**2,030**

(1) Benefits paid under all pension schemes are recognized in the income statement, with the exception of employee benefit obligations in respect of which a provision has been set aside, where the year-on-year change is taken to income in full (see note 22 D). The aggregate impact on income of benefits paid and changes in the benefit obligation totaled €152 million in 2010 versus €199 million in 2009.

Note 22 D Provisions

GDF SUEZ SA sets aside provisions in respect of allowances for occupational accidents and illnesses, and temporary and permanent disability benefits for active employees at year-end, as well as for benefits due during employees' active working lives (long-service awards and end-of-career additional vacation entitlement). The balance sheet of GDF SUEZ SA also includes a pension provision in liabilities totaling €16 million at December 31, 2010, after taking into account a €35 million write-back from the provision (see note 22 A).

This provision covers pensions and other employee benefit obligations carried by SUEZ SA at the time of the 2008 merger. These amounts are written back as and when the corresponding liabilities for which they were set aside at end-2007 are extinguished. No further amounts are set aside to these provisions in respect of rights newly vested or the unwinding of discounting adjustments. The balance at December 31, 2010, also includes a provision of €18 million for post-employment benefits.

At December 31, 2010, GDF SUEZ SA had set aside provisions totaling €133 million (€177 million in 2009).

Changes in provisions for employee benefit obligations

In millions of euros	Pensions		Allowances for occupational accidents and illnesses, temporary and permanent benefits		Other [(1)] Total		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
Present value of benefit obligation at January 1 (provisioned)	**67**	**159**	**68**	**66**	**42**	**47**	**177**	**272**
Service cost	-	-	5	5	1	1	6	6
Interest cost	-	-	3	3	1	1	4	4
Actuarial gains and losses on the obligation	-	-	8	2	1	(1)	9	1
Benefits paid under all schemes (funded and unfunded)	(16)	(11)	(7)	(8)	(5)	(6)	(28)	(25)
Other	(35)	(81)	-	-	-	-	(35)	(81)
Present value of benefit obligation at December 31 (provisioned)	**16**	**67**	**77**	**68**	**40**	**42**	**133**	**177**

(1) Bonus leave, long-service awards, and complementary healthcare insurance available to retirees of the former SUEZ group.

Note 22 E Insurance contracts

GDF SUEZ SA has taken out insurance contracts with several insurance firms to cover its obligations in respect of pensions and end-of-career indemnities. An amount of €2 million was paid to these insurance firms in 2010.

The value of these contracts stood at €1,769 million at December 31, 2010 (€1,772 million at December 31, 2009).

Note 22 F Change in the fair value of plan assets

In millions of euros	Pensions		Other post-employment benefits	
	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2010	Dec. 31, 2009
Fair value of plan assets at January 1	**1,738**	**1,636**	**34**	**32**
Expected return on plan assets	69	57	2	1
Premiums net of handling fees [(1)]	2	4	-	-
Actuarial gains and losses on plan assets	2	115	1	2
Benefits paid out of plan assets [(1)]	(76)	(74)	(3)	(1)
Fair value of plan assets at December 31	**1,735**	**1,738**	**34**	**34**

(1) Only insurance premiums and benefits reimbursed out of plan assets were recognized in income. The net balance reflects net income of €77 million in 2010 and €71 million in 2009.

Return on plan assets

	Pensions				Other post-employment benefits	
	2010		2009			
	EGI sector scheme	Other schemes	EGI sector scheme	Other schemes	2010	2009
Actual return on plan assets	4.60%	4.29%	10.70%	Between 4.40% and 8.94%	6.50%	13.90%

The expected return on plan assets for 2010 is 3.92% in respect of pensions and 5.10% in respect of other obligations.

The allocation of plan assets by principal asset category can be analyzed as follows:

	Dec. 31. 2010		Dec. 31. 2009	
	EGI sector scheme	Other schemes	EGI sector scheme	Other schemes
Equities	33%	12%	33%	10%
Bonds	44%	79%	42%	81%
Other (including money market securities)	23%	9%	25%	9%
TOTAL	**100%**	**100%**	**100%**	**100%**

Collective life insurance policies contracted with insurers to cover employee-related liabilities under the EGI sector scheme are unit-linked. These contracts are available to GDF SUEZ SA and the subsidiaries of the Group belonging to the “Group employee benefits management agreement”. A small portion of these contracts may be invested in financial instruments issued by GDF SUEZ SA, mainly equities.

Based on unit-linked contracts attributable to GDF SUEZ SA, the portion of plan assets invested in financial instruments issued by GDF SUEZ SA amounted to €11 million at December 31, 2010, representing less than 1% of the total value of the fund at that date. Plan assets are not invested in properties occupied by GDF SUEZ SA or in other assets used by GDF SUEZ SA.

NOTE 23 HEADCOUNT

At December 31, 2010, the breakdown for each category of employees was as follows:

	Dec. 31, 2009	Change	Dec. 31, 2010
Operating staff	835	(189)	646
Senior technicians and supervisory staff	3,140	(254)	2,886
Managerial staff	3,762	99	3,861
TOTAL	**7,737**	**(344)**	**7,393**

The average number of employees was 7,511 in 2010 and 7,456 in 2009.

NOTE 24 STATUTORY TRAINING ENTITLEMENT

Under Act No. 2004-391 of May 4, 2004 on vocational training, employees working under an indefinite-term employment contract governed by private law accrue a minimum of 20 hours' statutory training entitlement per year, cumulative over a period of six years. If at the end of the six-year period employees have not used all or part of their training entitlement, the entitlement is capped at 120 hours.

Pursuant to opinion 2004-F of the CNC's Emerging Issues Taskforce on accounting for the statutory training entitlement, no provisions were set aside at December 31, 2010 in respect of this obligation. At end-2010, GDF SUEZ SA employees had accrued a total of 777,096 unused training hours.

NOTE 25 EMPLOYEE PROFIT-SHARING

An employee profit-sharing agreement based on performance criteria has been set up in compliance with the legal conditions prescribed by Order 86-1134 of October 21, 1986.

Beneficiaries of the agreement may pay all or part of the amounts received under the profit-sharing scheme into savings plans operated by GDF SUEZ SA, rather than accessing the amounts immediately.

In this case, amounts received are invested in:

- the Group savings plan (*Plan d'Epargne Groupe* – PEG) or the Company savings plan (*Plan d'Epargne Entreprise* – PEE) and the employer matches 100% of the amount that the employee has paid in up to a maximum annual gross amount of €700;
- or in the collective retirement savings plan (*Plan d'Epargne Retraite Collectif* – PERCO) and the employer matches 150% of the amount that the employee has paid in up to a maximum annual gross amount of €700.

Employees may combine both of these possibilities.

These mechanisms are treated as personnel expenses.

NOTE 26 INFORMATION CONCERNING RELATED OR ASSOCIATED COMPANIES AFFECTING SEVERAL BALANCE SHEET AND INCOME STATEMENT CAPTIONS

In millions of euros	Related companies	Associated companies
Equity investments	59,254	
Amounts receivable from equity investments	5,892	
Deposits and guarantees	6	
Trade and other receivables	1,858	4
Current accounts with subsidiaries showing a credit balance	5,912	
Other receivables	276	
Current accounts with subsidiaries showing a debit balance	7,489	
Trade and other payables	1,567	31
Payables on fixed assets	2,250	
Other liabilities	24	
Revenues	6,392	14
Energy purchases and change in gas reserves	1,300	265
Other external charges	4,912	13
Other operating expenses	284	
Other operating income	291	1
Other financial expenses	18	
Other financial income	2,285	18

NOTE 27 SUBSIDIARIES AND INVESTMENTS

In millions of euros Name	Share capital as per latest available balance sheet	Other equity as per latest available balance sheet	% capital held at Dec. 31, 2010
A – Detailed information concerning subsidiaries and investments whose gross value exceeds 1% of GDF SUEZ SA capital (i.e., €22,502,957)			
1. SUBSIDIARIES (MORE THAN 50%-OWNED BY GDF SUEZ SA.)			
Aguas Provinciales de Santa Fe (1)	11	(96)	64.19
Celizan	15	(15)	100
Cogac	1,433	(86)	100
Dumez	48	23	100
Electrabel	5,073	13,759	99.13
Elengy	107	452	100
GDF International	4,972	895	100
GDF SUEZ Communication	31	6	100
Genfina	1,750	(524)	100
GDF SUEZ Finance	139	57	99.96
GIE GDF SUEZ Alliance	100	(47)	64.00
GrDF	1,800	6,965	100
GRTgaz	500	3,236	100
La Compagnie du Vent	14	95	56.84
Ondeo	2,348	(634)	100
SI Finance	27	2	100
GDF SUEZ Energy Services	699	1,208	100
Société Foncière et Immobilière du Gaz (SFIG)	55	24	97.01
Sopranor	1	6	99.92
Storengy	1,044	1,321	100
2. EQUITY INVESTMENTS (10%-50%-OWNED BY GDF SUEZ SA)			
Aguas Argentinas	30	(144)	48.20
SUEZ Environnement Company	1,959	4,692	35.41
3. OTHER LONG-TERM INVESTMENTS (LESS THAN 10%-OWNED BY GDF SUEZ SA)			
B - Information concerning other subsidiaries and investments			
1. SUBSIDIARIES NOT INCLUDED IN SECTION A			
French companies			
Foreign companies (1)			
2. EQUITY INVESTMENTS NOT INCLUDED IN SECTION A			
French companies			
Foreign companies (1)			
TOTAL			

(1) Amounts in local currency (millions of units)
Transactions with related companies mainly involve loans, advances and changes in current accounts with subsidiaries.

Book value of shares held at Dec. 31, 2010							
Gross	Provision	Loans and advances granted by GDF SUEZ SA	Sureties and endorsements given by GDF SUEZ SA	Revenues for the latest available period	Net income (+) or loss (-) for latest available period	Dividends received by GDF SUEZ SA during the period	Year-end of last available period [2]
39	(39)			-	(18)	-	12/2009
31	(30)	-	-	-	(14)	-	12/2010
1,434	-	40	-	1	(97)	69	12/2010
65	-	-	-	-	NS	-	12/2010
30,631	-	-	-	15,103	861	-	12/2010
503	-	237	1	212	50	39	12/2010
4,972	-	1,925	-	2	701	507	12/2010
900	(862)	-	-	-	2	249	12/2010
2,627	(1,346)	-	-	-	(10)	-	12/2010
245	(49)	-	-	500	52	-	12/2010
62	-	-	-	-	(47)	-	12/2010
8,400	-	3,027	-	3,316	826	414	12/2010
2,300	-	2,107	-	1,514	165	104	12/2010
424	(71)	18	-	26	(2)	-	12/2010
2,580	(867)	-	-	-	10	-	12/2010
83	(54)	-	-	-	1	-	12/2010
2,931	-	48	-	2,043	77	148	12/2010
57	-	62	-	100	52	-	12/2010
245	(240)	-	-	-	1	-	12/2010
1,904	-	250	-	868	370	317	12/2010
60,433	**(3,558)**					**1,847**	
145	(145)				(52)		12/2010
2,180	-	-	-	7	452	113	12/2009
2,325	**(145)**					113	
38	(6)						
38	(2)						
3	-					101	
2	-					6	
62,839	**(3,711)**					**2,067**	

(2) Provisional, unaudited amounts.

NOTE 28 COMPENSATION DUE TO MEMBERS OF THE BOARD OF DIRECTORS AND EXECUTIVE COMMITTEE

Total compensation (gross salary, bonuses, profit-sharing incentives and benefits in kind, including related employer contributions) paid to the Chairman and Chief Executive Officer, the Vice-Chairman and President, and members of the Executive Committee came to €23 million for 2010.

Members of the Board of Directors elected by the Shareholders' Meeting received €1.2 million in attendance fees for 2010.

NOTE 29 SUBSEQUENT EVENTS

No significant events occurred between December 31, 2010 and the date the financial statements were authorized for issue.

11.4.3 TOTAL AND PARTIAL TRANSFERS OF ASSETS, SUBSIDIARIES, AND EQUITY INVESTMENTS REQUIRING STATUTORY DISCLOSURE

Total and partial transfers of assets

In euros	% at Dec, 31, 2009	% at Dec, 31, 2010	Reclassification within the Group	Sale outside the Group	Net book value of shares held	Business sector
SUBSIDIARIES [1]						
Great	100.00	0.00	X		0	Energy
EQUITY INVESTMENTS [2]						
None						

(1) More than 50%-owned by GDF SUEZ SA.
(2) 10%-50%-owned by GDFSUEZ SA.

Total and partial purchases of assets

In euros	% at Dec, 31, 2009	% at Dec, 31, 2010	Reclassification within the Group	Acquisition outside the Group	Net book value of shares held	Business sector
SUBSIDIARIES [1]						
GDF SUEZ Beijing Consulting Cy Ltd.	0.00	100.00		X	850,000.00	Energy
Ecometring	0.00	99.00		X	2,700,000.00	Energy
EQUITY INVESTMENTS [2]						
CMG 2015	0.00	47.50		X	475.00	Energy

(1) More than 50%-owned by GDF SUEZ SA.
(2) 10%-50%-owned by GDFSUEZ SA.

11.4.4 FIVE-YEAR FINANCIAL SUMMARY

	2010	2009	2008	2007	2006
CAPITAL AT YEAR-END					
Share capital *(in euros)*	2,250,295,757	2,260,976,267	2,193,643,820	983,871,988	983,871,988
Number of ordinary shares issued and outstanding	2,250,295,757	2,260,976,267	2,193,643,820	983,871,988	983,871,988
Maximum number of shares to be issued:					
• by converting bonds	-	-	-	-	-
• by exercising stock options	30,841,031	36,619,478	39,167,750	-	-
RESULTS OF OPERATIONS FOR THE YEAR *(in million of euros)*					
Revenues, excluding VAT	25,373	24,894	25,209	20,991	20,933
Income before tax, employee profit-sharing, depreciation, amortization, provisions and transfer of concession termination amortization	1,592	1,184	3,254	15,429	2,814
Income tax expense (benefit)	(356)	(200)	(617)	2,813	409
Employee profit-sharing and incentive payments for the year	0	0	0	-	-
Income after tax, employee profit-sharing, depreciation, amortization, provisions and transfer of concession termination amortization	857	2,261	2,767	11,611	1,785
Total dividends paid (including on treasury shares in 2010)	3,354 (1)	3,257	4,729	1,240	1,082
EARNINGS PER SHARE *(in euros)*					
Income after tax and employee profit-sharing but before depreciation, amortization, provisions and transfer of concession termination amortization	0.87	0.61	1.76	12.82	2.44
Income after tax, employee profit-sharing, depreciation, amortization, provisions and transfer of concession termination amortization	0.38	1.00	1.26	11.80	1.81
Dividend per share	1.50 (1)	1.47	2.20	1.26	1.10
HEADCOUNT					
Average number of employees during the year	7,511	7,456	7,622	20,970	21,780
Total payroll	471	498	485	914	892
Total employee benefit obligations paid (social security taxes and contributions to pension plans, welfare schemes, etc.)	234	309	335	470	493

(1) Shareholders at the Shareholders' Meeting convened to approve the financial statements of GDF SUEZ SA for the year ended December 31, 2010, will be asked to approve a dividend of €1.50 per share, representing a total payout of €3,354 million based on the number of shares outstanding at December 31, 2010.

11.5 STATUTORY AUDITORS' REPORT ON THE STATUTORY FINANCIAL STATEMENTS AT DECEMBER 31, 2010

This is a free translation into English of the statutory auditors' report on the statutory financial statements issued in the French language and is provided solely for the convenience of English speaking users.

The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. The information presented below is the opinion on the statutory financial statements and includes explanatory paragraphs discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an audit opinion on the statutory financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the statutory financial statements.

This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

To the shareholders,

In compliance with the assignment entrusted to us by your Annual General Meetings of Shareholders, we hereby report to you, for the year ended December 31, 2010, on:

- the audit of the accompanying annual financial statements of GDF SUEZ;
- the justification of our assessments;
- the specific verification and information required by French law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. OPINION ON THE FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the annual financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the annual financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2010 and of the results of its operations for the year then ended in accordance with French accounting principles.

II. JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of article L. 823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- As stated in note A, equity investments which your Company intends to hold on a long-term basis are written down if value in use falls below cost. As part as our assessment of significant estimates used to prepare the financial statements, we reviewed the data and the assumptions used to determine the value in use and verified that note A provides appropriate disclosure.
- Delivered unbilled natural gas ("gas in the meter") is calculated using a method factoring in average energy sale prices and historical consumption data. Our work consisted in assessing the methods and assumptions used to calculate these estimates and verifying that note A provides appropriate disclosure.
- Notes A and C-22 relating to retirement plans and other commitments to employees describe the measurement and accounting method of the commitments resulting from the Electricity and Gas Industry retirement regime and the value of insurance policies taken out to meet these commitments. As part of our assessment of the significant estimates used to prepare the financial statements, we examined the bases and actuarial assumptions used to calculate these commitments, as well as the appropriate nature of the information disclosed by the Company in the aforementioned Notes, given that these commitments are only partially provisioned, in accordance with the option offered by French accounting principles.
- Notes A, C-21, C-21.B and C-21.C relating to off-balance sheet commitments describes the accounting methods and the commitments related to financial derivative instruments used by the Company as at 31 December 2010. As stated in note A, the Company accounts provisions to cover the risks related to financial derivative instruments which are not compliant with hedging criteria. For the valuation of financial derivative instruments that are not listed on financial markets, the Company

uses internal models representative of market practices. Our work consisted in examining the system for monitoring these models and assessing the data and assumptions used to value financial derivative instruments, the compliance with the hedging criteria and provisions possibly accounted. We also verified that note A, C-21.A, C-21.B and C-21.C provides appropriate disclosure.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. SPECIFIC VERIFICATIONS AND INFORMATION

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L. 225-102-1 of the French Commercial Code (Code de commerce) relating to remunerations and benefits received by the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Neuilly-sur-Seine and Paris-La Défense, March 7, 2011

The Statutory Auditors

DELOITTE & ASSOCÉS		ERNST & YOUNG et Autres		MAZARS	
Jean-Paul Picard	Pascal Pincemin	Christian Mouillon	Charles-Emmanuel Chosson	Philippe Castagnac	Thierry Blanchetier

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PARTIES RESPONSIBLE

12.1 PARTIES RESPONSIBLE FOR THE REFERENCE DOCUMENT

Gérard Mestrallet, Chairman and Chief Executive Officer

Jean-François Cirelli, Vice-Chairman and President

12.2 DECLARATION BY THE PARTIES RESPONSIBLE FOR THE REFERENCE DOCUMENT CONTAINING THE ANNUAL FINANCIAL REPORT

"We hereby certify, after having taken all reasonable measures to this effect, that the information contained in this Reference Document is, to our knowledge, in accordance with the facts and makes no omission likely to affect its import.

We hereby certify that, to the best of our knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and profit or loss of the Company and all the undertakings included in the consolidation, and that the management report, whose items are mentioned on pages 506 to 508 of this Reference Document, presents a fair review of the development and performance of the business and financial position of the Company and all the undertakings included in the consolidation as well as a description of the main risks and uncertainties to which they are exposed.

We have received a completion letter from the Statutory Auditors stating that they have audited the information contained in this Reference Document relating to the financial position and financial statements, and that they have read the Reference Document in its entirety. This letter does not contain any observations.

The Statutory Auditors' Report on the consolidated financial statements for the year ended December 31, 2010 presented in Section 11.2 of this Reference Document is set out in Section 11.3 and contains an observation relating to changes in accounting methods resulting from the implementation, as of January 1st, 2010, of new accounting standards and interpretations in particular the revised standards IFRS 3 "Business combinations" and IAS 27 "Consolidated and separate financial statements", which main changes are presented in the Note 1.4 to the consolidated accounts.

The Statutory Auditors' Report on the parent company financial statements for the year ended December 31, 2010 presented in Section 11.4 of this Reference Document is set out in Section 11.5 and does not contain any observations.

The Statutory Auditors' report on the IFRS consolidated financial statements for the year ended December 31, 2009, which contains an observation relating to changes in accounting methods, is presented in Section 11.3 of the 2009 GDF SUEZ Reference Document, which was filed with the AMF on April 6, 2010 under number D. 10-218.

The Statutory Auditors' report on the IFRS consolidated financial statements for the year ended December 31, 2008, which contains an observation relating to a change in accounting method, is presented in Section 20.3 of the 2008 GDF SUEZ Reference Document, which was filed with the AMF on April 6, 2009 under number D.09-197."

Vice-Chairman and President

Jean-François Cirelli

Chairman and Chief Executive Officer

Gérard Mestrallet

APPENDICES

APPENDIX A

ORDINARY AND EXTRAORDINARY SHAREHOLDERS' GENERAL MEETING OF MAY 2, 2011

1. AGENDA FOR THE ORDINARY AND EXTRAORDINARY SHAREHOLDERS' GENERAL MEETING OF MAY 2, 2011

1.1 Ordinary Shareholders' General Meeting

- Board of Directors' report.
- Statutory Auditors' reports.
- Approval of transactions and the parent company financial statements for the year ended December 31, 2010 *(1st **resolution**)*.
- Approval of the consolidated financial statements for the year ended December 31, 2010 *(2nd **resolution**)*.
- Appropriation of net income and declaration of dividend for the year ended December 31, 2010 *(3rd **resolution**)*.
- Approval of regulated agreements *(4th **resolution**)*.
- Authorization to be given to the Board of Directors to trade in the Company's shares *(5th **resolution**)*.
- Reappointment of Albert Frère as director *(6th **resolution**)*.
- Reappointment of Edmond Alphandéry as director *(7th **resolution**)*.
- Reappointment of Aldo Cardoso as director *(8th **resolution**)*.
- Reappointment of René Carron as director *(9th **resolution**)*.
- Reappointment of Thierry de Rudder as director *(10th **resolution**)*.
- Appointment of a Director (Ms. Françoise Malrieu) *(11th **resolution**)*.
- Ratification of the transfer of the head office *(**12th resolution**)*.

1.2 Extraordinary Shareholders' General Meeting

- Board of Directors' report.
- Statutory Auditors' reports.
- Delegation of authority to be given to the Board of Directors to increase the share capital by issuing shares with cancellation of preferential subscription rights in favor of the GDF SUEZ Group employee savings plans members *(13th **resolution**)*.
- Delegation of authority to be given to the Board of Directors to increase the share capital, with cancellation of preferential subscription rights, in favor of any entities established as part of the implementation of the GDF SUEZ Group's international employee shareholding plan *(14th **resolution**)*.
- Authorization to be given to the Board of Directors to award bonus shares to employees and/or officers of the Company and/or GDF SUEZ Group companies *(15th **resolution**)*.
- Powers to implement the resolutions adopted by the Shareholders' General Meeting and perform the related formalities *(16th **resolution**)*.

2. BOARD OF DIRECTORS' REPORT ON THE RESOLUTIONS SUBMITTED TO THE ORDINARY AND EXTRAORDINARY SHAREHOLDERS' GENERAL MEETING OF MAY 2, 2011

2.1. Board of Directors' Report on the resolutions presented to the Ordinary Shareholders' General Meeting

Approval of transactions and the parent company financial statements for the year ended December 31, 2010 (1st resolution)

Under the **1st resolution**, the Shareholders are asked to approve the parent company financial statements for the year ended December 31, 2010.

Net income for 2010 amounts to €857,580,006.

Approval of the consolidated financial statements for the year ended December 31, 2010 (2nd resolution)

Under the **2nd resolution**, the Shareholders are asked to approve the GDF SUEZ Group's consolidated financial statements for the year ended December 31, 2010, showing net income Group Share of €4,616,011,000.

Appropriation of net income and declaration of dividend for fiscal year 2010 (3rd resolution)

The purpose of the **3rd resolution** is to appropriate net income and declare the dividend for fiscal year 2010.

(in euros)

Retained earnings at December 31, 2010:	15,684,887,218
Net income for the fiscal year ended December 31, 2010:	857,580,006
TOTAL AMOUNT AVAILABLE FOR DISTRIBUTION:	**16,542,467,224**

The Shareholders are asked to appropriate net income for the period as follows:

(in euros)

Dividend payout for 2010 (i.e., a net dividend **of €1.50 per share**)	3,353,576,920
Interim dividend (**€0.83 per share**) paid on November 15, 2010 to be deducted from the total dividend for fiscal year 2010	1,845,878,763
Remaining net dividend to be paid out for 2010 **(€0.67 per share**)	1,507,698,157
The total dividend for fiscal year 2010 will be paid out of:	3,353,576,920
• net income for the period, in the amount of:	857,580,006
• retained earnings, in the amount of:	2,495,996,914

If the Shareholders approve this proposal, the net dividend for 2010 will be set at €1.50 per share. Under Article 158, paragraph 3-2° of the French General Tax Code, the entire dividend is eligible for the 40% deduction available to individuals who are tax residents of France.

After deduction of the interim net dividend of €0.83 per share, paid on November 15, 2010, from the total dividend for fiscal year 2010, the final net dividend for fiscal year 2010 comes to €0.67 per share, for a total dividend payout of €3,353,576,920.

The final dividend will be declared on May 4, 2011 and will be paid in cash on May 9, 2011.

It is noted that, on the date of the dividend payment, the dividend corresponding to the Company's treasury stock (if any) will be allocated to "Other Reserves".

Approval of regulated agreements (4th resolution)

The Statutory Auditors' special report covers regulated agreements governed by Articles L. 225-38 et seq of the French Commercial Code.

This report is set out in Section 7.3.5 of the 2010 GDF SUEZ Reference Document.

The purpose of the **4th resolution** is to submit to your approval, in accordance with Article L. 225-40 of the French Commercial Code, the transactions referred to in the Statutory Auditors' special report on the regulated agreements entered into by GDF SUEZ in fiscal 2010.

Authorization to be given to the Board of Directors to trade in the Company's shares (5th resolution)

Under the 5th resolution of the Ordinary and Extraordinary Shareholders' General Meeting of May 3, 2010, the Shareholders authorized the Company to trade in its own shares under the following terms and conditions:

- maximum purchase price: €55 (excluding transaction costs);
- maximum shareholding: 10% of the share capital;
- aggregate amount of purchases: €12 billion.

Between the Ordinary and Extraordinary Shareholders' General Meeting of May 3, 2010 and February 28, 2011, the Company has:

- purchased 28,414,347 shares on the stock market for a total of €730.64 million (an average price per share of €25.71);
- sold 9,528,541 shares on the stock market for a total of €260.81 million (an average price per share of €27.37);

The authorization granted in its 5th resolution by the Ordinary and Extraordinary Shareholders' General Meeting of May 3, 2010 to trade in the Company's shares will expire in November 2011.

The purpose of the **5th resolution** is to ask the Shareholders to renew the authorization granted to the Board of Directors to trade in the Company's shares, for a same period of **18 months**.

The purchase of shares enables the maintenance of a liquid market in the Company's shares through a liquidity agreement with an independent investment services provider that complies with the Code of Ethics recognized by the French Financial Markets Authority (*Autorité des Marches Financiers - AMF*); and the subsequent cancellation of shares in order to improve the return on equity and earnings per share. Share purchases can also be used to implement programs for employees or certain officers; stock option plans to purchase or subscribe for shares or for the award of bonus shares; to carry out financial transactions via their transfer, disposal or exchange; and to ensure the coverage of securities conferring entitlement to shares of the Company, and to implement any other market practices authorized or to be authorized by market authorities.

This resolution shall not apply during a public tender offer for the Company.

The proposed terms and conditions of the new authorization are as follows:

- maximum purchase price: **€55** per share (excluding transaction costs);
- maximum shareholding: **10% of the share capital**;
- aggregate amount of purchases: **€12 billion**.

Reappointment of a Director (Albert Frère) (6th resolution)

Albert Frère was appointed Director of GDF SUEZ in July 2008.

His term expires at the end of the Ordinary and Extraordinary Shareholders' General Meeting of May 2, 2011.

The **6th resolution** asks the Shareholders to reappoint Albert Frère as a Director for a term of four years, which will expire at the end of the Ordinary Shareholders' Meeting to approve the financial statements for the year ended December 31, 2014.

Albert Frère is considered by the Board of Directors of GDF SUEZ to be an independent Director.

He is also Vice-Chairman of the Board.

His biography appears in Section 7.1.1.5 of the 2010 GDF SUEZ Reference Document.

Reappointment of a Director (Edmond Alphandéry) (7th resolution)

Edmond Alphandéry was appointed Director of GDF SUEZ in July 2008.

His term expires at the end of the Ordinary and Extraordinary Shareholders' Meeting of May 2, 2011.

The **7th resolution** asks the Shareholders to reappoint Edmond Alphandéry as a Director for a term of four years, which will expire at the end of the Ordinary Shareholders' Meeting to approve the financial statements for the year ended December 31, 2014.

Edmond Alphandéry is considered by the Board of Directors of GDF SUEZ to be an independent Director.

He is also Chairman of the Ethics, Environment and Sustainable Development Committee and a member of the Audit Committee.

His biography appears in Section 7.1.1.5 of the 2010 GDF SUEZ Reference Document.

Reappointment of a Director (Aldo Cardoso) (8th resolution)

Aldo Cardoso was appointed Director of GDF SUEZ in July 2008.

His term expires at the end of the Ordinary and Extraordinary Shareholders' Meeting of May 2, 2011.

The **8th resolution** asks the Shareholders to reappoint Aldo Cardoso as a Director for a term of four years, which will expire at the end of the Ordinary Shareholders' Meeting to approve the financial statements for the year ended December 31, 2014.

Aldo Cardoso is considered by the Board of Directors of GDF SUEZ to be an independent Director.

He is also Chairman of the Audit Committee.

His biography appears in Section 7.1.1.5 of the 2010 GDF SUEZ Reference Document.

Reappointment of a Director (René Carron) (9th resolution)

René Carron was appointed Director of GDF SUEZ in July 2008.

His term expires at the end of the Ordinary and Extraordinary Shareholders' Meeting of May 2, 2011.

The **9th resolution** asks the Shareholders to reappoint René Carron as a Director for a term of four years, which will expire at the end of the Ordinary Shareholders' Meeting to approve the financial statements for the year ended December 31, 2014.

René Carron is considered by the Board of Directors of GDF SUEZ to be an independent Director.

He is also a member of both the Nominations Committee and the Compensation Committee.

His biography appears in Section 7.1.1.5 of the 2010 GDF SUEZ Reference Document.

Reappointment of a Director (Thierry de Rudder) (10th resolution)

Thierry de Rudder was appointed Director of GDF SUEZ in July 2008.

His term expires at the end of the Ordinary and Extraordinary Shareholders' Meeting of May 2, 2011.

The **10th resolution** asks the Shareholders to reappoint Thierry de Rudder as a Director for a term of four years, which will expire at the end of the Ordinary Shareholders' Meeting to approve the financial statements for the year ended December 31, 2014.

Thierry de Rudder is considered by the Board of Directors of GDF SUEZ to be an independent Director.

He is also Chairman of the Strategy and Investments Committee and a member of the Audit Committee

His biography appears in Section 7.1.1.5 of the 2010 GDF SUEZ Reference Document.

Appointment of a Director (Françoise Malrieu) (11th resolution)

The purpose of the **11th resolution** is to ask the Shareholders' Meeting to appoint a woman Director in order to promptly initiate the implementation of the principle of balanced representation of women and men on Boards of Directors instated by the Act of January 27, 2011 and the AFEP-MEDEF Code of corporate governance and to appoint Ms. Françoise Malrieu as a Director.

The composition of the Board of Directors will be increased from 21 to 22 members as permitted by the Company's by laws.

Ms. Françoise Malrieu will be appointed for a term of four years, which will expire at the end of the Ordinary Shareholders' Meeting to approve the financial statements for the year ended December 31, 2014.

Ms. Françoise Malrieu is considered by the Board of Directors of GDF SUEZ to be an independent Director.

Her biography appears in the Shareholders' Meeting notice booklet.

