# 2010 FIRST-HALF REPORT

REDISCOVERING ENERGY

# GDF SUEZ **PROFILE**

GDF SUEZ develops its businesses around a model based on responsible growth to take up today's major energy and environmental challenges: meeting energy needs, ensuring the security of supply, fighting against climate change and maximizing the use of resources.

The Group provides highly efficient and innovative solutions to individuals, cities and businesses by relying on diversified gas-supply sources, flexible and low-emission power generation as well as unique expertise in four key sectors: liquefied natural gas, energy efficiency services, independent power production and environmental services.

GDF SUEZ employs 200,650 people worldwide and achieved revenues of €79.9 billion in 2009. The Group is listed on the Brussels, Luxembourg and Paris stock exchanges and is represented in the main international indices: CAC 40, BEL 20, DJ Stoxx 50, DJ Euro Stoxx 50, Euronext 100, FTSE Eurotop 100, MSCI Europe, ASPI Eurozone and ECPI Ethical Index EMU.

**200 650** employees in close to **60** countries

**79,9** billion in 2009 revenues

**1 200** researchers and experts at **9** R&D centers

**72,7** GW of installed power-production capacity at end 2009

**110** bcm of natural gas transported yearly

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1

# INTERIM MANAGEMENT REPORT

The GDF SUEZ Group posted solid results for the first half of 2010, testifying to its robust development model despite a challenging environment characterized in particular by the persistent spread between gas and fuel prices which started in 2009.

Key operating indicators are in line with the Group's objectives for 2010.

Revenues of €42,346 million for the period under review were comparable to first-half 2009, despite the decline reported in the first quarter of the year.

EBITDA came in at €8,194 million, a year-on-year increase of 4.3% on a reported basis (1.1% on an organic basis), despite the 4.0% decline posted in the first quarter of 2010.

Net income Group share for the period came in at €3,565 million, representing a sharp 9.3% increase compared to the first half of 2009. The performance was boosted by a number of asset disposals, in particular the sale of the Group's residual ownership interests in Fluxys and Elia.

Cash generated from operations amounted to €8,027 million, a 4.0% increase compared to the year-ago period.

At €33,485 million, net debt was up €3.5 billion from end-2009, €1.6 billion of which was attributable to the exchange rate impact. At period-end the Group had a gearing ratio of 47.9%.

## 1 REVENUE AND EARNINGS TRENDS

| *In millions of euros* | June 30, 2009 | June 30, 2010 | % change (reported basis) | Full-year 2009 |
|---|---|---|---|---|
| **REVENUES** | **42,212** | **42,346** | **0.3%** | **79,908** |
| **EBITDA** | **7,857** | **8,194** | **4.3%** | **14,012** |
| Depreciation, amortization and provisions | (2,657) | (2,817) | | (5,183) |
| Net disbursements under concession contracts | (128) | (119) | | (263) |
| Share-based payment | (111) | (43) | | (218) |
| **CURRENT OPERATING INCOME** | **4,962** | **5,215** | **5.1%** | **8,347** |

Group **revenues** for the first six months of 2010 came in at €42,346 million, in line with the first half of 2009 (up 0.3%). After stripping out the impact of changes in Group structure and exchange rates, the Group posted a 1.6% drop in revenues for the period on an organic basis.

Changes in Group structure had a positive €383 million impact.

- Additions to the scope of consolidation made a €719 million contribution to revenues, mainly within Energy Europe & International (in particular the acquisition of controlling interest in the electricity businesses in Chile and the Astoria 1 power plant in North America, as well as the proportionate consolidation of Wuppertal Stadtwerke in Germany as from the second half of 2009), and within SUEZ Environnement (chiefly the acquisition of a controlling interest in Agbar in Spain).

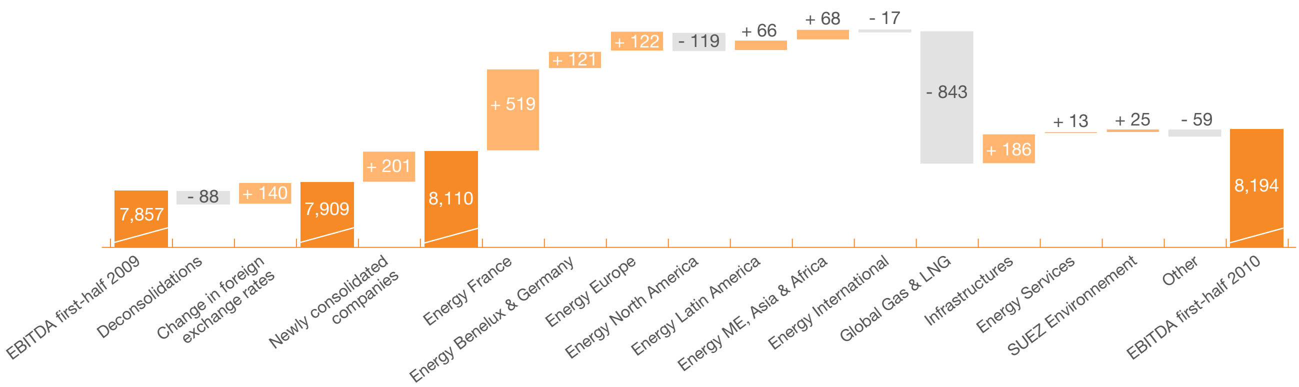
- Departures from the scope of consolidation Group represented €336 million and essentially concerned Energy Services (Restiani in Italy) and SUEZ Environnement (in particular London Waste in the United Kingdom and the sale of Agbar's health business).

  The sales of the Group's residual ownership interests in Fluxys and Elia did not have an impact on the Group's key operating indicators (revenues, EBITDA and current operating income), as the two entities had previously been accounted for under the equity method.

Exchange rate changes had a positive €417 million impact, mainly related to the rise in the Brazilian real and pound sterling.

The decrease in revenues on an organic basis was due to the following developments in the business lines:

- infrastructures (up 19.5%) enjoyed growth in third party sales and favorable climatic conditions, and continued to benefit from previously-decided rate increases;
- Energy Europe & International experienced moderate (1.8%) organic growth in revenues, led by higher volumes – particularly in Energy Benelux & Germany and Energy Latin America;
- revenues for Energy France (down 3.0%) and Global Gas & LNG (down 20.9%) were negatively impacted by lower price levels and largely unfavorable changes in volumes;
- Energy Services posted a 1.5% drop in revenues mainly due to a dip in business activity outside France;
- the 8.8% increase in SUEZ Environnement's revenues reflected strong international sales momentum, the improved outlook for waste collection and treatment in Europe combined with a rebound in raw material prices in recycling as well as growth at Water Europe.




Group **EBITDA** advanced 4.3% to come in at €8,194 million. Excluding the impact of changes in Group structure and exchange rates, EBITDA edged forward 1.1%.

Changes in Group structure had a positive €113 million impact.

- Additions to the scope of consolidation contributed €201 million to EBITDA and, as was the case for revenues, mainly benefited Energy Europe & International and SUEZ Environnement.
- Departures from the scope of consolidation represented €88 million and mainly concerned the impact of the sale of 250 MW of nuclear capacity to SPE as part of the Pax Electrica II agreement, the impact of the power capacity swap with E.ON and disposals associated with the unwinding of the cross-holdings with the Veolia group/Compagnie Générale des Eaux in French water management companies. The impact of departures from the scope of consolidation was almost entirely offset by additions to the consolidated Group.

The positive €140 million exchange rate impact on EBITDA was related to the same factors as those described in the analysis of revenues.

EBITDA grew on an organic basis in almost all of the business lines and included the beneficial effects of the Efficio program. The strong performances of Energy France, Infrastructures, Energy Europe & International, as well as that of Energy Services and SUEZ Environnement more than offset the unfavorable impact of price movements in the gas market on the contribution of Global Gas & LNG. In total, organic growth in Group EBITDA came to €84 million (1.1%) and resulted from the following factors:

- the extremely high organic growth in EBITDA at Energy France (243%), mainly due to the implementation of a new tariff framework for natural gas in France as part of a new public service agreement entered into at the end of 2009, as well as favorable climatic conditions;
- the 10.7% advance in organic EBITDA for Benelux & Germany, which resulted from the increased capacity availability of Belgian power production assets as well as non-recurring items;
- the sustained 22.4% organic growth delivered by the Europe business area through the contributions of its three geographic areas. In Western Europe, growth was attributable to three factors: the improved performance of power production assets in Spain and Portugal, the compensation received on a CCGT power plant in Spain and strong sales momentum in the United Kingdom. In Italy, the increase in EBITDA was mainly due to distribution, sales and energy trading activities. Central and Eastern Europe benefited particularly from rate increases in Romania and Hungary and the improved performance of ancillary services in the latter;
- the 30.4% organic decrease in EBITDA reported in the North America business area, was mainly due to the sharp decrease in the margin after hedging reported on LNG due to the decline in natural gas prices;
- the 12.3% organic rise in EBITDA for Latin America, driven by strong performances in Brazil (increase in margins and favorable hydro conditions) and Chile (advantageous renegotiation of a contract for the delivery of natural gas);
- the buoyant 47.9% organic growth enjoyed by the Middle East, Asia & Africa business area thanks to the development fees received in the Middle East and contractual revenues from medium- and long-term agreements;
- a sharp 42.3% drop on an organic basis in EBITDA for Global Gas & LNG, largely as a result of unfavorable trends in gas market prices and the non-recurring nature of certain items that positively impacted the business line in the first half of 2009;
- 11.3% organic growth at Infrastructures, which was driven by the rate increases implemented in the second half of 2009 (distribution), on April 1, 2009 (storage), and the start of 2010 (LNG terminals), as well as positive climatic factors;
- 2.9% organic growth recorded by Energy Services, with positive performances by Cofely France, Tractebel Engineering, International North, International South and International Overseas offsetting the difficulties encountered in the Netherlands;
- 2.7% organic growth at SUEZ Environnement, which benefited from strong sales activity and its ongoing cost-cutting program.

**Current operating income** climbed 5.1% to €5,215 million. Excluding the impact of changes in exchange rates and Group structure, the rise came to 1.7%. This indicator was favorably impacted by the EBITDA performance despite the increases in depreciation and amortization.

# 2 BUSINESS TRENDS

## 2.1 ENERGY FRANCE

| *In millions of euros* | June 30, 2009 | June 30, 2010 | % change (reported basis) |
|---|---|---|---|
| **REVENUES** | **8,334** | **8,089** | **-2.9%** |
| **EBITDA (A)** | **214** | **732** | **243.0%** |
| Depreciation, amortization and provisions (B) | 50 | (205) | |
| Share-based payment (C) | (2) | (3) | |
| **CURRENT OPERATING INCOME = A + B + C** | 262 | 525 | 100.4% |

### Volumes sold

| *In TWh* | June 30, 2009 | June 30, 2010 | % change |
|---|---|---|---|
| Gas sales [(1)] | 167 | 173 | +3.6% |
| Electricity sales | 18.1 | 18.9 | +4.4% |

*(1) Contributive volumes.*

### Climate correction – France

| *In TWh* | June 30, 2009 | June 30, 2010 | Change |
|---|---|---|---|
| Climate correction volume (negative sign = warm climate, positive sign = cold climate) | +2.5 | +14.4 | +11.9 TWh |

In the six months to June 30, 2010, Energy France contributed **revenues** of €8,089 million, down 2.9% compared to the prior-year period.

This drop was primarily attributable to the 11.3% decrease in public distribution tariffs for natural gas which came into effect April 1, 2009 and weighed on the beginning of 2010. Given the seasonality of the sales cycle, natural gas tariff increases effective April 1, 2010 only had a very limited effect in the first half of the year.

Gas sales totaled 173 TWh, advancing 3.6% by volume as a result of favorable climatic factors which more than offset losses in market share. GDF SUEZ continues to hold around 90% of the retail customer market and around 73% of the business market. These markets were deregulated in 2007 and 2004, respectively.

Electricity sales climbed 4.4% to 18.9 TWh, fuelled mainly by the near 150,000 customers added to the portfolio since the beginning of 2010. The total number of sites served totaled 1,080,000 at June 30, 2010 (including 850,000 retail customers).

Electricity production jumped 9.9% as a result of more favorable hydro conditions than in 2009, as well as the expansion of wind power and greater thermal power output.

**EBITDA** grew by €518 million due to a decrease in tariff shortfall, which declined to €58 million in the first quarter of 2010 compared with €363 million in first-half 2009. Since the rate increases in April 2010, the Group has passed on all of its costs in its rates. Aside from pricing mechanisms, the increase in EBITDA is also attributable to harsher weather conditions in the first half of the year and to higher levels of electricity production.

**Current operating income** for Energy France was up €263 million, which was less than the increase in EBITDA. This was mainly attributable to the amortization of assets and liabilities recognized at their fair value at the time of the merger.

## Price trends

### Public distribution tariffs

The table below shows the average change in public distribution tariffs adopted since 2009.

| Year | Average level of tariff change |
|---|---|
| 2009 | |
| January 1 | - € per MWh |
| April 1 | -€5.28 [(1)] per MWh |
| 2010 | |
| April 1 | €4.03 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 |

## 2.2 ENERGY EUROPE & INTERNATIONAL

### 2.2.1 Key figures

| In millions of euros | June 30, 2009 | | | | | | June 30, 2010 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 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** | **6,808** | **4,268** | **2,085** | **961** | **810** | **14,932** | **7,348** | **4,038** | **2,082** | **1,455** | **941** | **15,864** | **6.2%** |
| **EBITDA (A)** | **1,185** | **533** | **387** | **465** | **139** | **2,674** | **1,316** | **667** | **301** | **656** | **211** | **3,098** | **15.9%** |
| Depreciation, amortization and provisions (B) | (269) | (217) | (117) | (88) | (43) | (735) | (248) | (239) | (157) | (146) | (50) | (839) | |
| Net disbursements under concession contracts/ share-based payment (C) | (7) | (1) | | | | (12) | (3) | (1) | | | | (6) | |
| **CURRENT OPERATING INCOME = A + B + C** | **909** | **315** | **270** | **377** | **96** | **1,927** | **1,065** | **427** | **144** | **510** | **161** | **2,254** | **16.9%** |

*(*) A portion of these costs has not been allocated.*

### 2.2.2 GDF SUEZ Energy Benelux & Germany

**Revenues** for the Benelux & Germany business area came in at €7,348 million, up 7.9% compared with the same year-ago period. After stripping out changes in Group structure (notably the sale in Belgium of nuclear capacity to SPE under the Pax Electrica II agreement, and the acquisition and proportionate consolidation of Wuppertal Stadtwerke in Germany), organic growth climbed 6.4%.

#### Electricity sales

**Electricity sales** grew 17% to 65.4 TWh and revenues increased by €474 million.

In **Belgium and Luxembourg,** total volumes sold climbed 1.1 TWh (up 3.2%) but unfavorable prices had a negative €30 million impact on revenues (- 0.9%). Key account sales began to recover lost ground after the economic downturn in 2009 (up 1.8 TWh). Sales to other business customers contracted following a decrease in volumes sold to government agencies (down 0.4 TWh). In the **Netherlands,** electricity sales grew 1.7 TWh to €113 million due entirely to the wholesale market (increases of €198 million and 2.6 TWh). Revenues for the industrial, business and resale markets declined by €76 million, as a result of the combined impact of lower prices and a 0.9 TWh drop in volumes sold.

Electricity sales in **Germany** rose by €216 million, up 4.2 TWh compared to the same year-ago period, largely attributable to the proportionate consolidation of Wuppertal Stadtwerke in the second half of 2009 (€55 million). On an organic basis, the increase in revenues was fuelled by sales in the wholesale market (up 4.6 TWh) and the power capacity swap with E.ON. Following the loss of several key customers, revenues for industrial customers and business markets fell by €36 million. Sales in the resale/ retail market were down by €56 million owing to a more selective commercial policy.

**Outside of the Benelux & Germany region,** sales jumped 27%, or €106 million, reflecting a 2.4TWh (41%) increase in volumes sold. Total revenues amounted to €495 million and were driven primarily by wholesale market sales in France, the United Kingdom, Poland, and Hungary, as well as sales to resellers in France.

### Gas sales

Revenues from **gas sales** rose 3% reflecting an 8.5 TWh increase in volumes sold (up 19%). The contrasted evolution in revenues and volumes sold is attributable to a sharp drop in prices in all sectors (notably in the Netherlands), offset by a 5.1 TWh increase in volumes sold in Belgium (with a significant rise in retail consumption caused by the particularly harsh weather conditions in the first half of the year) and a 2.2 TWh increase for industrial and business customers in the Netherlands.

**EBITDA** for the Benelux & Germany business area came in at €1,316 million, up 11.1% compared with first-half 2009, representing organic growth of 10.7%. The impact of changes in Group structure comprises the sale of the 250 MW nuclear capacity to SPE, the power capacity swap with E.ON and the proportionate consolidation of Wuppertal Stadtwerke.

The increase in EBITDA was driven by the improved availability of production assets (despite unplanned stoppages at Doel 4 in January 2010), as well as non-recurring items in Belgium and Luxembourg and changes in Group structure in Germany. However, these impacts were partially offset by a decrease in EBITDA in the Netherlands which chiefly reflected a sharp contraction in spreads compared with the same year-ago period.

**Current operating income** for the Benelux & Germany business area surged 18.1% on an organic basis, up €156 million to €1,065 million. In addition to the rise in EBITDA, this performance was also attributable to a decrease in provisions for doubtful receivables, offset in part by higher amortization and depreciation charges than in first-half 2009.

## 2.2.3 GDF SUEZ Energy Europe

The Energy Europe business area contributed **revenues** of €4,038 million for first-half 2010, down 5.4% on a reported basis compared with the year-earlier period.

Positive exchange rate impacts were recorded in Central and Eastern Europe (€68 million) and the United Kingdom (€21 million) while changes in Group structure were not material in the first half of 2010.

Revenues were down 7.4% on an organic basis. The main factors behind the decline are analyzed below by region:

- Western Europe (down €89 million), where the impact of lower prices in the United Kingdom coupled with a decrease in volumes sold (gas down 3.1 TWh versus a 1.3 TWh increase in electricity) were driven by a change of commercial strategy initiated in 2009. In Spain and Portugal, a 6% increase in production volumes and hedging gains offset lower prices;
- Italy (down €95 million), which faced lower prices combined with higher electricity volumes sold (up 1.6 TWh), while gas volumes remained stable;
- Central and Eastern Europe (down €136 million), where the downturn reflects lower commodity prices on most markets with decreases and increases in volumes sold and distributed on the various markets cancelling each other out for the area as a whole.

