GDF SUEZ

2011 FIRST-HALF FINANCIAL REPORT

BY PEOPLE FOR PEOPLE

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 218,350 people worldwide and achieved revenues of €84.5 billion in 2010. 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.

218,350 employees in close to **70** countries

- inc. **62,900** in electricity and gas
- and **155,450** in services

€84.5 billion in 2010 revenues

€11 billion in investments per year over 2011-2013

113 GW of installed power-production capacity

No. 1 independent power producer in the world

No. 1 supplier of energy and environmental efficiency services in Europe

A natural-gas supply portfolio of **1,200** TWh

No. 1 buyer of natural gas and importer of liquefied natural gas in Europe

No. 2 supplier of environmental services in the world

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MANAGEMENT REPORT

The GDF SUEZ Group delivered strong first-half 2011 earnings despite persistently tough market conditions, with exceptionally warm weather both in France and Belgium and a continuing spread between gas and fuel prices amid a volatile, uncertain price environment.

Revenues came in at €45.7 billion, up 7.9% on a reported basis (2.7% on an organic basis) versus first-half 2010. Revenue growth was powered by (i) the Group's strong international expansion, (ii) the consolidation of International Power in February 2011, (iii) sales growth at Global Gas & LNG – particularly for Exploration & Production and LNG businesses – and (iv) a strong performance by SUEZ Environnement.

EBITDA came in at €8.9 billion, a year-on-year increase of 8.2% on a reported basis (decrease of 1.1% on an organic basis). Reported EBITDA growth was driven by the contribution from International Power, the impact of facilities commissioned in all Group businesses – testifying to its successful investment program – as well as growth in environment businesses and an upturn in service businesses. Excluding the impact of weather conditions, EBITDA would have advanced on an organic basis.

Current operating income inched up 0.3% on a reported basis, squeezed by higher depreciation/amortization expenses and charges to provisions resulting from business combinations and facilities commissioned over the period. Current operating income was also affected by a one-off mark-to-market accounting impact related to the recognition of the International Power business combination.

Net income Group share totaled €2.7 billion for first-half 2011. This figure was down on first-half 2010, which had been boosted by a number of asset disposals and the remeasurement of previously-held interests in entities acquired as part of business combinations.

Cash generated from operations came in 8.0% higher year-on-year, at €8.7 billion, mirroring the increase in EBITDA.

Net debt stood at €40.7 billion at end-June 2011, down €2.1 billion on pro forma net debt at December 31, 2010 (including International Power). The fall in debt came on the back of strong cash flow generation and positive currency impacts totaling around €800 million. The net debt figure does not take into account the €1.1 billion payment received on July 12, 2011 for the sale of 25% of GRTgaz to the CDC/CNP consortium.

1 REVENUE AND EARNINGS TRENDS

In millions of euros	First-half 2011	First-half 2010	% change (reported basis)	Full-year 2010
REVENUES	**45,678**	**42,346**	**7.9%**	**84,478**
EBITDA	**8,865**	**8,194**	**8.2%**	**15,086**
Depreciation, amortization and provisions	(3,425)	(2,817)		(5,899)
Net disbursements under concession contracts	(140)	(119)		(265)
Share-based payment	(70)	(43)		(126)
CURRENT OPERATING INCOME	**5,231**	**5,215**	**0.3%**	**8,795**

Revenues for the Group came in at €45.7 billion in first-half 2011, up 7.9% on first-half 2010. On an organic basis (excluding changes in exchange rates and the scope of consolidation), revenues rose 2.7% year-on-year.

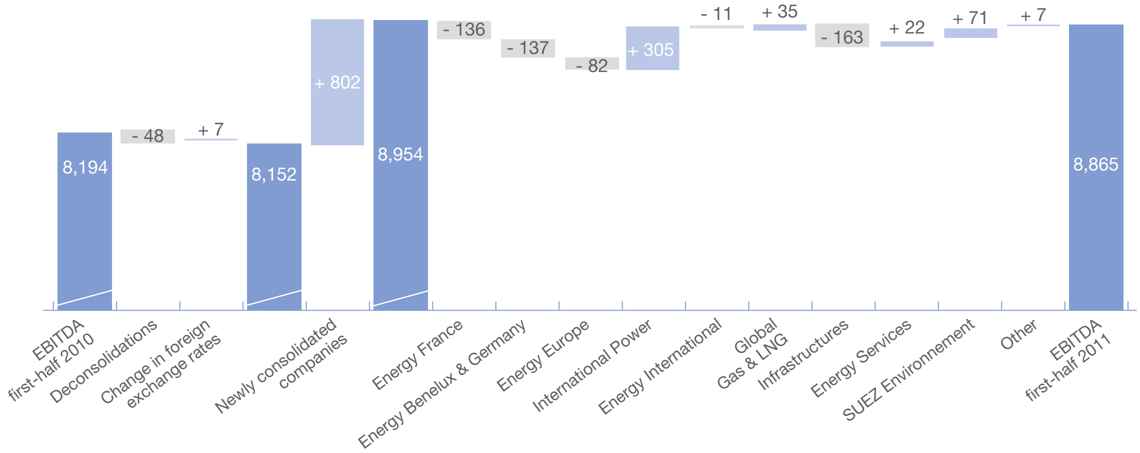
Changes in the scope of consolidation had a positive €2,239 million impact.

- Additions to the scope of consolidation added €2,864 million to revenues, resulting mainly from the first-time consolidation of International Power, the full consolidation of Agbar by SUEZ Environnement, the reorganization of activities previously carried out by the Group in partnership with Acea in Italy and the first-time consolidation of Utilicom, Pro-Energie and Thion-Ne Varietur in the services segment.
- Departures from the scope of consolidation represented €625 million and essentially concerned the sale of Adeslas (Agbar's health business) by SUEZ Environnement.

Changes in exchange rates had a marginal negative €47 million impact.

All of the Group's business lines reported an increase in their revenue contribution on both a reported and organic basis, with the exception of Energy France, hit by a significant fall in sales due mainly to particularly warm weather over the period as well as an unfavorable basis for comparison on the back of cold weather conditions in the first half of 2010.

EBITDA moved up 8.2% to €8.9 billion. Stripping out the impact of changes in exchange rates and the scope of consolidation, EBITDA slipped back 1.1% on an organic basis.



Changes in Group structure had a net positive impact of €754 million on EBITDA.

- Additions to the scope of consolidation added €802 million to EBITDA and mainly concerned the transactions described above in Energy Europe & International (including €552 million related to International Power and Hidd Power), SUEZ Environnement and Energy Services.
- Departures from the scope of consolidation represented €48 million and concerned primarily the sale of Adeslas in Spain.

Changes in exchange rates had a marginal €7 million positive impact.

EBITDA retreated €89 million, or 1.1%, on an organic basis, without adjusting for weather conditions:

- Energy France reported a sharp 18.5% fall in EBITDA on an organic basis, with its electricity sales and production activities significantly impacted by exceptionally warm (sales of natural gas) and dry (poor hydro conditions) weather in the first half;
- EBITDA for GDF SUEZ Energy Benelux & Germany was also down on an organic basis, falling 10.4% on the back of narrower electricity margins (lower prices), a negative climatic impact on gas sales, and the non-recurrence of one-off items which had boosted results in first-half 2010 (writeback of provisions for taxes on idle plants);
- EBITDA for GDF SUEZ Energy Europe suffered the same trend as described above for GDF SUEZ Energy Benelux & Germany, falling 13.9% in the period due to tough market conditions in Europe (prices, volumes, weather, regulations) and to the non-recurrence of the one-off items that had boosted first-half 2010 figures;
- International Power in contrast reported vigorous 25.7% organic EBITDA growth, powered by strong operating results from its businesses in Latin and North America;
- Global Gas & LNG reported a return to organic EBITDA growth (up 3.1%), as a good performance from Exploration & Production activities (volume impacts resulting from facilities recently commissioned and positive price impacts on Brent crude) and LNG operations (increase in the re-routing of cargoes) helped offset the adverse impact of gas/oil price spreads as well as the drop in sales to European Key Accounts;
- Infrastructures saw EBITDA fall 8.9%. The commissioning of the Fos Cavaou LNG terminal, and a rise in transportation and distribution costs failed to offset the impacts of exceptionally warm weather in the first half of 2011;
- Energy Services posted 4.6% EBITDA growth, reflecting its ability to capitalize on the upside of recovery in certain sectors;
- SUEZ Environnement reported robust organic growth in its businesses (EBITDA up 6.9%), spurred by rising volumes and prices for recovered secondary raw materials, vigorous growth for Agbar and advances in its international business excluding cost overruns on the Melbourne project.

Current operating income remained stable year-on-year, at €5.2 billion. Stripping out the impact of changes in exchange rates and the scope of consolidation, current operating income fell 6.3% on an organic basis. Current operating income fell more than EBITDA, due to an increase in depreciation/amortization expenses and charges to provisions as a result of facilities commissioned in the period. The amortization expense comprised in addition a negative €90 million non-recurring mark-to-market accounting impact arising on the consolidation of International Power.

2 BUSINESS TRENDS

2.1 ENERGY FRANCE

In millions of euros	First-half 2011	First-half 2010	% change (reported basis)
REVENUES	**7,401**	**8,089**	**-8.5%**
EBITDA (A)	**598**	**732**	**-18.3%**
Depreciation, amortization and provisions (B)	(236)	(205)	
Share-based payment (C)	(3)	(3)	
CURRENT OPERATING INCOME = A + B + C	**359**	**525**	**-31.6%**

Volumes sold

In TWh	First-half 2011	First-half 2010	% change
Gas sales	131	173	-24%
Electricity sales	18.3	18.9	-3%

Climatic correction – France

In TWh	First-half 2011	First-half 2010	% change
Climatic correction volume (negative sign = warm conditions, positive sign = cold conditions)	-16.1	+14.4	30.5

In the six months to June 30, 2011, Energy France contributed revenues of €7,401 million, down 8.5% on the prior-year period.

This reflects:

- a positive €8 million impact resulting from changes in the scope of consolidation (impact of second-half 2010 acquisitions in the Housing Services segment);
- a negative €1,650 million volume impact, essentially due to the fall in gas sales;
- a positive €944 million price effect, reflecting the impact of the rise in gas prices in April and July 2010;
- a positive €10 million impact resulting from miscellaneous items.

Gas sales totaled 131 TWh, a decline of 24%, or 42 TWh, on first-half 2010. This decline chiefly reflects an adverse climatic impact of 30.5 TWh (the first six months of 2011 were particularly warm, whereas the first six months of 2010 had been particularly cold), a contracting market on a constant climatic basis, and, to a lesser extent, the loss of certain customers to other suppliers. At end-June 2011, GDF SUEZ nevertheless continued to hold around 88% of the retail market and some 70% of the business market.

Electricity sales fell to 18.3 TWh from 18.9 TWh in first-half 2010. Growth in the retail portfolio (which now has more than one million customers for a total number of 1,220,000 retail and business customer sites) was offset by poor hydro conditions and a drop in sales on wholesale markets.

Electricity production fell 9%, as very dry weather in spring 2011 more than offset the impact of the development of wind farms and the commissioning of new thermal power plants in 2010.

EBITDA shrank €134 million, mainly on the back of a fall in sales (due to weather and hydro conditions). A tariff shortfall of €73 million was also reported in first-quarter 2011, compared to €58 million in first-half 2010.

Current operating income fell €32 million more than EBITDA, reflecting higher depreciation and amortization charges relating to the development of production assets.

Price trends

Public distribution tariffs

The table below shows the average change in public distribution tariffs adopted since 2009. Tariffs were stable between July 2010 and March 2011. The sharp rise in gas supply costs led to an increase of €2.45/MWh on April 1, 2011.

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
July 1	€2.28 per MWh
October 1	- € per MWh
2011	
January 1	- € per MWh
April 1	€2.45 per MWh

(1) As of April 1, 2009, the B1 tariff was reduced by €4.63/MWh.

Subscription tariffs

Subscription tariffs are revised quarterly to account for any changes in the euro/dollar exchange rate, changes in the price of a basket of oil products and changes in natural gas prices on the TTF market.

Year	Average level of tariff change
2009	
January 1	-€8.52 per MWh
April 1	-€9.69 per MWh
July 1	€1.38 per MWh
October 1	€3.88 per MWh
2010	
January 1	€0.48 per MWh
April 1	€1.41 per MWh
July 1	€3.14 per MWh
October 1	- € per MWh
2011	
January 1	-€0.58 per MWh
April 1	€3.29 per MWh

2.2 ENERGY EUROPE & INTERNATIONAL

2.2.1 Key figures

In millions of euros	First-half 2011 Benelux & Germany	First-half 2011 Europe	First-half 2011 International Power	First-half 2011 Total*	First-half 2010 Benelux & Germany	First-half 2010 Europe	First-half 2010 International Power**	First-half 2010 Total*	% change (reported basis)
REVENUES	7,130	3,527	7,601	18,259	7,348	3,311	5,206	15,864	15.1%
EBITDA (A)	1,151	580	2,056	3,761	1,316	604	1,193	3,098	21.4%
Depreciation, amortization and provisions (B)	(338)	(227)	(768)	(1,333)	(251)	(224)	(370)	(844)	
CURRENT OPERATING INCOME = A + B	813	353	1,287	2,428	1,065	380	823	2,254	7.7%

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

** *GDF SUEZ assets for the Energy Europe & International business line.*

2.2.2 GDF SUEZ Energy Benelux & Germany

Revenues for the Energy Benelux & Germany business area came in at €7,130 million for first-half 2011, down 3% on first-half 2010. Excluding the impact of changes in Group structure and, in particular, the proportionate consolidation of Stadtwerke Gera in Germany, revenues fell 2.9% on an organic basis versus first-half 2010.

Electricity sales

Electricity volumes sold fell 11.7% to 57.8 TWh, while revenues dropped €283 million.

In **Belgium and Luxembourg,** electricity sales edged up €28 million, or 0.8%, despite a sharp 7.0% (2.6 TWh) downturn in volumes.

- The decline in volumes was recorded in Belgium on sales to business segments. These shrank by 2.5 TWh following customer attrition representing 1.8 TWh and a fall in consumption.
- Sales to retail customers contracted by 2%, or 0.2 TWh, due equally to customer attrition and a fall in consumption.
- Sales to the wholesale sector remained virtually stable, up 0.1 TWh.
- The impact of these lower volumes was offset by an increase in average prices in all segments except wholesale. Almost half of this rise stemmed from the increase in transportation and distribution tariffs.

Electricity sales in the **Netherlands** were down €121 million (15.8%) and by 1.4 TWh (12.1%).

The decline in electricity sales was reported chiefly on:

- the wholesale market (down €53 million/0.6 TWh), where losses were driven by lower volumes produced due to declining margins on gas-fired power plants;
- the resellers market, which contracted €51 million (0.8 TWh), due to a fall in the volumes sold to two major resellers.

Average prices for all segments dropped €2.8 per MWh.

Sales of electricity in **Germany** rose €46 million (7.4%) and by 0.5 TWh (4.9%).

- This increase was partly attributable to the proportionate consolidation of Stadtwerke Gera (positive impact of €17.4 million).
- A rise in volumes sold – principally to new reseller customers – accounted for the remainder of the increase. However, the average price on business segments fell €5.1 per MWh.

Outside the **Benelux & Germany region,** sales were down €245 million (49.4%) and 4.1 TWh (50.8%).

- Sales in France on the resellers market retreated €105 million, reflecting the sharp 1.2 TWh fall in volumes sold to our two largest reseller customers.
- Hardly any electricity was sold to the United Kingdom in the period (versus 2.6 TWh sold in first-half 2010).

Gas sales

Revenues from **gas sales** edged up 0.7%, even though volumes sold fell 5.9 TWh, or 11.2%. The decline in volumes was therefore fully offset by the rise in sales prices.

Different weather conditions in first-half 2011 compared to first-half 2010 account for the fall in volumes sold. Volumes lost due to milder temperatures were estimated at 6.2 TWh in the six months to June 30, 2011.

Sales price rises were especially significant in Belgium (average prices per MWh up 22.4%, mostly on commodities). This reflects trends in the gas market and the index mechanisms used for contracts with retail customers and small and mid-sized businesses. However, average prices dipped slightly in Germany and the Netherlands.

EBITDA for the GDF SUEZ Energy Benelux & Germany business area totaled €1,151 million in first-half 2011, a fall of 12.5% on first-half 2010. On an organic basis, EBITDA dropped 10.4% year-on-year.

Changes in the scope of consolidation had a negative €28 million impact on EBITDA.

The net impact of new facilities commissioned was €69 million, relating mainly to the new Flevo plant in the Netherlands and the Knippegroen unit (Sidmar) in Belgium.

Changes in the price of commodities in the region accounted for much of the remainder of the decline. EBITDA was also hit by the non-recurrence of one-off items which had boosted performance in first-half 2010.

Current operating income for the business area came in at €813 million versus €1,065 million in first-half 2010. Besides the decline in EBITDA, current operating income was also hit by higher depreciation and amortization charges as a result of the planned early closure of conventional power plants in Belgium (impact of the newly commissioned Flevo and Sidmar plants).

2.2.3 GDF SUEZ Energy Europe

The GDF SUEZ Energy Europe business area contributed €3,527 million in **revenues** in first-half 2011, up 6.5% on a reported basis compared with one year earlier.

Changes in exchange rates had a marginal €2 million positive impact in Central and Eastern Europe, while changes in the scope of consolidation added €62 million to revenues as a result of the reorganization early in the year of activities previously carried out by the Group in partnership with Acea in Italy.

Revenues grew €153 million or 5.0% year-on-year on an organic basis, reflecting:

- Southern Europe (up €100 million), which was boosted by development plans resulting in the commissioning of the Héron 2 power plant in Greece in August 2010, and by an increase of 333,000 in the number of customers for its sales operations in Italy. The region also benefited from a positive volume impact on virtual capacity purchase contracts in Italy and from a positive price effect on regulated electricity tariffs;
- a 1.8 TWh fall in electricity production sold, which drove down revenues in Spain and Portugal by €59 million;
- revenues in Central and Eastern Europe, which were up by €112 million on the back of higher tariffs in Hungary and Slovakia and an increase in volumes sold and distributed in Romania and Slovakia (up 1.5 TWh and 0.7 TWh, respectively).

EBITDA for GDF SUEZ Energy Europe came in at €580 million for first-half 2011, down €24 million, or 3.9%, based on reported figures. On an organic basis, EBITDA for the business area declined €82 million, or 13.9%, and is analyzed below:

- Central and Eastern Europe reported negative organic EBITDA growth of €54 million, due chiefly to the slowdown in gas sales activities in Slovakia and Romania, hit by the squeeze on supply costs. Electricity production operations contracted in Poland following difficulties with the local coal supply, and in Hungary further to the fall in volumes of ancillary services;
- Italy and Greece saw EBITDA rise €14 million, spurred by the development of sales activities and by the contribution of the Héron 2 power plant in Greece, which offset lower prices and ancillary services;
- Spain and Portugal reported negative organic EBITDA growth of €58 million, reflecting the non-recurrence of one-off indemnities received in first-half 2010 in respect of a power plant under construction, and a significant negative volume impact despite a good performance on ancillary markets (better prices captured).

Current operating income for the business area was down 22.6% on an organic basis, at €353 million in first-half 2011. The downward trend was chiefly driven by the same factors as those described above for EBITDA.

2.2.4 International Power

In millions of euros	First-half 2011							First-half 2010							
	Latin America	North America	United Kingdom and other Europe	Middle East, Turkey & Africa	Asia	Aus-tralia	Total*	Latin America	North America	United Kingdom and other Europe	Middle East, Turkey & Africa	Asia	Aus-tralia	Total*	% change (reported basis)
REVENUES	1,843	2,355	1,565	578	811	449	7,601	1,455	2,082	673	324	671		5,206	46.0%
EBITDA (A)	863	487	287	153	165	162	2,056	656	301	55	102	116		1,193	72.3%
Depreciation, amortization and provisions (B)	(201)	(228)	(181)	(38)	(41)	(85)	(768)	(146)	(156)	(17)	(15)	(34)		(370)	
CURRENT OPERATING INCOME = A + B	662	259	106	115	123	77	1,287	510	144	38	87	83		823	56.4%

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

Revenues for International Power totaled €7,601 million, advancing 46% on a reported basis and 12% on an organic basis compared to first-half 2010. In addition to the consolidation of the International Power assets acquired, which had a positive €1.9 billion impact on revenues, sales were fuelled by growth in three business areas – Middle East, Turkey & Africa, Latin America, and UK & Other Europe. Sales growth was driven, in particular, by the commissioning of the Estreito plant in Brazil, the Bahia Las Minas coal conversion project and the Dos Mares plant in Panama, and the Elecgas plant in Portugal.

First-half **EBITDA** for the segment rose even more sharply than revenues, progressing 72% on a reported basis and 26% organically to reach €2,056 million. The Latin America and North America business areas showed the strongest margin growth.

Current operating income came in at €1,287 million, surging 56% on a reported basis and 28% based on organic figures following the recognition at fair value of the International Power assets acquired.

2.2.4.1 International Power – Latin America Area

Revenues for the International Power – Latin America business area totaled €1,843 million for first-half 2011, up 26.7% on a reported basis and 23.2% (or €337 million) on an organic basis compared to first-half 2010.

Revenues include the €53 million impact of changes in the scope of consolidation resulting from the controlling interest acquired in electricity operations in Chile in January 2010 (E.Cl) and in the Mejillones LNG terminal in second-half 2010. Changes in exchange rates accounted for a marginal €1 million negative impact.

Electricity sales were stable, representing 24.4 TWh in the six months to June 30, 2011. This figure includes the negative impact resulting from the nationalization of the Corani plant in Bolivia in May 2010. **Gas** sales climbed 4.0 TWh to 7.6 TWh, due chiefly to the commissioning of the Mejillones LNG terminal in Chile.

Organic revenue growth results chiefly from:

- Brazil, with higher average sales prices thanks to the combined impact of new contracts replacing contracts expired and of inflation;
- Chile, thanks to the commissioning of the Mejillones LNG terminal in April 2010 as well as higher average sales prices, with E.Cl benefiting from a rise in the coal index and an increase in volumes sold (new customer);
- Panama, which saw average sales prices increase as a result of rising coal prices and the positive impact of the newly commissioned Dos Mares facility.

EBITDA for the business area was €207 million higher at €863 million, representing organic growth of €197 million, or 29.6%:

- in Brazil, new contracts negotiated at higher prices, inflation and a rise in hydro electricity production (following the commissioning of Estreito) drove growth in margins;
- in Chile, EBITDA growth reflected the commissioning of the Mejillones LNG terminal;
- in Panama, the Bahia Las Minas plant benefited from compensation for the delay in the plant's conversion to coal and from rising margins. EBITDA for the Panama business was also boosted by the first stage in the commissioning process of the Dos Mares run-of-river facility.

Current operating income for the business area came in at €662 million for first-half 2011, up €142 million on an organic basis. The upward trend results from the same factors as those described above for EBITDA.

2.2.4.2 International Power – North America Area

Revenues for the International Power – North America business area came in at €2,355 million for first-half 2011, up €273 million, or 13.1%, year-on-year based on reported figures, and €34 million, or 1.7%, on an organic basis. Changes in exchange rates had a negative €102 million impact, resulting from the depreciation in the US dollar. Additions to the scope of consolidation added €341 million to revenues, reflecting the consolidation of International Power assets.

Sales of **electricity** totaled 38.1 TWh, up 2.2 TWh on an organic basis. The rise in electricity sales is due chiefly to a strong performance from the retail business of GDF SUEZ Energy Resources North America, which supplies electricity to commercial and industrial customers. Volumes for these sales jumped 17.5% to 17.0 TWh, while revenues moved up €85.1 million on an organic basis. These increases were partially offset by a fall-off in the Production business, which saw revenues contract €44 million on an organic basis due to mixed price effects on its different markets and volumes sold retreating 0.3 TWh (12.9 TWh in all over the period).

The contribution from **natural gas** sales slipped 1.4 TWh on an organic basis, to 32.1 TWh. Besides the volume impact, revenues were also hit by a rise in average prices after hedging in the LNG business [(1)].

First-half **EBITDA** for the North America business area totaled €487 million, up €186 million based on reported figures. Excluding a negative €14 million currency impact (due chiefly to the depreciation of the US dollar) and positive €112 million impact of changes in the scope of consolidation (consolidation of International Power assets), the business area's organic growth came in at 30.6%, or €88 million.

This stems chiefly from:

- the LNG business (up €58 million), boosted by higher prices following the re-routing of cargoes towards South Korea and Spain, for example;
- a strong performance from the retail energy sales business (up €18 million), helped by lower volatility and purchase prices.

Electricity production operations inched up €9 million. This increase reflects an insurance indemnity collected, a good performance by Astoria I (strong demand and wider spreads) and a rise in electricity produced by wind farms. The increase was partly offset by a fall in hydro production (low rainfall), the end of certain profitable long-term contracts, and the unavailability of some of our power plants.

Current operating income for the business area came in €94 million higher on an organic basis, at €259 million for first-half 2011. The reasons for this increase are the same as those described above for EBITDA.

2.2.4.3 International Power – UK & Other Europe Area

The International Power – UK & Other Europe business area contributed **revenues** of €1,565 million in first-half 2011, up 132.5% year-on-year on a reported basis. Changes in exchange rates had a positive €2 million impact over the period, while changes in the scope of consolidation added €749 million to the revenue figure, resulting mainly from the consolidation of International Power assets within the GDF SUEZ Group at the beginning of the year.

On an organic basis, revenues gained 21.0% on first-half 2010, powered chiefly by sales activities and particularly the gas segment, with volumes up 1.8 TWh, along with a positive price impact.

EBITDA for the business area was up €232 million based on reported figures, to €287 million and down €7 million, or 11.9%, on an organic basis, on the back of a 3.7 TWh fall in electricity volumes produced due to depressed market prices.

The business area's **current operating income** amounted to €106 million in first-half 2011, down 61.9% on an organic basis. As well as the factors which also affected EBITDA, current operating income was hit by higher depreciation/amortization expenses and charges to provisions.

2.2.4.4 International Power – Middle East, Turkey & Africa Area

The International Power – Middle East, Turkey & Africa business area saw first-half **revenues** surge 78.4% on a reported basis, up to €578 million in first-half 2011, buoyed by the consolidation of International Power assets and the full consolidation of the Al Hidd power plant in Bahrain. Taking into account the negative €19 million currency impact (stemming chiefly from changes in the euro/US dollar exchange rate), organic growth came in at €112 million, or 36.8%.

This performance was led mainly by a €50 million rise in electricity sales reported by Baymina, a €20 million increase in gas sales by Izgaz in Turkey and by the operations and maintenance business in Oman.

The business area's **electricity** sales rose 11.5 TWh to 15.4 TWh, due mainly to changes in the scope of consolidation (consolidation of International Power assets, including the resulting full consolidation of Al Hidd). Sales of **natural gas** edged up 0.6 TWh to 2.3 TWh.

EBITDA for the business area came in at €153 million for first-half 2011, up €51 million, or 49.5%, on a reported basis. Excluding the impact of changes in the scope of consolidation, organic EBITDA fell 13.1%, or €13 million, due chiefly to a fall in development fees.

(1) Sales of natural gas including intragroup services came in at 42.7 TWh, up 8.4 TWh on an organic basis.

Current operating income for the first half was down €17 million based on organic figures, at €115 million. The reasons for the downturn are the same as those explained above for EBITDA.

2.2.4.5 International Power – Asia

Revenues for the International Power – Asia business area climbed 20.7% to €811 million based on reported figures. Including the positive €11 million impact of gains in the Singapore dollar, changes in the scope of consolidation resulting from the consolidation of International Power assets, and the proportionate consolidation of gas distribution assets in Thailand, organic revenue growth came in at 1.1% or €8 million.

The growth performance was driven chiefly by Thailand (up €19 million) further to the commissioning of the CFB3 coal power plant, despite a 0.3 TWh drop in volumes sold in Singapore.

EBITDA for the business area totaled €165 million for first-half 2011, a rise of €49 million based on reported figures. After stripping out the positive €2 million currency impact and the positive €41 million impact of changes in the scope of consolidation, EBITDA edged up €6 million.

- In Thailand, the growth momentum provided by Glow's CFB3 unit was offset by adverse weather conditions in Laos.
- In Singapore, Senoko reported a €10 million rise in EBITDA in first-half 2011, buoyed by margin growth on sales agreements with industrial customers and market opportunities over the last two months of the period.

Current operating income for the business area came in at €123 million for the six months to June 30, 2011, creeping up 2.5% based on organic figures. The reasons for this trend are the same as those described above for EBITDA.

2.2.4.6 International Power – Australia

First-half revenues for the International Power – Australia business area came in at €449 million, reflecting the contribution of International Power assets. Electricity sales totaled 10.5 TWh.

The business area's contribution to EBITDA (€162 million) and current operating income (€77 million) was derived wholly from new International Power assets, i.e., from changes in Group structure.

2.3 GLOBAL GAS & LNG

In millions of euros	First-half 2011	First-half 2010	% change (reported basis)
BUSINESS LINE REVENUES	**11,171**	**10,714**	**4.3%**
REVENUE CONTRIBUTION TO GROUP	**4,868**	**4,520**	**7.7%**
EBITDA (A)	**1,177**	**1,146**	**2.7%**
Depreciation, amortization and provisions (B)	(571)	(539)	
Share-based payment (C)	(2)	(2)	
CURRENT OPERATING INCOME = A + B + C	**604**	**605**	**-0.3%**

Total first-half revenues for the Global Gas & LNG business line, including intragroup services, climbed 4.3% year-on-year based on reported figures, to €11,171 million.

The contribution of the business line to Group revenues was €4,868 million for first-half 2011, up €348 million (7.7% on a reported basis) compared to first-half 2010.

First-half revenues were largely sustained by growth in Exploration & Production sales, the LNG business, and sales of the Gas Supplies business unit, which offset the decline in sales to European Key Accounts.

The rise in the business line's revenue contribution reflects mainly:

- an increase in short-term sales after price hedging, in a market characterized by strong price inflation (70% rise in average NBP prices, from €13.2/MWh in first-half 2010 to €22.4/MWh in first-half 2011), with volumes up to 50.6 TWh [(1)] in the period versus 44.4 TWh one year earlier;
- a 7.0 TWh increase in external LNG sales, to 19.4 TWh (21 cargoes) in first-half 2011 versus 12.4 TWh (13.5 cargoes) in first-half 2010, and the impact of spiraling commodity prices;

(1) Including sales to other operators.

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

- a contraction of 13.2 TWh in natural gas sales in the European Key Accounts portfolio – down from 86.4 TWh in first-half 2010 to 73.2 TWh in first-half 2011, essentially attributable to lower portfolio volumes in a fiercely competitive environment;
- Exploration & Production revenue growth, spurred mainly by a combination of higher average Brent crude prices (up 32% or €19.1/boe, from €60.3/boe in first-half 2010 to €79.4/boe in first-half 2011) and average NBP prices (up 70% or €9.2/MWh), and by the increase in the total hydrocarbon production (up 4.2 MMboe including a 2.1 MMboe contribution) owing to the commissioning of new oil fields in Norway (mainly Gjoa).

EBITDA for the Global Gas & LNG business line totaled €1,177 million for the six months to June 30, 2011 compared to €1,146 million in first-half 2010. This represents a rise of €31 million, or 2.7%, based on reported figures. Advances in the Exploration & Production business spurred by the commissioning in late 2010 of the Gjoa and Vega oil fields in Norway and by the rise in commodity prices in the period, coupled with an improved performance from the LNG business, offset the adverse impact of gas/oil price spreads in the period and lower sales to European Key Accounts.

Current operating income came in at €604 million, on a par with first-half 2010.

2.4 INFRASTRUCTURES

In millions of euros	First-half 2011	First-half 2010	% change (reported basis)
BUSINESS LINE REVENUES	**2,949**	**3,085**	**-4.4%**
REVENUE CONTRIBUTION TO GROUP	**691**	**587**	**17.7%**
EBITDA (A)	**1,669**	**1,832**	**-8.9%**
Depreciation, amortization and provisions (B)	(582)	(580)	
Share-based payment (C)	(2)	(2)	
CURRENT OPERATING INCOME = A + B + C	**1,086**	**1,250**	**-13.2%**

Total **revenues** for the Infrastructures business line including intragroup services came in at €2,949 million, down 4.4% on first-half 2010 due mainly to milder weather conditions in the period and lower storage capacity sales in France.

The decline in the total revenue figure is due to a 38.0 TWh fall in volumes transported by GrDF, reflecting milder weather conditions than in first-half 2010. The decline was partially offset by:

- the start-up of commercial operations at Fos Cavaou, representing 20% of its capacity at April 1, 2010 and 100% as of November 1, 2010;
- new transportation rates in France, which were raised 3.9% as of April 1, 2010 and 2.9% as of April 1, 2011;
- a 0.8% increase in the rate for accessing distribution infrastructure as from July 1, 2010.

The contribution of the business line to Group revenues was €691 million, 17.7% higher than in the six months to June 30, 2010.

The increase in the contribution reflects:

- the growth of transportation, storage and terminalling services on behalf of third parties due to an increasingly deregulated market;
- the start-up of commercial operations at the Fos Cavaou LNG terminal.

EBITDA for the Infrastructures business line totaled €1,669 million for the period, down 8.9% on first-half 2010 due chiefly to the fall in revenues.

Current operating income for the business line came in 13.2% lower year-on-year at €1,086 million, in line with EBITDA trends.

2.5 ENERGY SERVICES

In millions of euros	First-half 2011	First-half 2010	% change (reported basis)
REVENUES	**7,087**	**6,693**	**5.9%**
EBITDA (A)	**540**	**482**	**12.1%**
Depreciation, amortization and provisions (B)	(144)	(144)	
Net disbursements under concession contracts/share-based payment (C)*	(19)	(6)	
CURRENT OPERATING INCOME = A + B + C	**377**	**332***	**13.6%**

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

The Energy Services business line delivered **revenues** of €7,087 million for the period, up 2.4% on an organic basis compared to first-half 2010.

In France, revenues for service activities (Cofely France) remained stable (down 0.2%, or €3 million, on an organic basis), with the positive impact of commercial development and improving energy prices offsetting adverse weather conditions. Installation and maintenance activities delivered organic growth of 8.9%, or €160 million, thanks to revenue gains totaling 4.6% for Inéo, 14.4% for the Environmental and Refrigeration Engineering area, and 11.4% for Endel.

Belgium and the Netherlands reported organic growth of 3.9% (€30 million) and 8.5% (€44 million), respectively. In Belgium, this trend reflects a good level of new orders in installation businesses as well as robust commercial development. In the Netherlands, the sales uptrend has picked up pace since the last quarter of 2010, as production began quickly on major new orders, buoying operations in the first few months of 2011.

Tractebel Engineering reported stable organic growth despite further gains in the energy sector, held back by the lack of infrastructure projects and low orders in international subsidiaries, particularly in Europe.

Excluding France and Benelux, organic revenues for the business line declined 4.1% (€27 million) in northern Europe, with advances in Austria and Eastern European countries offsetting a downturn in the UK, Germany and Switzerland. Revenues dropped 7.9%, or €56 million, in southern Europe, driven chiefly by Italy due to lower volumes of energy sales (adverse weather conditions, drop in fuel sales and early stoppage of a cogeneration plant) and building work, and by Spain, where the number of new projects remains very low. The International Overseas business unit delivered organic revenue growth of 4% (€10 million), buoyed by good rainfall, the ramp-up of production at the Prony Energies plant and the start-up of the Solaris photovoltaic unit in Reunion.

EBITDA for the Energy Services business line came in at €540 million, up 4.6% on an organic basis. This testifies to its ability to capitalize fully on the recovery in certain sectors, even though the economic climate remains tough for its activities in most European countries.

All of the business areas reported strong organic EBITDA growth except Cofely France, hit by adverse weather conditions.

In France, service activities were affected by adverse weather conditions at the beginning of the year and pressure on margins when renewing contracts. Installation revenues continued to improve, spurred by a sharp rise in activity for most of its businesses.

Business diversification and a strong sales momentum in Belgium helped lift performance despite a decline in Oil & Gas activities. In the Netherlands, the new organization and efforts to optimize overheads drove a recovery in margins and profitability amid an upturn in sales.

Tractebel Engineering continued to put in an excellent performance, posting profitability gains amid more stable business levels.

Following the consolidation of Utilicom as of April 1, 2010 and ProEnergie as of October 1, 2010, the International North business unit delivered revenue growth on both a reported and organic basis, lifted by a good performance from Germany, Austria and Eastern European countries.

The International South business unit had to contend with a particularly tough economic climate in Italy and Spain. Italy nevertheless delivered organic EBITDA growth on the back of gains relating to the early withdrawal from a cogeneration contract. Portugal also reported organic EBITDA growth.

EBITDA for the International Overseas business rose sharply on an organic basis, both for the unit's traditional businesses – particularly in New Caledonia – and in businesses in the Pacific region recently transferred by Endel.

In line with EBITDA trends, **current operating income** for the Energy Services business line jumped 6.5% on an organic basis to €377 million from €332 million in first-half 2010.

2.6 SUEZ ENVIRONNEMENT

In millions of euros	First-half 2011	First-half 2010	% change (reported basis)
REVENUES	**7,373**	**6,593**	**11.8%**
EBITDA (A)	**1,232**	**1,042**	**18.2%**
Depreciation, amortization and provisions (B)	(529)	(477)	
Net disbursements under concession contracts/share-based payment (C)	(142)	(128)	
CURRENT OPERATING INCOME = A + B + C	**561**	**437**	**28.6%**

Revenues for SUEZ Environnement came in at €7,373 million for first-half 2011, up 11.8% on 2010. Based on organic figures, revenues climbed 9.2%. All three operating segments contributed to revenue growth. Waste Europe saw revenues improve 10.3%, buoyed by upbeat waste sorting and recycling activities on the back of rising volumes and high raw material prices. The International segment reported 11.7% revenue growth, driven by billings on several major projects in Latin America and Asia (Melbourne), along with robust volume and price momentum across all regions. Revenues for the Water Europe segment rose 4.3%, powered by the dynamic volume/price momentum at Agbar in Chile and by more favorable conditions in France.

EBITDA grew 6.9% year-on-year on an organic basis, to €1,232 million, reflecting an uptrend in business and the ramp-up of the cost-cutting program and synergies within Water Europe (up 9.5%); favorable price and volume impacts, and to a lesser extent, one-off impacts in Waste Europe (up 9.9%); and a decline in the International business (down 5.7%) due to cost overruns on the Melbourne project, mostly offset by good business levels in water and waste businesses in Asia/Pacific and North Africa/Middle East.

Total year-on-year growth in **current operating income** (up 28.6% versus first-half 2010) was buoyed by the same operating fundamentals as described above for EBITDA, and by a slower rise in depreciation and amortization charges thanks to a tight rein on investments.

The operating performance of the business line for 2011 is presented in SUEZ Environnement's management report.

2.7 OTHER

In millions of euros	First-half 2011	First-half 2010	% change (reported basis)
EBITDA (A)	**(112)**	**(139)**	**18.9%**
Depreciation, amortization and provisions (B)	(28)	(33)	
Share-based payment (C)	(43)	(16)	
CURRENT OPERATING INCOME = A + B + C	**(184)**	**(187)**	**1.9%**

The €27 million rise in first-half **EBITDA** for the "Other" business line results primarily from one-off items, since the intrinsic performance of head office divisions remained broadly in line with the performance in first-half 2010.

Current operating income inched up just €3 million, due to the positive one-off impact in first-half 2010 of certain bonus share plans accounted for in accordance with IFRS 2.

3 OTHER INCOME STATEMENT ITEMS

In millions of euros	First-half 2011	First-half 2010	% change (reported basis)
CURRENT OPERATING INCOME	**5,231**	**5,215**	**0.3%**
Mark-to-market on commodity contracts other than trading instruments	(95)	(48)	
Impairment of property, plant and equipment, intangible assets and financial assets	(63)	(343)	
Restructuring costs	(51)	(124)	
Changes in scope of consolidation	592	1,216	
Other disposal gains and losses and non-recurring items	51	197	
INCOME FROM OPERATING ACTIVITIES	**5,664**	**6,114**	**-7.3%**
Net financial loss	(1,075)	(1,070)	
Income tax expense	(1,371)	(1,086)	
Share in net income of associates	300	188	
NET INCOME	**3,519**	**4,145**	**-15.1%**
Non-controlling interests	781	581	
NET INCOME GROUP SHARE	2,738	3,565	-23.1%

Income from operating activities came in at €5,664 million, representing a decrease on first-half 2010 due mainly to the positive impact of business combinations and other one-off items in 2010.

Changes in the fair value of commodity hedging instruments had a negative €95 million impact on income from operating activities (reflecting the impact of transactions not eligible for hedge accounting), compared with a negative impact of €48 million in first-half 2010. This results primarily from a negative price impact on hedges of power and gas sales due to increases in the underlying indices since December 31, 2010.

Income from operating activities was also affected by:

- asset impairment losses in the amount of €63 million, with no individual impairment loss being material;
- restructuring costs of €51 million, including costs relating to the implementation of the International Power combination and operating synergies (€19 million) and costs incurred to adapt to the economic environment in the Energy Services business line (€15 million);
- "Changes in scope of consolidation" (gains and losses on the disposal of consolidated equity interests or on the remeasurement of previously-held interests in accordance with the revised IFRS 3) totaling €592 million (€1,216 million in the first half of 2010), primarily reflecting the €425 million gain attributable to the remeasurement at fair value of the Group's interest in the Flemish inter-municipal companies further to the Group ceasing to exercise significant influence over these entities and to the resulting change in consolidation method. It also includes the capital gains on the disposal of a portion of the share capital of the inter-municipal companies in the Walloon region (€83 million) and the disposal of equity interests in Noverco (€28 million);

- other non-recurring items, which totaled €51 million for the first six months of 2011 (€197 million in first-half 2010), and mainly include €39 million in capital gains on the disposal of property rights in the SUEZ Environment business line.

The **net financial loss** for first-half 2011 totaled €1,075 million, compared to a net loss of €1,070 one year earlier. The rise in net interest expense, resulting from the increase in average net debt compared to the same year-ago period, was offset by the positive changes in the fair value of economic currency and interest rate hedges.

The effective **tax rate** adjusted for disposal gains and losses came out at 34.1% in the period under review versus 29.8% in the first half of 2010. The increase in the effective tax rate resulted primarily from:

- the increase in the proportion of income generated by Exploration & Production entities whose tax rate exceeds 50%;
- the increase in the tax rate from 50% to 62% at end-March 2011 on Exploration & Production activities in the United Kingdom, resulting in a non-recurring deferred tax expense;
- the provision set aside at June 30, 2011 in respect of the tax relating to Belgian nuclear activities.

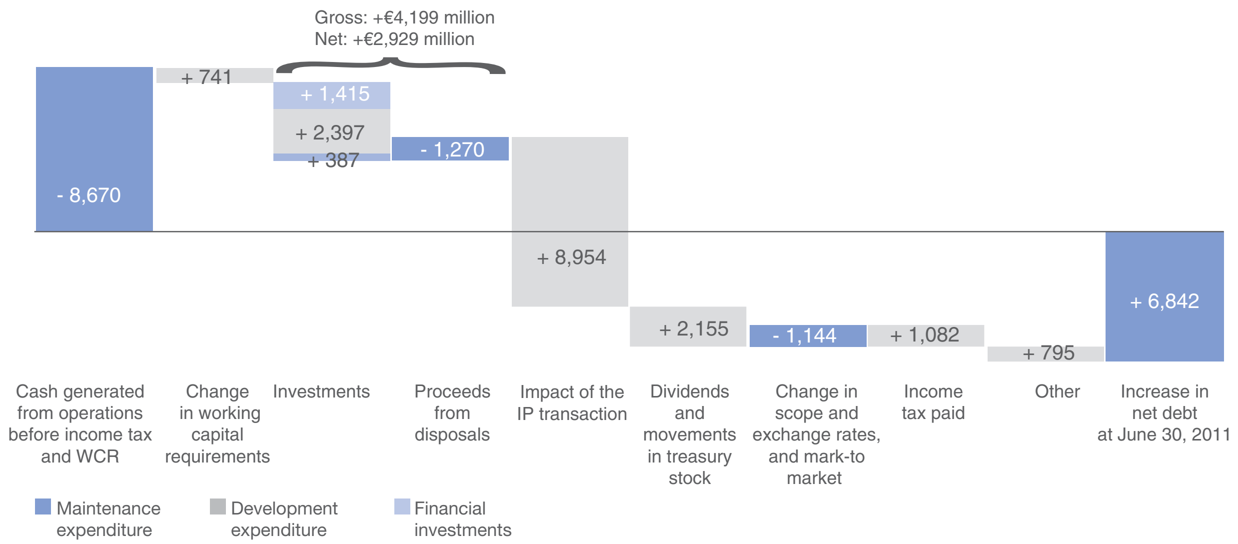
Share in net income of associates advanced €112 million compared to the first half of 2010, chiefly due to changes in scope of consolidation owing to the first-time consolidation of International Power.

Non-controlling interests in net income totaled €781 million. The €200 million increase in this item reflects the consolidation of International Power entities.

4 CHANGES IN NET DEBT

At June 30, 2011, net debt stood at €40.7 billion, up €6.8 billion on end-December 2010 (€33.8 billion). Excluding the first-time consolidation of International Power, net debt was down €2.1 billion and will decrease by a further €1.1 billion following receipt on July 12, 2011 of the proceeds from the sale of a stake in GRTgaz to the CDC-CNP consortium.

Changes in net debt over the period break down as follows in millions of euros:



4.1 CASH GENERATED FROM OPERATIONS BEFORE INCOME TAX AND WORKING CAPITAL REQUIREMENTS

Cash generated from operations before income tax and working capital requirements amounted to €8,670 million at June 30, 2011, up 8% on a reported basis compared with June 30, 2010. Growth in this item was in line with growth in EBITDA.

4.2 CHANGE IN WORKING CAPITAL REQUIREMENTS

The change in working capital requirements (WCR) represented a cash outflow of €741 million reflecting the seasonality of the Group's operations. The rise in WCR was slightly higher than in the first half of 2010 (€598 million), however, chiefly due to greater gas inventories on account of warm weather during the period.

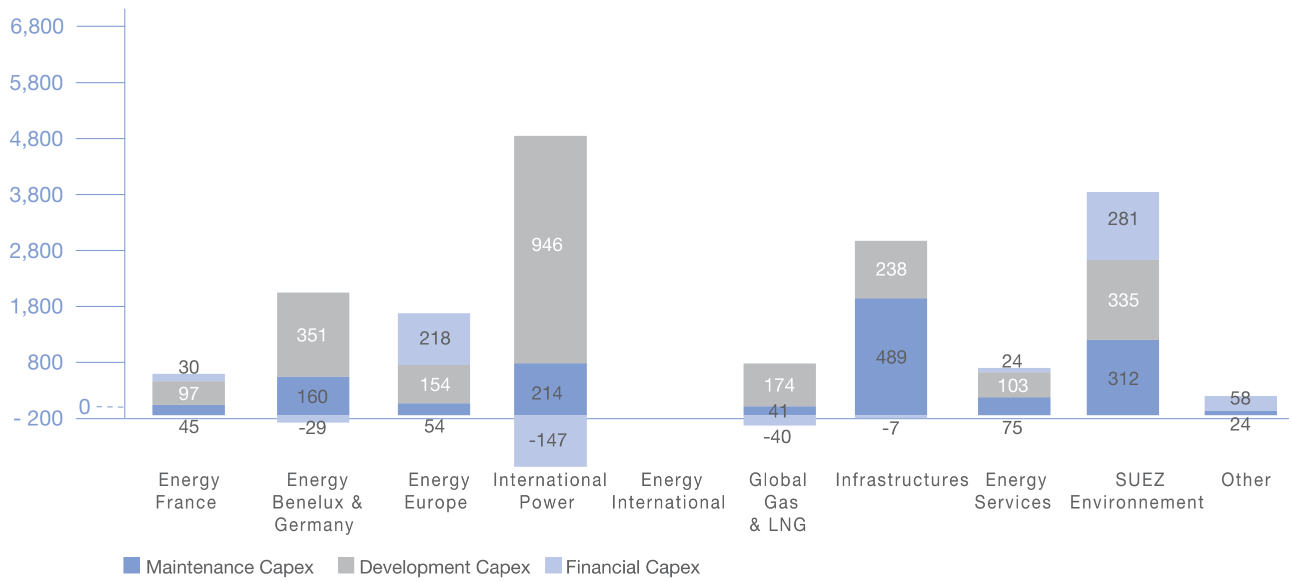
4.3 NET INVESTMENTS

Investments in first-half 2011 totaled €4,199 million and included:

- financial investments for €387 million, concerning mainly the balancing contribution relating to the unwinding of cross-holdings with Acea in Italy and Sita Australia's acquisition of shares in WSN;
- development expenditure totaling €2,397 million, principally incurred by the Energy Europe & International business line;
- maintenance expenditure of €1,415 million.

Disposals in the first half of 2011 represented €1,270 million and essentially related to the disposal of a portion of the Group's shareholdings and share capital reductions in inter-municipal companies (€695 million), the disposal of assets as part of the unwinding of cross-holdings with Acea in Italy (€182 million), and the disposal of equity interests in Noverco in Canada (€197 million).

Capital expenditure breaks down as follows by business line:



4.4 SHARE BUYBACKS AND DIVIDENDS

Total dividends paid in cash by GDF SUEZ SA to its shareholders amounted to €1,490 million. This amount corresponds to the balance of the €1.50 per share dividend paid on May 9, 2011, net of the interim €0.83 per share dividend paid on November 15, 2010 (i.e., €0.67 per share).

Dividends paid by various subsidiaries to non-controlling interests totaled €576 million and primarily comprised dividends in the amount of €226 million paid to non-controlling interests in International Power entities.

The Group also bought back its own shares for an amount of €85 million and increased its share capital by €16 million, chiefly through an employee share issue.

4.5 NET DEBT AT JUNE 30, 2011

At June 30, 2011, net debt totaled €40,678 million. The gearing ratio came out at 51.6%, compared with a ratio of 48% at end-December 2010.

Including the impact of financial instruments, 46% of net debt is denominated in euros and 24% in US dollars.

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

The average maturity of net debt rose to 10 years, reflecting bond issues carried out during the period.

At June 30, 2011, the Group had undrawn credit facilities and commercial paper back-up lines totaling €14,910 million.

5 OTHER ITEMS IN THE STATEMENT OF FINANCIAL POSITION

Property, plant and equipment and intangible assets stood at €101.7 billion at June 30, 2011, versus €91.5 billion at December 31, 2010. This €10.2 billion increase stems chiefly from changes in the scope of consolidation relating to the acquisition of the International Power group and the Acea transaction.

Goodwill climbed €2.4 billion to €30.3 billion at June 30, 2011. This rise was due mainly to the acquisition of the International Power group.

Available-for-sale securities advanced €0.6 billion to €3.8 billion and now include the Group's interest in Flemish inter-municipal companies further to the Group ceasing to exercise significant influence over these companies.

Investments in associates totaled €2.6 billion, up €0.6 billion due mainly to the inclusion of International Power associates in the consolidated financial statements, including PT Paiton Energy Company (Indonesia), Tejo Energia (Portugal) and ISAB Energy (Italy).

Total equity amounted to €78.8 billion, up €8.2 billion from December 31, 2010, essentially reflecting net income for the period (€3.5 billion), dividend payments (€-2.3 billion), translation losses (€1.1 billion) and the impact of changes in the scope of consolidation during the period (€7.7 billion).

Provisions rose €0.4 billion to €14.9 billion. The increase chiefly results from changes in the scope of consolidation (€0.3 billion) and the impact of unwinding discount adjustments (€0.2 billion), partly offset (€-0.1 billion) by actuarial gains and losses on provisions for pensions and other employee benefits.

6 RELATED PARTY TRANSACTIONS

Related party transactions are described in Note 24 to the consolidated financial statements included in the 2010 Reference Document. An update is provided in Note 11 to the condensed interim consolidated financial statements for the six months ended June 30, 2011.

7 DESCRIPTION OF THE MAIN RISKS AND UNCERTAINTIES FOR THE SECOND HALF OF 2011

The Risk Factors section of GDF SUEZ's 2010 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 respectively set out in Note 10 and Note 8 to the condensed interim consolidated financial statements for the six months ended June 30, 2011.

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

8 OUTLOOK

First-half results enable us to confirm a 2011 Ebitda target between €17 and €17.5 billion[(1)], before unfavorable weather impact of the first semester and the risk on the French gas retail tariff. At the end of June, the unfavorable weather impact on our domestic markets is estimated at €465 million. The risk of freeze for the gas public distribution tariff in France depends on decisions to come, providing that each 1% shortfall from October 1, 2011 between supply cost and tariff is estimated, based on August forwards, at €40 million.

During the second half, the Group will work actively on its regulatory environment, continue its integration and restructuration, in particular with the creation of a Energy Europe business line, implement its cooperation agreement with CIC, and pursue its portfolio optimization and investments program, with a view to increasing profitability.

On November 15, 2011, the Group will distribute an interim dividend of €0.83 per share for 2011, identical to the interim dividend paid one year ago. The Board of Directors will recommend the total amount of the dividend to be paid for 2011 at the Shareholders' Meeting on April 23, 2012.

(1) Assuming average weather conditions and no major changes in the regulatory or economic environment. Underlying assumptions for 2011 are: average Brent $92/bbl; average electricity baseload Belgium €50/MWh; average price of gas at Zeebrugge €23/MWh.

CONSOLIDATED FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL POSITION

In millions of euros	Notes	June 30, 2011	Dec. 31, 2010[1]
Non-current assets			
Intangible assets, net	*5*	12,810	12,780
Goodwill	*5*	30,278	27,933
Property, plant and equipment, net	*5*	88,866	78,703
Available-for-sale securities	*7*	3,813	3,252
Loans and receivables at amortized cost	*7*	4,519	2,794
Derivative instruments	*7*	2,490	2,532
Investments in associates	*6*	2,552	1,980
Other non-current assets		1,411	1,440
Deferred tax assets		1,557	1,909
TOTAL NON-CURRENT ASSETS		**148,297**	**133,323**
Current assets			
Loans and receivables at amortized cost	*7*	1,017	1,032
Derivative instruments	*7*	7,672	5,739
Trade and other receivables, net	*7*	25,483	20,501
Inventories		5,108	3,870
Other current assets		7,684	6,957
Financial assets at fair value through income	*7*	1,524	1,713
Cash and cash equivalents	*7*	10,372	11,296
TOTAL CURRENT ASSETS		**58,860**	**51,107**
TOTAL ASSETS		207,156	184,429

(1) Restated data for 2010. See Note 1.2.

In millions of euros	Notes	June 30, 2011	Dec. 31, 2010[1]
Shareholders' equity		63,211	62,114
Non-controlling interests		15,578	8,513
TOTAL EQUITY		**78,789**	**70,627**
Non-current liabilities			
Provisions		13,308	12,989
Long-term borrowings	7	41,687	38,179
Derivative instruments	7	2,651	2,104
Other financial liabilities	7	778	780
Other non-current liabilities		2,394	2,342
Deferred tax liabilities		13,793	12,437
TOTAL NON-CURRENT LIABILITIES		**74,612**	**68,830**
Current liabilities			
Provisions		1,548	1,480
Short-term borrowings	7	10,960	9,059
Derivative instruments	7	7,742	5,738
Trade and other payables	7	18,708	14,835
Other current liabilities		14,799	13,861
TOTAL CURRENT LIABILITIES		**53,755**	**44,973**
TOTAL EQUITY AND LIABILITIES		207,156	184,429

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.

(1) Restated data for 2010. See Note 1.2.

INCOME STATEMENTS

In millions of euros	Notes	June 30, 2011	June 30, 2010
Revenues		45,678	42,346
Purchases		(23,534)	(22,401)
Personnel costs		(6,395)	(5,882)
Depreciation, amortization and provisions		(3,425)	(2,817)
Other operating income and expenses, net		(7,093)	(6,030)
CURRENT OPERATING INCOME	*4*	**5,231**	**5,215**
Mark-to-market on commodity contracts other than trading instruments		(95)	(48)
Impairment of property, plant and equipment, intangible assets and financial assets		(63)	(343)
Restructuring costs		(51)	(124)
Changes in scope of consolidation		592	1,216
Other non-recurring items		51	197
INCOME FROM OPERATING ACTIVITIES	*4*	**5,664**	**6,114**
Financial expenses		(1,613)	(1,411)
Financial income		538	341
NET FINANCIAL LOSS	*4*	**(1,075)**	**(1,070)**
Income tax expense	*4*	(1,371)	(1,086)
Share in net income of associates	*6*	300	188
NET INCOME		3,519	4,145
Net income Group share		2,738	3,565
Non-controlling interests		781	581
Earnings per share (euros)		**1.25**	**1.63**
Diluted earnings per share (euros)		**1.24**	**1.62**

STATEMENT OF COMPREHENSIVE INCOME

In millions of euros	Notes	June 30, 2011	June 30, 2011 Group share	June 30, 2011 Non-controlling interests	June 30, 2010	June 30, 2010 Group share	June 30, 2010 Non-controlling interests
NET INCOME		**3,519**	**2,738**	**781**	**4,145**	**3,565**	**581**
Available-for-sale financial assets	7	(35)	(22)	(13)	(88)	(77)	(11)
Net investment hedges		215	156	59	(414)	(351)	(63)
Cash flow hedges (excl. commodity instruments)		81	104	(23)	(213)	(144)	(69)
Commodity cash flow hedges		192	185	6	413	409	4
Actuarial gains and losses		90	54	35	(286)	(273)	(13)
Translation adjustments		(991)	(662)	(329)	1,683	1,328	355
Deferred taxes		(149)	(142)	(7)	89	56	33
Share in other comprehensive income (expense) of associates		(79)	(37)	(42)	21	25	(4)
Other comprehensive income		**(676)**	**(363)**	**(313)**	**1,205**	**972**	**233**
TOTAL COMPREHENSIVE INCOME		**2,842**	**2,375**	**468**	**5,351**	**4,537**	**814**

STATEMENTS OF CASH FLOWS

In millions of euros	June 30, 2011	June 30, 2010
NET INCOME	**3,519**	**4,145**
- Share in net income of associates	(300)	(188)
+ Dividends received from associates	137	125
- Net depreciation, amortization and provisions	3,313	3,113
- Impact of changes in scope of consolidation, other non-recurring items	(608)	(1,413)
- Mark-to-market on commodity contracts other than trading instruments	95	48
- Other items with no cash impact	68	41
- Income tax expense	1,371	1,086
- Net financial loss	1,075	1,070
Cash generated from operations before income tax and working capital requirements	**8,670**	**8,027**
+ Tax paid	(1,082)	(661)
Change in working capital requirements	**(741)**	**(598)**
CASH FLOW FROM OPERATING ACTIVITIES	**6,847**	**6,768**
Acquisitions of property, plant and equipment and intangible assets	(3,811)	(4,228)
Acquisitions of controlling interests in entities net of cash and cash equivalents acquired(1)	(805)	(640)
Acquisitions of investments in associates and joint ventures	(40)	(30)
Acquisitions of available-for-sale securities	(86)	(104)
Disposals of property, plant and equipment and intangible assets	84	213
Disposals of entities/loss of control net of cash and cash equivalents sold	8	428
Disposals of investments in associates and joint ventures	1,073	1,165
Disposals of available-for-sale securities	96	282
Interest received on non-current financial assets	29	30
Dividends received on non-current financial assets	49	93
Change in loans and receivables originated by the Group and other	215	(42)
CASH FLOW USED IN INVESTING ACTIVITIES	**(3,188)**	**(2,833)**
Dividends paid	(2,066)	(1,910)
Repayment of borrowings and debt	(3,764)	(5,307)
Change in financial assets at fair value through income	207	129
Interest paid	(1,163)	(941)
Interest received on cash and cash equivalents	98	59
Increase in borrowings and debt	2,285	2,945
Increase/decrease in capital	181	(33)
Acquisitions/disposals of treasury stock	(85)	(396)
Changes in ownership interests in controlled entities	(45)	20
CASH FLOW USED IN FINANCING ACTIVITIES	**(4,353)**	**(5,432)**
Effect of changes in exchange rates and other	(230)	276
TOTAL CASH FLOW FOR THE PERIOD	**(924)**	**(1,220)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**11,296**	**10,324**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**10,372**	**9,104**

(1) Including the impact of the acquisition of International Power plc presented in Note 2.1.

STATEMENTS OF CHANGES IN EQUITY

In millions of euros	Number of shares	Share capital	Additional paid-in capital	Consolidated reserves	Fair value adjustments and other	Cumulative translation adjustments	Treasury stock	Shareholders' equity	Non-controlling interests	Total equity
Equity at December 31, 2009	**2,260,976,267**	**2,261**	**30,590**	**28,810**	**623**	**(355)**	**(1,644)**	**60,285**	**5,241**	**65,527**
Correction of prior-period error – see Note 1.2				(91)				(91)		(91)
Restated equity at January 1, 2010	**2,260,976,267**	**2,261**	**30,590**	**28,720**	**623**	**(355)**	**(1,644)**	**60,195**	**5,241**	**65,436**
Net income				3,565				3,565	581	4,145
Other comprehensive income				(163)	(192)	1,328		972	233	1,205
Total comprehensive income				**3,401**	**(192)**	**1,328**		**4,537**	**814**	**5,351**
Employee share issues and share-based payment	395,068	0	6	36				42		42
Cash dividends paid				(1,484)				(1,484)	(422)	(1,906)
Acquisitions/disposals of treasury stock				(56)			(340)	(396)		(396)
Transactions between owners				(162)				(162)	108	(54)
Business combinations				3				3	1,317	1,321
Other changes				(2)				(2)	3	1
Restated equity at June 30, 2010	**2,261,371,335**	**2,261**	**30,596**	**30,456**	**431**	**973**	**(1,984)**	**62,733**	**7,062**	**69,794**
Equity at December 31, 2010	**2,250,295,757**	**2,250**	**29,682**	**29,614**	**800**	**522**	**(665)**	**62,205**	**8,513**	**70,718**
Correction of prior-period error – see Note 1.2				(91)				(91)		(91)
Restated equity at January 1, 2011	**2,250,295,757**	**2,250**	**29,682**	**29,524**	**800**	**522**	**(665)**	**62,114**	**8,513**	**70,627**
Net income				2,738				2,738	781	3,519
Other comprehensive income				103	196	(662)		(363)	(313)	(676)
Total comprehensive income				**2,841**	**196**	**(662)**		**2,375**	**468**	**2,842**
Employee share issues and share-based payment	871,535	1	15	60				76	4	80
Cash dividends paid(1)				(1,490)				(1,490)	(789)	(2,279)
Acquisitions/disposals of treasury stock				(14)			(71)	(85)		(85)
Business combinations (International Power – see Note 2)				159				159	6,171	6,330
Transactions between owners (GRTgaz transaction – see Note 2)				185				185	925	1,110
Share capital increases subscribed by non-controlling interests									157	157
Stock dividends and change in treasury stock, net				(40)				(40)	131	91
Other changes				(83)				(83)	(2)	(85)
Equity at June 30, 2011	**2,251,167,292**	**2,251**	**29,697**	**31,141**	**996**	**(139)**	**(736)**	**63,211**	**15,578**	**78,788**

(1) On May 2, 2011 the Shareholders' Meeting resolved that a €1.50 dividend per share would be paid for 2010. An interim dividend of €0.83 per share was paid on November 15, 2010. In May 2011, GDF SUEZ paid the €0.67 per share (2,223,868,213 shares representing payment of €1,490 million), amounting to a total dividend of €3,336 million.

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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 1 place Samuel de Champlain – 92400 Courbevoie (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, 2011, 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, 2011.

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, 2011 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, 2011 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, 2010, subject to specific provisions relating to the preparation of interim financial information as described hereafter.

1.2 Restatements made to the 2010 consolidated financial statements in accordance with IAS 8

During the six months ended June 30, 2011, an error in the computation of "gas in the meter" receivable accounted for in the Energy – France segment was discovered . This error is due to the use of an incomplete model and certain incorrect calculation parameters. As most of the cumulated impact of this error originated before July 22, 2008 (date of the merger of Gaz de France and Suez) the fair value of assets acquired in this transaction has been restated resulting in the correction of goodwill, the cost of business combination being unchanged. Accordingly, the comparative amounts for the year ended December 31, 2010 related to Goodwill, Trade and other receivables, Deferred Tax Assets, Other liabilities and Equity have been respectively restated for +€366 million, -€833 million, +€240 million, -€137 million and -€91 million. The comparative income statement information related to the six months ended June 2010, the twelve months ended December 31, 2010 and the Energy –France segment key

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

indicators have not been restated as this error did not have material impact. Thus, basic and diluted earnings per share have not been restated for the presented periods. 2009 and 2008 income was not materially impacted either.

Appropriate measures were implemented during the six months ended June 30, 2011, to strengthen the reliability of the "gas in the meter" computation model in the Energy – France segment and to reinforce internal control accordingly.

This error by no means modified amounts billed to the 10.1 million customers in France.

1.3 Accounting policies

The accounting policies used to prepare the Group's condensed interim consolidated financial statements for the six months ended June 30, 2011 are consistent with those used to prepare the consolidated financial statements for the year ended December 31, 2010 in accordance with IFRS as published by the IASB and endorsed by the European Union, with the exception of the following items in Note 1.3.1:

1.3.1 IFRS standards, amendments and IFRIC interpretations applicable in 2011

- Revised IAS 24 – *Related Party Disclosures;* as authorized by the standard, the Group has elected to early adopt in its consolidated financial statements for the year ended December 31, 2010 provisions regarding exemptions to disclosures by government-related entities. Accordingly, the new definition of a related party per the revised standard will be applied in the consolidated financial statements for the year ended December 31, 2011.
- Amendment to IAS 32 – *Classification of Rights Issues:* this amendment has no impact on the condensed interim consolidated financial statements ended June 30, 2011.
- *Improvements to IFRS 2010:* among amendments, those related to IAS 34 and IFRS 7 impact financial instruments disclosures as of June 30, 2011. Refer to Notes 7 and 8.
- IFRIC 19 – *Extinguishing Financial Liabilities with Equity Instruments:* this interpretation has no impact on the condensed interim consolidated financial statements ended June 30, 2011.
- Amendment to IFRIC 14 – *Prepayments of a Minimum Funding Requirement:* this amendment has no significant impact on the condensed interim consolidated financial statements ended June 30, 2011.

1.3.2 IFRS standards effective after 2011 that the Group has elected not to early adopt in 2011

Standards and amendments applicable in 2012

- Amendments to IAS 12 – *Deferred tax: recovery of underlying assets* (2)
- Amendments to IAS 1 – *Presentation of Items of Other Comprehensive Income*(2)
- Amendment to IFRS 7 – *Disclosures – transfers of financial assets*(2)

Standards and amendments applicable in 2013

- IFRS 9 – *Financial Instruments: Classification and measurement*(2)
- IFRS 10 – *Consolidated Financial Statements*(2)
- IFRS 11 – *Joint arrangements*(2)
- IFRS 12 – *Disclosure of Interests in Other Entities*(2)
- Amendment to IAS 27 – *Separate Financial Statements*(2)
- Amendment to IAS 28 – *Investments in Associates and joint ventures*(2)
- IFRS 13 – *Fair value measurement*(2)
- Amendments to IAS 19 – *Employee benefits*(2)

The impact resulting from the application of these new or revised standards is currently being assessed.

1.4 Use of estimates and judgment

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 fair value of assets acquired and liabilities assumed in a business combination;
- measurement of the recoverable amount of goodwill, property, plant and equipment and intangible assets;

(2) Not yet endorsed by the European Union.

- measurement of provisions, particularly for nuclear waste processing and storage, dismantling obligations, disputes, pensions and other employee benefits;
- financial instruments;
- measurement of revenues 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, 2010.

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 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.

1.5 Interim financial reporting

Seasonality of operations

Although the Group's operations are intrinsically subject to seasonal fluctuations, key performance indicators and income 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, 2011 are not necessarily indicative of those that may be expected for full-year 2011.

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.

NOTE 2 MAIN CHANGES IN GROUP STRUCTURE

2.1 Acquisition of International Power plc

2.1.1 Description of the combination

The acquisition of International Power plc ("International Power") by GDF SUEZ, publicly announced on August 10, 2010, was completed on February 3, 2011.

The main stages of this business combination were as follows:

- **August 10, 2010:** the Boards of GDF SUEZ and International Power entered into a Memorandum of Understanding detailing the main terms and conditions of the proposed combination of International Power and GDF SUEZ Energy International business areas (outside Europe), along with certain assets in the United Kingdom and Turkey (collectively, "GDF SUEZ Energy International");
- **October 13, 2010:** GDF SUEZ, Electrabel and International Power signed the Merger Deed and the other main agreements governing the relationship between GDF SUEZ and the new International Power group following the combination;
- **December 16, 2010:** the general shareholders' meeting of International Power approved the combination with GDF SUEZ Energy International;
- **February 3, 2011:** GDF SUEZ completed the acquisition of International Power, having met all conditions precedent. These included approval from certain regulatory or competition authorities, reorganizational measures concerning the corporate structure and scope of the assets and business contributed, and admission to listing on the Official List of the UK Listing Authority (UKLA) and to trading on the London Stock Exchange's main market of the new International Power shares.

The acquisition of International Power took the form of the contribution by GDF SUEZ of GDF SUEZ Energy International to International Power, in exchange for 3,554,347,956 new ordinary International Power shares issued on February 3, 2011.

As part of the contribution and in accordance with the Merger Deed, GDF SUEZ reorganized the corporate structure and scope of the assets and business contributed. GDF SUEZ also made equity contributions of €5,277 million and GBP 1,413 million (€1,659 million) to GDF SUEZ Energy International entities. On February 25, 2011, the entire sum of the GBP 1,413 million (€1,659 million) capital increase was used to finance a special dividend of GBP 0.92 per share, which was paid to shareholders – excluding holders of new ordinary shares – listed on the company's share register on February 11, 2011, the record date.

As a result of this combination, GDF SUEZ holds 69.78% of the voting rights of the International Power group.

The combination of International Power and GDF SUEZ Energy International creates a global leader in independent power generation. This will accelerate GDF SUEZ's industrial development and strengthen its international presence in the United States and United Kingdom, as well as in high-growth markets such as the Middle East and Asia.

International Power is fully consolidated in the Group's consolidated financial statements with effect from February 3, 2011.

As part of obtaining regulatory clearance from the European Commission, on May 18, 2011, International Power entered into an agreement with Itochu concerning the sale of its interest in the T-Power project in Belgium. The purpose of the T-Power project is to build and operate a 420 MW combined cycle gas turbine facility.

2.1.2 Fair value of consideration transferred

The fair value of the consideration transferred to acquire 69.78% of International Power was calculated based on the price of International Power shares on February 3, 2011, the date of the business combination. The fair value transferred amounted to €5,130 million, corresponding to the 1,073 million International Power shares acquired (i.e., 69.78% of existing International Power shares prior to the transaction) multiplied by the February 3 share price of GBP 4.08 per share (1 GBP = €1.17).

2.1.3 Impact of the acquisition on the consolidated financial statements

The Group elected to measure non-controlling interests at their fair value. The fair value of the non-controlling interests corresponding to the 30.22% of International Power shares that are not held by the Group, was calculated based on the price of International Power shares on February 3, 2011. Investments held by third parties in subsidiaries acquired from International Power are measured either based on the discounted future cash flow method or the discounted dividend model. For the merchant entities the fair value of plants was determined based on market assumptions available at the acquisition date concerning the price of electricity and fuel, as well as long-term assumptions reflecting the expected trends in the price of raw materials. For entities with contracted plants, the fair value was calculated based on existing business plans and forecasts at the acquisition date. The discount rates applied were based on the specific characteristics of the operating entities concerned.

Prior to the acquisition, GDF SUEZ and International Power held 30% and 40%, respectively, of Middle Eastern entity Hidd Power Company. Hidd Power Company was previously accounted for using the equity method in the consolidated financial statements of GDF SUEZ and International Power. Following the acquisition of International Power, the Group obtained control of Hidd Power Company and in accordance with IFRS 3, remeasured its previously-held equity interests at fair value. The negative €5 million impact of this remeasurement and of recycling to income amounts relating to cash flow hedges recognized in "Other comprehensive income" is presented under "Changes in scope of consolidation" within income from operating activities.

At June 30, 2011, the accounting for the business combination was provisional. It will be finalized during the second half of 2011.

The following table shows the provisional fair values of the identifiable assets and liabilities of International Power at acquisition date:

In millions of euros	Total
Non-current assets	
Intangible assets, net	152
Property, plant and equipment, net	10,421
Available-for-sale securities	131
Loans and receivables at amortized cost	1,718
Derivative instruments	104
Investments in associates	1,208
Other non-current assets	89
Deferred tax assets	44
TOTAL NON-CURRENT ASSETS	**13,869**
Current assets	
Loans and receivables at amortized cost	56
Derivative instruments	149
Trade and other receivables, inventory and other assets	1,426
Cash and cash equivalents	1,238
TOTAL CURRENT ASSETS	**2,868**
Non-current liabilities	
Provisions	94
Long-term borrowings	6,934
Derivative instruments	601
Other non-current liabilities	165
Deferred tax liabilities	1,231
TOTAL NON-CURRENT LIABILITIES	**9,025**
Current liabilities	
Provisions	243
Short-term borrowings	691
Derivative instruments	49
Trade and other payables, and other liabilities	1,185
TOTAL CURRENT LIABILITIES	**2,169**
TOTAL NET ASSETS (100%)	5,544
Purchase consideration transferred	5,130
Remeasurement of previously-held equity interest in Hidd Power Company	32
Unwinding of the foreign currency derivatives hedging the special dividend	23
Non-controlling interests	3,007
GOODWILL	**2,649**

Goodwill amounting to €2,649 million mainly reflects expected operating synergies (optimization of central and regional costs and long-term maintenance agreements, reorganization of purchasing and trading activities, etc.), financial synergies (refinancing certain borrowings to benefit from the lower financing costs applicable to the new Group) as well as potential for growth and market share.

This acquisition resulted in a €6,330 million increase in equity, of which €6,171 million related to non-controlling interests. The remaining €159 million impact on shareholders' equity reflects the 30% dilution of the Group's interest in GDF SUEZ Energy International as a result of the acquisition of a 69.78% controlling interest in International Power.

This transaction was completed in February 2011 and had a net negative impact of €421 million on the Group's cash flows, which breaks down as:

- cash and cash equivalents acquired at the acquisition date: €1,238 million;
- payment of a special dividend: €1,659 million.

Acquisition-related costs totaled €64 million, the majority of which were recognized in the second half of 2010.

The contribution of entities acquired from International Power to revenues, current operating income and net income Group share for the six months to June 30, 2011 amounted to €1,784 million, €223 million and €157 million, respectively.

If the acquisition had taken place on January 1, 2011, the contribution to revenues and net income Group share would have been €334 million and €72 million, respectively.

2.2 Entry of a 25% minority shareholder in GRTgaz

On June 27, 2011, the Group and the public consortium composed of CNP Assurances, CDC Infrastructure and Caisse des Dépôts entered into a long-term partnership in natural gas transmission.

Pursuant to the investment agreement, the consortium acquired 25% of the share capital and voting rights of the Group's subsidiary GRTgaz, a natural gas transmission network operator in France, for a consideration of €1,110 million. On July 12, 2011, the Group received this amount through (i) the payment of €810 million for the acquisition of 9,782,609 shares representing 18.2% of the share capital and (ii) the subscription of 3,263,188 shares representing 6.8% of the share capital as part of a €300 million reserved capital increase.

Prior to these transactions, GRTgaz paid GDF SUEZ a special dividend of €805 million. GDF SUEZ remains entitled to the GRTgaz dividend for 2010.

The sale of this minority stake was effective on June 27, 2011, the date on which the investment agreement and the GRTgaz shareholders' agreement were signed and the conditions precedent were met. The Group retains exclusive control of GRTgaz.

As the sale relates to a non-controlling interest, the difference between the selling price and the carrying amount of the interest sold, amounting to €185 million, was recognized in shareholders' equity. At June 30, 2011, the Group recorded the receivable relating to the consideration payable by the consortium within "Trade and other receivables" in the statement of financial position.

2.3 Investment in electricity and gas distribution in Belgium

During the first half of 2011, various transactions were carried out in Flanders and Wallonia concerning the capital of the mixed inter-municipal electricity and gas distribution network operators in which Electrabel, a wholly-owned subsidiary, holds interests.

These transactions are in line with the previous agreements between the Group and the public sector as part of the process of deregulating the energy markets, as well as the intention of the European Union and Belgian legislature to give greater independence to transmission and distribution network operators.

In Flanders, share capital reductions were carried out in June 2011, immediately followed by share capital increases subscribed in full by the public sector. These changes reduced the Group's voting rights at general shareholders' meetings.

Further to these transactions, and given the specific context in Flanders, in particular the regional law that requires Electrabel to sell all of its interests in Flemish distribution network operators by 2018, the Group decided to irrevocably waive all representation in the management bodies of Eandis, the sole network operator, and to substantially reduce its voting rights in the decision-making bodies of the mixed inter-municipal companies. The provisions taken regarding governance impacted both Electrabel's representation on the boards of directors as well as its voting rights at general shareholders' meetings.

In view of these transactions, as of June 30, 2011 the Group no longer exercises significant influence over the Flemish inter-municipal companies. Accordingly, the equity method is no longer applicable and the corresponding shares are presented under "Available-for-sale securities" in the interim consolidated financial statements for the six months ended June 30, 2011. In accordance with the applicable standards, the residual interest was recognized at fair value. The difference between carrying amount and fair value, in the amount of €425 million, was recognized in the income statement under "Changes in scope of consolidation" within income from operating activities.

In Wallonia, the Group sold 5% of its shares in inter-municipal companies, bringing its interest to 25% at June 30, 2011. This sale resulted in a €83 million capital gain, recognized in "Changes in scope of consolidation".

Share capital reductions were also carried out at the inter-municipal companies in Wallonia during June 2011. As the Group's share of these capital reductions exceeded the carrying amount of the equity investment, the surplus was taken to income and the value of the shares was reduced in full. The positive €49 million impact was recognized in "Share in net income of associates". The recognition of the Group's share in net income from these entities for subsequent periods is suspended until the surplus is cancelled out.

The legal and political context specific to inter-municipal companies in the Walloon region did not result in any changes in the governance of these entities, which continue to be accounted for using the equity method in the Group's consolidated financial statements.

2.4 Completion of the agreement with Acea Spa concerning the termination of the partnership between the two groups for energy activities in Italy

The agreement dated December 16, 2010 terminated the partnership and shareholder agreement between the Group and Acea concerning energy activities in Italy. It came into effect during the first quarter of 2011, after having met all conditions precedent.

In 2010, the Acea Electrabel group's activities were jointly controlled by GDF SUEZ and Acea and were therefore consolidated by the proportionate method in the Group's consolidated financial statements.

Pursuant to the overall agreement entered into with Acea concerning the unwinding of cross-holdings, the parties conducted the following transactions:

- the Group acquired Acea's 50% interest in the capital of power production company Tirreno Power for €108 million, thereby raising the Group's interest in Tirreno Power from 35% to 50%. Tirreno Power is jointly held by Energia Italiana and continues to be consolidated using the proportionate method;
- the Group acquired control of the trading activities of AceaElectrabel Trading Spa (AET) by acquiring AceaElectrabel's interest in AET for an amount of €20 million. AET is now wholly owned by the Group;
- the Group transferred its 40.59% interest in AceaElectrabel Elettricita (AEE), a company that markets gas and power in the municipality of Rome, to Acea through the sale of its interest in AceaElectrabel for €57 million;
- following a spinoff operation by AceaElectrabel Produzione Spa (AEP), some of AEP's power production assets (hydroelectric production assets and two other power plants near Rome) were transferred to an entity wholly owned by Acea. In consideration of this transfer of assets amounting to €130 million, the Group acquired control of AEP, of which it now owns the entire share capital (following the spinoff) for a price of €76 million;
- the Group acquired pre-emptive rights over the hydroelectric assets transferred to Acea as well as over AEE for an amount of €9 million. Lastly, both groups bought back shareholder loans related to the unwinding transactions, which resulted in a net payment of €25 million to Acea.

This transaction allowed GDF SUEZ to complete the integration of its energy activities in Italy where it now manages the entire energy value chain, from the supply of gas to the sale and distribution of energy.

Following the acquisition of AEP and AET, the Group remeasured its previously-held interests in these entities in accordance with the revised IFRS 3. The net impact of this remeasurement and disposal amounted to a negative €6 million. These impacts are presented under "Changes in scope of consolidation" within income from operating activities.

At June 30, 2011, the accounting for the business combination was provisional. It will be finalized during the second half of 2011.

The following table shows the carrying amount of identifiable assets and liabilities of AET, AEP and its subsidiaries, and Tirreno Power at June 30, 2011:

In millions of euros	
Non-current assets	
Intangible assets, net	89
Property, plant and equipment, net	1,345
Other non-current assets	43
TOTAL NON-CURRENT ASSETS	1,477
Current assets	
Trade and other receivables, net	564
Other current assets	179
Cash and cash equivalents	261
TOTAL CURRENT ASSETS	1,003
Non-current liabilities	
Provisions	35
Long-term borrowings	603
Other non-current liabilities	156
TOTAL NON-CURRENT LIABILITIES	794
Current liabilities	
Provisions	15
Short-term borrowings	544
Other current liabilities	485
TOTAL CURRENT LIABILITIES	1,043
NET ASSETS (100%)	**642**

Taken as a whole, this transaction had a negative €226 million net impact on the Group's cash flows, which breaks down as:

- cash and cash equivalents acquired/sold at the acquisition date: €(174) million;
- net disbursements on acquisitions, sale of shares and loan repayments: €(52) million.

Following the completion of all of the above transactions, the Group recognized a total of €72 million in goodwill.

For the six months ended June 30, 2011, the positive impact of these changes in scope of consolidation on revenues and net income Group share amount to €57 million and €9 million, respectively.

2.5 Other transactions during the first half of 2011

Several other acquisitions and equity transactions took place in the first half of 2011, including the acquisition of controlling interests in WSN Environmental Solutions in Australia and Proenergy Contracting in Germany. The individual and aggregate impacts of these transactions on the consolidated financial statements for the six months ended June 30, 2011 are not material.

NOTE 3 SEGMENT INFORMATION

3.1 Operating segments

Following the acquisition of the International Power plc group ("International Power") on February 3, 2011 (see Note 2, "Main changes in Group structure"), the Energy Europe & International business line's activities are now presented under the following segments: Benelux & Germany, Europe and International Power.

The International Power operating segment:

- produces and markets power in North America, Latin America, Asia, the United Kingdom and other Europe, the Middle East, Africa and Australia;
- distributes and markets gas in North America, Turkey and Australia;
- is active in LNG import and regasification in North America and Chile and seawater desalination in the Arabian peninsula.

In 2010, the Group presented the International Energy activities transferred to International Power within the following three operating segments: North America, Latin America and Middle East, Asia & Africa. The Group's assets in the United Kingdom and gas distribution activities in Turkey transferred to International Power were previously presented under the Europe business area.

Comparative segment information for first-half 2010 has been restated to reflect the Group's new organization at June 30, 2011.

The Group's other operating segments are described in Note 3, "Segment information", to the consolidated financial statements for the year ended December 31, 2010.

3.2 Key indicators by operating segment

Revenues

In millions of euros	June 30, 2011 External revenues	June 30, 2011 Intra-group revenues	June 30, 2011 Total	June 30, 2010 External revenues	June 30, 2010 Intra-group revenues	June 30, 2010 Total
Energy France	7,401	275	7,676	8,089	271	8,360
Energy Europe & International	18,259	339	18,598	15,864	91	15,955
of which: Benelux & Germany	*7,130*	*429*	*7,559*	*7,348*	*450*	*7,798*
Europe	*3,527*	*152*	*3,679*	*3,311*	*212*	*3,522*
International Power	*7,601*	*170*	*7,772*	*5,206*	*201*	*5,406*
Intra-business line eliminations		*(412)*	*(412)*		*(772)*	*(772)*
Global Gas & LNG	4,868	6,302	11,171	4,520	6,194	10,714
Infrastructures	691	2,258	2,949	587	2,499	3,085
Energy Services	7,087	83	7,170	6,693	90	6,783
SUEZ Environnement	7,373	3	7,375	6,593	3	6,596
Other	0	0	0	0	0	0
Intra-group eliminations		(9,261)	(9,261)		(9,148)	(9,148)
TOTAL REVENUES	**45,678**	**0**	**45,678**	**42,346**	**0**	**42,346**

EBITDA

In millions of euros	June 30, 2011	June 30, 2010
Energy France	598	732
Energy Europe & International	3,761	3,098
of which: Benelux & Germany	*1,151*	*1,316*
Europe	*580*	*604*
International Power	*2,056*	*1,193*
Global Gas & LNG	1,177	1,146
Infrastructures	1,669	1,832
Energy Services	540	482
SUEZ Environnement	1,232	1,042
Other	(112)	(139)
TOTAL EBITDA	8,865	8,194

Current operating income

In millions of euros	June 30, 2011	June 30, 2010
Energy France	359	525
Energy Europe & International	2,428	2,254
of which: Benelux & