

Tractebel Invest International B.V.

Annual Report 2008

Amsterdam, the Netherlands

Tractebel Invest International B.V.
Olympic Plaza, Fred. Roeskestraat 123
1076 EE Amsterdam
The Netherlands

Tractebel Invest International B.V., Amsterdam Annual Report 2008

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1 Directors' report

1.1 Directors' report

Management hereby presents to the shareholder the financial statements of Tractebel Invest International B.V. ("the Company") for the year 2008.

Tractebel Invest International B.V. ("the Company") was incorporated with limited liability under the laws of The Netherlands on September 11, 1990. The registered office of the Company is Fred. Roeskestraat 123, 1076 EE in Amsterdam, the Netherlands. The main activity of the Company is to finance the operating companies of the Suez-Tractebel Group. For this purpose, the Company contracts loans in various currencies from the private or public international capital markets, which are made available to other companies in the form of private loans in the same currencies.

The Company is a subsidiary of Telfin N.V., Brussels, Belgium which owns 100% of the Company's shares. The Company is ultimately owned by Suez-Tractebel N.V. incorporated and domiciled in Belgium. Finally, the Company is engaged in the financing of group companies and/or subsidiaries out of its equity and by using loans provided by its shareholder. Please refer to the Notes to the balance sheet items for further details.

1.1.1 Activities and results

During the year under review Mr. A. Nagelmaker has resigned as managing director A of the Company.

Furthermore, the company has pursued its financial activities. The loan portfolio has decreased from EUR 527.123.476 to EUR 377.834.751.

Finally, the profit for the year under review decreased from EUR 119.739.893 to EUR 301.840.

1.1.2 Future outlook

No material change in activities is contemplated for the coming year. It is expected that the result will be in line with that of the reporting period. Furthermore, one outstanding loan will be repaid amounting to EUR 275.000.000.

Finally, management is not aware of events that have occurred since the balance sheet date that could have a significant influence on expectations concerning future activities, investments, financing, staffing and profitability.

1.1.3 Risks and uncertainties

The Company's activities are not exposed to major financial risks, as changes in debt and equity market prices, foreign currency exchange rates or interest rates.

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Amsterdam, September 17, 2009

Board of Directors

Directors A:

Mr J.H. Scholts

Mr D.P. Stolp

Directors B:

Mr Ch. Van den Bremt

Mr Th. van den Hove

2 Financial statements

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2.1 Balance sheet as at December 31, 2008 (after appropriation of result)

	<i>Notes</i>	<u>December 31, 2008</u>		<u>December 31, 2007</u>	
		EUR	EUR	EUR	EUR
ASSETS					
Fixed assets	<i>2.5.1</i>				
Loans due from group companies		<u>100,000,000</u>		<u>377,196,817</u>	
			100,000,000		377,196,817
Current assets	<i>2.5.2</i>				
Loans granted		277,834,751		149,926,659	
Receivables and accrued income		19,267,576		26,520,770	
Corporate income tax		231,460		385,583	
Cash and cash equivalents		<u>2,100,039</u>		<u>1,562,369</u>	
			<u>299,433,826</u>		<u>178,395,381</u>
			<u>399,433,826</u>		<u>555,592,198</u>

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	<u>Notes</u>	<u>December 31, 2008</u>		<u>December 31, 2007</u>	
		EUR	EUR	EUR	EUR
SHAREHOLDER'S EQUITY AND LIABILITIES					
Shareholder's equity	2.5.3				
Share capital issued		2,269,000		2,269,000	
Share capital still to be paid in		<u>-907,560</u>		<u>-907,560</u>	
Share capital paid up		1,361,440		1,361,440	
Retained earnings		<u>1,236,473</u>		<u>934,633</u>	
			2,597,913		2,296,073
Long-term liabilities	2.5.4		100,000,000		377,737,083
Current liabilities	2.5.5				
Loans received		277,750,191		149,368,057	
Payables and accrued expenses		<u>19,085,722</u>		<u>26,190,985</u>	
			<u>296,835,913</u>		<u>175,559,042</u>
			<u>399,433,826</u>		<u>555,592,198</u>