**EBITDA** for the business area came in at €667 million for the first half of 2010, up €134 million (25.1%) on a reported basis. Organic EBITDA climbed 22.4% and was mainly affected by the following impacts:

- Western Europe enjoyed organic growth (up €80 million), spurred chiefly by power production in Spain and Portugal corresponding to increases in volumes and effective market prices which were boosted in particular by CESUR power auctions. Spain and Portugal also benefitted from non-recurring compensation on the construction of a power plant commissioned in 2006. The United Kingdom posted organic growth of 44%, mainly driven by improved margins;
- Italy advanced €41 million on an organic basis, mainly due to the commissioning of two facilities (Napoli and Windco), as well as to distribution and sales activities and the streamlining of the energy portfolio. The Italian electricity production subsidiaries maintained EBITDA slightly above 2009 levels through improved asset availability;
- Central and Eastern Europe also enjoyed organic growth (up €7 million), driven mainly by the improved performance of electricity assets in ancillary services and the hike in gas selling tariffs in Hungary.

**Current operating income** for the business area totaled €427 million, up 31.6% (€102 million) on an organic basis, i.e., in line with EBITDA growth.

## 2.2.4 GDF SUEZ Energy North America

**Revenues** for the Energy North America business area amounted to €2,082 million, on a par with first-half 2009 and down 5% or €107 million on an organic basis.

Changes in exchange rates had a positive €18 million effect due to the appreciation of the US dollar, while changes in Group structure mainly consisted of the full consolidation of Astoria 1 (positive €86 million impact).

Electricity sales advanced 3.4 TWh to 27.7 TWh, while natural gas sales fell 5.4 TWh to 33.5 TWh.

The decline in revenues is mainly attributable to the performance of the LNG business in the United States, where tumbling prices and lower sales volumes had a negative €200 million impact.

Higher electricity prices are primarily due to the first-time consolidation of the Astoria 1 plant. GDF SUEZ Energy Resources North America, which supplies electricity to business and industrial customers in the United States, continued to perform well, reporting a €95 million increase in revenues as a result of several successful commercial deals. This drove a 21% increase in volumes to 14.5 TWh.

EBITDA for the business area came in at €301 million, a year-on-year decrease of €86 million. After stripping out the positive €4 million exchange rate impact and the positive €29 million impact of changes in Group structure, **EBITDA** fell 30.4% or €119 million.

- This sharp decrease is mainly attributable to liquefied natural gas activity (negative €156 million) due to non recurring elements in 2009 (termination of favorable hedging contracts). This steep decline was partially offset by lower operating costs at the Everett terminal.
- The division's electricity production increased by €22 million, chiefly in connection with the commissioning of the West Cape Wind Farm and the Caribou Wind Park, as well as the Waterbury plant in 2009. Electricity production from renewable sources suffered under heavy storms at the beginning of 2010 which led to stoppages at several wind power facilities.
- The division's retail energy sales were boosted by greater volumes sold and higher margins.

**Current operating income** for the North America business area came in at €144 million, down €141 million (51.7%) on an organic basis. The business area's operating performance reflects the same contributory factors as for EBITDA.

## 2.2.5 GDF SUEZ Energy Latin America

**Revenues** for the Energy Latin America business area totaled €1,455 million for first-half 2010, up 51.4% on a reported basis and 15.2% (or €165 million) on an organic basis compared to first-half 2009.

Changes in Group structure had a positive €200 million impact on revenues and related mainly to the acquisition of controlling interests in electricity businesses in Chile (primarily Electroandina and Edelnor at end-January 2010). Changes in exchange rates also had a positive €128 million impact as a result of the stronger Brazilian real.

**Electricity** sales rose 4.5 TWh to 24.3 TWh in first-half 2010, while **gas** sales held firm at 3.6 TWh.

This positive organic growth is mainly attributable to (i) an increase in volumes sold in Brazil, in particular following the commissioning of the San Salvador plant in August 2009, and (ii) sales growth in Panama thanks to a delivery agreement with a local distribution company.

**EBITDA** for the business area came in at €656 million, representing a €191 million increase and organic growth of €66 million or 12.3%.

- In Brazil, growth was driven by higher margins on bilateral sales and favorable hydro conditions.
- In Chile, EBITDA increased as a result of the successful renegotiation of a natural gas purchase agreement and higher spot prices following maintenance at the GasAtacama power plants.
- The performance in Panama fell back compared to first-half 2009, due to delays in converting Bahia La Minas to a coal-fired plant.

**Current operating income** came in at €510 million in the first six months of 2010, up sharply by 35.1% on the same year-ago period, and representing 6.7% organic growth (up €29 million). Current operating income rose in line with EBITDA and amortization and depreciation charges, mainly resulting from the commissioning of the hydraulic plant in San Salvador.

## 2.2.6 GDF SUEZ Energy Middle East, Asia & Africa

**Revenues** for the Middle East, Asia & Africa business area climbed 16.2% on a reported basis to €941 million. After factoring out the appreciation of the US dollar and the Thai baht, organic revenue growth came in at €99 million or 11.8%, driven chiefly by Senoko, (up €67 million) following the recovery in demand in Singapore, and also by Thailand, which had been held back by maintenance stoppages at the beginning of 2009. In Turkey, revenues were down €22 million as a result of lower gas prices.

The division posted **electricity sales** of 13.2 TWh, up 0.6 TWh.

EBITDA for the business area came in at €211 milion for first-half 2010, a year-on-year increase of €72 million. Excluding the positive €4 million exchange rate impact, **EBITDA** for the division surged 47.9% on an organic basis, thanks to development fees received in the Middle East and to contractual revenues under medium- to long-term agreements amid growing demand in the region.

- In Thailand, EBITDA increased as a result of stable prices coupled with lower fuel costs (coal and gas). The comparison basis in the first half of 2009 was also significantly impacted by costs and maintenance stoppages at certain plants.
- In Singapore, Senoko benefitted from stronger electricity demand that enabled it to improve sales and margins.
- In the Middle East, the improvement in EBITDA was spurred mainly by higher development fees for the Riyadh PP 11 project.

**Current operating income** for the Middle East, Asia & Africa business area came in at €161 million, up €63 million or 64.4% on an organic basis, in line with the performance of EBITDA.

## 2.3 GLOBAL GAS & LNG

| *In millions of euros* | June 30, 2009 | June 30, 2010 | % change (reported basis) |
|---|---|---|---|
| **BUSINESS LINE REVENUES** | **12,070** | **10,714** | **-11.2%** |
| **REVENUE CONTRIBUTION TO GROUP** | **5,694** | **4,520** | **-20.6%** |
| **EBITDA (A)** | **1,973** | **1,146** | **-41.9%** |
| Depreciation, amortization and provisions (B) | (867) | (539) | |
| Share-based payment (C) | (1) | (2) | |
| **CURRENT OPERATING INCOME = A + B + C** | **1,106** | **605** | **-45.3%** |

Total first-half **revenues** for the Global Gas & LNG business line, including intragroup services, decreased by 11.2% on a reported basis compared with the same year-ago period, coming in at €10,714 million.

The contribution of the business line to Group revenues was €4,520 million for the period under review, down €1,174 million (20.6% on a reported basis) on first-half 2009.

Sales dipped in the six months to June 30, 2010, against a global backdrop of lower prices for short-term gas sales and the economic crisis.

This fall-off in revenues reflected mainly:

- a decrease in short-term sales [1], with overall volumes down 9.5 TWh (from 53.9 TWh at June 30, 2009 to 44.4 TWh at June 30, 2010) in an unfavorable environment that saw NBP gas prices decreasing by 11%, from €14.90 per MWh in first-half 2009 to €13.20 per MWh in first-half 2010;
- a 3.5 TWh increase in external LNG sales (13.5 cargoes [2] for 12.4 TWh in the six months to June 30, 2010 compared with 10 cargoes for 8.9 TWh in the year-earlier period), and the positive impact of the related price hedges;
- a contraction in natural gas sales to European Key Accounts, mainly due to a slight decline in the customer portfolio (sales volumes fell 8.1 TWh to 86.4 TWh during the period from 94.5 TWh in first-half 2009) in a highly competitive environment in which average prices fell despite the impact of the related price hedges;
- an only minor (€16 million, or 2.1%) increase in Exploration & Production revenues to €784 million, chiefly resulting from:
  - a drop in average natural gas prices, with NBP prices down 11% over the period compared with first-half 2009 and a fall in the average price of oil-indexed gas due to the moving averages effect,
  - a 2.3%, or 0.5 MMboe reduction in the total hydrocarbon production contribution, from 18.2 MMboe in first-half 2009 to 17.7 MMboe in first-half 2010,
  - partially offset by a €21.5/boe (55%) rise in average Brent crude prices, up to €60.3/boe for the period from €38.8/boe in first-half 2009.

**EBITDA** for the six months to June 30, 2010 fell back €827 million (41.9%) to €1,146 million (first-half 2009: €1,973 million), mainly as a result of:

- the impact of the economic crisis on Gaselys' gross margin, as well as on sales to European Key Accounts, not only in terms of volumes, but also prices, due to spreads between gas market and long-term contract prices;
- an unfavorable basis of comparison due to exceptional arbitrage opportunities in first-half 2009;
- the unfavorable impact of changes in gas prices and the marginal decline in production in the Exploration & Production business.

**Current operating income** for the first half of the year fell €501 million (45.3%) on a reported basis to €605 million. This was mainly due to the business line's €827 million decline in EBITDA, partially offset by the €328 million decrease in depreciation, amortization and provisions, notably as a result of higher initial depreciation and amortization charges on certain assets.

*(1) Including sales to other operators. Gas accounted for the bulk of short-term sales, at 25.1 TWh, down 33% on first-half 2009.*

*(2) Including three cargoes sold to a proportionally consolidated (50%) Chilean entity, which corresponds to 1.5 cargoes of external sales.*

## 2.4 INFRASTRUCTURES

| *In millions of euros* | June 30, 2009 | June 30, 2010 | % change (reported basis) |
|---|---|---|---|
| BUSINESS LINE REVENUES | 2,958 | 3,085 | 4.3% |
| REVENUE CONTRIBUTION TO GROUP | 491 | 587 | 19.5% |
| EBITDA (A) | 1,646 | 1,832 | 11.3% |
| Depreciation, amortization and provisions (B) | (534) | (580) | |
| Share-based payment (C) | | (2) | |
| CURRENT OPERATING INCOME = A + B + C | 1,112 | 1,250 | 12.4% |

**Revenues** for the Infrastructures business line, including intragroup services, came in 4.3% higher than in first-half 2009, at €3,085 million.

Revenue growth for the business line as a whole was fueled by:

- an expansion in the volumes transported by GrDF on behalf of third parties, which grew by 13.4 TWh on the back of harsher weather conditions during the period;
- a 3.9% increase in the rate for accessing French transport infrastructure from April 1, 2010, offset by the entry into force of regulated rates in Germany effective from October 1, 2009;
- the 1.5% rise in the rate for accessing distribution infrastructure from July 1, 2009;
- the implementation of a new rate for accessing LNG terminals from January 1, 2010;
- a 2.7% increase in the average price of usable storage volumes in France from April 1, 2009.

The contribution of the business line to Group revenues was €587 million, 19.5% higher than in first-half 2009. The improved contribution mainly relates to the expansion in volumes transported by GrDF on behalf of third parties which grew by 7.5 TWh compared to the prior-year period, to 27.5 TWh.

**EBITDA** for the Infrastructures business line climbed 11.3% year-on-year to €1,832 million owing to harsh weather conditions at the start of the year, as well as to the positive price impact of new LNG terminal access rates and lower energy costs.

**Current operating income** for the Infrastructures business line advanced 12.4% compared with first-half 2009 to €1,250 million. This was less than the increase in EBITDA, due mainly to higher depreciation and amortization expenses in relation to the commissioning of new assets.

## 2.5 ENERGY SERVICES

| *In millions of euros* | June 30, 2009 | June 30, 2010 | % change (reported basis) |
|---|---|---|---|
| REVENUES | 6,893 | 6,693 | -2.9% |
| EBITDA (A) | 481 | 482 | 0.2% |
| Depreciation, amortization and provisions (B) | (123) | (144) | |
| Net disbursements under concession contracts/share-based payment (C) | (28) | (6) (*) | |
| CURRENT OPERATING INCOME = A + B + C | 330 | 332 | 0.5% |

*(*) Including a non-recurring expense of €15 million relating to the renewal of the Société Monégasque d'Électricité et de Gaz concession.*

Energy Services delivered **revenues** of €6,693 million, down 1.5% on an organic basis compared to first-half 2009.

**In France,** revenues for service activities (Cofely France) experienced a slight 3.1% (€55 million) downturn on an organic basis, with the favorable impact of commercial development offsetting the decline in energy prices and in the volume of work resulting from service agreements. Installation and maintenance activities registered growth of €42 million, or 2.4%, on an organic basis thanks to an 8.0% hike in Inéo's revenues, which offset a 4.9% dip for the Environmental and Refrigeration Engineering division, and a 1.5% drop for Endel.

**Belgium and the Netherlands** reported decreases of €32 million (4.0%) and €49 million (8.7%) 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** delivered robust organic growth of €7 million (3.1%) with strong contributions from all of its divisions.

**Excluding France and Benelux,** revenue for the Energy Services business line in Northern Europe edged up slightly by €8 million (1.3%) on an organic basis, with results in Switzerland, Hungary and the United Kingdom more than making up for the ground lost in other countries. Construction work for the London Olympic Games kept business levels brisk in the United Kingdom. Revenues dropped €33 million (4.2%) in Southern Europe mainly due to continuing depressed market conditions in Spain. The International Overseas business unit reported organic revenue growth of €11 million (4.7%), spurred by a favorable volume impact, good rainfall levels and a step-up in production at the Prony Energies plant.

**EBITDA** came in at €482 million for the Energy Services business line. Organic growth was 2.9%, with the advances reported by Cofely France, Tractebel Engineering, International North, International South, and International Overseas offsetting more difficult conditions in the Netherlands.

**In France,** revenues for service activities benefited from the harsh weather conditions in early 2010. Installation activities are still suffering from the wait-and-see attitude currently prevailing in the building and civil works business, with the dearth of new projects impacting both sales volumes and margin levels in the Environmental and Refrigeration Engineering division.

**In Belgium,** the extensive range of businesses ensures that a consistent level of satisfactory performance is maintained.

**In the Netherlands,** a new management team has been in place since May 1, 2010. The efforts to optimize overheads have failed to offset the impacts of lower margins and a decline in business. New adaptation measures are currently being put in place.

**Tractebel Engineering** continued to grow and turned in a solid performance.

The additional revenues brought by the London Olympic Games project and the consolidation of Utilicom from April 1, 2010 are enabling **International North** to remain profitable despite difficult economic conditions in most countries and a slower recovery for certain United Kingdom and Swiss subsidiaries.

The **International South** business unit continued to face the slump in Italian electricity prices and a particularly tough economic climate in Spain. Adaptation measures taken in 2009 and the recent merging of activities in Italy enabled this zone to improve profitability on an organic basis. The sale of Restiani in late 2009 was principally responsible for the decline in revenues and EBITDA in first-half 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.

**Current operating income** for the Energy Services business line came in at €332 million versus €330 million in the six months to June 30, 2009, up 3.7% on an organic basis.

## 2.6 SUEZ ENVIRONNEMENT

| *In millions of euros* | June 30, 2009 | June 30, 2010 | % change (reported basis) |
|---|---|---|---|
| **REVENUES** | **5,867** | **6,593** | **12.4%** |
| **EBITDA (A)** | **951** | **1,042** | **9.6%** |
| Depreciation, amortization and provisions (B) | (420) | (477) | |
| Net disbursements under concession contracts/share-based payment (C) | (123) | (128) | |
| **CURRENT OPERATING INCOME = A + B + C** | **408** | **437** | **6.9%** |

SUEZ Environnement reported first-half 2010 **revenues** of €6,593 million, up 12.4% compared to the same year-ago period (8.8% on an organic basis). These results reflected the strong contribution of the International segment (up 19.9%) and the successful refocusing of Waste Europe (up 8.2%), buoyed by the recovery of raw materials prices in the sorting and energy recycling activities. The 1.1% growth reported by Water Europe was generated mainly by the Health business over five months and by a higher volumes and prices at Agbar. Growth in France was less pronounced due to the termination of the Paris contract on January 1, 2010.

**EBITDA** came in at €1,042 million, with organic growth of 2.7% thanks to the strong performance of the International segment (up 15.9%), a considerable increase in prices for recovered secondary raw materials in Waste Europe (up 5.8%), and the Compass cost reduction program, which helped to alleviate the 3.4% contraction of Water Europe, brought about mainly by non-recurring events in 2009 and the termination of the Paris contract.

**Current operating income,** which increased 6.9% over the period compared with the six months to June 30, 2009, was driven by the same operating fundamentals as EBITDA and also benefited from the positive impact of non-recurring items recognized with respect to share grants. This mitigated the impact of higher amortization expenses in relation to recent investments.

Operating performance for the six months ended June 30, 2010 is presented in SUEZ Environnement's management report published on August 4, 2010.

## 2.7 OTHER

| *In millions of euros* | June 30,2009 | June 30, 2010 | % change (reported basis) |
|---|---|---|---|
| **EBITDA (A)** | **(81)** | **(139)** | **-71.7%** |
| Depreciation, amortization and provisions (B) | (28) | (33) | |
| Share-based payment (C) | (74) | (16) | |
| **CURRENT OPERATING LOSS = A + B + C** | **(183)** | **(187)** | **-2.2%** |

The €58 million negative change in **EBITDA** during first-half 2010, stems mainly from a change in the sequencing of corporate headquarters' costs compared to the same year-ago period.

**Current operating loss** for the period worsened slightly by €4 million, but fared better than EBITDA due to the positive impact of non-recurring items recorded with respect to certain bonus share grants in first-half 2010, in accordance with IFRS 2.

# 3 OTHER INCOME STATEMENT ITEMS

| *In millions of euros* | June 30, 2009 | June 30, 2010 | % change (reported basis) |
|---|---|---|---|
| **CURRENT OPERATING INCOME** | **4,962** | **5,215** | **5.1%** |
| Mark-to-market on commodity contracts other than trading instruments | (280) | (48) | |
| Impairment of property, plant and equipment, intangible assets and financial assets | (13) | (343) | |
| Restructuring costs | (61) | (124) | |
| Changes in scope of consolidation | 282 | 1,216 | |
| Other disposal gains and losses and non-recurring items | 340 | 197 | |
| **INCOME FROM OPERATING ACTIVITIES** | **5,229** | **6,114** | **16.9%** |
| **NET FINANCIAL LOSS** | **(708)** | **(1,070)** | |
| Income tax expense | (1,098) | (1,086) | |
| Share in net income of associates | 203 | 188 | |
| **NET INCOME** | **3,626** | **4,145** | **14.3%** |
| Non-controlling interests | 363 | 581 | |
| NET INCOME GROUP SHARE | 3,263 | 3,565 | 9.3% |

**Income from operating activities** advanced 16.9% compared to first-half 2009, to €6,114 million. The rise chiefly reflects "Changes in scope of consolidation" (gains on the partial disposal of interests leading to a change of consolidation method or on the remeasurement of previously-held interests in accordance with the revised IFRS 3) and "Other disposal gains and losses and non-recurring items", which more than offset impairment losses and restructuring costs recognized over the period.

Changes in the fair value of commodity hedging instruments recognized in accordance with IAS 32/39 had a negative €48 million impact, compared with a negative €280 million impact in first-half 2009. This is attributable to an overall negative price impact resulting from fluctuations in the price of the underlying commodities during the period, and from the unwinding of positions with a positive market value at end-December 2009. These negative impacts are offset in part by the positive impacts of the depreciation of the euro against the US dollar and pound sterling on currency hedges contracted in respect of commodity purchase contracts.

Income from operating activities was also affected by (i) asset impairment losses of €343 million, relating mainly to energy production units in Spain and the mark-to-market of listed non-consolidated investments and exploration licenses; and (ii) restructuring costs of €124 million, linked to measures taken in response to the business downturn, mainly in the Waste Services segment of SUEZ Environnement and in Energy Services in the Netherlands, and to costs relating to the planned relocation of the corporate headquarters of GDF SUEZ.

"Changes in scope of consolidation" (gains and losses on the disposal of consolidated equity interests or on remeasurement of previously held interests recognized in accordance with the revised IFRS 3) amounted to €1,216 million, versus €282 million in first-half 2009, and chiefly include capital gains on the disposal of Fluxys (€422 million) and Elia (€238 million). This item also includes the impact of remeasuring the interests previously held in power and transportation assets in Chile (€177 million) and of the gaining control of the Hisusa/Agbar group (€167 million), and of the unwinding of cross-holdings held by SUEZ Environnement and Veolia in water management companies in France (€201 million).

In first-half 2010, "Other disposal gains and losses and non-recurring items" amounted to €197 million (€340 million in first-half 2009) and mainly consisted of capital gains on the disposal of VNG in Germany, representing €149 million.

**Net financial loss** for the period under review totaled €1,070 million, compared with a net financial loss of €708 million in first-half 2009, reflecting:

- a rise in average net debt over the period resulting in an increase in net finance costs [(1)] from €623 million to €907 million, despite the positive impact of changes in interest rates;

*(1) Adjusted for capitalized interest.*

- a €163 million decrease in the contribution from other financial income and expenses compared with first-half 2009, due mainly to the decline in dividends received.

The **effective tax rate,** adjusted for disposal gains, came out at 29.8% for first-half 2010 versus 28.2% in the same year-ago period. The rise in the effective tax rate is primarily due to the one-off impacts in 2009 of the recognition of deferred tax assets following a reorganization of engineering businesses in Belgium.

**Share in net income of associates** fell €15 million compared with first-half 2009, mainly due to disposals carried out by the Group, in particular concerning entities consolidated under the equity method such as Fluxys and Elia.

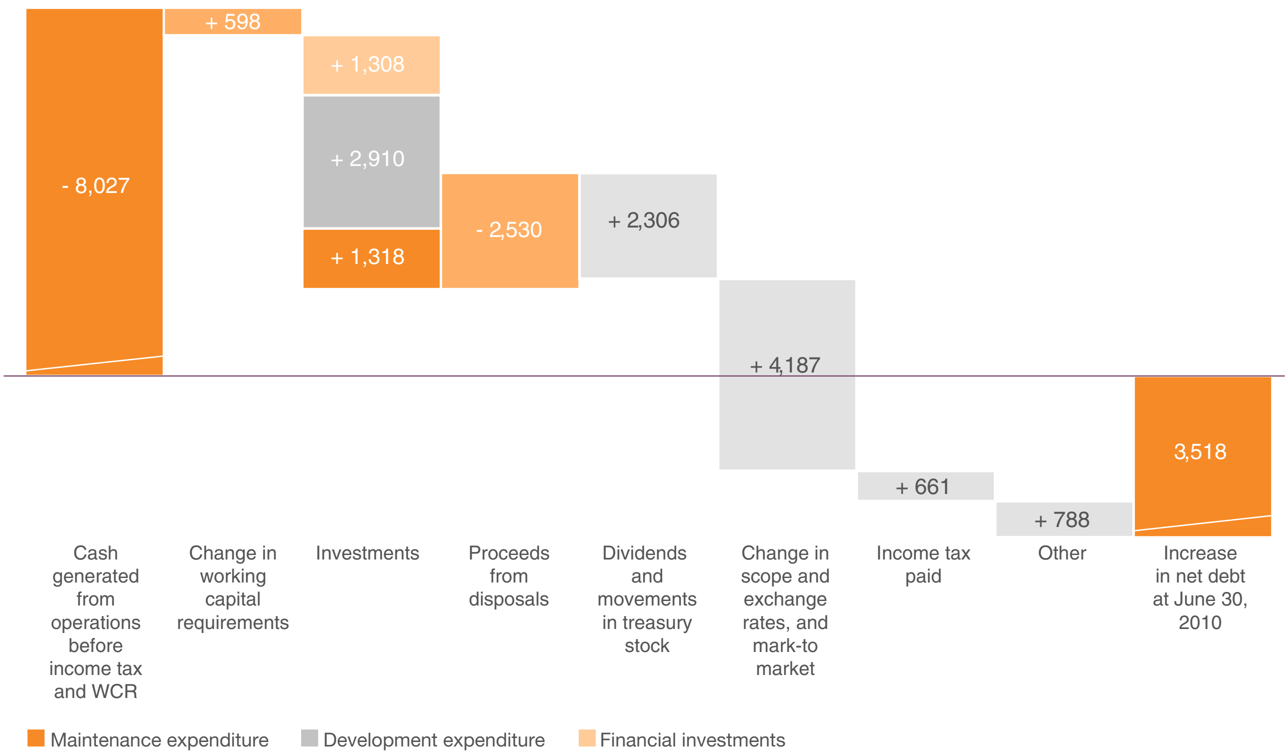
**Non-controlling interests** in net income grew by €217 million, mainly reflecting SUEZ Environnement's strong performance and the impact of changes in Group structure.

# 4 CHANGES IN NET DEBT

At June 30, 2010, net debt stood at €33.5 billion, up €3.5 billion on end-December 2009 (€30 billion).

This growth essentially reflects changes in the scope of consolidation (representing an increase of €2.0 billion, including €1.0 billion from the full consolidation of Agbar) and changes in exchange rates (up €1.6 billion, including €1.1 billion with respect to the US dollar).

Changes in net debt over the period are charted below:



## 4.1 CASH GENERATED FROM OPERATIONS BEFORE INCOME TAX

Cash generated from operations before income tax came in at €8,027 million for first-half 2010, a rise of 4.0% on a reported basis compared with first-half 2009. Growth in this item was on a par with growth in EBITDA.

## 4.2 CHANGE IN WORKING CAPITAL REQUIREMENTS

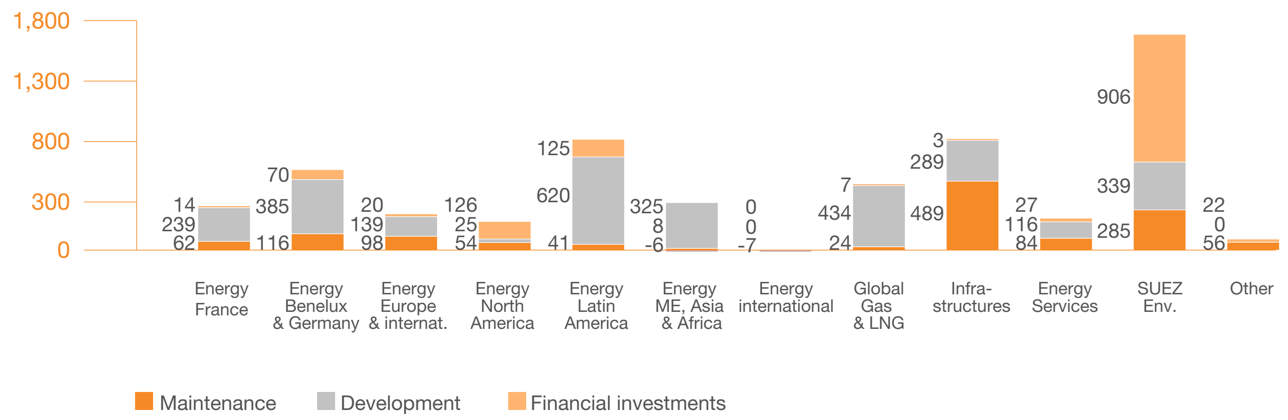
Working capital requirements increased by €598 million, due mainly to a rise in operating working capital requirements, in particular within the Energy Europe & International business line, in connection with the growth in volumes sold but not yet billed.

## 4.3 NET INVESTMENTS

Investments in first-half 2010 totaled €5.5 billion and included:

- financial investments for €1.3 billion, including the acquisition of shares in Agbar by SUEZ Environnement (€0.7 billion);
- maintenance expenditure totaling €1.3 billion;
- development expenditure totaling €2.9 billion.

Capital expenditure breaks down as follows by business line:




Disposals in first-half 2010 represented €2.5 billion and essentially related to (i) the sales of shareholdings in Fluxys (€636 million), Adeslas (Agbar's health business, for €687 million) and Elia (€312 million), as well as the impact of gaining of control of power and transportation assets in Chile, and the unwinding of cross-holdings held by SUEZ Environnement and Veolia in water management companies in France.

## 4.4 SHARE BUYBACKS AND DIVIDENDS

Total dividends paid in cash by GDF SUEZ to its shareholders came to €1.5 billion in first-half 2010. 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.

The caption also includes €0.4 billion in dividends paid by various subsidiaries to non-controlling interests.

The Group also bought back shares for an amount of €0.4 billion during the period.

## 4.5 NET DEBT AT JUNE 30, 2010

At June 30, 2010, net debt totaled €33.5 billion, versus €30 billion at end-December 2009. The gearing ratio came out at 47.9%, compared with a ratio of 45.7% at end-December 2009.

Including the impact of financial instruments, 50% of net debt is denominated in euros and 25% in US dollars.

Including the impact of financial instruments, 77% of net debt is at fixed rates.

The average maturity of net debt was eight years, in line with that observed at the end of 2009.

At June 30, 2010, the Group had undrawn credit facilities and commercial paper back-up lines totaling €16,546 million.

# 5 OTHER ITEMS IN THE STATEMENT OF FINANCIAL POSITION

**Property, plant and equipment and intangible assets** stood at €89.0 billion at end-June 2010, versus €81.1 billion at December 31, 2009. This €7.9 billion increase stems chiefly from investments during the period (€4.1 billion) and changes in scope of consolidation (€3.6 billion).

**Goodwill** edged up €0.3 billion to €28.3 billion, notably following transactions carried out by SUEZ Environnement which only offset in part the impact of the sale of shareholdings in Elia.

**Investments in associates** totaled €2.1 billion. The €0.1 billion fall stems chiefly from the sale of Fluxys and Elia.

**Total equity** amounted to €69.9 billion, up €4.4 billion from December 31, 2009 (€65.5 billion). Net income for the period (€4.1 billion), translation adjustments (€1.7 billion) and the impact of changes in scope of consolidation (€1.0 billion) were partially offset by the €1.9 billion dividend payout and the negative impact of other comprehensive expense recognized directly in equity (€0.5 billion).

**Provisions** increased by €0.8 billion to €14.9 billion, mainly reflecting discounting expense on long-term provisions (€0.3 billion), actuarial gains and losses on provisions for pensions and other employee benefit obligations (€0.2 billion), changes in scope of consolidation (the full consolidation of Agbar for €0.1 billion) and changes in exchange rates (€0.1 billion).

Both assets and liabilities relating to **derivative financial instruments** (current and non-current) fell over the period, by €0.2 billion and €0.5 billion, respectively. This decrease is chiefly due to price impacts as well as the unwinding of transactions.

## 6 RELATED PARTY TRANSACTIONS

Related party transactions are described in Note 25 to the consolidated financial statements included in the 2009 Reference Document. An update is provided in Note 13 to the condensed interim consolidated financial statements for the six months ended June 30, 2010.

## 7 DESCRIPTION OF THE MAIN RISKS AND UNCERTAINTIES FOR THE SECOND HALF OF 2010

The Risk Factors section of GDF SUEZ's 2009 Reference Document (Section 5) provides a detailed description of the risk factors to which the Group is exposed. Developments over the period in litigation and the risks arising from financial instruments to which the Group is exposed are set out in Note 12, "Legal proceedings and antitrust inquiries" and Note 9, "Management of risks arising from financial instruments" to the condensed interim consolidated financial statements for the six months ended June 30, 2010.

The Group has not identified any risks or uncertainties other than those described in this document.

## 8 OUTLOOK

GDF SUEZ confirms all the 2010 and 2011 targets that it announced to the market. The Group also reaffirms its policy of providing shareholders sustainable and competitive return. On November 15, 2010 it will distribute an interim dividend of €0.83 per share for the fiscal year 2010.

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# CONSOLIDATED FINANCIAL STATEMENTS

## STATEMENTS OF FINANCIAL POSITION

| *In millions of euros* | Notes | Dec. 31, 2009 | June 30, 2010 |
|---|---|---|---|
| **Non-current assets** | | | |
| Intangible assets, net | *5* | 11,419.9 | 12,600.0 |
| Goodwill | *5* | 27,989.0 | 28,288.7 |
| Property, plant and equipment, net | *5* | 69,664.9 | 76,406.4 |
| Available-for-sale securities | *8* | 3,562.9 | 3,533.2 |
| Loans and receivables at amortized cost | *8* | 2,426.2 | 2,631.0 |
| Derivative instruments | *8* | 1,926.7 | 2,990.2 |
| Investments in associates | *6* | 2,175.6 | 2,106.5 |
| Other non-current assets | *8* | 1,695.8 | 1,466.2 |
| Deferred tax assets | | 1,418.8 | 1,608.2 |
| **TOTAL NON-CURRENT ASSETS** | | **122,279.8** | **131,630.3** |
| **Current assets** | | | |
| Loans and receivables at amortized cost | *8* | 947.1 | 1,109.2 |
| Derivative instruments | *8* | 7,404.9 | 6,181.3 |
| Trade and other receivables, net | *8* | 19,748.5 | 19,902.6 |
| Inventories | | 3,946.9 | 3,791.5 |
| Other current assets | *8* | 5,094.4 | 5,841.2 |
| Financial assets at fair value through income | *8* | 1,680.0 | 1,588.8 |
| Cash and cash equivalents | *8* | 10,323.8 | 9,103.8 |
| **TOTAL CURRENT ASSETS** | | **49,145.4** | **47,518.4** |
| **TOTAL ASSETS** | | **171,425.2** | **179,148.7** |

| *In millions of euros* | Notes | Dec. 31, 2009 | June 30, 2010 |
|---|---|---|---|
| Shareholders' equity | | 60,285.2 | 62,823.0 |
| Non-controlling interests | | 5,241.5 | 7,061.8 |
| **TOTAL EQUITY** | | **65,526.6** | **69,884.8** |
| **Non-current liabilities** | | | |
| Provisions | *10* | 12,789.9 | 13,410.8 |
| Long-term borrowings | *8* | 32,154.8 | 35,184.2 |
| Derivative instruments | *8* | 1,791.9 | 2,343.2 |
| Other financial liabilities | *8* | 911.4 | 681.8 |
| Other non-current liabilities | | 2,489.0 | 2,598.5 |
| Deferred tax liabilities | | 11,856.3 | 12,059.5 |
| **TOTAL NON-CURRENT LIABILITIES** | | **61,993.3** | **66,277.9** |
| **Current liabilities** | | | |
| Provisions | *10* | 1,262.7 | 1,445.5 |
| Short-term borrowings | *8* | 10,117.4 | 9,311.2 |
| Derivative instruments | *8* | 7,169.6 | 6,155.7 |
| Trade and other payables | *8* | 16,594.4 | 16,492.3 |
| Other current liabilities | | 8,761.3 | 9,581.6 |
| **TOTAL CURRENT LIABILITIES** | | **43,905.4** | **42,986.2** |
| TOTAL EQUITY AND LIABILITIES | | 171,425.2 | 179,148.7 |

*NB: Amounts in tables are generally expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the lines and columns showing totals and changes.*

# INCOME STATEMENTS

| *In millions of euros* | Notes | June 30, 2009 | June 30, 2010 |
|---|---|---|---|
| Revenues | | 42,211.9 | 42,345.9 |
| Purchases | | (22,647.7) | (22,401.1) |
| Personnel costs | | (5,759.6) | (5,882.3) |
| Depreciation, amortization and provisions | | (2,693.0) | (2,816.6) |
| Other operating income and expenses, net | | (6,149.6) | (6,030.4) |
| **CURRENT OPERATING INCOME** | *4* | **4,961.9** | **5,215.4** |
| Mark-to-market on commodity contracts other than trading instruments | | (279.9) | (47.6) |
| Impairment of property, plant and equipment, intangible assets and financial assets | | (13.2) | (343.0) |
| Restructuring costs | | (61.3) | (123.8) |
| Changes in scope of consolidation | | 281.5 | 1,215.9 |
| Other disposal gains and losses and non-recurring items | | 339.8 | 196.9 |
| **INCOME FROM OPERATING ACTIVITIES** | *4* | **5,229.0** | **6,113.8** |
| Financial expenses | | (1,346.9) | (1,411.1) |
| Financial income | | 638.9 | 341.4 |
| **NET FINANCIAL LOSS** | *4* | **(708.0)** | **(1,069.7)** |
| Income tax expense | *4* | (1,097.9) | (1,086.4) |
| Share in net income of associates | *6* | 203.4 | 187.7 |
| **NET INCOME** | | **3,626.5** | **4,145.3** |
| Net income Group share | | 3,263.2 | 3,564.6 |
| Non-controlling interests | | 363.3 | 580.7 |
| **Earnings per share** (euros) | | **1.51** | **1.63** |
| **Diluted earnings per share** (euros) | | **1.50** | **1.62** |

