CONSOLIDATED FINANCIAL STATEMENTS **2010**

REDISCOVERING ENERGY

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).

I.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.

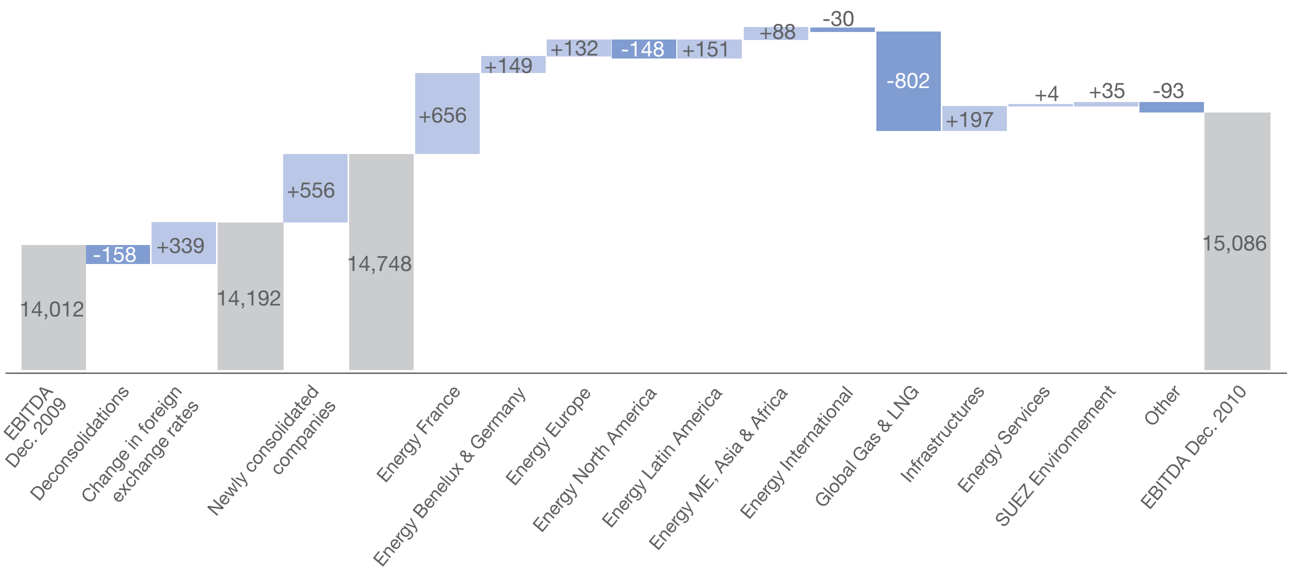
Changes in Group structure had a positive €772 million impact.

- 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.

I.2 BUSINESS TRENDS

I.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	+25.8	-4.3	+30.1 TWh

(negative sign = warm climate, positive sign = cold climate)

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 1 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.

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 435 MW Combigolfe facility in Fos in summer 2010, delivery of the 435 MW Montoir-de-Bretagne facility in November 2010) and the start-up of 324 MW in wind farms, bringing installed capacity up to 922 MW at the end of the year.

(1) Poweo, Ciepiela & Bertranuc, Panosol, Agenda service subsidiaries.

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 MW

I.2.2 ENERGY EUROPE & INTERNATIONAL

I.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.*

I.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 250 MW 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.

I.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.

I.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.

I.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.

I.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.

I.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 Gjoa 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.

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.

(1) Including sales to other operators.

I.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.

I.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 environment in Italy and Spain. Measures taken to address this situation in 2009 failed to offset the fall in profitability due to this climate. 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 MWc 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%.

I.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.

I.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.

I.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 Infrastructures 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.

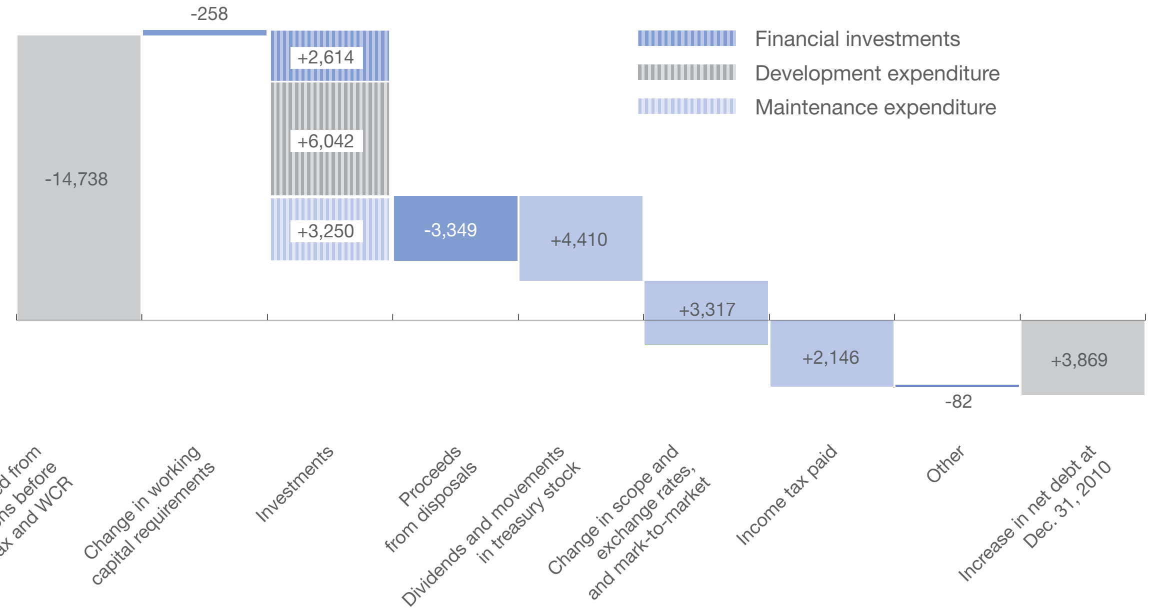
The effective **tax rate** adjusted for disposal gains came out at 33.1% in 2010 versus 29.9% in 2009. The rise in the effective tax rate is primarily due to the reorganization of engineering businesses in the Energy Services business line, which had led to the recognition in 2009 of a deferred tax asset 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.