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2.2 Statement of income for the year 2008

	<i>Notes</i>	<u>2008</u>		<u>2007</u>	
		EUR	EUR	EUR	EUR
Interest on loans granted		23,682,724		30,898,611	
Interest on loans contracted		<u>-23,265,751</u>		<u>-30,338,776</u>	
		416,973		559,835	
Interest on current and deposit accounts		31,945		-44,897	
Exchange rate difference		55,614		-5,787	
Other financial result		<u>2,010</u>		<u>-39,493</u>	
		506,542		469,658	
General expenses		-121,690		-99,631	
Profit on sale subsidiary	2.5.1	<u>0</u>		<u>119,453,829</u>	
Profit before taxation			384,852		119,823,856
Corporate income tax	2.5.6	83,012		92,282	
Corporate income tax previous years		<u>0</u>		<u>-8,319</u>	
			83,012		83,963
Net result			<u><u>301,840</u></u>		<u><u>119,739,893</u></u>

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2.3 Cash flow statement for the year 2008

	<u>2008</u>	<u>2007</u>
	EUR	EUR
Cash flow from operational activities		
Net result	301,840	119,739,893
<i>Working capital</i>		
Movements in receivables	7,407,318	-579,161
Movements in payables	-7,105,264	511,023
Exchange rate difference	-340,924	-393,064
	<u>-38,870</u>	<u>-461,202</u>
Cash flow from operational activities	262,970	119,278,691
Cash flow from investment activities		
Cash flow from investment activities	0	4,066,011
Cash flow from financing activities		
Mutations loans granted	149,629,649	277,184
Mutations loans contracted	-149,354,949	152,233
Dividend paid	0	-120,804,703
Loan from group company	0	-1,418,950
	<u>274,700</u>	<u>-121,794,236</u>
Cash flow from financing activities	274,700	-121,794,236
Increase (decrease) in cash and cash equivalents	537,670	1,550,466
Cash and cash equivalents, beginning of year	<u>1,562,369</u>	<u>11,903</u>
Cash and cash equivalents, end of year	<u><u>2,100,039</u></u>	<u><u>1,562,369</u></u>

2.4 General notes to the financial statements

2.4.1 General information

Tractebel Invest International B.V. ("the Company") was incorporated with limited liability under the laws of The Netherlands on September 11, 1990. The registered office of the Company is Fred. Roeskestraat 123, 1076 EE in Amsterdam, the Netherlands. The main activity of the Company is to finance the operating companies of the Suez-Tractebel Group. For this purpose, the Company contracts loans in various currencies from the private or public international capital markets, which are made available to other companies in the form of private loans in the same currencies.

2.4.2 Group structure

The company is a subsidiary of Telfin N.V., Brussels, Belgium that owns 100% of the Company's shares. The Company is ultimately owned by Suez-Tractebel N.V. incorporated and domiciled in Belgium. Finally, the Company is engaged in the financing of group companies and/or subsidiaries out of its equity and by using loans provided by its shareholder. Please refer to the Notes to the balance sheet items for further details.

2.4.3 Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

Basis of preparation

The financial statements are prepared in accordance with accounting principles generally accepted in the Netherlands and comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code. The financial statements are prepared under the historical cost convention and presented in euro ("EUR").

Assets and liabilities are stated at nominal value, unless otherwise stated. If deemed necessary, a provision is deducted from the nominal amount of accounts receivable.

Comparison previous year

The accounting principles remained unchanged compared to the previous year.

Revenue recognition

Interest income and expense are recognized in the income statement based on accrued amounts. Operating expenses are accounted for in the period in which these are incurred. Losses are accounted for in the year in which they are identified.