# STATEMENTS OF COMPREHENSIVE INCOME

| *In millions of euros* | Notes | June 30, 2009 | June 30, 2010 |
|---|---|---|---|
| **NET INCOME** | | **3,626.5** | **4,145.3** |
| Available-for-sale financial assets | *8* | (139.0) | (88.3) |
| Net investment hedges | | 11.1 | (413.8) |
| Cash flow hedges (excl. commodity instruments) | *9* | 70.0 | (212.7) |
| Commodity cash flow hedges | *9* | 228.4 | 412.8 |
| Actuarial gains and losses | | 59.8 | (285.9) |
| Translation adjustments | | 459.4 | 1,683.2 |
| Deferred taxes | | (79.3) | 89.3 |
| Share in other comprehensive income of associates | | 45.0 | 20.9 |
| Other comprehensive income | | 655.3 | 1,205.4 |
| **TOTAL COMPREHENSIVE INCOME** | | **4,281.8** | **5,350.7** |
| Group share | | 3,678.8 | 4,536.9 |
| Non-controlling interests | | 603.0 | 813.9 |

# STATEMENTS OF CASH FLOWS

| *In millions of euros* | June 30, 2009 | June 30, 2010 |
|---|---|---|
| **NET INCOME** | **3,626.4** | **4,145.3** |
| - Share in net income of associates | (203.4) | (187.7) |
| + Dividends received from associates | 234.1 | 124.7 |
| - Net depreciation, amortization and provisions | 2,488.7 | 3,112.9 |
| - Changes in scope of consolidation and other disposal gains or losses and non-recurring items | (621.4) | (1,412.8) |
| - Mark-to-market on commodity contracts other than trading instruments | 279.9 | 47.6 |
| - Other items with no cash impact | 111.0 | 41.0 |
| - Income tax expense | 1,097.9 | 1,086.4 |
| - Net financial loss | 708.0 | 1,069.7 |
| **Cash generated from operations before income tax and working capital requirements** | **7,721.2** | **8,027.2** |
| + Tax paid | (461.9) | (660.8) |
| **Change in working capital requirements** | **1,043.5** | **(597.9)** |
| **CASH FLOW FROM OPERATING ACTIVITIES** | **8,302.8** | **6,768.5** |
| Acquisitions of property, plant and equipment and intangible assets | (4,315.8) | (4,227.9) |
| Acquisitions of entities net of cash and cash equivalents acquired [(a)] | (287.6) | (640.4) |
| Acquisitions of investments in associates and joint ventures [(a)] | (340.6) | (29.8) |
| Acquisitions of available-for-sale securities | (350.6) | (103.6) |
| Disposals of property, plant and equipment and intangible assets | 267.8 | 212.8 |
| Disposals of entities net of cash and cash equivalents sold [(a)] | 11.5 | 427.9 |
| Disposals of investments in associates and joint ventures [(a)] | 1,288.1 | 1,165.4 |
| Disposals of available-for-sale securities | 147.4 | 281.9 |
| Interest received on non-current financial assets | 196.6 | 30.3 |
| Dividends received on non-current financial assets | 179.6 | 93.5 |
| Change in loans and receivables originated by the Group and other | (162.4) | (42.5) |

| *In millions of euros* | June 30, 2009 | June 30, 2010 |
|---|---|---|
| **CASH FLOW USED IN INVESTING ACTIVITIES** | **(3,366.0)** | **(2,832.5)** |
| Dividends paid | (2,035.4) | (1,909.8) |
| Repayment of borrowings and debt | (9,042.0) | (5,307.0) |
| Change in financial assets at fair value through income | (1,193.3) | 128.7 |
| Interest paid | (819.6) | (940.8) |
| Interest received on cash and cash equivalents | 82.4 | 59.4 |
| Increase in borrowings and debt | 11,010.8 | 2,945.4 |
| Increase/decrease in capital | 26.2 | (32.5) |
| Acquisitions/disposals of treasury stock | 3.1 | (395.8) |
| Changes in ownership interests in controlled entities [(a)] | (200.8) | 20.2 |
| **CASH FLOW USED IN FINANCING ACTIVITIES** | **(2,168.6)** | **(5,432.3)** |
| Effect of changes in exchange rates and other | 121.1 | 276.4 |
| TOTAL CASH FLOW FOR THE PERIOD | **2,889.2** | **(1,219.9)** |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | **9,049.3** | **10,323.8** |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | **11,938.6** | **9,103.8** |

*(a) In accordance with revised IAS 27, 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.*

*In this context, the Group has reviewed the presentation of acquisitions and disposals of consolidated entities in the statement of cash flows.*

*Up to December 31, 2009, the items "Acquisitions of entities net of cash and cash equivalents acquired" and "Disposals of entities net of cash and cash equivalents sold" included the cash impacts resulting from acquisitions/disposals of entities over which the Group has exclusive or joint control, acquisitions/disposals of associates and changes in ownership interest in entities over which the Group has exclusive or joint control.*

*As of January 1, 2010, changes in ownership interest in controlled entities are shown under "Changes in ownership interests in controlled entities" within "Cash flow 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 and disposals of subsidiaries are shown under "Acquisitions of entities net of cash and cash equivalents acquired" and "Disposals of entities net of cash and cash equivalents sold" respectively.*

*Comparative data for first-half 2009 have been restated in order to present the cash flows concerned in accordance with this new presentation.*

# STATEMENTS OF CHANGES IN EQUITY

| *In millions of euros* | Number of shares | Share capital | Additional paid-in capital | Consolidated reserves (*) |
|---|---|---|---|---|
| **Equity at December 31, 2008** | **2,193,643,820** | **2,193.6** | **29,258.3** | **28,882.6** |
| Net income | | | | 3,263.2 |
| Other comprehensive income | | | | 35.6 |
| Total comprehensive income | | | | 3,298.8 |
| Employee share issues and share-based payment | 585,870 | 0.6 | 9.1 | 103.3 |
| Stock dividends paid | 65,398,018 | 65.4 | 1,311.2 | (1,376.6) |
| Cash dividends paid | | | | (1,628.3) |
| Acquisitions/disposals of treasury stock | | | | (71.7) |
| Other changes | | | (29.6) | 27.6 |
| **Equity at June 30, 2009** | **2,259,627,708** | **2,259.6** | **30,549.0** | **29,235.7** |
| **Equity at December 31, 2009** | **2,260,976,267** | **2,261.0** | **30,589.6** | **28,810.4** |
| Net income | | | | 3,564.6 |
| Other comprehensive income | | | | (163.2) |
| Total comprehensive income | | | | 3,401.3 |
| Employee share issues and share-based payment | 395,068 | 0.4 | 6.2 | 35.9 |
| Cash dividends paid | | | | (1,484.4) |
| Acquisitions/disposals of treasury stock | | | | (55.8) |
| Transactions between shareholders | | | | (162.2) |
| Business combinations | | | | 3.2 |
| Other changes | | | | (2.0) |
| **Equity at June 30, 2010** | **2,261,371,335** | **2,261.4** | **30,595.8** | **30,546.5** |

*(*) In accordance with IFRS, actuarial gains and losses are recorded under "Consolidated reserves".*
*The statement of changes in equity at June 30, 2009 has been adjusted in order to present comparable data.*
*On May 3, 2010, the Shareholders' Meeting resolved that a €1.47 per dividend per share would be paid for 2009. An interim dividend of €0.8 per share was paid on December 18, 2009. In May 2010, GDF SUEZ paid the remaining €0.67 per share, amounting to a total dividend of €3,257.1 million.*

| Fair value adjustments and other | Cumulative translation adjustments | Treasury stock | Shareholders' equity | Non-controlling interests | Total equity |
|---|---|---|---|---|---|
| **(172.4)** | **(673.3)** | **(1,741.3)** | **57,747.7** | **5,070.6** | **62,818.3** |
| | | | 3,263.2 | 363.3 | 3,626.5 |
| 123.4 | 256.7 | | 415.7 | 239.7 | 655.4 |
| 123.4 | 256.7 | | 3,678.9 | 603.0 | 4,281.9 |
| | | | 113.0 | | 113.0 |
| | | | | | |
| | | | (1,628.3) | (403.9) | (2,032.2) |
| | | 74.8 | 3.1 | | 3.1 |
| 39.8 | (39.8) | | (2.0) | (384.2) | (386.3) |
| **(9.2)** | **(456.4)** | **(1,666.5)** | **59,912.3** | **4,885.5** | **64,797.8** |
| **623.1** | **(354.8)** | **(1,644.1)** | **60,285.2** | **5,241.5** | **65,526.7** |
| | | | 3,564.6 | 580.7 | 4,145.3 |
| (192.3) | 1,327.9 | | 972.3 | 233.1 | 1,205.4 |
| (192.3) | 1,327.9 | | 4,536.9 | 813.9 | 5,350.8 |
| | | | 42.5 | | 42.5 |
| | | | (1,484.4) | (422.0) | (1,906.5) |
| | | (340.1) | (395.9) | | (395.9) |
| | | | (162.2) | 108.1 | (54.1) |
| | | | 3.2 | 1,317.4 | 1,320.6 |
| | | | (2.0) | 2.8 | 0.8 |
| **430.7** | **973.1** | **(1,984.2)** | **62,823.3** | **7,061.6** | **69,884.9** |

# 3

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## INFORMATION ON THE GDF SUEZ GROUP

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 22, rue du docteur Lancereaux, 75008 Paris (France).

GDF SUEZ shares are listed on the Paris, Brussels and Luxembourg stock exchanges. The Group 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 satisfying energy needs, safeguarding supplies, combating climate change and optimizing the use of resources.

On August 9, 2010, the Group's Board of Directors approved and authorized for issue the condensed interim consolidated financial statements of GDF SUEZ and its subsidiaries for the six months ended June 30, 2010.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 1.1 Basis of preparation

In accordance with the European Regulation on international accounting standards dated July 19, 2002, the Group's annual consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB) and endorsed by the European Union [1].

The Group's condensed interim consolidated financial statements for the six months ended June 30, 2010 were prepared in accordance with the provisions of IAS 34 – Interim Financial Reporting, which allows entities to present selected explanatory notes. The condensed interim consolidated financial statements for the six months ended June 30, 2010 do not therefore incorporate all of the notes and disclosures required by IFRS for the annual consolidated financial statements, and accordingly must be read in conjunction with the consolidated financial statements for the year ended December 31, 2009, subject to specific provisions relating to the preparation of interim financial information as described hereafter.

### 1.2 Accounting policies

The accounting policies used to prepare the Group's condensed interim consolidated financial statements for the six months ended June 30, 2010 are consistent with those used to prepare the consolidated financial statements for the year ended December 31, 2009 in accordance with IFRS as published by the IASB and endorsed by the European Union, with the exception of the following items in Note 1.2.1:

#### 1.2.1 IFRS standards, amendments and IFRIC interpretations applicable in 2010

Revised IFRS 3 – Business Combinations, which applies to acquisitions of controlling interests (within the meaning of the revised IAS 27) that take place after January 1, 2010, and revised IAS 27 – Consolidated and Separate Financial Statements.

The main changes to the accounting policies, explained in Note 1.4.3 "Business Combinations" and Note 1.4.4.1 "Recognition of Goodwill" to the consolidated financial statements for the year ended December 31, 2009, are presented in Note 1.5 below.

(1) *Available on the European Commission's website: http://ec.europa.eu/internal_market/accounting/index_en.htm.*

- Improvements to IFRS 2009.
- Amendment to IAS 39 – Eligible Hedged Items.
- Amendment to IFRS 2 – Group Cash-settled Share-based Payment Transactions.
- Amendment to IFRS 5 – (Improvements to IFRS 2008) – Non-current Assets Held for Sale and Discontinued Operations.
- IFRIC 17 – Distributions of Non-cash Assets to Owners.
- These amendments and interpretations do not have a material impact on the Group's consolidated financial statements for the six months ended June 30, 2010.

### 1.2.2 IFRS standards and IFRIC interpretations effective after 2010 that the Group has elected not to early adopt in 2010

- IFRS 9 – Financial Instruments [1]: Classification and measurement.
- Amendment to IAS 32 – Classification of Rights Issues.
- Revised IAS 24 – Related Party Disclosures [1].
- IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments [1].
- Amendment to IFRIC 14 – Prepayments of a Minimum Funding Requirement [1].
- Improvements to IFRS 2010 [1].

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

## 1.3 Use of judgment and estimates

The financial crisis prompted the Group to step up its risk oversight procedures and include an assessment of risk – particularly counterparty risk – in measuring its financial instruments. The Group's estimates used in business plans and determination of discount rates used in impairment tests and for calculating provisions take into account the crisis situation and the resulting extreme market volatility.

### 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 reporting date, as well as revenues and expenses reported during the period.

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

The/key estimates used in preparing the Group's consolidated financial statements relate/mainly to:

- measurement of the recoverable amount of goodwill, property, plant and equipment and intangible assets;
- measurement of provisions, particularly for nuclear waste processing and storage, dismantling obligations, disputes, pensions and other employee benefits;
- financial instruments;
- measurement of revenue not yet metered, so called un-metered revenues;
- measurement of recognized tax loss carry-forwards.

Detailed information related to the use of estimates is provided in Note 1 to the consolidated financial statements for the year ended December 31, 2009.

### 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 [2] 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 Interim financial reporting

### Seasonality of operations

Although the Group's operations are intrinsically subject to seasonal fluctuations, key performance indicators and income

*(1) These standards and interpretations have not yet been endorsed by the European Union.*

*(2) Formerly Minority Interests.*

from operating activities are more influenced by changes in climatic conditions than by seasonality. Consequently, the interim results for the six months ended June 30, 2010 are not necessarily indicative of those that may be expected for full-year 2010.

### Income tax expense

Income tax expense Current and deferred income tax expense for interim periods is calculated at the level of each tax entity by applying the average estimated annual effective tax rate for the current year to income for the period.

### Pension benefit obligations

Pension costs for interim periods are calculated on the basis of the actuarial valuations performed at the end of the prior year. If necessary, these valuations are adjusted to take account of curtailments, settlements or other major non-recurring events during the period. Furthermore, amounts recognized in the statement of financial position in respect of defined benefit plans are adjusted, if necessary, in order to reflect material changes impacting the yield on investment-grade corporate bonds in the geographic area concerned (the benchmark used to determine the discount rate) and the actual return on plan assets.

## 1.5 Presentation of the changes introduced by revised IFRS 3 and revised IAS 27 in accounting policies and presentation of the consolidated financial statements

IFRS 3 Revised introduces changes to the Group's accounting policies applicable to business combinations occurring after January 1, 2010.

The main changes that have an impact on the Group's consolidated financial statement are as follows:

- costs related to acquisitions of controlling interests are expensed as incurred;
- in the event of a business combination achieved in stages, previously held equity interest in the acquiree is remeasured at its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss;
- for each business combination, any non-controlling interest (1) 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 (1) 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 line "Other disposal gains or losses and non-recurring items" (2) presented in income from operating activities includes, in particular, capital gains or losses on disposals of non-current assets and available-for-sale securities.

As from January 1, 2010, disposals of non-current assets no longer include the disposal of investments resulting in a change in consolidation method, which are now presented under "Changes in scope of consolidation".

(1) *Formerly "Minority interests".*

(2) *Formerly "Disposals of assets and other".*

# NOTE 2 MAIN CHANGES IN GROUP STRUCTURE

## 2.1 Transactions in the six month period ended June 30, 2010

### 2.1.1 Acquisition of a controlling interest in the Hisusa/Agbar group (Agbar)

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 was finalized on June 8, 2010. SUEZ Environnement now holds a 75.01% stake in Agbar (26.64% 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 24.03% interest. The remaining stake of 0.96% 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.

The controlling interest in Agbar was acquired as follows:

- **January 12, 2010:** approval by Agbar's Shareholders' Meeting of the resolutions relating to the delisting tender offer on the company's shares and to Agbar's sale of its interest in Adeslas (health insurance company) to Criteria;
- **April 27, 2010:** approval by the European Commission of SUEZ Environnement's acquisition of a controlling interest in Agbar;
- **May 7, 2010:** approval by the CNMV (Spanish financial markets authority) of the delisting tender offer launched by Agbar at a price of €20 per share. The offer took place from May 10 to May 24, 2010;
- **May 12, 2010:** approval by the Spanish insurance watchdog of Agbar's sale of Adeslas to Criteria;
- **May 27, 2010:** announcement of the results of the delisting tender offer. 91.27% of minority shareholders sold their shares in the offer. This transaction represents an investment of €273 million for Agbar. The shares acquired by Agbar within the framework of this offer were then cancelled;
- **June 8, 2010:** finalization of the agreements between SUEZ Environnement and Criteria. Agbar sold its entire interest in Adeslas to Criteria for a consideration of €687 million and Criteria simultaneously sold some of its shares in Agbar to the Group at a price of €20 per share, representing a total amount of €666 million. Following these two transactions, Criteria retains a 24.03% minority interest in Agbar.

  In addition, Criteria and SUEZ Environnement signed a shareholders' agreement granting SUEZ Environnement control of the Hisusa group, Agbar group's holding company (see Note 7, "Investments in joint ventures").

This transaction is recognized in the condensed interim consolidated financial statements in accordance with the dispositions of IFRS 3 (revised).

In accordance with IFRS 3 (revised), the Group remeasured the previously-held interests at acquisition-date fair value, i.e., €20 per share. The impact of this remeasurement amounts to a gain of €167 million and is recognized in the income statement under "Changes in scope of consolidation" within "Income from operating activities" (see Note 4.1.4, "Changes in scope of consolidation").

The recognition of the business combination will be finalized during the second half of 2010. Provisional goodwill amounts to €856.6 million at June 30, 2010.

The Group decided to measure the non-controlling interest at the non-controlling interest's proportionate share of Agbar group's identifiable net assets.