I.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):



I.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).

I.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).

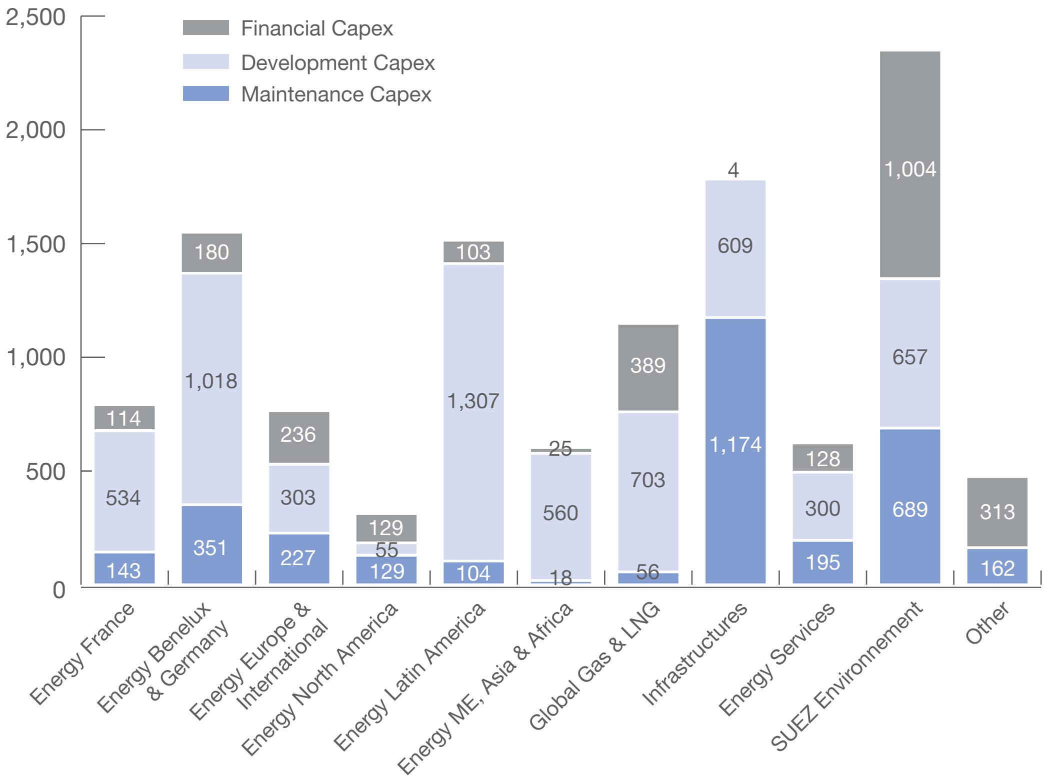
I.4.3 NET INVESTMENTS

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:



I.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 December 18, 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.

I.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.

I.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.

I.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	Total	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.

I.7 OUTLOOK FOR 2011

Clear medium-term[(1)] financial objectives[(2)]:

- EBITDA between EUR 17 and 17.5 billion in 2011, and above EUR 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;
- EUR 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 EUR 11 billion per year;
  - An installed power capacity of 150 GW in 2016, 90 GW 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.

II

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AT DECEMBER 31, 2010

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:

FOREIGN CURRENCY DERIVATIVES

	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**

INTEREST RATE DERIVATIVES

	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)	Past due assets not impaired at the reporting date				Impaired assets	Assets neither impaired nor past due	
In millions of euros	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.

	Dec. 31, 2010			Dec. 31, 2009		
Counterparty risk arising from investing activities	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 Gjoa 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:

In millions of euros	Future minimum lease payments at Dec. 31, 2010		Future minimum lease payments at Dec. 31, 2009	
	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 beneficiaries per plan	Number of options granted to members of the Executive Committee**	Outstanding options at Dec. 31, 2009	Options exercised***	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

"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

		% interest		% control		Consolidation method	
Company name	Corporate headquarters	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.

		% interest		% control		Consolidation method	
Company name	Corporate headquarters	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

		% interest		% control		Consolidation method	
Company name	Corporate headquarters	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		% control		Consolidation method	
		Dec. 2010	Dec. 2009	Dec. 2010	Dec. 2009	Dec. 2010	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

In millions of euros	Ernst & Young		Deloitte		Mazars et Guerard	
	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.

Our values

drive
commitment
daring
cohesion

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