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Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at year-end exchange rates. Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions; gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognized in the income statement. Non-monetary balance sheet items, which are valued at cost and resulting from transactions in foreign currencies, are translated at the rate prevailing on the date of the transaction.

Balance sheets of foreign entities held are translated into the Company's reporting currency at exchange rates ruling on December 31, and their income statements and cash flows are translated at average rates for the year. Exchange differences arising from the translation of the net investment in foreign entities and of borrowings and other currency instruments designed as hedges of such investments, are recorded directly as currency translation differences within shareholder's equity. When a foreign entity is sold, such exchange differences are recognized in the statement of income as part of the gain or loss on sale.

Financial instruments

Financial instruments are valued at cost. Due to the short-term nature of the financial instruments included in these financial statements, the estimated fair value for these financial instruments approximates the book value. This also applies to the long-term loans receivable and payable, as terms and conditions are market based and the interest rate is variable.

Financial Fixed Assets

- (i) Subsidiaries, which are those entities in which the Company has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies, are stated at cost.
- (ii) Investments in associates are stated at net asset value. Associates are entities of which the Company generally has between 20% and 50% of the voting rights, or over which the Company has significant influence, but which it does not control. Associated companies over which the Company has no significant influence are accounted for at cost.
- (iii) Other participating investments are valued at cost. Participations under 5% are valued at cost or lower market value.
- (iv) Where a permanent diminution in value occurs in the subsidiary and/or associate valued at cost, the carrying amount is written down to its estimated recoverable amount.
- (v) The carrying amount is minimally stated at zero, unless the Company has incurred obligations or guaranteed obligations in respect of the subsidiary and/or associated company. In that case a provision will be formed.

2.4.4 Corporate income tax

The corporate tax is calculated on the higher of the result according to the profit and loss account or on the financial interest spread as governed by the ruling issued by the tax authorities.

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2.4.5 Cash flow statement

Cash and cash equivalents for the purpose of the cash flow statement include cash in hand and deposits available on demand within the Tractebel central cash pool.

The cash flow statement, based on the indirect method of calculation, gives details of the source of cash and cash equivalents, which became available during the year and the application of these cash and cash equivalents over the course of the year.

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2.5 Notes to the balance sheet and the statement of income

2.5.1 Fixed assets

Loans due from group companies and loans granted

The loans due from group companies can be detailed as follows:

	<u>2008</u>	<u>2007</u>
	EUR	EUR
Opening balance	527,123,476	527,007,596
Repaid	(149,629,649)	(277,184)
Currency differences	340,924	393,064
	<u>377,834,751</u>	<u>527,123,476</u>
Outstanding balance at year-end		
Aging:		
Less than one year	277,834,751	149,926,659
More than one year, less than five years	100,000,000	377,196,817
	<u>377,834,751</u>	<u>527,123,476</u>
Outstanding balance at year-end		

As a part of the total outstanding balance at year-end, EUR 2,834,751 is related to the receivable on Mimag I.V.T., which was repayable during the fiscal year 2005. However, the ability of Mimag I.V.T to repay this loan is dependent of dividends to be received from its subsidiaries. Based on the expected future dividends to be received by Mimag I.V.T. and the fact that the Company received an amount of EUR 261,592 as repayment on the loan to Mimag I.V.T. during the fiscal year 2008, management has the opinion that a valuation provision on the loan is not deemed necessary.

2.5.2 Current assets

Receivables and accrued income

The receivables and accrued income can be detailed as follows:

	<u>2008</u>	<u>2007</u>
	EUR	EUR
Accrued interest on loans granted	19,244,916	26,498,110
Receivables	22,660	22,660
	<u>19,267,576</u>	<u>26,520,770</u>

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Corporate income tax

The corporate income tax can be detailed as follows:

	<u>2008</u>
	<u>EUR</u>
Balance as at January 01, 2008	385,583
Refund CIT 2006	(195,366)
Paid on CIT 2007	28,455
Paid on preliminary tax assessment 2008	95,800
Tax expense 2008	<u>(83,012)</u>
Total Corporate income tax receivable as at December 31, 2008	<u>231,460</u>