Ratification of the transfer of the head office (12th resolution)

The purpose of the **12th resolution** is to ask the Shareholders to ratify the decision of the Board of Directors on October 18, 2010 to transfer the head office located at 1 Place Samuel de Champlain, 92400 Courbevoie, and the corresponding statutory amendment decided by the Board on the same date, in accordance with Article 4 of the bylaws.

2.2. Board of Directors' Report on the resolutions submitted to the Extraordinary Shareholders' General Meeting

Employee Shareholding

The intent of the delegations of authority under the 13th and 14th resolutions below is to renew the authorizations previously granted to the Board of Directors by the Shareholders' Meeting to allow it to issue securities for the development of employee shareholding on a Group scale. These resolutions give the Board the power to carry out additional transactions related to employee shareholding at the time of its choosing. An information prospectus on such transactions shall be submitted, where applicable, to the French Financial Markets Authority (AMF) for approval.

As before, the objectives of employee shareholding plans are:

- to make employees genuine partners in the Group;
- to highlight value creation as one of the points in which the interests of shareholders and those of employees converge;
- to allow employees to join with shareholders in making annual decisions;
- to spread the concept of employee shareholding internationally.

Under such plans, employees are offered two investment options:

- a "Classic" investment plan, without leverage; and
- an investment plan that includes financial leverage.

In addition, renewal of the authorization in the 15th resolution below will also involve employees more closely in the Group's performance through the establishment of bonus share plans.

Delegation of authority to be given to the Board of Directors to increase the share capital by issuing shares with cancellation of preferential subscription rights in favor of the GDF SUEZ Group employee savings plans members (13th resolution)

In accordance with Articles L. 225-129-6 and L. 225-138-1 of the French Commercial Code and L. 3332-1 et seq. of the French Labor Code, the **13th resolution** asks the shareholders to authorize the Board of Directors, or a duly-authorized representative, to increase the share capital on one or several occasions by a maximum nominal amount of **€40 million** through the issue of shares or share equivalents. Such increase shall be reserved for members of one or more Company employee savings plans (or another plan for participants for whom Articles L. 3332-18 et seq. of the French Labor Code would allow a capital increase to be reserved under equivalent terms) established within the Company or its Group comprising the Company and the French or foreign companies that fall within the Company's scope of consolidation or are combined in its financial statements pursuant to Article L. 3344-1 of the French Labor Code.

The maximum nominal amount for capital increases that may be carried out immediately or in the future under this resolution would count against the Overall Ceiling of €310 million set by the Ordinary and Extraordinary Shareholders' Meeting of May 3, 2010 in its 13th resolution.

Under the law, the Shareholders' Meeting would cancel the shareholders' preferential subscription rights to new shares or other share equivalents in favor of the above-mentioned beneficiaries.

The issue price of new shares or share equivalents would be at least 80% of the Reference Price (as that term is defined below), but the Board may reduce or eliminate such discounts, subject to statutory and regulatory requirements, in order to take into account the impact of local legal, accounting, tax and social security systems.

The Reference Price shall mean the average trading price of the Company's stock on the NYSE Euronext Paris stock exchange during the twenty (20) trading days preceding the date of the decision setting the opening date for subscriptions by members of Company employee savings plan.

In addition to shares or share equivalents to be subscribed in cash, the Board of Directors may award, at no cost to the beneficiaries listed above, new or existing shares or share equivalents as a substitute for all or a portion of the discount relative to the aforementioned average, and/or the matching contribution, provided that the benefit from such award does not exceed the statutory or regulatory limits pursuant to Articles L. 3332-18 et seq. and L. 3332-11 *et seq*. of the French Labor Code.

Under the law, this decision would entail the shareholders' waiver of any preferential right to shares or share equivalents which would be freely awarded under this resolution.

The renewal of this authorization would cover a period of **26 months** following this Shareholders' General Meeting, and would, from that date, deprive of effect the authorization previously given under the 11th resolution of the Shareholders' General Meeting of May 3, 2010.

Delegation of authority to be given to the Board of Directors to increase the share capital, with cancellation of preferential subscription rights, in favor of any entities whose sole purpose is to subscribe, hold and dispose of GDF SUEZ shares or other financial instruments as part of the implementation of one of the Multiple plans of the GDF SUEZ Group's international employee shareholding plan (14th resolution)

The purpose of the **14th resolution** is to ask the Shareholders to delegate to the Board of Directors its authority to proceed with the issuance of shares reserved for all entities incorporated in the context of implementing an employee shareholding plan offered by the GDF SUEZ Group, including all companies incorporated for the implementation of the Multiple plan or all trusts set up in order to establish a Share Incentive Plan governed by English law, for a maximum nominal amount of **€20 million**. This authorization would, from that date, deprive of effect the prior authorization given by the Shareholders' Meeting. This authorization would only be acted upon in the event that an employee shareholding plan is established under the 13th resolution of this Shareholders Meeting. This amount shall count against the Overall Ceiling of €310 million set in the 13th resolution of the Ordinary and Extraordinary Shareholders' General Meeting of May 3, 2010.

The subscription price for the shares issued by the entity or entities would be equal to that offered to employees joining the Multiple plan under the 13th resolution of this Shareholders Meeting (relating to the capital increase via a share issue reserved for members of Company employee savings plans), subject to the power granted to the Board of Directors when setting the price to eliminate or reduce the discount provided for in the aforementioned 13th resolution.

The Board of Directors may determine a subscription price which differs from that determined under the preceding paragraph if required under applicable local law, particularly in the context of implementing a Share Incentive Plan governed by English law, with the proviso that such price shall not be below 80% of that mentioned in the previous paragraph.

The shares or equity interests of the entity or entities that are the beneficiaries of this reserved share issue may be offered to the employees of consolidated foreign subsidiaries of the GDF SUEZ Group pursuant to Article L. 3344-1 of the French employment Code which for local regulatory or tax reasons may not subscribe to GDF SUEZ shares under the aforementioned 13th resolution.

The GDF SUEZ shares subscribed by the entity or entities could, where applicable, be assigned in full or in part to one or more credit institutions headquartered either in France or in another European Union Member State for the purpose of ensuring:

- in part, coverage of the Multiple plan offered to employees of foreign subsidiaries under this resolution;
- in part, coverage of the Multiple plan offered to employees of foreign subsidiaries subscribing for GDF SUEZ shares under the 13th resolution above.

The Shareholders are asked to give the Board of Directors a certain amount of latitude in the choice of the structure allowing for the best implementation of the Multiple plan or the Share Incentive Plan for the employees of the GDF SUEZ Group in the countries concerned, in light of the changes in the applicable legislation.

In order to adapt the subscription plans presented to the employees in each country concerned, where applicable, the proposed delegation of authority to the Board of Directors includes the authority granted to the Board to determine the subscription plans and to distinguish between (i) countries where employees will be offered shares or equity interests in the above-mentioned entity or entities and (ii) countries where employees will subscribe for GDF SUEZ shares under the 13th resolution above.

If, as a result of substantial subscriptions, the number of subscriptions were to exceed the maximum number of shares authorized for issue, the Board of Directors would reduce employee subscriptions in accordance with the rules that it has set under the terms of French law and within the limits set by the authorization granted by this Shareholders' Meeting. These rules would be set by the Board of Directors by applying, as the case may be, limits on the number or proportion of employee subscriptions, with the proviso that the final rules would be set by the Board of Directors when it determines the subscription plans.

The renewal of this authorization would cover a period of **18 months** following this Shareholders' General Meeting, and would, from that date, deprive of effect the authorization previously given by the Shareholders' General Meeting of May 3, 2010, under its 12th resolution.

Authorization to be given to the Board of Directors to award bonus shares to employees and/or officers of the Company and/or Group companies (15th resolution)

The **15th resolution** asks the Shareholders to authorize the Board of Directors to award bonus shares to employees and/or corporate officers of the Company and/or certain companies belonging to the Group.

The number of shares so awarded would be limited to **0.5%** of the share capital as of the date of Board of Directors' decision.

The shares awarded would be outstanding shares. It is also noted that the Extraordinary Shareholders' Meeting is not being asked to renew to authorization to grant stock options.

The award of shares to beneficiaries would be subject, first, to the condition of continuous service in the GDF SUEZ Group at the end of the vesting period and, second, to a vesting period which is now set as at least three years, except for plans benefitting all Group employees ("Global Plans") which may have a vesting period of two years.

With the exception of Global Plans for which Company performance conditions will not necessarily be set, the award of bonus shares shall be conditioned on the achievement of performance conditions over a period of three years. These may be internal conditions related to changes in the EBITDA and/or ROCE of the GDF SUEZ Group which will compared to, among other things, the Group's guidance as released to the market. They may also include external conditions related to changes in the GDF SUEZ share price relative to the "Euro Stoxx Utilities Eurozone" sectoral index (Reuters SX6E) and/or the "Total Shareholder Return (TSR)" of GDF SUEZ relative to the companies that make up this sectoral index.

The mix of these various criteria may change according to the type of intended beneficiaries.

Finally, awards to the Company's corporate officers May not exceed 0.02% of the Company's share capital on the date of the award.

The renewal of this authorization would cover a period of **18 months** following this Shareholders' General Meeting, and would, from that date, deprive of effect the authorization previously given by the Shareholders' General Meeting of May 3, 2010, under its 17th resolution.

Powers to implement the resolutions adopted by the Shareholders' Meeting and perform the related formalities (16th resolution)

Under the **16th resolution**, the Shareholders are asked to authorize the bearer of a copy or extract of the minutes of the Shareholders' General Meeting to carry out any formalities required by law to execute the decisions made thereby.

The Board of Directors

3. DRAFT RESOLUTIONS SUBMITTED TO THE ORDINARY AND EXTRAORDINARY SHAREHOLDERS' GENERAL MEETING OF MAY 2, 2011

3.1 Resolutions submitted to the Ordinary Shareholders' General Meeting

First resolution:

Approval of transactions and the parent company financial statements for the year ended December 31, 2010

After reviewing the financial statements for the year ended December 31, 2010, the Board of Directors' management report and the Statutory Auditors' report on the parent company financial statements, the Shareholders' General Meeting, pursuant to the quorum and majority requirements applicable to Ordinary Shareholders' General Meetings, approves the parent company financial statements for the fiscal year ended December 31, 2010, as presented thereto, as well as the transactions entered in these parent company financial statements or summarized in these reports, showing net income for the year of €857,580,006.

In accordance with Article 223 (quater) of the French Tax Code, the Shareholders' General Meeting approves the non-deductible expenses and charges governed by Article 39-4 of the French Tax Code totaling €565,383 for 2010 and the corresponding tax liability of €194,680.

Second resolution:

Approval of the consolidated financial statements for the year ended December 31, 2010.

After reviewing the consolidated financial statements for the year ended December 31, 2010, the Board of Directors' management report and the Statutory Auditors' report on the consolidated financial statements, the Shareholders' General Meeting, pursuant to the quorum and majority requirements applicable to Ordinary Shareholders' General Meetings, approves the consolidated financial statements for the fiscal year ended December 31, 2010, as presented thereto, as well as the transactions entered in these financial statements or summarized in these reports, showing consolidated net income Group share for the year of €4,616,011,000.

Third resolution:

Appropriation of net income and declaration of dividend for fiscal year 2010

The Shareholders' General Meeting, pursuant to the quorum and majority requirements applicable to the Ordinary Shareholders' General Meeting, notes that the balance sheet at December 31, 2010 shows net income of €857,580,006 and retained earnings of €15,684,887,218.

Pursuant to the Board of Directors' recommendations, the Shareholders' General Meeting resolves to appropriate the net income and distribute the dividend as follows:

	(in euros)
Net income for the fiscal year ended December 31, 2010	**857,580,006**
Retained earnings at December 31, 2010	15,684,887,218
Total amount available for distribution:	**16,542,467,224**
Dividend payout for 2010	**3,353,576,920**
Net interim dividend of €0.83 paid on November 15, 2010 to be deducted from the dividend for fiscal year 2010	1,845,878,763
Remaining dividend to be paid out for 2010:	**1,507,698,157**
The total amount of the net dividend payout for 2010, or will be paid out of:	3,353,576,920
• net income for the period, in the amount of:	857,580,006
• retained earnings, in the amount of:	2,495,996,914

Accordingly, the Shareholders' General Meeting declares a net dividend for 2010 of €1.50 per share – i.e., a total net dividend payout of €3,353,576,920. After deduction of the net interim dividend of €0.83 per share, paid on November 15, 2010, from the total dividend for fiscal year 2010, the final dividend for fiscal year 2010 comes to €0.67 per share, for a total net dividend payout of €1,507,698,157. The total dividend payout is based on the number of outstanding GDF SUEZ shares as of December 31, 2010 – i.e., 2,250,295,757 shares. On the date of the dividend payment, the dividend corresponding to the Company's treasury stock will be allocated to "Other Reserves".

Under Article 158, paragraph 3–2° of the French General Tax Code, the entire dividend is eligible for the 40% deduction available to individuals who are tax residents of France. The final dividend will be declared on May 4, 2011 and will be paid in cash on May 9, 2011.

Pursuant to applicable law, the Shareholders' General Meeting hereby notes that dividend payouts for the previous three fiscal years were as follows:

Fiscal year	Number of shares carrying dividend rights *(millions)*	Dividend *(total amount)* *(in euros)*	Net dividend *(per share)* *(in euros)*
2007 (1)	964	1,215 million	1.26
2008 (1)	2,146 (2)	4,729 million	2.20 (1.40 + 0.80) (3)
2009 (1)	2,216 (4)	3,257 million	1.47

(1) Pursuant to the disclosure requirement set forth in Article 243 bis of the French General Tax Code, it is noted that the dividends for the fiscal years ended December 31, 2007, December 31, 2008 and December 31, 2009 were eligible for the 40% deduction available to individuals who are tax residents of France, as provided in Article 158, paragraph 3–2° of the French General Tax Code.

(2) This number corresponds to shares carrying dividend rights at the time of payment of the final dividend for 2008 in May 2009. It is lower than the number at the time of payment of the interim dividend for 2008 due to the purchase of treasury stock not entitled to dividends between these two dates.

(3) €1.40 of the dividend distributed under the continuing policy of annual dividend payouts and €0.80 as a one-time increase.

(4) This number corresponds to shares carrying dividend rights at the time of payment of the final dividend for 2009 in May 2010. It is comparable to the number at the time of payment of the interim dividend in 2009.

Fourth resolution:

Approval of regulated agreements pursuant to Article L. 225-38 of the French Commercial Code

After reviewing the Statutory Auditors' special report on regulated agreements governed by Article L. 225-38 of the French commercial Code, the Shareholders' General Meeting, pursuant to the quorum and majority requirements applicable to Ordinary Shareholders' General Meetings, approves the transactions referred to therein which were entered into in fiscal year 2010.

Fifth resolution:

Authorization to be given to the Board of Directors to trade in the Company's shares

After reviewing the terms of the stock repurchase program, the Shareholders' General Meeting, pursuant to the quorum and majority requirements applicable to Ordinary Shareholders' General Meetings, authorizes the Board of Directors, or a duly-authorized representative, to purchase the Company's shares in accordance with the terms and conditions set forth in Articles L. 225-209 *et seq.* of the French commercial Code and EC Regulation no. 2273/2003 of December 22, 2003, in order to:

- maintain a liquid market in the Company's shares through a liquidity agreement with an independent investment services provider that complies with the Code of Ethics recognized by the French Financial Markets Authority (*Autorité des Marchés Financiers* - AMF); or
- cancel all or a portion of the repurchased shares in accordance with Article L. 225-209 of the French commercial Code as part of a reduction of share capital decided or authorized by the Shareholders' Meeting; or
- award or sell them to employees or former employees or officers or former officers of the Company and/or companies that are or will be affiliated with it under the terms and conditions provided for by the applicable regulations, in particular in relation to stock option plans, awards of outstanding shares, or corporate or inter-company employee shareholding plans; or
- hold them for subsequent remittance in exchange or payment in connection with external growth transactions, subject to a ceiling of 5% of the Company's share capital; or
- use them for allocation upon the exercise of the rights attached to issued securities redeemable, convertible, exchangeable or otherwise exercisable for shares of the Company; or
- implement any other market practices authorized or to be authorized by market authorities.