### 2.1.2 Chile

On November 6, 2009, the Group GDF SUEZ through its subsidiary SUEZ Energy Andino SA ("SEA") and Corporación Nacional del Cobre de Chile ("Codelco") decided to reorganize their respective shareholding participations in certain companies operating in the Chilean Northern Interconnected System ("SING") by signing a Merger Agreement. The main purposes of the merger operation were to simplify the corporate structure and for GDF SUEZ to secure long term control and to improve the decision-making processes in terms of efficiency and quality.

Following the closing of the merger on January 29, 2010, the entities Gasoducto NorAndino SA ("GNAC") and Gasoducto NorAndino Argentina S.A ("GNAA"), previously controlled by the Group, and the entities Electroandina SA ("Electroandina), Distrinor SA ("Distrinor") and Central Termoeléctrica Andina SA ("CTA") previously, became all subsidiaries of Edelnor SA ("Edelnor"). The participation of the Group in Inversiones Hornitos SA ("CTH"), jointly controlled with Amsa Holding, has also been transferred to Edelnor.

All previous existing shareholders' agreements with Codelco were terminated. The Group through its subsidiary SEA obtained a 52.4% controlling stake in Edelnor (Codelco 40.0% and a free float in the Santiago stock exchange of 7.6%).

As of the business combination date, Edelnor and its subsidiaries are fully consolidated, 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. As a result of acquiring control of Electroandina, Distrinor, CTA and Edelnor and in accordance with guidance provided in IFRS 3 revised, the Group re-measured its previously held equity interest in the aforementioned companies to fair value and recognized the dilution of CTH. As a result of these operations a gain of €164 million was recognized in the Income statement under "Changes in scope of consolidation" within Income from operating activities (see Note 4.1.4 "Changes in scope of consolidation").

The Group decided to measure non-controlling interest at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The provisional fair values of the identifiable assets and liabilities of Electroandina, Distrinor, Edelnor and CTA as at the date of acquisition (in millions of euros):

| *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 |
| **PROVISIONAL GOODWILL** | **0** |

As of June 30, 2010, the fair values of the acquired identifiable assets and liabilities are preliminary, notably the values assigned to intangible assets. As of the reporting date, the Group recognized intangible assets in respect of customer relationship. The amortization charge over the expected life of the related contracts amounted to €4.6 million as of June 30, 2010.

The total consideration transferred consists of the fair value of the equity interests exchanged of €80 million and an amount of €93 million paid in cash.

Acquisition-related costs amounting to €2 million have been excluded from the consideration transferred and have been recognized as an expense in the period under "Changes in the scope of consolidation" within Income from operating activities (see Note 4.1.4, "Changes in scope of consolidation").

The increased contribution of the former co-controlled entities to revenues and net income group share since acquisition date amounts to respectively €221 million and €10.8 million.

If the merger had taken place on January 1st 2010 the contribution of the former co-controlled entities to revenues and net income group share would have been increased by respectively €34.2 million and €2.6 million.

### 2.1.3 Unwinding of cross-holdings with the Veolia Environnement-Compagnie Générale des Eaux group in water management companies

Following consultations with staff representative bodies of the companies involved and with the consent 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, through its subsidiary Lyonnaise des Eaux, wholly owns the eight companies listed below:

- 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).

This transaction has been recognized in the condensed interim consolidated financial statements in accordance with the dispositions of IFRS 3 (revised). The Group remeasured the interests it acquired which were previously held by Lyonnaise des Eaux at acquisition-date fair value and recognized a remeasurement gain of €120 million in the income statement under "Changes in scope of consolidation" within Income from operating activities (see Note 4.1.4, "Changes in scope of consolidation").

At June 30, 2010, the recognition of the business combination was provisional and will be finalized during the second half of 2010. Provisional goodwill amounts to €227.5 million.

Lyonnaise des Eaux has simultaneously sold all of its interests in Société des Eaux de Marseille and Société des Eaux d'Arles to Veolia Environnement, generating a consolidated capital gain of €81 million which was recognized in the income statement under "Changes in scope of consolidation" within Income from operating activities (see Note 4.1.4, "Changes in scope of consolidation").

### 2.1.4 Acquisition of controlling interests in Astoria

On January 7, 2010, the Group increased its economic interest up to 65.4% in the 575 MW Astoria Energy I natural gas-fired power plant located in Queens, New York. Following 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 consolidated under the equity method. The fair value of the contribution transferred in cash amounts to €147.6 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 €8.3 million.

At June 30, 2010, the recognition of the business combination was provisional and will be finalized during the second half of 2010. Provisional goodwill is not material.

Since the acquisition date, Astoria's contribution to revenue and net income Group share amounts to a positive €86 million and a negative €3 million respectively.

### 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 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%).

On May 5, 2010, the transaction occurred; 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 4.1.4. "Changes in scope of consolidation").

At June 30, 2009, the contribution made by these entities to net income of associates totaled €27 million.

### 2.1.6 Sale of Elia

On May 10, 2010, GDF SUEZ finalized the sale to Publi-T of a 12.5% interest held by the Group's subsidiary, Electrabel SA, in Elia SA (Elia). The 6,035,522 shares were sold at the 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 4.1.4, "Changes in scope of consolidation").

At June 30, 2009, Elia's contribution to net income of associates totaled €12 million.

## 2.2 Update on the main acquisitions carried out in 2009

### 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 capacity. 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 this transaction, Electrabel acquired from E.ON a total of 860 MW of capacity from conventional power plants and some 132 MW of hydro-electric capacity. This acquisition qualified as a business combination.

At June 30, 2010, the recognition at fair value of the assets acquired and liabilities assumed remained provisional sothat the Group mainly recognized the acquired power plants at fair value, based on the amortized replacement cost method. The provisional residual goodwill amounted to €175 million at June 30, 2010 compared to €453.5 million at December 31, 2009.

In accordance with IFRS 3, the recognition at fair value of assets acquired and liabilities assumed will be finalized in the second half of 2010.

### 2.2.2 Other transactions

Various acquisitions were carried out in 2009 which were not material on an individual basis.

The allocation of the cost of some of these business combinations was finalized during the first half of 2010 and did not materially impact the financial statements.

# NOTE 3 SEGMENT INFORMATION

## 3.1 Operating segments

Following the reorganization with effect from July 20, 2009 of the Energy Europe & International business line, which now has five geographic business areas instead of three, the Group's organizational structure is based on ten operating segments, as described in Note 3 to the consolidated financial statements for the year ended December 31, 2009.

Comparative segment information for first-half 2009 has been restated to reflect the segments corresponding to the Group's organization at June 30, 2010.

## 3.2 Key indicators by operating segment

### Revenues

| | June 30, 2009 | | | June 30, 2010 | | |
|---|---|---|---|---|---|---|
| In millions of euros | External revenues | Intra-group revenues | Total | External revenues | Intra-group revenues | Total |
| Energy France | 8,334.1 | 275.5 | 8,609.6 | 8,089.1 | 270.9 | 8,360.0 |
| Energy Europe & International | 14,932.4 | 726.8 | 15,659.3 | 15,864.3 | 862.5 | 16,726.8 |
| *of which: Benelux & Germany* | *6,808.2* | *449.9* | *7,258.1* | *7,348.1* | *450.2* | *7,798.3* |
| *Europe* | *4,268.1* | *229.4* | *4,497.6* | *4,038.2* | *402.1* | *4,440.3* |
| *North America* | *2,085.4* | *47.5* | *2,132.9* | *2,082.4* | *10.1* | *2,092.5* |
| *Latin America* | *961.1* | *0.0* | *961.1* | *1,454.7* | *0.0* | *1,454.7* |
| *Middle East, Asia & Africa* | *809.6* | *0.0* | *809.6* | *940.9* | *0.0* | *940.9* |
| *Intra-business line eliminations* | | *(578.6)* | *(578.6)* | | *(771.8)* | *(771.8)* |
| Global Gas & LNG | 5,693.9 | 6,375.8 | 12,069.7 | 4,520.2 | 6,193.9 | 10,714.1 |
| Infrastructures | 491.0 | 2,467.1 | 2,958.1 | 586.5 | 2,498.6 | 3,085.1 |
| Energy Services | 6,893.2 | 83.4 | 6,976.6 | 6,692.6 | 90.3 | 6,782.9 |
| SUEZ Environnement | 5,867.2 | 4.9 | 5,872.1 | 6,593.1 | 3.1 | 6,596.2 |
| Other services | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Intra-group eliminations | | (9,933.5) | (9,933.5) | | (9,919.3) | (9,919.3) |
| **TOTAL REVENUES** | **42,211.9** | **0.0** | **42,211.9** | **42,345.9** | **0.0** | **42,345.9** |

## EBITDA

| *In millions of euros* | June 30, 2009 | June 30, 2010 |
|---|---|---|
| Energy France | 213.6 | 732.5 |
| Energy Europe & International | 2,673.6 | 3,098.0 |
| *of which Benelux & Germany* | *1,184.7* | *1,316.0* |
| *Europe* | *533.3* | *666.7* |
| *North America* | *386.8* | *300.8* |
| *Latin America* | *465.5* | *655.7* |
| *Middle East, Asia & Africa* | *138.6* | *211.0* |
| Global Gas & LNG | 1,973.3 | 1,145.8 |
| Infrastructures | 1,646.2 | 1,832.2 |
| Energy Services | 480.9 | 481.9 |
| SUEZ Environnement | 950.6 | 1,042.2 |
| Other | (80.8) | (138.7) |
| **TOTAL EBITDA** | **7,857.4** | **8,193.9** |

## Current operating income

| *In millions of euros* | June 30, 2009 | June 30, 2010 |
|---|---|---|
| Energy France | 262.0 | 525.2 |
| Energy Europe & International | 1,927.2 | 2,253.7 |
| *of which: Benelux & Germany* | *908.9* | *1,065.0* |
| *Europe* | *314.6* | *427.0* |
| *North America* | *269.7* | *144.4* |
| *Latin America* | *377.5* | *510.0* |
| *Middle East, Asia & Africa* | *96.1* | *161.2* |
| Global Gas & LNG | *1,105.7* | *605.3* |
| Infrastructures | 1,111.8 | 1,250.1 |
| Energy Services | 330.1 | 331.7 |
| SUEZ Environnement | 408.3 | 436.5 |
| Other | (183.1) | (187.1) |
| **TOTAL CURRENT OPERATING INCOME** | **4,961.9** | **5,215.4** |

## Depreciation and amortization

| *In millions of euros* | June 30, 2009 | June 30, 2010 |
|---|---|---|
| Energy France | 75.5 | (175.5) |
| Energy Europe & International | (630.1) | (778.9) |
| *of which: Benelux & Germany* | *(177.7)* | *(218.6)* |
| *Europe* | *(208.6)* | *(226.0)* |
| *North America* | *(114.6)* | *(143.3)* |
| *Latin America* | *(86.5)* | *(142.4)* |
| *Middle East, Asia & Africa* | *(42.5)* | *(48.4)* |
| Global Gas & LNG | (865.3) | (549.2) |
| Infrastructures | (531.9) | (583.5) |
| Energy Services | (145.6) | (143.8) |
| SUEZ Environnement | (406.8) | (443.3) |
| Other | (18.4) | (34.2) |
| TOTAL DEPRECIATION AND AMORTIZATION | (2,522.5) | (2,708.5) |

## Impairment of property, plant and equipment, intangible assets and financial assets

| *In millions of euros* | June 30, 2009 | June 30, 2010 |
|---|---|---|
| Energy France | 4.6 | (0.5) |
| Energy Europe & International | 18.8 | (171.8) |
| *of which: Benelux & Germany* | *0.0* | *(2.0)* |
| *Europe* | *(0.4)* | *(170.3)* |
| *North America* | *(1.6)* | *0.0* |
| *Latin America* | *21.7* | *(0.2)* |
| *Middle East, Asia & Africa* | *0.0* | *0.0* |
| Global Gas & LNG | (0.0) | (48.4) |
| Infrastructures | (0.0) | (1.6) |
| Energy Services | 2.2 | (3.6) |
| SUEZ Environnement | (7.7) | (70.8) |
| Other | (31.2) | (46.3) |
| TOTAL IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND FINANCIAL ASSETS | (13.2) | (343.0) |

## Industrial capital employed

| *In millions of euros* | Dec. 31, 2009 | June 30, 2010 |
|---|---|---|
| Energy France | 6,615.9 | 8,016.3 |
| Energy Europe & International | 30,704.2 | 36,048.5 |
| *of which: Benelux & Germany* | *9,575.4* | *10,157.2* |
| *Europe* | *8,400.6* | *8,374.9* |
| *North America* | *4,798.3* | *6,481.3* |
| *Latin America* | *5,223.8* | *7,539.6* |
| *Middle East, Asia & Africa* | *2,677.5* | *3,437.1* |
| Global Gas & LNG | 9,284.6 | 8,062.9 |
| Infrastructures | 18,823.4 | 17,707.9 |
| Energy Services | 2,290.6 | 2,808.1 |
| SUEZ Environnement | 9,737.6 | 12,292.8 |
| Other | (783.2) | (417.3) |
| **TOTAL INDUSTRIAL CAPITAL EMPLOYED** | **76,673.1** | **84,519.1** |

## Capital expenditure (CAPEX)

| *In millions of euros* | June 30, 2009 | June 30, 2010 |
|---|---|---|
| Energy France | 472.4 | 314.3 |
| Energy Europe & International | 2,568.8 | 2,139.0 |
| *of which: Benelux & Germany* (1) | *751.2* | *570.5* |
| *Europe* (1) | *722.1* | *256.6* |
| *North America* | *186.0* | *204.9* |
| *Latin America* | *576.9* | *785.5* |
| *Middle East, Asia & Africa* | *229.1* | *327.7* |
| Global Gas & LNG | 679.1 | 465.6 |
| Infrastructures | 786.5 | 781.2 |
| Energy Services | 237.5 | 226.7 |
| SUEZ Environnement | 672.5 | 1,530.9 |
| Other | 260.5 | 78.1 |
| **TOTAL CAPITAL EXPENDITURE** | **5,677.3** | **5,535.7** |

*(1) Including the impact from the change in segmentation for Electrabel International Holding from Energy Benelux & Germany to Energy Europe for €4 million at June 30, 2009.*

Financial investments included above exclude cash and cash equivalents acquired, but include the additional acquisitions of interests in controlled entities which are accounted for in cash flows from financing activities (€30 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 | June 30, 2009 | June 30, 2010 | Dec. 31, 2009 | June 30, 2010 |
| France | 16,600.2 | 16,315.5 | 31,316.8 | 31,038.3 |
| Belgium | 6,722.5 | 7,165.0 | 5,844.3 | 6,209.3 |
| Other EU countries | 12,655.8 | 11,527.1 | 21,944.4 | 23,906.2 |
| Other European countries | 533.6 | 581.6 | 1,734.9 | 1,959.2 |
| North America | 2,465.8 | 2,445.8 | 6,552.5 | 8,576.7 |
| Asia, Middle East and Oceania | 1,564.6 | 2,093.1 | 3,699.8 | 4,752.7 |
| South America | 1,250.1 | 1,804.4 | 5,265.1 | 7,759.2 |
| Africa | 419.3 | 413.5 | 315.2 | 317.6 |
| **TOTAL** | **42,211.9** | **42,345.9** | **76,673.1** | **84,519.1** |

## 3.4 Reconciliation of EBITDA

### Reconciliation of EBITDA with current operating income

| | June 30, 2009 | June 30, 2010 |
|---|---|---|
| *Current operating income* | *4,961.9* | *5,215.4* |
| Depreciation, amortization and provisions | 2,656.8 | 2,816.6 |
| Share-based payment (IFRS 2) and other | 111.0 | 42.7 |
| Net disbursements under concession contracts | 127.7 | 119.1 |
| **EBITDA** | **7,857.4** | **8,193.9** |

### 3.5 Reconciliation of industrial capital employed with items in the statement of financial position

| *In millions of euros* | Dec. 31, 2009 | June 30, 2010 |
|---|---|---|
| Property, plant and equipment and intangible assets, net | 81,084.7 | 89,006.3 |
| Goodwill | 27,989.0 | 28,288.7 |
| *Goodwill arising on the Gaz de France – SUEZ merger* (1) | *(11,507.0)* | *(11,507.0)* |
| Investments in associates | 2,175.6 | 2,106.5 |
| Trade and other receivables | 19,748.5 | 19,902.6 |
| *Margin calls* (1) (2) | *(1,184.6)* | *(500.6)* |
| Inventories | 3,946.9 | 3,791.5 |
| Other current and non-current assets | 6,790.2 | 7,307.4 |
| Deferred taxes | (10,437.5) | (10,451.3) |
| Provisions | (14,052.7) | (14,856.3) |
| *Actuarial gains and losses recorded in equity (net of deferred taxes)* (1) | *159.0* | *332.7* |
| Trade and other payables | (16,594.4) | (16,492.3) |
| *Margin calls* (1) (2) | *717.1* | *451.6* |
| Other current and non-current liabilities | (11,250.4) | (12,178.9) |
| Other financial liabilities | (911.4) | (681.8) |
| **INDUSTRIAL CAPITAL EMPLOYED** | **76,673.1** | **84,519.1** |

*(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.*

## NOTE 4 INCOME STATEMENT ITEMS

### 4.1 Income from operating activities

| *In millions of euros* | June 30, 2009 | June 30, 2010 |
|---|---|---|
| **CURRENT OPERATING INCOME** | **4,961.9** | **5,215.4** |
| Mark-to-market on commodity contracts other than trading instruments | (279.9) | (47.6) |
| Impairment of property, plant and equipment, intangible assets and financial assets | (13.2) | (343.0) |
| Restructuring costs | (61.3) | (123.8) |
| Changes in scope of consolidation | 281.2 | 1,215.9 |
| Other disposal gains and non-recurring items | 340.1 | 196.9 |
| **INCOME FROM OPERATING ACTIVITIES** | **5,229.0** | **6,113.8** |

### 4.1.1 Mark-to-market on commodity contracts other than trading instruments

In the first half of 2010, this item represents an expense of €47.6 million (compared with an expense of €279.9 million in the first half of 2009), essentially attributable to the following items:

- changes in the fair value of forward contracts used as economic hedges not eligible for hedge accounting, resulting in a net loss of €66.0 million (compared with a net loss of €185.4 million in first-half 2009). This net loss is attributable to an overall negative price impact resulting from changes in the price of underlying commodities during the period, and from unwinding positions with a positive market value at end-December 2009. These negative impacts are 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;
- the ineffective portion of cash flow hedges contracted in respect of non-financial assets and the discontinuance of hedge accounting for certain instruments hedging commodity risk, resulting in a gain of €18.4 million (compared with a loss of €84.4 million at June 30, 2009).

### 4.1.2 Impairment of property, plant and equipment, intangible assets and financial assets

| *In millions of euros* | June 30, 2009 | June 30, 2010 |
|---|---|---|
| Impairment of assets | | |
| Goodwill | (0.7) | (4.7) |
| Property, plant and equipment and other intangible assets | (15.1) | (268.9) |
| Financial assets | (52.9) | (87.4) |
| Other | 22.3 | (0.2) |
| **TOTAL IMPAIRMENT LOSSES** | **(46.4)** | **(361.1)** |
| Reversals of impairment losses | | |
| Property, plant and equipment and other intangible assets | 28.7 | 1.6 |
| Financial assets | 4.6 | 16.5 |
| **TOTAL REVERSALS OF IMPAIRMENT LOSSES** | **33.2** | **18.1** |
| TOTAL | (13.2) | (343.0) |

In addition to the annual impairment tests on goodwill and non-amortizable intangible assets carried out in the second half of the year, the Group also tests goodwill, property, plant and equipment and intangible assets for impairment whenever there is an indication that the asset may be impaired. Impairment losses are determined based on discounted future cash flows and/or the market value of the assets concerned.

#### 4.1.2.1 Impairment of goodwill

At June 30, 2009 and 2010, the impairment tests carried out on goodwill did not give rise to the recognition of any material impairment losses.

#### 4.1.2.2 Impairment of property, plant and equipment and intangible assets (excluding goodwill)

The impairment losses recorded at June 30, 2010 on property, plant and equipment and intangible assets particularly concern certain assets in Spain within the Energy Europe division in the amount of €156 million, of which €131 million related to a power production unit due to the worsening economic context. The recoverable amount of these assets is determined on the basis of their value in use, calculated using cash flow forecasts included in the medium-term business plan covering a period of six years. Cash flow projections are then extrapolated beyond this horizon over the useful life of the assets concerned. The discount rate applied to these forecast is 7.7%.

As regards development prospects, the Group recognized impairment losses totaling €48 million against its exploration licenses in Egypt and the Gulf of Mexico.

#### 4.1.2.3 Impairment of financial assets

Based on stock market prices at June 30, the Group recognized impairment losses against its Gas Natural shares in the amount of €46.4 million at June 30, 2010 (€33.0 million at June 30, 2009).

A breakdown of available-for-sale securities and their values is presented in Note 8, “Financial instruments”.

### 4.1.3 Restructuring costs

At June 30, 2010, restructuring costs include costs incurred to adapt to the economic environment in SUEZ Environnement (€50 million) and in Energy Services (€34 million). This item also includes ongoing costs for the streamlining of corporate premises in Brussels (€22 million) and Paris (€8 million).

At June 30, 2009, restructuring costs corresponded to measures taken to address the downturn, essentially in the waste services segment of SUEZ Environnement, as well as to costs relating to the planned relocation of the corporate headquarters of GDF SUEZ and SUEZ Environnement to La Défense, Paris.

### 4.1.4 Changes in scope of consolidation

At June 30, 2010, this item comprises the capital gains on the disposal of Fluxys shares (€422 million) and Elia shares (€238 million) as well as of interests in Société des Eaux de Marseille and Société des Eaux d'Arles in connection with the unwinding of cross-holdings with the Veolia Environnement-Compagnie Générale des Eaux 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 transportation assets in Chile (€147 million), (ii) in Lyonnaise des Eaux following the acquisition of controlling interests of entities as part of the unwinding of the cross-holdings with the Veolia Environnement-Compagnie Générale des Eaux 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 details in Note 2, "Main changes in Group structure".

At June 30, 2009, this item chiefly comprised capital gains on the disposal of a portion of shareholdings in inter-municipal companies in the Walloon region and in Fluxys.

### 4.1.5 Other disposal gains and non-recurring items

At June 30, 2010, this item essentially comprises the capital gains on the disposal of shares in VNG by Global Gas & LNG.

At June 30, 2009, this item included the impact of certain proceedings initiated in France 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 in its first-half 2009 financial statements, considering actions taken in this case since the merger. The Group had also recognized a provision in respect of the fine handed down by the Commission relating to the Compagnie Nationale du Rhône case. Finally, this item also comprised the capital gain generated on the sale to SPE of 250 MW in production capacity resulting from the implementation of the Group's obligations under the "Pax Electrica II" agreement.

## 4.2 Net financial income/(loss)

| | June 30, 2009 | | | June 30, 2010 | | |
|---|---|---|---|---|---|---|
| *In millions of euros* | Expenses | Income | Total | Expenses | Income | Total |
| **Cost of net debt** | **(948.8)** | **326.3** | **(622.5)** | **(967.6)** | **60.6** | **(907.0)** |
| Interest on gross borrowings | (1,021.0) | - | (1,021.0) | (949.2) | - | (949.2) |
| Foreign exchange gains/losses on borrowings and hedges | (33.0) | - | (33.0) | (4.0) | - | (4.0) |
| Gains and losses on hedges of borrowings | - | 222.9 | 222.9 | (146.4) | - | (146.4) |
| Gains and losses on cash and cash equivalents and financial assets at fair value through income | - | 103.4 | 103.4 | - | 60.6 | 60.6 |
| Capitalized borrowing costs (1) | 105.2 | - | 105.2 | 132.0 | - | 132.0 |
| **Other financial income and expenses** | **(398.1)** | **312.7** | **(85.4)** | **(443.5)** | **280.8** | **(162.7)** |
| **NET FINANCIAL INCOME/(LOSS)** | **(1,346.9)** | **638.9** | **(708.0)** | **(1,411.1)** | **341.4** | **(1,069.7)** |

*(1) Since December 31, 2009, capitalized borrowing costs have been reclassified from "Other financial income and expenses" to "Cost of net debt" and are now presented as a deduction from financial expenses. In order to present a meaningful comparison between the periods presented, data for June 30, 2009 have been restated.*

The change in cost of net debt is attributable to the increase in outstanding debt, as described in Note 8.3.2, "Main debt issues during the period", and to the positive impact of hedges of borrowings in the prior-year period that did not recur in 2010.

## 4.3 Income tax expense

| *In millions of euros* | June 30, 2009 | June 30, 2010 |
|---|---|---|
| Net income (A) | 3,626.4 | 4,145.3 |
| Total income tax expense recognized in income for the period (B) | (1,097.9) | (1,086.4) |
| Share in net income of associates (C) | 203.4 | 187.7 |
| **INCOME BEFORE TAX AND SHARE IN NET INCOME OF ASSOCIATES (A)-(B)-(C)=(D)** | **4,521.0** | **5,044.1** |
| **EFFECTIVE TAX RATE – (B)/(D)** | **24.3%** | **21.5%** |

The effective tax rate for the first half of 2010 decreased year-on-year by 2.8 points as a result of significant disposal gains and changes in scope of consolidation (which for the most part have no tax impact) during the first half of 2010 (see Notes 4.1.4 and 4.1.5).

In the first half of 2010, the Group did not recognize any expenses with respect to the tax on nuclear activities in Belgium. In the agreement signed with the Belgian government in October 2009, the latter agreed to offset this tax by extending the lifespan of certain nuclear reactors. This agreement still has to be transposed by legal proceedings to be legally binding.

At December 31, 2009, following the December 23, 2009 act *(Loi-programme),* the Group had recognized a specific income tax expense for nuclear activities amounting to €213 million. The 2009 act only applied to 2009 and doesn't have an impact on 2010.

# NOTE 5 GOODWILL, PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

| *In millions of euros* | Goodwill | Intangible assets | Property, plant and equipment |
|---|---|---|---|
| **A. GROSS AMOUNT AT DECEMBER 31, 2009** | **28,238.0** | **16,318.6** | **98,360.0** |
| Acquisitions | 1,125.8 | 545.6 | 3,575.1 |
| Disposals | (832.8) | (58.1) | (417.8) |
| Changes in scope of consolidation | | 1,301.8 | 4,155.2 |
| Translation adjustments | 434.1 | 348.4 | 3,663.0 |
| Other | (437.6) | 12.8 | 232.8 |
| **At June 30, 2010** | **28,527.4** | **18,469.1** | **109,568.3** |
| **B. ACCUMULATED DEPRECIATION, AMORTIZATION AND IMPAIRMENT AT DECEMBER 31, 2009** | **(249.0)** | **(4,898.7)** | **(28,695.2)** |
| Depreciation, amortization and impairment | (3.4) | (547.7) | (2,429.7) |
| Disposals | 27.3 | 44.8 | 300.6 |
| Changes in scope of consolidation | | (361.2) | (1,537.7) |
| Translation adjustments | (13.2) | (123.1) | (880.8) |
| Other | (0.4) | 16.8 | 80.8 |
| **At June 30, 2010** | **(238.7)** | **(5,869.1)** | **(33,162.0)** |
| **C. CARRYING AMOUNT = A + B AT DECEMBER 31, 2009** | **27,989.0** | **11,419.9** | **69,664.9** |
| **At June 30, 2010** | **28,288.7** | **12,599.9** | **76,406.3** |

Changes in goodwill recorded under "Acquisitions" correspond chiefly to the Group's acquisition of a controlling interest in the Hisusa/Agbar group as described in Note 2, "Main changes in Group structure" (€856.6 million), and to the unwinding of the cross-shareholdings previously held by Lyonnaise des Eaux and the Veolia Environnement group (€227.5 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 (€671.0 million) and the Group's share in the goodwill sold relating to the Infrastructures-Transport (€155.0 million) and Energy Benelux & Germany cash-generating units (€7.9 million) which were sold as part of the disposal of Elia shares and partial divestment of inter-municipal companies in the Walloon region.

Net changes in the scope of consolidation increased intangible assets and property, plant and equipment by €3,558.1 million and mainly reflect the acquisitions of controlling interests in the Hisusa/Agbar group (€1,833.1 million), Chilean energy entities (€868.0 million) and Astoria in the United States (€750.9 million), as well as the unwinding of cross-shareholdings previously held by Lyonnaise des Eaux and the Veolia Environnement group (€61.8 million), see Note 2 – "Main changes in Group structure".

Translation adjustments recorded in relation to the gross amount of property, plant and equipment chiefly consist of translation gains on the US dollar (€2,046.1 million), the Brazilian real (€709.8 million), the Thai baht (€319.8 million) and the pound sterling (€233.6 million).

## NOTE 6 INVESTMENTS IN ASSOCIATES

| | Carrying amount of investments in associates | | Share in net income/(loss) of associates | |
|---|---|---|---|---|
| *In millions of euros* | Dec. 31, 2009 | June 30, 2010 | June 30, 2009 | June 30, 2010 |
| Belgian inter-municipal companies | 510.2 | 575.8 | 69.3 | 112.6 |
| Elia | (85.5) | 0.0 | 12.3 | 0.0 |
| Fluxys | 242.0 | 0.0 | 27.0 | 0.0 |
| Gasag | 462.8 | 461.5 | 24.1 | 16.0 |
| GTT | 132.0 | 121.8 | 19.4 | 1.9 |
| Noverco | 157.0 | 220.5 | 9.8 | 11.6 |
| Other | 757.2 | 726.8 | 41.4 | 45.5 |
| **TOTAL** | **2,175.6** | **2,106.5** | **203.4** | **187.7** |

The main changes during the first half of 2010 reflect:

- the disposal of shares in Elia;
- the disposal of shares in Fluxys.

Dividends received by the Group from associates amounted to €124.7 million and to €234.1 million respectively in first-half 2010 and first-half 2009.

Goodwill recognized by the Group on acquisitions of associates is also included in "Investments in associates" for a net amount of €225.2 million at June 30, 2010 (€280.3 million at December 31, 2009).

## NOTE 7 INVESTMENTS IN JOINT VENTURES

The contributions of the main joint ventures to the Group's condensed interim 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) |
|---|---|---|---|---|---|---|---|
| **Statement of financial position at December 31, 2009/Income statement at June 30, 2009** | | | | | | | |
| EFOG | 22.5 | 130.9 | 348.2 | 13.3 | 173.1 | 67.0 | 38.0 |
| Energia Sustentavel Do Brasil | 50.1 | 120.9 | 471.9 | 21.7 | 69.3 | 0.0 | 1.3 |
| Acea/Electrabel group | 40.6 (a) | 416.9 | 717.8 | 681.1 | 157.5 | 624.3 | (6.4) |
| Hisusa group | 51.0 (b) | 947.9 | 2,886.0 | 938.8 | 1,026.2 | 821.5 | 12.2 |
| SPP group | 24.5 | 244.5 | 1,644.3 | 115.2 | 198.6 | 355.3 | 78.8 |
| WSW Energie und Wasser | 33.1 | 58.8 | 305.3 | 44.5 | 45.8 | 0.0 | 3.1 |
| Senoko | 30.0 | 76.9 | 653.0 | 34.4 | 130.7 | 183.6 | 2.5 |
| Sociedad GNL Mejillones | 50.0 | 20.0 | 170.7 | 143.4 | 51.2 | 0.0 | (32.3) |
| Tirreno Power | 35.0 | 126.9 | 565.1 | 131.6 | 415.9 | 177.8 | 21.8 |
| **At June 30, 2010** | | | | | | | |
| EFOG | 22.5 | 171.7 | 361.2 | 15.4 | 182.8 | 89.7 | 40.0 |
| Energia Sustentavel Do Brasil | 50.1 | 177.1 | 862.9 | 60.7 | 406.1 | 0.0 | 1.0 |
| Acea/Electrabel group | 40.6 (a) | 479.8 | 712.0 | 726.1 | 156.4 | 630.6 | 18.5 |
| SPP group | 24.5 | 249.7 | 1,635.7 | 176.2 | 261.2 | 364.8 | 69.9 |
| WSW Energie und Wasser | 33.1 | 49.0 | 306.7 | 53.5 | 58.9 | 118.8 | 4.3 |
| Senoko | 30.0 | 122.6 | 770.4 | 80.4 | 542.3 | 263.2 | 4.6 |
| Sociedad GNL Mejillones | 50.0 | 65.5 | 253.3 | 248.1 | 82.0 | 26.8 | (5.8) |
| Tirreno Power | 35.0 | 123.3 | 555.7 | 91.8 | 433.2 | 161.5 | 13.2 |

*(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".

# NOTE 8 FINANCIAL INSTRUMENTS

## 8.1 Financial assets

The Group's financial assets are broken down into the following categories:

| | Dec. 31, 2009 | | | June 30, 2010 | | |
|---|---|---|---|---|---|---|
| *In millions of euros* | Non-current | Current | Total | Non-current | Current | Total |
| Available-for-sale securities | 3,562.9 | | 3,562.9 | 3,533.2 | | 3,533.2 |
| Loans and receivables carried at amortized cost | 3,125.1 | 25,620.9 | 28,746.0 | 3,212.2 | 26,652.4 | 29,864.5 |
| *Loans and receivables carried at amortized cost (excluding trade and other receivables)* | *2,426.2* | *947.1* | *3,373.3* | *2,631.0* | *1,109.2* | *3,740.2* |
| *Trade and other receivables, net* | | *19,748.5* | *19,748.5* | | *19,902.6* | *19,902.6* |
| *Other assets (*)* | *698.8* | *4,925.4* | *5,624.2* | *581.1* | *5,640.6* | *6,221.7* |
| Financial assets at fair value through income | 1,926.7 | 9,084.8 | 11,011.5 | 2,990.2 | 7,770.1 | 10,760.3 |
| *Derivative instruments* | *1,926.7* | *7,404.8* | *9,331.5* | *2,990.2* | *6,181.3* | *9,171.5* |
| *Financial assets at fair value through income (excluding derivatives)* | | *1,680.0* | *1,680.0* | | *1,588.8* | *1,588.8* |
| Cash and cash equivalents | | 10,323.8 | 10,323.8 | | 9,103.8 | 9,103.8 |
| **TOTAL** | **8,614.7** | **45,029.5** | **53,644.2** | **9,735.5** | **43,526.3** | **53,261.8** |

*(*) Other assets do not include amounts relating to the drawing rights in nuclear power plants in Germany acquired from E.ON .*

### 8.1.1 Available-for-sale securities

| *In millions of euros* | |
|---|---|
| **At December 31, 2009** | **3,562.9** |
| Acquisitions | 105.2 |
| Disposals, net | (76.9) |
| Changes in fair value recorded in equity | (88.3) |
| Changes in fair value recorded in income | (58.0) |
| Changes in scope of consolidation, foreign currency translation and other changes | 88.2 |
| **At June 30, 2010** | **3,533.1** |

The Group's available-for-sale securities amounted to €3,533.1 million at June 30, 2010, breaking down as €832.2 million of listed securities and €2,700.9 million of unlisted securities.

The Group reviewed the value of its available-for-sale securities on a case-by-case basis, in order to determine whether, based on all available information and in light of the current market environment, any impairment losses should be recognized.

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.

A fall of 10% in the market price of listed shares would have a negative impact of around €83 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 only equity, for an amount of €72.4 million.

Additional impairment losses amounting to €46.4 million against Gas Natural shares were recorded in the first half of 2010, following the fall in share price over the period.

Based on its review, the Group considers that no material impairment losses needed to be taken against its other available-for-sale securities.

Gains and losses on available-for-sale securities recognized in equity or income were as follows:

| | | Remeasurement post acquisition | | | |
|---|---|---|---|---|---|
| *In millions of euros* | Dividends | Change in fair value | Foreign currency translation | Impairment | Net gains/(losses) on disposals |
| Equity* | - | (23.4) | (17.1) | - | - |
| Income | 228.7 | - | - | (66.1) | 101.3 |
| **TOTAL AT DECEMBER 31, 2009** | **228.7** | **(23.4)** | **(17.1)** | **(66.1)** | **101.3** |
| Equity* | - | (88.3) | 88.6 | - | - |
| Income | 92.1 | - | - | (52.8) | 189.6 |
| **TOTAL AT JUNE 30, 2010** | **92.1** | **(88.3)** | **88.6** | **(52.8)** | **189.6** |

* *Excluding the tax effect.*

## 8.2 Financial liabilities

Financial liabilities are recognized in:

- "Other liabilities carried 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 June 30, 2010:

| | Dec. 31, 2009 | | | June 30, 2010 | | |
|---|---|---|---|---|---|---|
| *In millions of euros* | Non-current | Current | Total | Non-current | Current | Total |
| Borrowings and debt | 32,154.8 | 10,117.4 | 42,272.2 | 35,184.2 | 9,311.2 | 44,495.4 |
| Derivative instruments | 1,791.9 | 7,169.6 | 8,961.4 | 2,343.2 | 6,155.7 | 8,498.9 |
| Trade and other payables | - | 16,594.4 | 16,594.4 | - | 16,492.3 | 16,492.3 |
| Other financial liabilities | 911.4 | - | 911.4 | 681.8 | - | 681.8 |
| **TOTAL** | **34,858.1** | **33,881.4** | **68,739.4** | **38,209.2** | **31,959.2** | **70,168.3** |

## 8.3 Net debt

### 8.3.1 Analysis of net debt by type

| | Dec. 31, 2009 | | | June 30, 2010 | | |
|---|---|---|---|---|---|---|
| *In millions of euros* | Non-current | Current | Total | Non-current | Current | Total |
| Outstanding borrowings and debt | 31,417.8 | 9,592.9 | 41,010.6 | 35,000.7 | 8,051.2 | 43,051.8 |
| Impact of measurement at amortized cost | 636.1 | 244.1 | 880.2 | (11.7) | 556.0 | 544.3 |
| Impact of fair value hedge [(a)] | 100.9 | 91.7 | 192.6 | 195.2 | 181.3 | 376.5 |
| Cash collateral | | 188.6 | 188.6 | | 522.7 | 522.7 |
| **BORROWINGS AND DEBT** | **32,154.8** | **10,117.4** | **42,272.1** | **35,184.2** | **9,311.2** | **44,495.3** |
| Derivative instruments hedging borrowings under liabilities [(b)] | 636.7 | 115.1 | 751.9 | 1,056.0 | 224.4 | 1,280.4 |
| **GROSS DEBT** | **32,791.5** | **10,232.5** | **43,024.0** | **36,240.2** | **9,535.6** | **45,775.7** |
| Financial assets at fair value through income | 0.0 | (1,608.7) | (1,608.7) | 0.0 | (1,555.8) | (1,555.8) |
| Cash collateral | | (71.3) | (71.3) | | (33.0) | (33.0) |
| Cash and cash equivalents | 0.0 | (10,323.8) | (10,323.8) | 0.0 | (9,103.8) | (9,103.8) |
| Derivative instruments hedging borrowings under assets [(b)] | (938.6) | (114.8) | (1,053.4) | (1,529.1) | (68.8) | (1,597.9) |
| **NET CASH** | **(938.6)** | **(12,118.5)** | **(13,057.1)** | **(1,529.1)** | **(10,761.5)** | **(12,290.6)** |
| **NET DEBT** | **31,852.9** | **(1,886.1)** | **29,966.8** | **34,711.1** | **(1,225.9)** | **33,485.2** |
| Outstanding borrowings and debt | 31,417.8 | 9,592.9 | 41,010.6 | 35,000.7 | 8,051.2 | 43,051.8 |
| Financial assets at fair value through income | 0.0 | (1,608.7) | (1,608.7) | 0.0 | (1,555.8) | (1,555.8) |
| Cash and cash equivalents | 0.0 | (10,323.8) | (10,323.8) | 0.0 | (9,103.8) | (9,103.8) |
| **NET DEBT EXCLUDING THE IMPACT OF DERIVATIVE INSTRUMENTS, CASH COLLATERAL AND AMORTIZED COST** | **31,417.8** | **(2,339.6)** | **29,078.1** | **35,000.7** | **(2,608.5)** | **32,392.2** |

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

*(b) These items represent the fair value of debt-related derivatives irrespective of whether they are designated as hedges. It also includes instruments designated as net investment hedges.*

### 8.3.2 Main debt issues during the period

In first-half 2010, the GDF SUEZ Group carried out a series of bond issues for a total of €862 million, mainly comprising:

- an issue of €500 million maturing in 2022 and paying interest of 4.125%.

On June 16, 2010, a five-year, €4 billion syndicated credit line was signed with a syndicate of 18 banks.

As part of the Group's risk management policy, these bond issues are hedged to reduce exposure to changes in interest rates and exchange rates. The sensitivity of the Group's debt (including interest rate and foreign currency derivatives) to interest rate and currency risk is presented in Note 9, "Management of risks arising from financial instruments".

In the first half of 2010, changes in the scope of consolidation led to an increase of €1,962 million in net debt. Foreign currency translation increased net debt by €1,610 million (of which €1,120 million relating to the US dollar).

### 8.3.3 Debt/equity ratio

| *In millions of euros* | Dec. 31, 2009 | June 30, 2010 |
|---|---|---|
| Net debt | 29,966.8 | 33,485.2 |
| Total equity | 65,526.6 | 69,884.8 |
| **DEBT/EQUITY RATIO** | **45.7%** | **47.9%** |

## 8.4 Derivative instruments

### Derivative instruments carried in assets

| | Dec. 31, 2009 | | | June 30, 2010 | | |
|---|---|---|---|---|---|---|
| *In millions of euros* | Non-current | Current | Total | Non-current | Current | Total |
| Derivatives hedging borrowings | 938.6 | 114.8 | 1,053.4 | 1,529.1 | 68.8 | 1,597.9 |
| Derivatives hedging commodities | 961.5 | 7,252.0 | 8,213.5 | 1,360.1 | 6,079.3 | 7,439.4 |
| Derivatives hedging other items | 26.6 | 38.1 | 64.7 | 100.9 | 33.2 | 134.1 |
| **TOTAL** | **1,926.7** | **7,404.9** | **9,331.5** | **2,990.2** | **6,181.3** | **9,171.5** |

### Derivative instruments carried in liabilities

| | Dec. 31, 2009 | | | June 30, 2010 | | |
|---|---|---|---|---|---|---|
| *In millions of euros* | Non-current | Current | Total | Non-current | Current | Total |
| Derivatives hedging borrowings | 636.7 | 115.1 | 751.8 | 1,056.0 | 224.4 | 1,280.4 |
| Derivatives hedging commodities | 1,085.2 | 7,031.0 | 8,116.2 | 1,143.3 | 5,897.7 | 7,041.0 |
| Derivatives hedging other items | 69.9 | 23.5 | 93.4 | 143.9 | 33.6 | 177.5 |
| **TOTAL** | **1,791.9** | **7,169.6** | **8,961.4** | **2,343.2** | **6,155.7** | **8,498.9** |

The decrease in derivatives carried both in assets and liabilities over the period is mainly attributable to changes in commodity prices and the expiration of certain derivative instruments, offset in part by the impact of changes in the scope of consolidation.

The fair values of commodity derivatives break down as follows:

| | Dec. 31, 2009 | | | | June 30, 2010 | | | |
|---|---|---|---|---|---|---|---|---|
| | 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 | 2,335.5 | 961.5 | (2,193.6) | (1,085.2) | 2,019.3 | 1,360.1 | (2,062.9) | (1,143.3) |
| *Cash flow hedges* | *1,213.6* | *516.2* | *(1,389.4)* | *(592.0)* | *1,113.2* | *764.7* | *(1,190.0)* | *(537.4)* |
| *Fair value hedges* | *164.4* | *58.1* | *(153.3)* | *(56.9)* | *198.3* | *56.6* | *(201.0)* | *(56.3)* |
| *Other derivative instruments* | *957.5* | *387.2* | *(650.9)* | *(436.4)* | *707.7* | *538.8* | *(671.8)* | *(549.6)* |
| Derivative instruments relating to trading activities | 4,916.6 | - | (4,837.4) | - | 4,060.0 | - | (3,834.8) | - |
| **TOTAL** | **7,252.0** | **961.5** | **(7,031.0)** | **(1,085.2)** | **6,079.3** | **1,360.1** | **(5,897.7)** | **(1,143.3)** |

Derivative instruments are put in place as part of the Group's risk management policy, which is described in Note 15 to the Group's consolidated financial statements for the year ended December 31, 2009. The Group's policy for managing risks arising on financial instruments is set out in Note 9 to these condensed interim consolidated financial statements.

## NOTE 9 MANAGEMENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

GDF SUEZ mainly uses derivative instruments to manage its exposure to market risks. The Group's risk management policy is described in Note 15 to the consolidated financial statements for the year ended December 31, 2009.

### 9.1 Counterparty risk

The Group is exposed to counterparty risk from customers, suppliers, intermediaries and banks on its operating and financing activities, when such parties are unable to honor their contractual obligations.

#### 9.1.1 Operating activities

Past-due trade and other receivables are analyzed below:

| 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, 2009 | 1,085.6 | 304.7 | 176.8 | 1,567.0 | 1,447.2 | 17,900.5 | 20,914.8 |
| At June 30, 2010 | 1,251.2 | 220.7 | 387.6 | 1,859.5 | 1,666.0 | 17,654.8 | 21,180.3 |

In view of the diversity of its customer portfolio, 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 for the calculation of the fair value of derivative instruments.

| Counterparty risk [a] | Dec. 31, 2009 | | June 30, 2010 | |
|---|---|---|---|---|
| *In millions of euros* | Investment grade [b] | Total | Investment grade [b] | Total [d] |
| Counterparties | | | | |
| Gross exposure | 9,629.3 | 10,476.7 | 7,494.0 | 8,117.4 |
| Net exposure [c] | 2,451.0 | 2,647.8 | 1,763.0 | 1,869.9 |
| *% exposure to investment grade counterparties* | *92.6%* | | *94.3%* | |

*(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 collateral, 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.*

## 9.1.2 Financing activities

### 9.1.2.1 Counterparty risk arising from loans and receivables carried at amortized cost (excluding trade and other receivables)

The balance of outstanding past-due loans and receivables at amortized cost (excluding trade and other receivables) is analyzed below:

| Loans and receivables carried 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, 2009 | 15.0 | 2.0 | 10.0 | 27.0 | 463.5 | 3,344.9 | 3,835.4 |
| At June 30, 2010 | 7.9 | 5.6 | 22.0 | 35.5 | 508.3 | 3,666.4 | 4,210.2 |

The balance of outstanding loans and receivables carried at amortized cost (excluding trade and other receivables) does not include impairment losses or changes in fair value and in amortized cost, which came to the respective amounts of €(491.2) million, €0.2 million, and €21.0 million at June 30, 2010, versus €(463.5) million, €(4.6) million and €6.0 million, respectively, at December 31, 2009.

Changes in loans and receivables at amortized cost are presented in Note 8.1, "Financial assets".

### 9.1.2.2 Counterparty risk arising from investing activities

The Group is exposed to counterparty risk arising from (i) investments of surplus cash (excluding loans to non-consolidated companies) for €10,692 million and (ii) its use of derivative financial instruments for €1,598 million. In the case of financial instruments, counterparty risk is the sum of the instruments' positive fair value.

The Group's counterparty risk management policy is based on the following principles:

- strict counterparty selection criteria; nearly 90% are rated investment grade;

- extreme diversity; no counterparty represents more than 10% of investments;
- the use of collateralization agreements (margin calls), which allows the Group to minimize its exposure to counterparty risk on derivatives.

| COUNTERPARTY RISK ARISING FROM INVESTING ACTIVITIES | Dec. 31, 2009 | | | June 30, 2010 | | |
|---|---|---|---|---|---|---|
| | Investment grade (a) | Unrated (b) | Non-investment grade (b) | Investment grade (a) | Unrated (b) | Non-investment grade (b) |
| *% exposure to counterparties* | *84%* | *15%* | *1%* | *87%* | *12%* | *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 June 30, 2010, no single counterparty represented more than 10% of cash investments, versus 13% at December 31, 2009.

#### 9.1.2.3 Counterparty risk arising from other assets

Other assets, including tax receivables and reimbursement rights, are neither past due nor impaired. The Group does not consider that it is exposed to any counterparty risk on these assets.

## 9.2 Liquidity risk

In the context of its operating and financing activities, the Group is exposed to a risk of having insufficient liquidity with which to meet its contractual obligations. In addition to the risks inherent in managing working capital requirements, liquidity risk also arises on margin calls in certain market activities.

The Group's liquidity is based on maintaining cash and cash equivalents and access to confirmed credit facilities. These facilities are appropriate for the scale of its operations and for the timing of contractual debt repayments. Confirmed credit facilities had been granted for a total of €16,546 million at June 30, 2010, of which €1,664 million had been drawn down. 75% of total credit lines and 83% of undrawn facilities are centralized. None of these facilities contain a default clause linked to covenants or minimum credit ratings.

At June 30, 2010, bank loans accounted for 37% of gross debt (excluding overdrafts and the impact of derivatives and amortized cost), while the remaining debt was raised on capital markets (including €22,653 million in bonds, or 55% of gross debt). Short-term commercial paper issues represented 8% of gross debt and totaled €3,147 million at June 30, 2010.

Available cash, comprising cash and cash equivalents, financial assets qualifying or designated as at fair value through income, less overdrafts, totaled €8,854 billion at June 30, 2010.

### 9.2.1 Undiscounted contractual payments related to financing activities

At June 30, 2010, undiscounted contractual payments on net debt (excluding the impact of derivatives and amortized cost) break down as follows by maturity:

| *In millions of euros* | TOTAL At 31 December, 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | Beyond 5 years |
|---|---|---|---|---|---|---|---|
| **OUTSTANDING BORROWINGS AND DEBT** | **41,010.7** | **9,592.9** | **2,124.8** | **4,186.0** | **2,808.5** | **5,187.6** | **17,110.8** |
| Financial assets qualifying or designated as at fair value through income, and cash and cash equivalents | (11,932.5) | (11,932.5) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **NET DEBT EXCLUDING THE IMPACT OF DERIVATIVE INSTRUMENTS, CASH COLLATERAL AND AMORTIZED COST** | **29,078.2** | **(2,339.6)** | **2,124.8** | **4,186.0** | **2,808.5** | **5,187.6** | **17,110.8** |

| *In millions of euros* | TOTAL At June 30, 2010 | 2010 | 2011 | 2012 | 2013 | 2014 | Beyond 5 years |
|---|---|---|---|---|---|---|---|
| Bond issues | 22,553.3 | 153.8 | 856.6 | 3,051.0 | 1,365.6 | 3,932.2 | 13,194.1 |
| Commercial paper | 3,148.6 | 3,011.6 | 137.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Drawdowns on credit facilities | 1,663.8 | 734.7 | 72.0 | 333.8 | 112.1 | 44.7 | 366.5 |
| Liabilities under finance leases | 1,545.7 | 73.3 | 151.1 | 135.3 | 159.3 | 118.1 | 908.6 |
| Other bank borrowings | 10,963.8 | 193.5 | 791.1 | 1,179.3 | 1,559.1 | 1,118.0 | 6,122.9 |
| Other borrowings | 1,370.7 | (0.0) | 70.5 | 328.2 | 173.6 | 0.0 | 798.4 |
| Bank overdrafts and current accounts | 1,806.0 | 1,806.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **OUTSTANDING BORROWINGS AND DEBT** | **43,051.9** | **5,972.9** | **2,078.3** | **5,027.6** | **3,369.7** | **5,212.9** | **21,390.5** |
| Financial assets qualifying or designated as at fair value through income | (1,555.8) | (1,555.8) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Cash and cash equivalents | (9,103.8) | (9,103.8) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **NET DEBT EXCLUDING THE IMPACT OF DERIVATIVE INSTRUMENTS, CASH COLLATERAL AND AMORTIZED COST** | **32,392.2** | **(4,686.8)** | **2,078.3** | **5,027.6** | **3,369.7** | **5,212.9** | **21,390.5** |

Undiscounted contractual interest payments on outstanding borrowings and debt break down as follows by maturity:

| *In millions of euros* | TOTAL At December 31, 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | Beyond 5 years |
|---|---|---|---|---|---|---|---|
| Undiscounted contractual interest payments on outstanding borrowings and debt | 13,694.4 | 1,600.3 | 1,557.7 | 1,517.9 | 1,356.6 | 1,219.8 | 6,442.1 |

| *In millions of euros* | TOTAL At June 30, 2010 | 2010 | 2011 | 2012 | 2013 | 2014 | Beyond 5 years |
|---|---|---|---|---|---|---|---|
| Undiscounted contractual interest payments on outstanding borrowings and debt | 15,591.0 | 510.2 | 2,290.8 | 1,672.8 | 1,532.2 | 1,394.8 | 8,190.1 |

Undiscounted contractual payments on outstanding derivatives (excluding commodity instruments) recognized in assets and liabilities break down as follows by maturity (net amounts):

| *In millions of euros* | TOTAL At December 31, 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | Beyond 5 years |
|---|---|---|---|---|---|---|---|
| Derivatives (excluding commodity instruments) | 325.9 | 90.7 | 222.9 | 49.9 | (9.1) | (15.3) | (13.1) |

| *In millions of euros* | TOTAL At June 30, 2010 | 2010 | 2011 | 2012 | 2013 | 2014 | Beyond 5 years |
|---|---|---|---|---|---|---|---|
| Derivatives (excluding commodity instruments) | 816.7 | 480.2 | 268.5 | (55.2) | 92.4 | (57.3) | 88.2 |

The maturities of the Group's undrawn credit facility programs are analyzed in the table below:

| *In millions of euros* | TOTAL At December 31, 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | Beyond 5 years |
|---|---|---|---|---|---|---|---|
| Confirmed undrawn credit facility programs | 14,691.2 | 2,991.1 | 751.4 | 9,473.7 | 126.8 | 1,130.5 | 217.7 |

| *In millions of euros* | TOTAL At June 30, 2010 | 2010 | 2011 | 2012 | 2013 | 2014 | Beyond 5 years |
|---|---|---|---|---|---|---|---|
| Confirmed undrawn credit facility programs | 14,882.6 | 1,372.2 | 1,212.7 | 5,362.0 | 272.3 | 1,182.5 | 5,480.9 |

### 9.2.2 Undiscounted contractual payments related 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 | 2010 | 2011 | 2012 | 2013 | 2014 | Beyond 5 years |
|---|---|---|---|---|---|---|---|
| Derivative instruments carried in liabilities | | | | | | | |
| *relating to portfolio management activities* | *(3,302.2)* | *(2,224.3)* | *(722.8)* | *(245.5)* | *(39.2)* | *(17.7)* | *(52.7)* |
| *relating to trading activities* | *(4,814.1)* | *(4,814.1)* | | | | | |
| Derivative instruments carried in assets | | | | | | | |
| *relating to portfolio management activities* | *3,268.1* | *2,278.4* | *673.0* | *256.4* | *44.9* | *3.8* | *11.6* |
| *relating to trading activities* | *4,894.9* | *4,894.9* | | | | | |
| **TOTAL AT DECEMBER 31, 2009** | **46.7** | **134.9** | **(49.9)** | **10.9** | **5.7** | **(13.9)** | **(41.1)** |

| 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* | *(3,191.9)* | *(1,363.7)* | *(1,239.1)* | *(447.8)* | *(65.5)* | *(22.3)* | *(53.6)* |
| *relating to trading activities* | *(3,874.3)* | *(3,874.3)* | | | | | |
| Derivative instruments carried in assets | | | | | | | |
| *relating to portfolio management activities* | *3,366.1* | *1,429.4* | *1,147.8* | *537.1* | *157.1* | *34.4* | *60.2* |
| *relating to trading activities* | *4,133.1* | *4,133.1* | | | | | |
| TOTAL AT JUNE 30, 2010 | 433.0 | 324.6 | (91.3) | 89.3 | 91.6 | 12.2 | 6.6 |

## 9.3 Market risk

### 9.3.1 Commodities market risk

#### 9.3.1.1 Portfolio management activities

| | | Dec. 31, 2009 | | June 30, 2010 | |
|---|---|---|---|---|---|
| **Sensitivity analysis** *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 | +10.00 USD/bbl | (96.6) | 326.2 | (218.5) | 329.3 |
| Natural gas | +3.00 €/MWh | 166.9 | (12.6) | 52.8 | (2.5) |
| Coal | +10.00 USD/tonne | 82.4 | 70.7 | 39.4 | 42.7 |
| Electricity | +5.00 €/MWh | (30.4) | (46.4) | (71.5) | (24.1) |
| Greenhouse gas emission rights | +2.00 €/tonne | (32.1) | (6.5) | (12.0) | (1.5) |
| EUR/USD | +10.00% | 76.2 | (212.7) | 96.7 | (178.8) |
| EUR/GBP | +10.00% | (58.8) | (1.6) | 59.7 | 3.7 |

#### 9.3.1.2 Trading activities

The Group uses a 1-day holding period and a 99% confidence interval to calculate VaR.

| Value-at-risk *In millions of euros* | 2009 average [(a)] | June 30, 2010 | 2010 average [(a)] | 2010 maximum [(b)] | 2010 minimum [(b)] |
|---|---|---|---|---|---|
| Trading activities | 6.2 | 10.9 | 9.4 | 15.9 | 4.7 |

*(a) Average daily VaR.*
*(b) Based on month-end highs and lows observed in 2010.*

### 9.3.2 Currency risk

Sensitivity was analyzed based on the Group's 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

Changes in exchange rates against the euro only affect income via gains and losses on liabilities denominated in a currency other than the reporting currency of companies carrying the liabilities on their 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 €52 million.

#### Impact on equity

For financial liabilities (debt and derivatives) designated as net investment hedges, a uniform adverse change of 10% in foreign currencies against the euro would have a positive impact of €571 million on equity. This impact would be countered by the offsetting change in the net investment hedged.

### 9.3.3 Interest rate risk

Sensitivity was analyzed based on the Group's 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 period-end interest rates.

#### Impact on income

A uniform rise of 1% in short-term interest rates (across all currencies) on the nominal amount of floating-rate net debt and the floating-rate 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 €115 million. The asymmetrical impacts are attributable to the interest rate options portfolio, as well as to 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 €202 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 €232 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 €268 million on equity, attributable to changes in the fair value of derivative instruments designated as cash flow hedges recognized in the balance sheet.

## NOTE 10 PROVISIONS

| *In millions of euros* | Dec. 31, 2009 | Additions | Reversals (utilizations) | Reversals (surplus provisions) | Changes in scope of consolidation | Impact of unwinding discount adjustments | Translation adjustments | Other | June 30, 2010 |
|---|---|---|---|---|---|---|---|---|---|
| Post-employment benefits and other long-term benefits | 3,863.2 | 133.3 | (184.8) | (0.3) | 10.8 | 94.3 | 45.3 | 142.4 | 4,104.2 |
| Nuclear fuel reprocessing and storage | 3,677.3 | 54.5 | (13.2) | 0.0 | 0.0 | 90.6 | 1.5 | 0.0 | 3,810.8 |
| Dismantling of plant and equipment [(a)] | 3,601.6 | 0.7 | (5.8) | (1.3) | 2.0 | 89.0 | 6.5 | 68.2 | 3,760.8 |
| Site rehabilitation | 1,137.7 | 14.9 | (16.7) | (5.0) | 1.1 | 19.9 | 24.6 | 42.8 | 1,219.3 |
| Other contingencies | 1,772.8 | 255.7 | (171.8) | (27.3) | 94.6 | 5.5 | 38.6 | (6.8) | 1,961.2 |
| **TOTAL PROVISIONS** | **14,052.7** | **459.1** | **(392.2)** | **(33.9)** | **108.5** | **299.2** | **116.5** | **246.6** | **14,856.4** |

### Provisions for post-employment benefit obligations and other long-term benefits

Actuarial gains and losses generated during the period amount to €173.0 million and constitute the main amount presented in the "Other" column of post-employment benefit obligations and other long-term benefits. Actuarial gains and losses chiefly correspond to the following changes in external actuarial assumptions applied to eurozone plans:

- discount rates of 4.4% for post-employment benefit obligations and 3.9% for long-term benefits (versus 4.9% and 4.6% respectively at December 31, 2009) in light of the average duration of Group entity obligations;

- actual returns on plan assets over the period corresponded to expected returns and therefore no material actuarial gains or losses were recognized in the 2010 interim financial statements.

The impact of unwinding discount adjustments in respect of post-employment benefit obligations and other employee benefit obligations relates to the interest cost on the pension obligations, net of the expected return on plan assets.

The Group has been following the planned retirement reform in France which aims to gradually increase the legal retirement age, which is currently set at 60 years, to 62 years in 2018. The age from which an employee can retire and receive a full pension, regardless of the number of quarters during which said employee made contributions, is currently set at 65 years and will increase gradually from July 2016, reaching 67 years in 2023. The impacts of these changes are currently being analyzed.

### Provisions for dismantling nuclear facilities and for nuclear fuel reprocessing and storage

The provisions recognized by the Group were calculated taking into account the prevailing contractual and legal framework, which sets the operating life of nuclear reactors at 40 years and which has not changed since December 31, 2009.

The provisions of the agreement signed in October 2009 to extend the lifespan of certain nuclear reactors remain to be transcribed into law.

In accordance with the Belgian law of April 11, 2003, amended by the law of April 25, 2007, the Group subsidiary Synatom is required to submit its triennial review of nuclear provisions to the Nuclear Provisions Committee during the second half of 2010.

As requested by the Nuclear Provisions Committee, the Group will also carry out a detailed review of the impact on provisions of extending the lifespan of certain nuclear reactors.

## NOTE 11 SHARE-BASED PAYMENT

Expenses recognized in respect of share-based payment break down as follows:

| *In millions of euros* | Notes | Expense for the period June 30, 2009 | Expense for the period June 30, 2010 |
|---|---|---|---|
| Stock option plans | | 28.5 | 28.4 |
| *Share Appreciation Rights* (*) | *11.1* | 7.2 | 1.8 |
| Bonus/performance share plans | *11.2* | 74.9 | 11.2 |
| Exceptional bonus | *11.3* | 1.4 | 0.0 |
| | | **112.0** | **41.4** |

*(*) Set up within the scope of employee share issues in certain countries.*

All transactions carried out prior to 2010 are described in Note 24 to the consolidated financial statements for the year ended December 31, 2009.

### 11.1 Employee share issues

The accounting impact of cash-settled Share Appreciation Rights (SARs) consists of recognizing a payable to the employee over the vesting period of the rights, with the corresponding adjustment recorded in income. At June 30, 2010, the fair value of the liability related to the 2005 and 2007 awards amounted to €13.2 million. The impact of these awards on the consolidated income statement – including coverage by warrants – is €1.8 million.

### 11.2 Performance shares (bonus shares)

#### 11.2.1 Plans expired in 2010

Several bonus share and performance share plans expired in the first half of 2010. Eligibility for these plans is subject to employees' presence in the Group as well as internal performance conditions. However, since these internal performance conditions were not fully met, the number of shares allocated to employees was reduced in accordance with the plans' regulations, leading to a decrease in the total expense recognized in relation to the plan in accordance with IFRS 2.

### 11.2.2 Shares awarded in 2010

#### 11.2.2.1 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).

The fair value of the performance shares was calculated using the method described in Note 1 to the consolidated financial statements for the year ended December 31, 2009 (Section 1.4.14.2). The external performance condition, assessed using the Monte Carlo method, is taken into account in determining the fair value of the equity instruments in accordance with IFRS 2.

Fair value amounts to €23.7 for shares subject to the internal performance condition, and €13.4 for shares subject to the external performance condition.

#### 11.2.2.2 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.

## 11.3 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. The 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 €141.6. Payment is pending and should be finalized by September 1, 2010.

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.

# NOTE 12 LEGAL PROCEEDINGS AND ANTI-TRUST INQUIRIES

The legal and arbitration proceedings presented hereafter are recognized as liabilities or are presented for information purposes.

## 12.1 Legal proceedings

In the normal course of its business, the Group is party to a number of legal proceedings with third parties and is subject to anti-trust inquiries. These matters were described in Note 27 to the consolidated financial statements for the year ended December 31, 2009 and therefore only significant developments in the various disputes are described hereinafter. Provisions recorded in respect of these legal proceedings totaled €532 million at June 30, 2010.

### 12.1.1 Togo Electricité

The hearings of the arbitration Tribunal took place in July 2009 and an award could be rendered in second-half 2010.

### 12.1.2 Fos Cavaou

A provisional operating permit was enacted on October 6, 2009, which allows for the building work to continue and for the terminal to be partially operated, under specific regulations, until the terminal is fully certified. An action for annulment of the order authorizing the temporary operation of the terminal has been filed by the Association de Défense et de Protection du Littoral du Golfe de Fos-sur-Mer (ADPLGF). The proceedings are in progress.

### 12.1.3 United Water

The claim for punitive damages was dismissed on December 21, 2009. This dismissal was confirmed on February 11, 2010 following an appeal made by the residents. The appeal for compensatory damages is pending.

### 12.1.4 Squeeze-out bid for Electrabel shares

By decision handed down on December 24, 2009, the Court dismissed Geenen's appeal on procedural grounds. Mr. Geenen appealed the decision before the Court of Cassation on June 2, 2010. The appeal is pending.

### 12.1.5 Objection to a provision of Belgian tax law

On March 23, 2009, Electrabel filed an appeal with Belgium's constitutional court against the €250 million tax on nuclear power generators imposed by the December 22, 2008 act

*(Loi-programme),* of which Electrabel has paid €222 million. The Belgian constitutional court dismissed the appeal on March 30, 2010.

#### 12.1.6 Claim by the US tax authorities (IRS)

GDF SUEZ Energy North America, a GDF SUEZ company, was subject to a tax audit by the IRS in respect of 2004 and 2005. The amounts which were initially assessed have been reduced. The remaining contested amounts for these periods correspond to tax and interest in the amount of US$13 million.

#### 12.1.7 Cartegena

Following constitution of the arbitration tribunal and the exchange of pleadings, the hearings took place in London during the week of May 31 to June 4, 2010. The award should be rendered by the end of the year.

### 12.2 Competition and industry concentration

#### 12.2.1 Long-term power purchase agreements in Hungary

The Hungarian state has notified the European Commission of a compensation schedule for the stranded costs incurred by power generators whose long-term power purchase agreements were terminated. Under certain conditions, this schedule allows power generators to receive compensation for the difference between the compensation paid by Hungary with respect to the stranded costs incurred and the amount of illegal State aid provided with respect to long-term power purchase agreements which the power generators must reimburse to Hungary. On April 27, 2010, the European Commission approved the proposals by Hungary which at this stage do not require the Group, through the intermediary of its subsidiary Dunamenti, to reimburse any State aid deemed illegal.

Dunamenti filed an action before the European Court on April 28, 2009 for annulment of the Commission's initial decision. The proceedings are underway.

#### 12.2.2 Unwinding of cross-shareholdings between Compagnie Générale des Eaux and Lyonnaise des Eaux France

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 transaction was carried out following the authorization given by the European Commission on March 18, 2010 (see Note 2, "Main changes in Group structure").

At the time of this transaction, a dispute arose between Société des Eaux du Nord (SEN), a subsidiary of Lyonnaise des Eaux, and the Urban Community of Lille Métropole *(Lille Métropole Communauté Urbaine* – LMCU). As negotiations between SEN and LMCU failed to result in an agreement within the framework of the five-yearly review of the drinking water distribution operation contract, the matter was brought before an arbitration commission, as provided for under the contract. Despite the terms of the commission's report handed down on March 30, 2010, on June 25, 2010 LMCU adopted a draft addendum on a unilateral basis which includes the repayment by September 30, 2010 of the outstanding provisions for renewal costs estimated by LMCU at €115 million. A demand for payment of this amount was issued on July 29, 2010. SEN has decided to bring the matter before the Administrative Court.

#### 12.2.3 Water sector inquiry

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.

On May 21, 2010, the Commission decided to open proceedings against SUEZ Environnement Company regarding a seal which was accidently breached during the inspection in the Lyonnaise des Eaux offices. Within the framework of this proceeding, SUEZ Environnement Company submitted information relating to this incident to the Commission.

On June 22, 2010, SUEZ Environnement Company filed an application to set aside the decision of the inspection.

#### 12.2.4 Inquiry on the nuclear agreement between GDF SUEZ and the Belgian State

Following a claim filed by competitors of Electrabel SA, a GDF SUEZ subsidiary, in June 2010 the European Commission questioned the Group on allegations of granting special and exclusive rights to Electrabel SA which strengthen its dominant position in Belgium. The Group is fully cooperating with the investigation.

## NOTE 13 RELATED PARTY TRANSACTIONS

Transactions with related parties are described in Note 25 to the consolidated financial statements for the year ended December 31, 2009.

With the exception of the sale of Elia shares, no material changes occurred during the period.

# NOTE 14 SUBSEQUENT EVENTS

## 14.1 Link 2010 plan

In the second half of 2010, employees will be able to subscribe to reserved shares under a new employee shareholding plan. A total of 24.7 million shares will be made available under this plan for a price of €19.78 each, bringing the final amount of the August 24, 2010 share issue to almost €500 million.

## 14.2 Potential combination of International Power and GDF SUEZ Energy International

On July 19, 2010, the Group announced that it was in preliminary discussions with International Power plc ("International Power") regarding a possible combination of International Power and GDF SUEZ's Energy International Business Areas (outside Europe) and certain assets in the UK and Turkey.

Discussions are still in progress. However, if the combination were to be completed, it is expected that shares in International Power would be issued to GDF SUEZ and that, as a result, GDF SUEZ would be the majority shareholder in the enlarged International Power.

Currently, there can be no certainty that the discussions between International Power and GDF SUEZ will lead to any agreement concerning the possible combination or as to the timing or terms of any such agreement.

## 14.3 Legal proceedings in Argentina

On July 30, 2010, the International Centre for Settlement of Investment Disputes (ICSID), an independent arbitration body within the World Bank, issued a decision on the liability of the Argentine Republic in the disputes between the latter and GDF SUEZ, SUEZ Environnement and Agbar concerning the termination of water distribution and treatment contracts in the city of Buenos Aires and the Santa Fe province. Following this decision, the arbitral tribunal will set the amount of the award to be paid in compensation of the losses sustained by the injured parties in the coming months.

# 4

# STATEMENT BY THE PERSONS RESPONSIBLE FOR THE 2010 FIRST-HALF REPORT

We hereby declare that to the best of our knowledge, the condensed interim consolidated financial statements for the six months ended June 30, 2010 have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of operations of the Company and its subsidiaries, and that the interim management report provides a fair review of the significant events of first-half 2010, their impact on the interim financial statements, the main related party transactions and the main risks and uncertainties to which the Group is exposed for the second half of 2010.

Paris, August 9, 2010

| | |
|---|---|
| Gérard Mestrallet | Jean-François Cirelli |
| Chairman and Chief Executive Officer | Vice-Chairman, President |

# 5

# STATUTORY AUDITORS' REVIEW REPORT ON THE 2010 HALF-YEAR FINANCIAL INFORMATION

Period from January 1 to June 30, 2010

To the Shareholders,

In accordance with our appointment as statutory auditors by your annual general meetings and pursuant to article L. 451-1-2 III of the French monetary and financial code (Code Monétaire et Financier), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of GDF SUEZ, for the period from January 1 to June 30, 2010, and
- the verification of the information contained in the half-year management report.

These condensed half-yearly consolidated financial statements were prepared under the responsibility of GDF SUEZ board of directors, and have been drawn up under circumstances, described in note 1.3 to the condensed half-yearly consolidated financial statements, of heavy market volatility and limited visibility regarding the future, which already existed as at December 31, 2009, and makes difficult to understand future economic outlooks. Our role is to express a conclusion on these financial statements based on our review.

## I. CONCLUSION ON THE FINANCIAL STATEMENTS

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists in making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France. Consequently, the level of assurance we obtained about whether the condensed half-year consolidated financial statements taken as a whole, are free of material misstatements is moderate, and lower than that obtained in an audit.

Based on our review, nothing has come to our attention that causes us to believe that these condensed half-yearly consolidated financial statements are not prepared in all material respects in accordance with IAS 34 – IFRS as adopted by the European Union applicable to interim financial information.

Without modifying the conclusion expressed above, we draw your attention to the note 1.2.1, "IFRS standards, amendments and IFRIC interpretations applicable in 2010", which outlines the impact of new standards and interpretations whose application is mandatory, in particular the revised standards IFRS 3 "Business combinations" and IAS 27 "Consolidated and separate financial statements".

## II. SPECIFIC VERIFICATION

We have also verified the information provided in the interim management report commenting on the condensed half-yearly consolidated financial statements that were the object of our review.

We have no matters to report on the fairness and consistency of this information with the condensed half-yearly consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, August 9, 2010

The statutory auditors
French original signed by

| DELOITTE & ASSOCIES | ERNST & YOUNG et Autres | MAZARS |
|---|---|---|
| Jean-Paul Picard    Pascal Pincemin | Christian Mouillon    Charles-Emmanuel Chosson | Philippe Castagnac    Thierry Blanchetier |

## Our values

drive
commitment
daring
cohesion

GDF SUEZ

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