Cash and cash equivalents

The current and deposit accounts can be detailed as follows:

	<u>2008</u>	<u>2007</u>
	<u>EUR</u>	<u>EUR</u>
Current account Suez-Tractebel NV	2,248	2,248
Cash at banks	16,011	18,340
EFTM Luxembourg	2,081,780	1,541,781
	<u>2,100,039</u>	<u>1,562,369</u>

2.5.3 Shareholder's equity

Share capital issued

The authorized capital amounts to EUR 11,000,000 consisting of 22,000 ordinary shares of EUR 500 each of which 4,538 shares are issued and paid-up for 60% thus leading to an issued and paid up capital of € 1,361,440.

The shareholder is N.V. Telfin, a wholly owned subsidiary company of Suez-Tractebel S.A., established in Brussels, Belgium, and incorporated under Belgian law.

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The Movements in shareholders' equity can be detailed as follows:

	Capital paid up	General Reserves	Profit for the year	Dividend	Total
	EUR	EUR	EUR	EUR	EUR
Balance as at 31.12.2006	1,361,341	1,644,839		354,703	3,360,883
Profit 2007			119,739,893		119,739,893
Appropriation result 2007		119,739,893	(119,739,893)		
Dividend paid				(120,804,703)	(120,804,703)
Dividend proposed		(120,450,000)		120,450,000	
Rounding change articles of association	99	(99)			
Balance as at 31.12.2007	1,361,440	934,633	0	0	2,296,073
Profit 2008			301,840		301,840
Appropriation result 2008		301,840			301,840
Dividend proposed		0	(301,840)	0	(301,840)
Balance as at 31.12.2008	1,361,440	1,236,473	0	0	2,597,913

2.5.4 Long-term liabilities

The long-term liabilities can be detailed as follows:

	<u>2008</u>	<u>2007</u>
	EUR	EUR
Opening balance	527,105,140	526,952,907
Redeemed	(149,629,649)	(277,080)
Currency differences	274,700	429,313
Outstanding balance at year-end	<u>377,750,191</u>	<u>527,105,140</u>
Aging:		
Less than one year	277,750,191	149,368,057
More than one year, less than five years	<u>100,000,000</u>	<u>377,737,083</u>
Outstanding balance at year-end	<u>377,750,191</u>	<u>527,105,140</u>

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Loans received

The loans received can be detailed as follows:

	<u>2008</u>	<u>2007</u>
	<u>EUR</u>	<u>EUR</u>
Loan due in 2009 carrying 5,6250%	275,000,000	0
Loan due in 2009 carrying 10,0% (USD: 493,549) (2007:USD 812,356)	354,638	0
Loan due in 2005 *) repayment prolonged until 2014 carrying 7,0% (USD: 3,333,890) (2007:USD 3,216,903)	2,395,553	0
Loan due in 2008 carrying 5,75%	0	75,000,000
Loan due in 2008 carrying 5,375% (FLUX 3,000,000,000)	0	74,368,057
Outstanding balance at year-end	<u>277,750,191</u>	<u>149,368,057</u>
	<u>2008</u>	<u>2007</u>
	<u>EUR</u>	<u>EUR</u>
Loan due in 2009 carrying 5,6250%	0	275,000,000
Loan due in 2010 carrying 6,625%	100,000,000	100,000,000
Loan due in 2009 carrying 10,0% (USD: 493,549) (2007:USD 812,356)	0	551,835
Loan due in 2005 *) repayment prolonged until 2014 carrying 7,0% (USD: 3,333,890) (2007:USD 3,216,903)	0	2,185,248
Outstanding balance at year-end	<u>100,000,000</u>	<u>377,737,083</u>

*) The loan is classified under current assets as original due date has not changed.

2.5.5 Current liabilities

Payables and accrued expenses

The payables and accrued expenses can be detailed as follows:

	<u>2008</u>	<u>2007</u>
	<u>EUR</u>	<u>EUR</u>
Accrued interest on loans contracted	18,911,536	26,045,060
Expenses to be paid	174,186	145,925
	<u>19,085,722</u>	<u>26,190,985</u>

2.5.6 Corporate income tax

The corporate tax is calculated on the higher of the result according to the profit and loss account or on the financial interest spread as governed by the ruling issued by the tax authorities. The current ruling expired per January 1, 2006. The current transfer pricing report, replacing the expired ruling, is under review of the tax

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authorities and the board of directors. As a result the corporate tax for 2006, 2007 and 2008 are calculated on the nominal tax rate.

			<u>2008</u>	<u>2007</u>
			EUR	EUR
Result according to the P&L account before taxation			384,852	119,823,856
Less: result participation			0	119,453,829
Taxable result			<u>384,852</u>	<u>370,027</u>
Corporate Income Tax:				
<u>2008:</u>		<u>2007:</u>		
20% of EUR 275.000	EUR 275,000	20% of EUR 25.000	55,000	5,000
		EUR 25,000		
25.5% of EUR > 275.000	EUR 109,852	23.5% of EUR 25.000-	28,012	8,225
		60.000		
		EUR 35,000		
		25.5% of EUR > 60.000		79,057
		EUR 310,027		
Total	384,852	370,027	<u>83,012</u>	<u>92,282</u>

2.5.7 Employees

During the year under review the Company did not employ any personnel (previous year: nil).

2.5.8 Remuneration

The remuneration of the Board of Directors amounted to EUR 3,421 (2007: EUR 3,421).

2.5.9 Auditor's remuneration

Audit fees paid to the external auditor during the year under review amount to EUR 9,996 (2007: EUR 9,520). The external auditor has not charged non-audit fees.

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Amsterdam, September 17, 2009

Board of Directors

Directors A

Directors B

Mr J.H. Scholts

Mr Ch. Vanden Bremt

Mr D.P. Stolp

Mr Th. van den Hove

3 Other information

3.1 Appropriation of result

3.1.1 Statutory provisions

In accordance with Article 13 of the Articles of Association of the company, the net result is at the disposal of the Annual General Meeting of Shareholders.

3.1.2 Proposed distribution of dividend in the year 2008

The directors propose to add the profit for the year 2008 to retained earnings. This proposal has been included in the balance sheet as at December 31, 2008.

3.2 Post-balance sheet events

No events have occurred since the balance sheet date that could have a significant influence on expectations concerning future activities and results.

3.3 Audit of the financial statements

The auditor's report is recorded on the next page.

To the Shareholder of
Tractebel Invest International B.V.
Amsterdam

Date
September 17, 2009

From
J. Penon

Reference
3100094888/OP9995/jpn

Auditors' report

Report on the financial statements

We have audited the accompanying financial statements 2008 of Tractebel Invest International B.V., Amsterdam, which comprise the balance sheet as at December 31, 2008, the profit and loss account for the year then ended and the notes.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements and for the preparation of the Directors' report, both in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for qualified opinion

Tractebel Invest International B.V. has a receivable on Mimag I.V.T., a foreign related party which is carried as € 2.834.750 on the balance sheet as at December 31, 2008 and the interest income on this loan amounts to € 218.830 is included in interest income for the year then ended.

We were unable to obtain sufficient appropriate audit evidence about the existence and carrying value amount of the Mimag I.V.T. receivable as at December 31, 2008. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Qualified opinion

In our opinion, except for the possible effect of the matter described in the Basis for qualified opinion paragraph, the financial statements give a true and fair view of the financial position of Tractebel Invest International B.V. as at December 31, 2008, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

3

September 17, 2009

3100094888/OP9995/jpn

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part f of the Netherlands Civil Code, we report, to the extent of our competence, that the Directors' report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Deloitte Accountants B.V.

was signed: J. Penon