The Company may also use this stock repurchase program for any other purpose authorized or to be authorized by the laws and regulations.

In accordance with the following terms and conditions:

- the maximum number of shares purchased by the Company during the period of the stock repurchase program may not exceed 10% of the shares constituting the Company's share capital as of the date of this Shareholders' Meeting and the aggregate amount of these purchases after expenses may not exceed **€12 billion**;
- maximum purchase price may not exceed **€55** per share, excluding transaction costs.

The purchase, sale or transfer of shares may be performed at any time, and by any means, except during the period of public offer for the Company, on the open market or over the counter, including through block trades, public tender offers, or the use of options or forward financial instruments traded on a regulated market or over the counter or through the issue of securities convertible, exchangeable, redeemable or otherwise exercisable for shares of the Company, in accordance with the conditions provided by the market authorities and applicable legislation.

This authorization is given for a period of **18 months** from the date of this Shareholders' Meeting. It deprives of effect the authorization of the same kind granted to the Board of Directors under the 5th resolution of the Ordinary and Extraordinary Shareholders' General Meeting of May 3, 2010.

The Shareholders' General Meeting gives full powers to the Board of Directors, with power to delegate as provided by law, to:

- adjust the maximum purchase price above to reflect the impact on the share price of corporate transactions such as a change in the share's par value, a capital increase through capitalization of reserves, the award of bonus shares, a stock-split or reverse stock-split, the distribution of reserves or any other assets, capital write-offs or any other transaction involving the shareholders' equity;
- implement this authorization and to set the terms and conditions applicable to the stock repurchase program, to place any buy and sell orders, enter into any and all agreements in view of updating the share registers, carry out all filings with the AMF and any other authorities, complete all formalities, and generally do all that is necessary for the purposes hereof.

Sixth resolution

Reappointment of a Director (Albert Frère)

After reviewing the Board of Directors' report, the Shareholders' General Meeting, pursuant to the quorum and majority requirements applicable to Ordinary Shareholders' General Meetings, decides to appoint Albert Frère as Director for a four-year term.

Albert Frère's term will expire at the end of the Ordinary Shareholders' General Meeting convened in 2015 to approve the financial statements for the year ended December 31, 2014.

Seventh resolution

Reappointment of a Director (Edmond Alphandéry)

After reviewing the Board of Directors' report, the Shareholders' General Meeting, pursuant to the quorum and majority requirements applicable to Ordinary Shareholders' General Meetings, decides to appoint Edmond Alphandéry as Director for a four-year term.

Edmond Alphandéry's term will expire at the end of the Ordinary Shareholders' Meeting convened in 2015 to approve the financial statements for the year ended December 31, 2014.

Eighth resolution

Reappointment of a Director (Aldo Cardoso)

After reviewing the Board of Directors' report, the Shareholders' General Meeting, pursuant to the quorum and majority requirements applicable to Ordinary Shareholders' General Meetings, decides to appoint Aldo Cardoso as Director for a four-year term.

Aldo Cardoso's term will expire at the end of the Ordinary Shareholders' Meeting convened in 2015 to approve the financial statements for the year ended December 31, 2014.

Ninth resolution

Reappointment of a Director (René Carron)

After reviewing the Board of Directors' report, the Shareholders' General Meeting, pursuant to the quorum and majority requirements applicable to Ordinary Shareholders' General Meetings, decides to appoint René Carron as Director for a four-year term.

René Carron's term will expire at the end of the Ordinary Shareholders' General Meeting convened in 2015 to approve the financial statements for the year ended December 31, 2014.

Tenth resolution

Reappointment of a Director (Thierry de Rudder)

After reviewing the Board of Directors' report, the Shareholders' General Meeting, pursuant to the quorum and majority requirements applicable to Ordinary Shareholders' General Meetings, decides to appoint Thierry de Rudder as Director for a four-year term.

Thierry de Rudder's term will expire at the end of the Ordinary Shareholders' Meeting convened in 2015 to approve the financial statements for the year ended December 31, 2014.

Eleventh resolution

Appointment of a Director (Françoise Malrieu)

After reviewing the Board of Directors' report, the Shareholders' General Meeting, pursuant to the quorum and majority requirements applicable to Ordinary Shareholders' General Meetings, decides to appoint Ms. Françoise Malrieu as Director for a four-year term.

Ms. Françoise Malrieu's term will expire at the end of the Ordinary Shareholders' Meeting convened in 2015 to approve the financial statements for the year ended December 31, 2014.

Twelfth resolution

Ratification of the transfer of the head office

After reviewing the Board of Directors' report, the Shareholders' General Meeting, pursuant to the quorum and majority requirements applicable to Ordinary Shareholders' General Meetings, ratifies the transfer of the head office located at 1 Place Samuel de Champlain, 92400 Courbevoie, and the corresponding statutory amendment decided by the Board on October 18, 2010, in accordance with Article 4 of the bylaws.

3.2 Resolutions submitted to the Extraordinary Shareholders' General Meeting

Thirteenth resolution

Delegation of authority to be given to the Board of Directors to increase the share capital by issuing shares with cancellation of preferential subscription rights in favor of the Group employee savings plans members

After reviewing the Board of Directors' report and the Statutory Auditors' report, and in accordance with Articles L. 225-129, L. 225-129-2 à L. 225-129-6, L. 225-138 and L. 225-138-1, L. 228-91 et L. 228-92 of the French commercial Code, as well as Articles L. 3332-1 *et seq.* of the French labor Code, the Shareholders' General Meeting, pursuant to the quorum and majority requirements applicable to the Extraordinary Shareholders' General Meeting:

1. authorizes the Board of Directors to increase the share capital on one or several occasions by a maximum nominal amount of **€40 million**, by issuing shares or share equivalents and reserved for members of one or more Company employee savings plans (or another plan for members for whom Articles L. 3332-18 *et seq.* of the French Labor Code that would allow a capital increase to be reserved under equivalent terms) to be established within the Company or its Group comprising the Company and the French or foreign companies that fall within the Company's scope of consolidation or are combined in its financial statements pursuant to Article L. 3344-1 of the French Labor Code. This amount will be deducted from the Overall Ceiling set by the Shareholders' Meeting of May 3, 2010 in its 13th resolution;
2. sets the term of validity of this authorization at **26 months** from the date of this Shareholders' Meeting, and notes that it shall deprive of effect, from this date, the similar authorization previously granted under the 11th resolution of the Ordinary and Extraordinary Shareholders' Meeting of May 3, 2010;
3. resolves that the issue price of the new shares or share equivalents shall be determined under the terms laid down in Articles L. 3332-18 *et seq.* of the French labor Code and shall be equal to 80% of the average opening price of the shares on NYSE Euronext Paris stock exchange during the 20 trading sessions prior to the date of the decision setting the opening date of the subscription period for the capital increase reserved for Company employee savings plan members (the "Reference Price"). The General Meeting nonetheless expressly authorizes the Board of Directors to reduce or eliminate the aforementioned discount as it sees fit, subject to statutory and regulatory requirements, in order to take into account the impact of local legal, accounting, tax and social security systems;
4. authorizes the Board of Directors to award, at no cost to the beneficiaries listed above, and in addition to shares or share equivalents to be subscribed in cash, new or existing shares or share equivalents in substitution for all or a portion of the discount relative to the Reference Price, and/or the matching contribution, provided that the benefit from such award does not exceed the statutory or regulatory limits pursuant to Articles L. 3332-18 *et seq.* and L. 3332-11 *et seq*. of the French Labor Code;
5. resolves to cancel the shareholders' preferential subscription rights to the securities covered by this authorization in favor of the beneficiaries mentioned above. In addition, the said shareholders also waive any right to the bonus shares or share equivalents that would be issued pursuant to this resolution;
6. resolves that the Board of Directors, or a representative duly authorized in accordance with the law, shall have full powers to implement this authorization, within the limits and under the conditions specified above, and in particular to:
   a) determine, in accordance with legal requirements, the list of companies whose members of one or more Company employee savings plans may subscribe to the shares or share equivalents thus issued and to receive, where applicable, bonus shares or share equivalents,
   b) decide whether subscriptions may be made directly or through employer-sponsored mutual funds or other vehicles or entities allowed by applicable legislation or regulations,
   c) determine the conditions, including seniority, that the beneficiaries of capital increases must meet,
   d) set the opening and closing dates for subscriptions,
   e) determine the amounts of the issues that will be carried out under this authorization and set, inter alia, the issue price, dates, periods, terms and conditions of subscription, payment, delivery and dividend entitlement for the securities (even retroactive) as well as any other terms and conditions of issue in accordance with current statutory and regulatory requirements,
   f) in the event of an award of bonus shares or share equivalents, set the number of shares or share equivalents to be issued, the number allocated to each beneficiary, and set the dates, periods, terms and conditions for awarding such shares or share equivalents in accordance with current statutory and regulatory requirements, and in particular decide whether to fully or partially substitute the allocation of such shares or share equivalents for the discounts relative to the Reference Price provided above, or to deduct the equivalent value of such shares from the total amount of the matching contribution, or to combine these two options,
   g) to record the completion of the capital increases in the amount of subscribed shares (after any reductions in the event of oversubscription),
   h) where applicable, charge the costs of the capital increases against the amount of the relevant premiums and deduct from this amount the sums necessary to raise the legal reserve to one-tenth of the capital resulting from such capital increases,

i) enter into all agreements, carry out directly or indirectly by proxy all actions, including to proceed with all formalities required following capital increases, amend the bylaws accordingly and, generally, conclude all agreements, in particular to ensure completion of the proposed issues, take all measures and decisions, and accomplish all formalities required for the issue, listing and financial administration of the securities issued under this authorization and for the exercise of the rights attached thereto or required after each completed capital increase.

Fourteenth resolution

Delegation of authority to be given to the Board of Directors to increase the share capital, with cancellation of preferential subscription rights, in favor of any entities incorporated as part of the implementation of the GDF SUEZ Group's international employee shareholding plan

After reviewing the Board of Directors' report, the Statutory Auditors' report, and in accordance with Articles L. 225-129, L. 225-129-2 to L. 225-129-6 and L. 225-138 of the French Commercial Code, the Shareholders' General Meeting, pursuant to the quorum and majority requirements applicable to the Extraordinary Shareholder's General Meeting:

1. authorizes the Board of Directors to increase the share capital, on one or several occasions, by a maximum nominal amount of **€20 million**. This amount shall count against the Overall Ceiling of €310 million set in the 13th resolution of the Ordinary and Extraordinary Shareholders' General Meeting of May 3, 2010;
2. sets the term of validity of this authorization at **18 months** from the date of this Shareholders' Meeting, and notes that it shall deprive of effect, from this date, the similar authorization previously granted under the 12th resolution of the Ordinary and Extraordinary Shareholders' General Meeting of May 3, 2010;
3. authorizes the Board of Directors to choose the entity or entities referred to in point 6 below;
4. resolves that the final amount of the capital increase shall be set by the Board of Directors which shall have full powers for such purpose;
5. resolves that the amount of subscriptions by each employee may not exceed the limits that will be set by the Board of Directors under this authorization and that, in the event of excess employee subscriptions, these shall be reduced in accordance with the rules defined by the Board of Directors;
6. resolves to cancel the shareholders' preferential rights and, under the provisions of Article L. 225-138 of the French commercial Code, to reserve the subscription of all issued shares to all French or foreign entities, with or without legal personality, whose sole purpose is to purchase, hold and dispose of GDF SUEZ shares or other financial instruments in the context of implementing one of the Multiple plans in the GDF SUEZ international employee shareholding plan, including all companies incorporated for the implementation of the Multiple plan and all trusts set up to establish a Share Incentive Plan governed by English law;
7. resolves that the issue price of the new shares shall be equal to the price of the shares to be issued under the next share issue reserved for employees who are members of a GDF SUEZ Group employee savings plan, pursuant to the 13th resolution of the Ordinary and Extraordinary Shareholders' General Meeting of May 2, 2011, and which shall be equal to 80% of the average opening price of the shares on the NYSE Euronext Paris stock exchange during the 20 trading sessions preceding the date of the decision setting the opening date of the subscription period for the share issue reserved for members of a GDF SUEZ Group employee savings plan. The Shareholders' Meeting nonetheless authorizes the Board of Directors to reduce or to eliminate, as it sees fit, any discount applied to the subscription price of the shares issued, pursuant to the 13th resolution above (capital increase reserved for employees who are members of Company employee savings plan), subject to statutory and regulatory requirements, in order to take into account the impact of local legal, accounting, tax and social security systems;
8. resolves that the Board of Directors may determine the subscription price different from that determined under the preceding paragraph if required under applicable local law, including for the implementation of a Share Incentive Plan governed by English law, with the proviso that such price shall not be less than 80% of the average opening price of the GDF SUEZ share on the NYSE Euronext Paris stock exchange during the 20 trading sessions preceding the date of the decision setting the opening date of the subscription period for the share issue reserved for members of a GDF SUEZ Group employee savings plan;
9. resolves that the Board of Directors may determine the methods of subscription to be presented to the employees in each relevant country, subject to applicable local laws, and select the countries to be included from among those in which GDF SUEZ Group has consolidated subsidiaries pursuant to Article L. 3344-1 of the French Labor Code and those of such subsidiaries whose employees will be able to participate in the program;
10. resolves that the amount of the capital increase or of each capital increase shall be limited, where applicable, to the total amount of each subscription received by GDF SUEZ, in accordance with applicable statutory and regulatory requirements;

11. resolves that the Board of Directors, or a representative duly authorized in accordance with the law, shall have full powers to implement this authorization, within the limits and under the conditions specified above, and in particular to:

   a) determine the amounts of the issues that will be carried out under this authorization and set, inter alia, the issue price, dates, periods, terms and conditions of subscription, payment, delivery and dividend entitlement for the securities (even retroactive) as well as any other terms and conditions of issue in accordance with current statutory and regulatory requirements,

   b) where applicable, at its own initiative, charge the costs of such a capital increase against the amount of the relevant premiums and, as it sees fit, deduct from this amount the sums necessary to raise the legal reserve to one-tenth of the capital resulting from such a capital increase,

   c) and, generally, enter into all agreements, in particular to ensure completion of the proposed issues, record the completion of the capital increase and amend the bylaws accordingly, take all measures and decisions and accomplish all formalities required for the issue, listing and financial administration of the securities issued under this authorization and for the exercise of the rights attached thereto or required after each completed capital increase.

Fifteenth resolution

Authorization to be given to the Board of Directors to award bonus shares to employees and/or officers of the Company and/or Group companies

After reviewing the report of the Board of Directors and the Statutory Auditors' special report, the Shareholders' General Meeting, pursuant to the quorum and majority requirements applicable to the Extraordinary Shareholders' General Meeting:

1. authorizes the Board of Directors, or a representative duly authorized in accordance with the law, to award outstanding Company shares, on one or several occasions, in accordance with Articles L. 225-197-1 et seq. of the French Commercial Code, to employees and/or officers of the Company and/or companies or groups related thereto under the terms referred to in Article L. 225-197-2 of the French commercial Code, or certain categories thereof;

2. sets the term of validity of this authorization at **18 months** from the date of this Shareholders' General Meeting, and notes that it shall deprive of effect, from this date, the authorization granted under the 17th resolution of the Ordinary and Extraordinary Shareholders' General Meeting of May 3, 2010;

3. resolves that the total number of shares awarded pursuant to this authorization May not represent more than **0.5%** of the Company's share capital outstanding as of the date of the Board of Directors' decision to award shares;

4. resolves that all or some of the shares awarded will only vest after a minimum of two years, and that a minimum holding period of two years will apply from the vesting date, it being specified that there may be no minimum holding period for shares subject to a minimum four-year vesting period, in which case said shares would be freely transferable once they have vested;

5. resolves that in the event that a beneficiary is classified as having a second or third class disability, as defined by Article L. 341-4 of the French Social Security Code, the shares awarded to that beneficiary will vest immediately and that such beneficiary shall not be subject to any holding period for the shares which shall be immediately transferable thereto;

6. grants full powers to the Board of Directors, or a representative duly authorized in accordance with the law, to implement this authorization, subject to the above limitations, and in particular to:

   a) determine the identity of the recipients of awards and number of shares allocated to each beneficiary,

   b) set the conditions and, where appropriate, the criteria for awarding the shares, including the minimum vesting period and the minimum holding period,

   c) provide, where appropriate, for the possibility to extend the vesting period for the same period and in such case, to defer the end-date of the holding period accordingly, so that the minimum holding period remains unchanged,

   d) adjust the number of shares awarded in the event that the value of the Company's shares should change as a result of transactions involving the Company's share capital or shareholders' equity, in order to preserve the rights of beneficiaries of bonus share allocations,

   e) set the dates and the terms and conditions of the free share awards and, in general, take all the necessary steps and enter into all agreements to properly complete the transaction.

Sixteenth resolution

Powers to implement the resolutions adopted by the Shareholders' Meeting and perform the related formalities

The Shareholders' General Meeting grant full powers to the bearer of the original or a copy or extract of the minutes of this Shareholders' General Meeting to carry out all filings and other formalities as required.

STATUTORY AUDITORS' REPORT ON THE RESOLUTIONS OF THE ORDINARY AND EXTRAORDINARY SHAREHOLDERS' GENERAL MEETING OF MAY 2, 2011

This is a free translation into English of the statutory auditors' report that is issued in the French language and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of GDF SUEZ, we hereby report on the various operations upon which you are called to vote.

1. Statutory auditors' report on the issue of shares and marketable securities with cancellation of preferential subscription rights reserved for employees who are members of a Company savings scheme (13th resolution)

In our capacity as Statutory Auditors of your Company and in compliance with Articles L. 225-135, L.225-138 and L.228-92 of the French commercial Code (*Code de commerce*), we hereby report on the proposal to authorize your Board of Directors to decide whether to proceed with one or several increases in capital by the issuing of ordinary shares or marketable securities giving access to the capital with cancellation of preferential subscription rights of (maximum) 40 million euros, reserved for employees who are members of a Company savings scheme, an operation upon which you are called to vote. The overall nominal amount of increases in capital that can be implemented will be charged against the amount of the overall maximum limit of 310 million euros provided for in the thirteenth resolution of the Ordinary and Extraordinary Shareholders' Meeting of 3 May 2010.

- This increase in capital is submitted for your approval in accordance with Articles L. 225-129-6 of the French commercial Code (*Code de commerce*) and L. 3332-18 et seq. of the French labour Code (*Code du travail*).
- Your Board of Directors proposes that, on the basis of its report, it be authorized, with the possibility of subdelegation, for a period of twenty-six months, to decide on whether to proceed with one or several issues of shares or marketable securities giving access to the capital, and proposes to cancel your preferential subscription rights. If applicable, it shall determine the final conditions of this operation.
- It is the responsibility of your Board of Directors to prepare a report in accordance with Articles R. 225-113, R. 225-114 and R.225-117 of the French commercial Code (*Code de commerce*). Our role is to report on the fairness of the financial information taken from the accounts, on the proposed cancellation of preferential subscription rights and on other information relating to the issue provided in the report.
- We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) for this type of engagement. These procedures consisted in verifying the information provided in the Board of Directors' report relating to this operation and the methods used to determine the issue price of the capital securities to be issued.
- Subject to a subsequent examination of the conditions for the issues that would be decided, we have no matters to report as to the methods used to determine the issue price of the capital securities to be issued provided in the Board of Directors' report.
- As the issue price of the capital securities to be issued has not yet been determined, we cannot report on the final conditions in which the issue(s) would be performed and, consequently, on the proposed cancellation of preferential subscription rights.
- In accordance with Article R. 225-116 of the French commercial Code (*Code de commerce*), we will issue a supplementary report, if necessary, when your Board of Directors has exercised this authorization.

2. Statutory auditors' report on the proposed increase in capital with cancellation of preferential subscription rights for all entities whose constituted in order to implement one of the many formulae of the international employee shareholding plan (14th resolution)

In our capacity as Statutory Auditors of your Company and in accordance with Articles L. 225-135 et seq. of the French commercial Code (*Code de commerce*), we hereby report on the proposal to authorize your Board of Directors to decide on whether to proceed with an increase in capital, by the issue of ordinary shares with cancellation of subscription rights reserved for all entities whose sole purpose is to subscribe for, hold and sell shares of the Company or other financial instruments within the framework of the implementation of one of the many formulae of the international employee shareholding plan, for a maximum nominal amount of 20 million euros, through the issuance of a maximum number of 20 million shares with a par value of one euro each, an operation upon which you are called to vote. Under this resolution, the overall nominal amount of increases in capital that can be implemented will be charged against the amount of the overall maximum limit of 310 million euros provided for in the thirteenth resolution of the ordinary and extraordinary shareholders' meeting of May 3, 2010.

Your Board of Directors, on the basis of its report, proposes that it be authorized, for a period of 18 months, to decide on whether to proceed with one or several increases in capital and proposes to cancel your preferential subscription right. If applicable, it shall determine the final conditions of this operation.

It is the responsibility of your Board of Directors to prepare a report, in accordance with Articles R.225-113 and R. 225-114 of the French commercial Code (*Code de commerce*). Our responsibility is to report on the fairness of the financial information taken from the financial statements, on the proposed cancellation of the preferential subscription rights and on other information in respect of the share issue contained in this report.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) for this type of engagement. These procedures consisted in verifying the information provided in the Board of Directors' report relating to this operation and the methods used to determine the issue price.

Subject to a subsequent examination of the conditions for the increases in capital that would be decided, we have no matters to report as to the methods used to determine the issue price provided in the Board of Directors' report.

As the issue price has not yet been determined, we cannot report on the final conditions in which the issues would be performed and, consequently, on the proposed cancellation of preferential subscription rights.

In accordance with article R. 225-116 of the French commercial Code (*Code de commerce*), we will issue a supplementary report, if necessary, when your Board of Directors has exercised this authorization.

3. Statutory auditors' special report on the free allocation of existing shares reserved for employees and/or directors of the Company and/or Group companies (15th resolution)

In our capacity as Statutory Auditors of your Company and in compliance with Article L.225-197-1 of the French commercial Code (*Code de commerce*), we hereby report on the free allocation of existing shares reserved for employees and/or directors of the Company and/or Group companies as defined in Article L. 225-197-2 of the French commercial Code (*Code de commerce*).

Your Board of Directors proposes that it be authorized, with the possibility of subdelegation, to allocate, for free, existing shares for a period of 18 months. The total number of existing shares allocated for free shall represent no more than 0.5% of the share capital as of the date of the Board of Directors' decision given the fact that free allocation of shares to the directors will not exceed 0,02% of the share capital as of the allocation date.

It is the responsibility of your Board of Directors to prepare a report on the proposed operation. Our role is to report on any matters relating to the information regarding the proposed operation.

We have performed those procedures which we considered necessary to comply with professional guidance issued by the French national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) for this type of engagement. These procedures consisted mainly in verifying that the proposed methods described in the Board of Directors' report comply with the legal provisions governing such operations.

We have no matters to report as to the information provided in the Board of Directors' report relating to the proposed free allocation of existing shares.

Neuilly-sur-Seine and Paris-La Défense, March 10, 2011

The Statutory Auditors,

DELOITTE & ASSOCIÉS		ERNST & YOUNG et Autres		MAZARS	
Jean-Paul Picard	Pascal Pincemin	Christian Mouillon	Charles-Emmanuel Chosson	Philippe Castagnac	Thierry Blanchetier

APPENDIX B

STATUTORY AUDITORS' REPORT ON THE REVIEW OF SELECTED ENVIRONMENTAL AND SOCIAL INDICATORS

This is a free translation into English of the original report issued in the French language and is provided solely for the convenience of English speaking readers.

At the request of GDF SUEZ and in our capacity as the company's Statutory Auditors, we performed a review in the aim of providing assurance on the environmental and social indicators selected by GDF SUEZ and identified by the symbols ■ or ■■ in sections 3.2.2, 3.2.5 and 4.8 of the Reference Document for fiscal year 2010 and at the Group level (the "Data").

The Data, which is the responsibility of GDF SUEZ management, has been prepared in accordance with the following internal reporting criteria:

- Set of procedures relating to environmental data reporting,
- Set of procedures relating to social data reporting,

available for consultation at the Sustainable Development Department (Environment Climate), the Human Resources department (HR Controlling) and the Health, Safety and Management Systems Department, as summarized in sections 3.2.4, 4.8.1 and 4.8.2 of the Reference Document (hereinafter the "Reporting Criteria"). It is our responsibility, based on the work performed, to express a conclusion on this Data. The conclusions expressed below relate solely to this Data and not to the entire sustainable development report.

Nature and scope of our work

We conducted our procedures in accordance with the applicable professional guidelines.

Moderate assurance

We conducted the following procedures in order to provide moderate assurance that the selected Data[(1)], identified by the symbol ■, did not contain any material anomalies. A higher level of assurance would have required more extensive work. We have assessed the Reporting Criteria with respect to its relevance, reliability, objectivity, clarity and its completeness.

We met with the persons responsible for the application of the Reporting Criteria at the Sustainable Development Department (Environment Climate), the Human Resources Department (HR Controlling) and the Health, Safety and Management Systems Department at the head office, and within the branches: Energy France business line, Energy Europe & International, Global Gas &LNG business line, Infrastructures , Energy Services business line and SUEZ Environment.

For the environmental data, we selected 32 entities[(2)] for which the following procedures were carried out: substantive tests at 65 sites belonging to these entities and analytical reviews and consistency tests at 32 selected entities. For the social data, we performed our procedures at 28 selected entities[(3)].

(1) The Data is as follows [the contribution to Group data from the entities selected for our work is mentioned between parentheses. It includes the procedures carried out during our on-site visits and also additional work carried out at the entity level]: SO_2 emissions (22%); NO_x emissions (55%); Dust emissions (42%) ; Industrial water consumption (72%); Cooling water process consumption (74%); Non-hazardous waste and sub-products discharged (61%); Non-hazardous waste and sub-products recovered (56%) ; Quantities of leachates treated (96%); Effective monthly average (74%); Age pyramid; Employee turnover rate (in relation to number of resignations and dismissals) (64%); Employee resignation rate (in relation to number of resignations) (62%); Hiring rate (in relation to total number of hirings under indefinite term and fixed-term contracts)(69%); Number of fatal accidents (92%); Work-related accident frequency rate (FR)(in relation to the number of accidents with paid sick leave) (81%); Work-related severity rate (SR) (in relation to number of days of paid sick leave) (83%)

(2) BEEI Energy Europe & International: Electrabel SA (BU and Saint Ghislain, Knippegroen, Ruien sites), Electrabel Nederland (BU and Eems site), Tractebel Energia (Itasa, Machadinho, Cana Brava, Jose Gelazio, Rondonopolis, Passo Fundo, Ponte de Pedra, Salto Osorio, Salto Santiago sites), SENA (Northeastern Power Company, Hopewell sites), Glow (Glow Energy Phase 1, Phase 2, Phase 4, Glow SPP1, SPP2, SPP3, Glow IPP), E-CL (Tocopilla GT, Tocopilla CCGT, Tocopilla conventional, Arica), Kraftwerk Farge GmbH, Senoko (Senoko Conventional, Senoko CGT, Senoko PP), Enersur (ILO 1 and 2 sites), Sohar PC, Rosignano Energia Spa, GDF SUEZ Teesside Ltd., Baymina ; Global Gas & GNL business line: DEP (GDF SUEZ E&P UK, GDF SUEZ E&P Norge AS, E&P Deutschland, GDF SUEZ E&P Netherland);GNL(BU); Energy France business line: SHEM, Cycofos - Infrastructures : Storengy ; Energy Services business line : Cofely Deutschland GmbH, Cofely Italie (BU and Spinetta Marengo site), Cofely Nord Est, Finergaz (>20MW, <20MW); Suez Environment: Agbar (Mataro site), Degrémont (Nice Haliotis, Durango), United Water (Springfield, Deleware), Lyonnaise des Eaux France (BU and Dunkerque site), Sita France (BU and Beautor,Le Teich, Orisane sites), Sita Sverige AB (BU and Kovik), SWIRE Sita (Pillar Point, Went sites), Sita UK (BU and Incinerator Isle of Man and Runfold landfill sites). Teris France, Australia (Hallam site),

(3) Energy Europe & International: Electrabel, N-Allo, SENA, Tractebel Energia Consolidated, GDF SUEZ Energy Romania, Global Gas & LNG business line: GDF SUEZ E&P Deutschland GmbH; Energy France business line: Savelys, CNR; Infrastructures: Storengy, GRTGaz, GrDF;Energy Services business line: Groupe Ineo , Cofely Netherland NV, Cofely Limited, Cofely Italia, Cofely Deutschland, Cofely Espana, Cofely IDF Tertiaire, Cofely Sud Est; Suez Environment: Sita France, Sita UK, Sita Waste Services, Sita El Beïda, Lyonnaise des Eaux France, LYDEC, United Water, Agbar, Sita Sverige AB.

In addition, we have carried out analytical reviews and consistency tests for 3 additional[(1)] entities for environmental reporting and 14 additional entities[(2)] for social reporting.

We examined, on a sampling basis, the calculations and verified the Data reporting at different consolidation levels.

Reasonable assurance

For the indicators[(3)] identified by the symbol ■ ■, the degree of precision applied to the measurement and the more extensive nature of our work than that previously described, particularly in terms of the number of samplings, enable us to express reasonable assurance.

To assist us in conducting our work, we referred to the environment and sustainable development experts of our firms under the responsibility of Mr. Eric Duvaud for Ernst & Young, Mr. Eric Dugelay for Deloitte & Associés and Mrs. Emmanuelle Rigaudias for Mazars.

Comments on the procedures

GDF SUEZ continued to improve the reliability of environmental and social data reporting process. We have the following comments on the reporting process:

Environmental reporting

The level of supervision at Group level has been strengthened. However, the internal control process still needs to be improved at the level of certain entities for the following indicators: Industrial water consumption, NO_x emissions and SO_2 emissions.

Social reporting

The harmonization of social reporting tools and procedures contributed to improving the collection of Group data for fiscal year 2010. Nevertheless, the strengthening of the internal control system over the past several years should be pursued for all the entities, particularly for the "percentage of trained workers" and "number of days of sick leave" indicators used for calculating the "work-related accident severity rate".

Conclusion

Moderate assurance

We express a qualification on the following Data:

The indicator "Industrial water consumption" presents a significant uncertainty due to the numerous anomalies that were identified during our work. These have been corrected for the sites covered by our work.

Based on our review and subject to the above-mentioned qualification, we did not identify any anomalies likely to call into question the fact that the Data identified by the symbol ■ was prepared, in all material aspects, in accordance with the above-mentioned Reporting Criteria.

Reasonable assurance

In our opinion, the Data identified by the symbol ■ ■ was prepared, in all material aspects, in accordance with the above-mentioned Reporting Criteria.

Signed in Neuilly-sur-Seine, March 10, 2011.

The Statutory Auditors

DELOITTE & ASSOCIÉS		ERNST & YOUNG & Autres		MAZARS	
Jean-Paul Picard	Pascal Pincemin	Christian Mouillon	Charles-Emmanuel Chosson	Philippe Castagnac	Thierry Blanchetier

(1) GDF Suez Energia Polska SA (analytical review of Polaniec site), Sita Allemagne, Sita Treatment.

(2) GDF Suez Energia Polska, CHP et PPE (ex-GDF Direction commerciale), Elengy, Storengy, Endel, Axima France, Cofely Services, Fabricom SA, Cofely Centre Ouest, Sita France, Sita Allemagne, Sita République Tchèque, Sita Pologne.

(3) This Data is as follows [contribution to Group data from the entities selected for our work is mentioned between parentheses. It includes the procedures carried out during our on-site visits and also additional work carried out at the entity level]: Relevant revenue covered by EMAS or ISO1400 certified management systems (54%); Renewable energy – installed capacity (58%); Renewable energy – electricity and heat produced and sold (63%); Primary energy consumption (58%);Electricity consumption (80%); Fossil fuel energy production (in relation to energy production) (58%); Greenhouse gas emissions (excluding vehicle fleet) (59%); Pollution load treated (purification) (95%); Hazardous waste and by-products discharged (89%); Hazardous waste and by-products recovered (76%); Energetic recovery related to treatment of waste (electricity) (98% ; Energetic recovery related to treatment of waste (heat) (81%); Total workforce (73%); Total executive workers (62%); Total non-executive workers (senior technicians, supervisors and workers, employees and technicians) (76%) ; Proportion of women in the workforce (69%); Percentage of trained workers (67%).

APPENDIX C

GAS, ELECTRICITY AND OTHER ENERGY UNITS OF MEASUREMENT

CONVERSION TABLE

1 kWh	0.09 m^3 of natural gas (i.e. 1 m^3 of gas = 11 kWh)
1 GWh	91,000 m^3 of natural gas
1 TWh or 1 billion kWh	91 million m^3
1 billion m^3 of gas	6.2 million barrels of oil equivalent (Mboe)

The units of conversion mentioned above are those routinely used by professionals in the energy sector. In this document they are provided solely for information purposes.

UNITS OF MEASUREMENT

A	Ampere
Bar	Unit of measurement of fluid pressure, particularly for natural gas (1 bar = 105 Pascal)
BOE	Barrel of oil equivalent (1 barrel = 159 liters)
G	Giga (one billion)
GJ	Gigajoule (1 billion Joules)
Gm^3	Giga m^3 (1 billion cubic meters)
GW	Gigawatt (1 billion Watts)
GWh	Gigawatt-hour (1 million kilowatt-hours)
J	Joule
k	Kilo (one thousand)
kV	Kilovolt (one thousand volts)
kVA	Kilovolt-ampere (one thousand volt-amperes)
kW	Kilowatt (one thousand watts)
kWh	Kilowatt-hour (one thousand watt-hours)
m	Meter
m^2	Square meter
m^3	Cubic meter
M	Mega (one million)
Mboe	Million barrels of oil equivalent
Mtpa	Million metric tons per annum
MVA	Megavolt-ampere (one million volt-amperes)
MW	Megawatt (one million watts)
MWe	Megawatt electric
MWp	Megawatt-peak (unit of measurement for the power of solar photovoltaic installations)
MWh	Megawatt-hour (one thousand kilowatt-hours)
MWth	Megawatt thermal
t/h	Metric tons per hour
T	Tera (one thousand billion)
TWh	Terawatt-hour (1 billion kilowatt-hours)
V	Volt
W	Watt
Wh	Watt-hour

APPENDIX D

SHORT FORMS AND ACRONYMS

ADR	American Depositary Receipt
AMF	*Autorité des Marchés Financiers* (French financial markets authority)
APE	*Agence des Participations de l'État* (French government shareholding agency)
ATMEA	Third-generation pressurized water reactor developed jointly by AREVA and MHI with a net power output of 1,000 MW to 1,150 MW.
B to B (Business to Business)	Business customers
B to C (Business to Customer)	Retail customers
BU (Business Unit)	Operational Unit
Capex	Capital expenditure
CCS	Carbon capture and storage
CCS-ready	Facility set up for future CCS
CER	Certified Emission Reduction
CIF	Cost, Insurance, Freight: goods are purchased CIF when the purchase price includes transportation costs and other related charges and duties, including cargo insurance taken out by the seller on the buyer's behalf.
CNIL	*Commission Nationale de l'Informatique et des Libertés* (French National Data Protection and Privacy Commission)
CNR	*Compagnie Nationale du Rhône*
CO_2	Carbon dioxide
COSO	Committee of Sponsoring Organizations of the Treadway Commission: non-profit committee responsible for the 1992 establishment of a standard definition of internal control and a framework for evaluating its effectiveness. By extension, this standard is also called COSO.
CRE	*Commission de Régulation de l'Énergie* (French energy regulator)
CSR	Corporate Social Responsibility
DES	Delivered Ex-Ship: the buyer pays the same price as for CIF, but the transfer of risk does not occur until the ship has arrived at its port of destination (before the goods are unloaded).
E&P	Exploration & Production of hydrocarbons
EBIT	Earnings Before Interest and Taxes
EBIT	Earnings before interest and taxes (gross operating income)
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
EEX	European Energy Exchange (German energy exchange)
EGI	Electric and Gas Industries (in France)
EGT	E.ON Gas Transport
EMTN	Euro Medium Term Notes
EPR	European Pressurized Reactor (nuclear technology utilizing pressurized water)
ESC	Energy savings certificate
EU	European Union
EU ETS	European Union Emissions Trading System
EUA	European Union Allowance

EURIBOR	European Interbank Offered Rate (money market interest rate in Europe)
FC	Full consolidation
FM	Facility Management: overall management of the support services of a company (general services) by specialist third-party service providers
FOB	Free On Board: goods are purchased FOB when the purchase price does not include transportation costs and other related charges and duties. The transfer of ownership takes place when the goods are loaded on board the ship at the port of departure.
GEP	Gas Exchange Point
GHG	Greenhouse gases
GIE	*Groupement d'intérêt économique* - Economic Interest Group (EIG)
H Gas	Gas with high heating value
HHV	Higher Heating Value
HR	Human Resources
HVAC	Heating, Ventilation, Air-conditioning
IAEA	International Atomic Energy Agency
IBS	Identifiable Bearer Security
IEA	International Energy Agency
IFP	*Institut Français du Pétrole* (French Petroleum Institute)
IFRS	International Financial Reporting Standards established by the IASB (International Accounting Standards Board).
IPP	Independent Power Producer
IRR	Internal Rate of Return (of an investment)
IS	Information Systems
IWPP	Independent Water and Power Producer
JCC	Japan Crude Cocktail
L Gas	Gas with low heating value
LHV	Lower Heating Value
LIBOR	London Interbank Offered Rate (Money market interest rate in London)
LNG	Liquefied Natural Gas
LPG	Liquefied Petroleum Gas
NGO	Non-Governmental Organization
NGV	Natural Gas for Vehicles
NOx	Nitrogen oxide
NRE	New and renewable energy sources: including wind, solar and hydraulic
NYMEX	New York Mercantile Exchange (commodities exchange)
OCF	Surplus operating cash flow
OECD	Organization for Economic Cooperation and Development
OPE	*Offre Publique d'Échange*: share exchange offer
OPEC	Organization of Petroleum Exporting Countries
OPEX	Other operating expenses
OTC	Over-the-counter
PC	Proportional consolidation
PPA	Power Purchase Agreement, often long-term
PPP	Public-Private Partnerships
PSR	Preferential subscription right

PWR	Pressurized Water Reactor
R&D	Research and Development
RAB	Regulated Asset Base
RECS	Renewable Energy Certificate System: harmonized European system of traceability and certification of electricity of renewable source
ROCE	Return on Capital Employed
ROE	Return on Equity
RPI	Retail Price Index
RTE	*Réseau de Transport d'Électricité* - French electricity transmission network (wholly-owned subsidiary of EDF)
SAP	Systems, Applications and Products in data processing (integrated software package for IT and management)
SHEM	*Société Hydroélectrique du Midi* - Hydroelectric company in Southern France
SME	Small and medium-size enterprises
SO_2	Sulphur dioxide
SRV	Shuttle Regasification Vehicle: LNG carrier with onboard regasifiers that can connect to an underwater buoy. This allows the regasified LNG to be delivered directly into a transmission and storage network.
SSR	Special Solidarity Rate
STMFC	Fos Cavaou LNG Terminal Company
THT	Tetrahydrothiophene (synthetic odorant for natural gas)
TMO	*Taux mensuel obligataire* - a monthly bond yield measured on the basis of the gross yield-to-maturity on fixed-rate bonds with at least 7 years to maturity issued on the French market in a given month.
TOB	*Offre Publique d'Achat* : takeover bid
TOP	Take or Pay
TP	*Titre participatif*: irredeemable and non-voting securities
TPA	Third-Party Access to the network
TPA-d	Third party access to the distribution network
TPA-s	Third party access to storage facilities
TSR	Total Shareholder Return
TTF	Title Transfer Facility (virtual gas exchange point in the Netherlands)
UCITS	Undertakings for Collective Investment in Transferable Securities (mutual funds)
VAR	Value-at-Risk
VPP	Virtual Power Plant

APPENDIX E

GLOSSARY

American Depositary Receipt	Registered certificates issued by a US bank in exchange for the deposit of a certain number of foreign shares in its accounts by a foreign company seeking to be listed in the United States. The bank manages the flow of dividends and the shareholder register for the issuer. ADRs are classified by level (1 – 4) according to the level of information required by the Securities and Exchange Commission, with Level 3 corresponding to a complete listing.
Arbitrage	Transaction consisting in exploiting the price differences between energy markets through the simultaneous purchase and sale of two contracts.
Autorité des Marchés Financiers	French financial markets authority: French regulator in charge of ensuring compliance with rules governing the French stock market (including admission rules, operations of the market and participants and monitoring of information disclosed to the market).
Balancing area	The set of entry points, delivery points and a trading point of gas within which the consignor must achieve a balance.
Benchmark	An excellent level of performance achieved by players in a sector, which underperforming players use as a target in an effort to bring their own performance up to the level of the benchmark. Benchmarks are often used as efficiency ratios: sales margin, profitability, sales turnover compared with capital employed, etc.
Biofuel	Fuel produced from biomass.
Biogas	All gases, such as methane and carbon dioxide, resulting from the fermentation of organic waste in a depleted air environment such as landfills and wastewater treatment plants. Such fermentation is the result of a natural or controlled bacterial activity. As such, biogas is classified as a renewable energy source.
Biomass	Mass of non-fossil organic matter of biological origin. Part of these stocks may be used as an energy source.
Butane (C_4H_{10})	Liquefied petroleum gas (LPG) sold in cylinders. It has a liquefaction temperature of 0°/10°C at ordinary pressure conditions.
CAC 40	*Cotation Assistée en Continu*: The reference index of the Paris stock exchange, calculated on a sample of 40 securities chosen from companies with the largest market capitalizations. GDF SUEZ and SUEZ Environnement Company shares are included in the CAC 40.
Calorie	The quantity of heat needed to raise the temperature of one gram of water by one degree Celsius under normal atmospheric pressure.
Certified Emission Reduction (CER)	Certificate issued to industries that have invested in developing countries to reduce greenhouse gas emissions there. CERs cannot be directly traded, but may be used in place of CO_2 quotas, with one CER equal to one quota.
Chartering	A contract whereby a ship owner (the owner) commits to make a vessel available to a third-party (the charterer) in exchange for the payment of a sum (the freight charge). Several kinds of charters exist: • demise charter: the vessel is delivered without any crew, fuel, or provisions; • voyage charter: the owner commits to transfer a cargo from one port to another at an agreed price; • time charter: the owner provides the charterer with the vessel for a specific time period (up to 20 years) together with crew, in return for a monthly fee based on tonnage.
Cogeneration plant	A technique that uses a single fuel, which may be natural gas, to simultaneously produce thermal energy (steam or overheated water or a mixture of air and combustion products) and electricity.
Combined cycle plant	A power plant comprising a gas turbine generator whose exhaust gases power a steam boiler. The steam produced in the boiler drives a turbo-generator.
Commercial paper	Negotiable debt securities issued by a company on the money market for maturities ranging from 10 days to one year. In practice, the average maturity of commercial paper is very short (between one and three months). Commercial paper is the main one-to-one instrument in the US which enables companies to take out short-term loans directly from other companies without going through a bank, by obtaining terms that are similar to the money market.

Commission de Régulation de l'Electricité et du Gaz - CREG (Belgium)	The Belgian Gas and Electricity Regulation Commission is an independent body that advises public authorities on the organization and operation of the deregulated electricity and gas markets. It also monitors and supervises the enforcement of related laws and regulations. A General Council, composed of federal and regional government representatives, representatives of labor organizations, employers and the middle classes, environmental associations and producers, distributors and consumers, supervises this body's operations. The Commission assumes the duties of the Electricity and Gas Supervision Committee *Comité de Contrôle de l'Électricité et du Gaz*) with respect to the regulated part of the market.
Commission de Régulation de l'Énergie – CRE (France)	The French Energy Regulation Commission is an independent administrative authority. It was created by the Act of February 10, 2000 to regulate electricity and its scope was extended to include the gas sector with the Act of January 3, 2003. Its main mission is to ensure the effective, transparent and non-discriminatory implementation of access to electricity and gas infrastructures. More generally, its role is to ensure that the gas and electricity markets operate properly.
Compression station	Industrial facility that compresses natural gas to optimize the flow of fluids in the pipes.
Connection	Transmission installation ensuring delivery between the transmission grid and one or more delivery points, and aimed exclusively or primarily at supplying a customer or a distribution network. Connections are components of the network.
Connection structures	All the structures that connect a consumption site or distribution network to the transmission grid. Connection structures are made up of one or more distribution lines and one or more substations
COSO 1 COSO 2	*COSO 1* proposes an Internal Control management framework. Internal Control is a process implemented by the Board of Directors, executives and employees of an organization to provide reasonable assurance as to the achievement of the following goals: • performance and optimization of operations; • reliability of financial information; • compliance with applicable laws and regulations. *COSO 2* proposes an Enterprise Risk Management Framework. Enterprise Risk Management is a process implemented by the Board of Directors, executives and employees of an organization, is used to develop company-wide strategy and designed to: • identify potential events that could affect the organization; • control risks to keep them within the limits of the organization's "risk appetite" (see below); • provide reasonable assurance as to the achievement of the organization's targets. COSO 2 includes some elements of COSO 1 in the former's third point and supplements it with regard to the concept of risk management. COSO 2 is based on a risk-oriented vision of the company.
Cryogenic	Relating to very low temperatures (minus 100 degrees Celsius and below).
Cushion gas	Quantity of gas stored underground that cannot be fully retrieved after it has been injected.
Dark spread	Gross margin of a coal plant, equal to the difference between the sale price of electricity and the purchase price of the fuel needed to produce it. The "dark spread" must cover the aggregate of other costs (including operation, maintenance, cost of capital and financial charges).
Degree-days of heating	Degree-days of heating represent, in a given heating season, the sum of the difference between the mean daily temperature and a base temperature (equal to 16.3 degrees Celsius for France) for the days where the mean is below this base. The colder it is, the higher the number of degree days.
Desalination	A process used to reduce the salt concentration of sea water in order to make it fit for human or animal consumption as well as for other uses, especially industrial uses.
Developed proven reserves	Reserves that can be produced from existing facilities.
Disclosure of thresholds	Thresholds for the purchase or sale of shares or voting rights in a company defined in its bylaws, beyond which the buyer must disclose the exact number of shares that it holds and, possibly, its intentions.
Distribution	Distribution networks are groups of physical structures consisting mainly of medium or low-pressure pipes. They route natural gas to consumers who are not directly connected to the main network or to a regional transmission network.

Distribution network	Network for distributing natural gas (at medium or low pressure) within a specified region or company.
Downstream	Activities consisting of the transmission, distribution and storage of natural gas, and related services.
EBITDA at Risk	EBITDA at Risk measures the potential loss of EBITDA, at a given probability, under the impact of various prices and volatilities over a given time horizon. This indicator is especially well-suited for measuring market risks for portfolio management activities. If the time horizon provided is one calendar year, and the confidence interval is 95%, an EBITDA at Risk of €100 million indicates that there is a 5% probability of losing more than €100 million in EBITDA between January 1 and December 31 due to fluctuations in commodities prices.
Electric and Gas Industries (EGI)	All the companies that produce, transmit or distribute electricity or gas in France and which meet the requirements of the Nationalization Act of April 8, 1946. The EGI sector includes all companies with employees that fall under the status of EGI employees.
EMTN	When the company plans several bond issues in the medium term, it can issue an “umbrella” prospectus to cover all of them: the EMTN issue (Euro Medium Term Notes). This type of documentation allows the company to tap the market very rapidly, when it needs to or when the market is attractive.
Energy trading	Trading of physical or financial contracts on the short-term energy markets (over-the-counter markets and stock exchanges).
Environmental, Management and Audit System (EMAS)	A certificate based on ISO 14001 certification and an environmental statement certified by European auditors accredited and published by the European Commission.
EU ETS	European Union Emissions Trading System, created from a 2003 European directive and in force since January 1, 2005 for the CO_2 emissions of certain industrial sectors.
EURIBOR	The European money-market rate corresponding to the arithmetic mean of rates offered on the European banking market for a given maturity (between one week and 12 months). EURIBOR is published by the European Central Bank based on daily quotes provided by 64 European banks
European Committee for Standardization (ECS or CEN)	An organization made up of the standardization institutes of the European Community (EEC) and the European Free Trade Association (EFTA).
European Pressurized Reactor (EPR)	European concept for a third-generation nuclear power plant.
Exploration	All methods put to use to discover new hydrocarbon deposits.
Facility Management	All the outsourced service and utility management services that accompany the supply of energy to an industrial client. These services concern the management of the client’s environment. They include guard services, waste and hygiene, operation and maintenance of technical equipment, project management for construction work, management of safety equipment and telephone and reception services.
Fuel cell	New process for producing electricity and heat with a very high electrical efficiency and a reduced environmental impact (no sound nuisance or emission of gaseous pollutants such as carbon monoxide, nitrogen oxide, soot and other particles). The heart of the process is the direct conversion of the chemical energy of the fuel into electricity. The heat produced may be used in cogeneration, with an overall efficiency that achieves a Low Heating Value (LHV) of at least 80%.
Gas Exchange Point (GEP)	Virtual hub attached to a balancing area where a consignor can sell gas to another consignor.
Gas hub	Point of entry (connection point of a gas transmission network supplied from several sources. It enables operators to exchange gas physically between these sources and end users).
Gas pipeline	A pipeline that conveys fuel gas.
Gas to Liquid (GTL)	Technology used to transform natural gas or gas from coking plants into a synthetic liquid fuel that does not contain any sulfur, paraffin and aromatic compounds.
Green electricity	Certified electricity produced from renewable energy sources.
Greenhouse Gases (GHG)	Atmospheric gas that contributes to the retention of solar heat. Industries, automobiles, heating systems, animal breeding and other activities produce gases, some of which heighten the greenhouse effect. The greenhouse gas build-up produced by human activity is one of the causes of global warming and its impacts on the ecosystem.

Gross operating Income (RBE)	EBITDA expresses the amount of funds that the company generates from its operating cycle before deducting related financing costs. It corresponds to operating income (earnings) before depreciation, amortization and provisions, plus the share in the current income of equity affiliates and net financial income not related to net debt.
Higher heating value (HHV)	Quantity of heat released by the complete combustion of one unit of fuel, assuming that the water vapor created is condensed and the heat is recovered.
IAS (International Accounting Standards)	Set of accounting standards drawn up by the IASB up to 2002.
IASB (International Accounting Standards Board)	Private body founded in 1973 by the public accounting institutes of nine countries. Its primary objectives are to establish generally accepted accounting standards at the international level and promote their use. More generally, it seeks to standardize accounting practices and the presentation of financial statements at an international level. The IASB has 14 independent members.
IFRS (International Financial Reporting Standards)	Set of accounting standards drawn up by the IASB since 2002.
Independent Power Producer (IPP)	An electricity production company independent of public sector control. IPPs are classified exclusively on the basis of the projects developed outside the country of origin.
ISO (International Organization for Standardization)	Organization that defines reference systems (industrial standards used as benchmarks).
ISO 14001	An international standard that verifies a company's organizational procedures and methods, as well as the effective implementation of environmental policy and objectives.
ISO 9001	An international standard establishing quality criteria for work procedures. It applies to product design, control of the production and the manufacturing process and the quality control of the end product.
Leachates	Water containing organic or mineral pollutants that has been in contact with landfill waste.
LIBOR	The money-market interest rate in London, which corresponds to the arithmetic mean of rates offered on the London banking market for a given maturity (between one and 12 months) and given currency (euro, pound sterling, US dollar).
Liquefied Natural Gas (LNG)	Natural gas put into the liquid phase by lowering its temperature to -162 degrees Celsius, which makes it possible to reduce its volume by a factor of at least 600.
Liquefied Petroleum Gas (LPG)	Light hydrocarbons that are gaseous under normal temperature and pressure conditions and maintained in a liquid state by raising the pressure or lowering the temperature.
LNG carrier	A ship that transports liquefied natural gas (LNG) cooled to minus 163 degrees Celsius in its holds.
LNG terminal	Industrial facility that receives, unloads, stores, regasifies LNG and sends natural gas in the gaseous state to the transmission grid. Harbor facility with additional facilities, intended to receive ships that transport liquefied natural gas (LNG)
Load-matching	Term referring to the discrepancy between the actual conditions of a customer's gas consumption and those corresponding to standard purchases over the year of their average daily consumption. Variations (daily, weekly or seasonal) in consumption are generally covered by underground storage, to which customers and their suppliers may have access, either directly (in countries where third-party access to the facilities – regulated or negotiated – is provided) or via a load-matching service (as in the US).
Lower heating value (LHV)	Quantity of heat released by the complete combustion of one unit of fuel, assuming that the water vapor created is not condensed and the heat is not recovered.
Main network	All the high-pressure and large-diameter structures for transmitting natural gas that link the interconnection points with neighboring transmission grids, storage facilities and LNG terminals. These structures are connected to regional networks as well as certain industrial consumers and distribution networks.
Marketer	Seller of energy to third parties (end customer, distributor, etc.).
Mercaptans (Thiols)	Family of organic sulfur compounds that give off a pungent smell that persists even when there is a low concentration in the air. They are used to give an odor to natural gas.

Methane (CH_4)	Colorless and inflammable gas. It has a density of 0.555 and is released naturally in decaying organic matter. It is the main component of natural gas.
National Balancing Point (NBP)	Virtual exchange for the purchase and sale of natural gas in the United Kingdom. It is the price and delivery point for the IPE's (International Petroleum Exchange) spot market.
Natural gas for vehicles (NGV)	Wholly composed of natural gas, NGV emits less carbon dioxide, nitrogen oxides and harmful particles than a gasoline-powered vehicle. NGV is also more economical to use.
Natural Gas for Vehicles (NGV)	Entirely composed of natural gas, NGV is primarily used in urban transportation and waste treatment vehicles.
Natural gas liquefaction	Transformation of natural gas from the gaseous form to liquid form to be transported by ship and/or stored.
Negotiated third-party network access	Network access terms are negotiated between network managers and market players (eligible customers, producers, etc.) on a case-by-case basis.
Net income attributable to equity holders of the parent	The Group's consolidated net income less the share of income attributable to minority shareholders (i.e., shareholders of fully consolidated Group subsidiaries that are not wholly owned by the Group).
Open season	A public offer aimed at assessing the market's appetite for a new facility or additional capacity in an existing facility (LNG terminal, pipeline, etc.).
PIBOR (Paris Interbank Offered Rate)	The money-market rate corresponding to the arithmetic mean of offered rates on the Paris banking market for a given maturity (between one and 12 months). It was replaced by EURIBOR on January 1, 1999.
Preferential subscription right	Right attached to each existing share that allows its owner to subscribe to the issue of new shares. Under this mechanism, the existing shareholder has a priority right to subscribe to a capital increase, which may be sold at any time during the transaction. This is a monetary right that is used to adjust the issue price to the market value of the share.
Probable reserves	Estimate of the hydrocarbon quantities that can be extracted in the future, based on existing deposits and with a probability of at least 50% according to geological and technical data. Extraction must meet economic criteria that take into account future price changes, the appreciation of hydrocarbons and exchange rates.
Proven reserves	Estimates of crude oil, natural and liquid gas quantities based on geological and technical data with the reasonable assurance that these quantities will be extracted in coming years from existing deposits or under certain economic and operational conditions, namely the prices and costs on the date of the estimate.
PSI	*Prestataire de services d'investissement* – Investment services provider approved by the Committee of European Bank Supervisors to transmit and process market orders (modern equivalent of stockbrokers).
Public-Private Partnership (PPP)	The PPP is a contractual arrangement whereby the public sector authority assigns certain tasks to a private operator and specifies objectives. The public sector partner defines the service objectives for the private operator, while retaining ownership of the infrastructure and regulatory control. Local authorities are increasingly resorting to PPP agreements in managing their water services.
RAB	The regulated asset base is the economic value, recognized by the regulator, of assets utilized by an operator of regulated infrastructures.
Reference Document	Document submitted each year for review by the AMF. It may take the form of an annual report for a given fiscal year, and contains complete information on the company's business, financial position and outlook.
Regional network	All the high-pressure and large-diameter structures that link the interconnection points with neighboring transmission grids, storage facilities and LNG terminals. Regional networks, distribution networks and certain industrial consumers are connected to them.
Regulated third-party network access	In this case, the French regulatory authority proposes the network access rates. Access terms are transparent and non-discriminatory for users
Rights in kind of licensors	The "Rights in kind of licensor" line item is an item specifically pertaining to companies that are utility operators. It offsets "fixed assets held under concession" on the balance sheet. Its valuation expresses the operator's obligation at the end of the contract to assign to the licensor, at no cost, the fixed assets assigned to the licensed utilities, such that at the end of a given contract, the value of the "Rights in kind of licensor" is equal to the carrying amount of fixed assets that are to be returned to the licensor.

Sarbanes-Oxley	In the Unites States, the Sarbanes-Oxley Act is intended to strengthen the responsibility of company executives with respect to Internal Control and external disclosure and to conduct an in-depth review of the operating and oversight rules of the accounting profession.
Spark spread	Gross margin of a natural gas plant, equal to the difference between the sale price of electricity and the purchase price of the fuel needed to produce it. The "spark spread" must cover all other costs (including operation, maintenance, cost of capital and financial costs).
Spin-off	A demerger consisting of a clear separation of the business lines of a group into distinct companies. The shares of the newly-created company are distributed to shareholders in exchange for shares in the original group)
Spot market	A market for the short-term purchase and sale of energy (for the day or up to three years).
Storage	Facility that allows natural gas to be stored in the summer when consumption is at its lowest and to take natural gas out of storage in winter when consumption is higher. Gas storage is an industrial facility, mainly underground, that enables natural gas suppliers to have a natural gas reserve.
Storage center	Formerly known as a "controlled landfill" site, a waste storage center that requires authorization. The technical facilities depend on the type of waste handled (household waste, ordinary industrial waste, special industrial waste or inert waste). There are many regulatory operating constraints aimed at controlling the impacts of this treatment process on human beings and the environment.
Take-or-Pay	Long-term contract where the producer guarantees the supply of gas to an operator and the operator guarantees payment, regardless of whether or not the operator takes delivery.
Tax credit	Offset mechanism created by certain countries to avoid the double taxation of dividends (with respect to corporate income tax and the investor's income), which involves neutralizing the effect of corporate income tax at the investor's level. In the US, the tax credit has been cancelled and replaced by a 40% reduction on the amount of dividends included in taxable income.
Third-party network access	Recognized right of each user (eligible customer, distributor and producer) to access transmission or distribution systems in exchange for payment of access rights.
Title Transfer Facility (TTF)	Virtual trading point for natural gas in the Netherlands, set up by Gasunie in 2003. It is almost identical to the National Balancing Point (NBP) in the United Kingdom and allows gas to be traded within the Dutch network.
Titre participatif	Irredeemable and non-voting securities: a *"titre participatif"* is a security that falls midway between a stock and a bond. It resembles a bond in that it distributes a coupon and has no voting rights attached; it is similar to a stock in that it is not redeemable. For tax purposes it is treated as a bond.
TMO	*Taux mensuel obligataire* - a monthly bond yield measured on the basis of the gross yield-to-maturity, by issuance and before fees, on fixed-rate bonds with at least seven years to maturity issued on the French market in a given month. The TMO is published by Ixis CIB.
Tolling	Contract for the transformation of a fuel (e.g., natural gas) into electricity on behalf of a third party.
Total Shareholder Return (TSR)	Return of a share over a given period that includes dividends paid and capital gains realized.
Traditional thermal power plant	Facility in which the chemical energy contained in solid, liquid, or gaseous fossil fuel is transformed exclusively into electricity using boilers and steam turbines
Transmission capacity	The highest permissible continuous load of the transmission equipment with respect to the stability of its operating parameters and voltage drop.
Transmission grid	Network that delivers energy at high pressure (> 60 bars) to distribution networks located downstream of the grid.
Transportation	Transmission networks are groups of structures consisting of high-pressure pipes. They convey natural gas to industrial consumers who are directly connected and to distribution networks.
Treasury stock	Owns shares of a company, which it acquires for internal purposes, such as to support stock options plans
Treasury stock (in subsidiaries)	Shares of a company owned by subsidiaries controlled by the company. They do not carry voting rights.

Underground storage	Use of porous geological formations, natural or artificial cavities (saline or aquifer) to store liquid or gaseous hydrocarbons.
Undeveloped proven reserves	Reserves that require new wells to be drilled on virgin territory, or significant extra investment in existing facilities, such as a compression unit.
Upstream	Hydrocarbon exploration and production activities
Value-at-Risk (VaR)	Value-at-Risk is a global indicator that measures the portfolio's exposure to risks of price fluctuations and market volatility. It indicates maximum potential loss that should only be exceeded with a given probability over a given time horizon. This indicator is especially well-suited for measuring market risks for trading activities. For example, for a one-day time horizon and 99% confidence interval, a VaR of €5 million indicates that there is a 1% probability of losing more than €5 million a day, i.e., two to three times a year.
Well head	All the connections, valves, pipes, manometers, thermometers, etc. installed at the production well top.
Working volume	Gas available in underground storage and capable of being tapped.

APPENDIX F

COMPARISON TABLE BETWEEN REGULATION (EC) 809/2004 AND THE REFERENCE DOCUMENT

This Reference Document includes all the items required by Appendix 1 of Regulation (EC) 809/2004, as presented in the table below:

Information required under Appendix 1 of regulation (EC) 809/2004	Corresponding sections of the reference document
1. PARTIES RESPONSIBLE	12. Parties responsible
1.1. Parties responsible	12.1. Parties responsible for the Reference Document
1.2. Declaration by the persons responsible	12.2. Declaration by the parties responsible for the Reference Document containing the Annual Financial Report
2. STATUTORY AUDITORS	11.1. Statutory Auditors
2.1. Statutory Auditors	
2.2. Resignation or departure of Statutory Auditors	
3. SELECTED FINANCIAL INFORMATION	1.2.1. Group financial data
4. RISK FACTORS	5. Risk factors
5. INFORMATION ABOUT THE ISSUER	
5.1. History and evolution of the Company	1.1.2. History and evolution of the Company
5.2. Investments	
5.2.1. Principal investments	6.1.4.3. Net investments
5.2.2. Major investments in progress	1.3. Strategic priorities
5.2.3. Major investments planned by the issuer	1.3. Strategic priorities
6. BUSINESS OVERVIEW	
6.1. Principal activities	1.1.1. General presentation 1.1.3. Organization 1.2. Group key figures 1.3. Strategic priorities 1.6. The energy sector around the world and in Europe 2.1. Organization of activities and description of business lines
6.2. Principal markets	1.5. Competitive positioning 1.6. The energy sector around the world and in Europe 2.1. Organization of activities and description of business lines
6.3. Exceptional events	N/A
6.4. Degree of dependence on patents, licenses or contracts	2.3. Innovation, research and development policy 5.3.1.2. Dependence on a limited number of suppliers in some activities, in particular for natural gas purchases 5.3.2.1. Dependence on a limited number of customers in certain activities, in particular in electricity sales and water concessions
6.5. Competitive position	1.5. Competitive positioning

Information required under Appendix 1 of regulation (EC) 809/2004	Corresponding sections of the reference document
7. ORGANIZATIONAL STRUCTURE	
7.1. Brief description of the Group	1.1.3. Organization
7.2. List of significant subsidiaries	11.2. Consolidated financial statements – Note 28 (List of the main consolidated companies at December 31, 2010)
8. REAL ESTATE, PLANT AND EQUIPMENT	
8.1. Material tangible fixed assets	2.2. Real estate, plants and equipment
8.2. Environmental issues potentially affecting the use of the tangible fixed assets	3.2. Environmental commitments
9. OPERATING AND FINANCIAL REVIEW	6.1. Management Report
10. CAPITAL RESOURCES	6.2. Cash and shareholders' equity
10.1. Shareholders' equity	6.2.1. The Issuer's equity
10.2. Cash flows	6.1.4. Changes in net debt
10.3. Borrowing requirements and funding structure	6.2.2. Financial structure and borrowing conditions applicable to the Issuer 8.6. Non-equity 11.2. Consolidated Financial Statements – Note 14 (Financial instruments)
10.4. Restrictions regarding the use of capital	6.2.3. Restrictions regarding the use of capital
10.5. Expected sources on financing to honor commitments relative to investment decisions	6.2.4. Expected sources on financing to honor commitments relative to investment decisions
11. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES	2.3. Innovation, research and development policy
12. INFORMATION ABOUT TRENDS	
12.1. Significant recent trends in production, sales and inventory, and costs and selling prices	1.3. Strategic priorities 6.1.1. Revenue and earnings trends
12.2. Information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects	6.1.7. Outlook for 2011
13. EARNINGS FORECASTS OR ESTIMATES	N/A
14. ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES AND GENERAL MANAGEMENT	
14.1. Information concerning the members of corporate governance bodies and general management	7.1.1. Board of Directors: Composition – Terms of office – Information – Independence 7.1.6.2. Management Committee 7.1.6.3. Executive Committee
14.2. Conflicts of interest in administrative, management, and supervisory bodies and general management	7.1.1.7. Independence of Directors in office
15. COMPENSATION AND BENEFITS	
15.1. Amount of compensation paid and benefits in kind	7.4. Compensation and benefits of members of corporate governance bodies
15.2. Total amounts set aside or accrued to provide pension, retirement or similar benefits	7.4.3. Retirement provision
16. BOARD PRACTICES	
16.1. Term of office of Directors	7.1.1.2. Directors at December 31,2010 7.1.1.4. Expiry date of the terms of Directors in office
16.2. Service contracts with the Directors providing for benefits upon their termination	7.3.4. Service contracts binding members of management bodies
16.3. Audit Committee and Compensation Committee	7.1.6.1. Standing committees of the Board of Directors: Composition – Operating procedures – Activities
16.4. Compliance with applicable corporate governance regime(s)	7.2. Code of governance and ethical principles

Information required under Appendix 1 of regulation (EC) 809/2004	Corresponding sections of the reference document
17. EMPLOYEES	
17.1. Number of employees and breakdown by category	4.8. Social data
17.2. Shareholding and stock options	7.1.1.6. Number of GDF SUEZ shares and stock options held by Directors in office 7.4. Compensation and benefits of members of corporate governance bodies
17.3. Arrangements for involving employees in the capital of the issuer	4.5. Agreements providing for employees shareholding in the Issuer's share capital – Employee shareholding
18. MAJOR SHAREHOLDERS	
18.1. Statutory disclosure thresholds	9.4. Statutory disclosure thresholds
18.2. Voting rights	8.1. Share capital and voting rights
18.3. Control	9.2. Breakdown of Share Capital at December 31, 2010 – Changes in Shareholding – Shareholder Profiles 9.3. Golden Share
18.4. Agreements relating to change of control	9.3. Golden Share
19. RELATED PARTY TRANSACTIONS	7.3. Regulated agreements and transactions with related parties – Special report of the Statutory Auditors on regulated agreements and transactions
20. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES	
20.1. Historical financial information	11.2. Consolidated Financial Statements 11.3. Statutory Auditor's Report on the Consolidated Financial Statements 11.4. Parent Company Financial Statements 11.5. Statutory Auditor's report on the statutory financial statements
20.2. Pro forma financial information	N/A
20.3. Consolidated financial statements	11.2. Consolidated Financial Statements 11.3. Statutory Auditor's Report on the Consolidated Financial Statements
20.4. Auditing of historical annual financial information	
20.4.1. Statement of audit of historical financial information	11.3. Statutory Auditor's Report on the Consolidated Financial Statements 11.5. Statutory Auditor's report on the statutory financial statements
20.4.2. Other information in the Reference Document, which has been audited by the statutory auditors	N/A
20.4.3. Source of financial information appearing in the Reference Document, which is not extracted from the issuer's audited financial statements	N/A
20.5. Age of latest financial information	11.2. Consolidated Financial Statements 11.4. Parent Company Financial Statements
20.6. Interim and other financial information	N/A
20.7. Dividend distribution policy	9.5. Dividend distribution policy
20.8. Legal and arbitration proceedings	10.2. Legal and anti-trust proceedings
20.9. Significant change in the issuer's financial or trading position	11.2. Consolidated Financial Statements – Note 27 (Subsequent Events)

Information required under Appendix 1 of regulation (EC) 809/2004	Corresponding sections of the reference document
21. ADDITIONAL INFORMATION	
21.1. Share capital	
21.1.1. Authorized capital and shares not issued	8.1. Share capital and voting rights 8.2. Potential capital and share equivalents 8.3. Authorizations related to the share capital and their utilization
21.1.2. Shares not representing capital	8.6. Non-equity
21.1.3. Shares held by the issuer or its subsidiaries	8.5. Stock Repurchase
21.1.4. Convertible securities, exchangeable securities or securities with warrants	N/A
21.1.5. Vesting rights and/or obligations attached to authorized but unissued capital or an undertaking to increase the capital	N/A
21.1.6. Options on the capital of members of the Group	9.3. Golden Share
21.1.7. History of share capital	8.4. Five-year summary of changes in the GDF SUEZ share capital
21.2. Act incorporating documents and bylaws	10.1. Incorporating documents and bylaws
21.2.1. Issuer's objects and purposes	10.1.1. Issuer's corporate purpose
21.2.2. Corporate governance bodies	10.1.2. Corporate governance bodies
21.2.3. Rights, privileges and restrictions attached to shares	10.1.3. Rights, privileges and restrictions attached to shares
21.2.4. Amending the rights of shareholders	10.1.4. Change in rights attached to shares
21.2.5. Shareholders' Meetings	10.1.5. Shareholders' Meetings
21.2.6. Provisions having an effect of delaying, deferring or preventing a change in control of the issuer	9.3. Golden Share 10.1.3. Rights, privileges and restrictions attached to shares
21.2.7. Disclosure of crossing statutory thresholds	10.1.6. Provisions relating to the disclosure of interests
21.2.8. Changes in share capital	10.1.7. Changes in share capital
22. MATERIAL CONTRACTS	6.2. Cash and shareholders' equity 11.2. Consolidated Financial Statements – Note 2 (Main changes in Group structure) 11.2. Consolidated Financial Statements – Note 27 (Subsequent events)
23. THIRD PARTY INFORMATION, STATEMENT BY EXPERTS AND DECLARATIONS OF INTEREST	N/A
24. DOCUMENTS ACCESSIBLE TO THE PUBLIC	10.3. Documents available to the public
25. INFORMATION ON HOLDINGS	11.2. Consolidated Financial Statements – Note 28 (List of the main consolidated companies at December 31st, 2010)

APPENDIX G

INFORMATION RELATING TO THE COMPANY'S MANAGEMENT REPORT

This Reference Document includes all items of the management report that are required under current laws and regulations.

The following table presents items from the GDF SUEZ Management Report as at December 31st, 2010:

Legislative or regulatory reference	Items required	Section of the Reference Document
I – Activity		
L. 232-1 of the French Commercial Code	Company's situation over the past fiscal year	Section 6.1. Management Report Section 11.2. Consolidated Financial Statements
	Foreseeable developments and future outlook	Section 6.1.7. Outlook for 2011
	Significant events, which have occurred between the date the fiscal year ended and the date on which the Management Report was drawn up	Section 11.2. Consolidated Financial Statements – Note 27 (Subsequent Events)
	Research and development activities	Section 2.3. Innovation, research and development policy Section 11.2. Consolidated Financial Statements – Note 10.2 (Research and development costs)
R. 225-102 par. 1 of the French Commercial Code	Activities of the Company and its subsidiaries over the past fiscal year	Section 1.1.1. General Presentation Section 1.1.3. Organization Section 1.2. Group key figures Section 1.3. Strategic priorities Section 1.6. The energy sector around the world and in Europe Section 2.1. Organization of activities and description of business lines
L. 233-6 par. 2 of the French Commercial Code	Activities and revenues of the Company and its subsidiaries by business line	Section 6.1.1. Revenue and earnings trends Section 6.1.2. Business trends
L. 225-100 par. 3 (1st sentence) and par. 5 of the French Commercial Code L. 225-100-2 par. 1 of the French Commercial Code	Information relating to business trends, results and financial situation of the Company and the Group (particularly debt situation)	Section 6.1. Management Report Section 6.2.2.1. Debt structure
L. 225-100 paras. 4 and 6 of the French Commercial Code L. 225-100-2 paras. 2 and 4 of the French Commercial Code	Description of the principal risks and uncertainties and instructions on the use of financial instruments, for the Company and the Group	Chapter 5 Risk factors Section 11.2. Consolidated Financial Statements – Note 15 (Risks arising from financial instruments)
L. 441-6-1 of the French Commercial Code D. 441-4 of the French Commercial Code	Information on terms of payment with suppliers	Section 6.1.6. Parent Company Financial Statements

Legislative or regulatory reference	Items required	Section of the Reference Document
II – Financial information		
L. 233-13 of the French Commercial Code	Breakdown and changes in shareholding structure	Section 9.2. Breakdown of Share Capital at December 31, 2010 – Changes in Shareholding – Shareholder Profiles Section 9.3. Golden Share Section 9.4. Disclosure thresholds
	Names of controlled companies with a stake in the Company's treasury stock and proportion of capital thereby held	N/A
L. 232-6 of the French Commercial Code	Changes in the presentation of the annual financial statements and in evaluation methods used	Section 11.2. Consolidated Financial Statements – Note 1 (Summary of significant accounting policies) Section 11.4.2. – Appendix A (Summary of significant accounting policies)
L. 233-6 par. 1 of the French Commercial Code	Significant equity stakes over the fiscal year in companies with their head office in France	Section 11.2. Consolidated Financial Statements – Note 2 (Main changes in Group structure)
R. 225-102 par. 2 of the French Commercial Code	Table showing Company's results for each of the last five fiscal years	Section 11.4.4. Five-year financial summary of the Company
L. 225-211 of the French Commercial Code	Purchase and sale by the Company of its own shares	Section 8.5. Stock Repurchase Section 11.2. Consolidated Financial Statements – Note 16 (Equity)
L. 225-102 par. 1 L. 225-180 of the French Commercial Code	Employee's stake in share capital	Section 9.2. Breakdown of Share Capital at December 31, 2010 – Changes in Shareholding – Shareholder Profiles Section 4.5. Agreements providing for employees shareholding in the Issuer's share capital – Employee shareholding
L. 225-102 par. 2 of the French Commercial Code	Shares acquired by employees in a transaction	N/A
L. 225-100 par. 7 of the French Commercial Code	Table summarizing current authorizations granted by the Shareholders' Meeting for capital increases	Section 8.3. Authorizations related to the share capital and their utilization
R. 228-90 and R.228-91 of the French Commercial Code	Any adjustments for share equivalents in the event of share buybacks or financial transactions	N/A
III – Legal and tax information		
Article 243 (a) of the French Tax Code	Amount of dividends distributed for the previous three fiscal years	Section 9.5. Dividend distribution policy
L. 464-2 par. 5 of the French Commercial Code	Injunctions or financial sanctions for anti-trust practices	Section 10.2. Legal and anti-trust proceedings

Legislative or regulatory reference	Items required	Section of the Reference Document
L. 225-100-3 of the French Commercial Code	Information potentially impacting a tender offer	Section 7.1. Corporate Governance Bodies: Composition – Organization – Operating procedures Section 7.4. Compensation and benefits of members of corporate governance bodies Section 8.3. Authorizations related to the share capital and their utilization Section 9.2. Breakdown of Share Capital – Changes in Shareholding – Shareholder Profiles Section 9.3. Golden Share Section 9.4. Disclosure thresholds Section 10.1. Incorporating documents and by laws Section 4.5.1. A dynamic employee shareholding
R. 225-104 of the French Commercial Code	Corporate information	Chapter 4. Social Information
IV - Information relating to corporate officers		
L. 225-102-1 of the French Commercial Code	List of all terms of office and functions carried out in any company by each corporate officer over the fiscal year	Section 7.1.1.5. Information about Directors in office
L. 225-102-1 of the French Commercial Code	Compensation and benefits of any kind paid to each corporate officer by the Company, the companies that it controls and its holding company over the fiscal year	Section 7.4. Compensation and benefits of members of corporate governance bodies Section 7.4.1. Compensation of corporate executive officers
L. 225-185 par. 4 of the French Commercial Code	In the event stock options are awarded, details of information upon which the Board of Directors based their decision: • either to prohibit directors from exercising their options before leaving office; or • to oblige them to hold all or part of the shares resulting from options already exercised until they leave office	Section 7.4.5.1 Availability of shares resulting from the exercise of stock options and of Performance Shares
L. 621-18-2 of the French Monetary and Financial Code Article 223–26 of the AMF General Regulations	Information on transactions by directors and related parties involving the Company's shares	Section 7.4.10. Summary of transactions disclosed by executive management and corporate officers in fiscal year 2010
L. 225-197-1 II par. 4 of the French Commercial Code	In the event bonus shares are awarded, details of information upon which the Board of Directors based their decision: • either to prohibit directors from selling shares awarded to them free of charge before leaving office; or • to establish the quantity of such shares that they are obliged to hold until they leave office	Section 7.4.5.1 Availability of shares resulting from the exercise of stock options and of Performance Shares
V - Environmental and HR information		
L. 225-102-1 par. 5 and R 225-105 of the French Commercial Code	Environmental information	Section 5.4. Industrial Safety Section 3.2. Environmental Commitments
L. 225-102-2 of the French Commercial Code	Specific information for companies operating at least one site classified as Seveso "high threshold"	Section 5.4.3. Operation of industrial facilities classified as "high threshold Seveso" sites in Europe Section 3.2. Environmental Commitments
L. 225-102-1 par. 4 and R 225-104 of the French Commercial Code	Corporate information	Chapter 4. Social Information

APPENDIX H

INFORMATION RELATING TO THE COMPANY'S ANNUAL FINANCIAL REPORT

This Reference Document includes all items of the financial report, as mentioned in Articles L. 451-1-2 of the French Monetary and Financial Code and as required by Article 222–3 of the AMF's general regulations.

The following table summarizes items on the Annual Financial Report:

Items required	Section of the Reference Document
Parent Company Financial Statements	Section 11.4. Parent Company Financial Statements
Group Consolidated Financial Statements	Section 11.2. Consolidated Financial Statements
Management Report	See specific comparison table above
Declaration by the Parties Responsible for the Annual Financial Report	Section 12.2. Declaration by the parties responsible for the Reference Document containing the Annual Financial Report
Statutory Auditor's Report on the Parent Company Financial Statements	Section 11.5. Statutory Auditors' report on the statutory financial statements
Statutory Auditor's Report on the Consolidated Financial Statements	Section 11.3. Statutory Auditors' report on the consolidated financial Statements
Statutory Auditors' Fees	Section 11.2. Consolidated financial statements – Note 29 (Fees paid to Statutory Auditors and members of their networks)
Report of the Chairman of the Board on the terms and conditions governing the preparation and organization of the work of the Board of Directors and the internal control procedures implemented by the Company	Section 7.5. Report by the Chairman of the Board of Directors on corporate governance and internal control and risk management procedures
Statutory Auditors' Report, prepared in compliance with Article L. 225-235 of the French Commercial Code, on the report prepared by the Chairman of the Board of Directors of GDF SUEZ	Section 7.6. Statutory Auditors' Report, prepared in compliance with Article L. 225-235 of the French Commercial Code, on the report prepared by the Chairman of the Board of Directors of GDF SUEZ

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The 2010 GDF SUEZ Reference Document is also available on the Group's website (gdfsuez.com) where all Group publications can be downloaded.

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Our values

drive
commitment
daring
cohesion

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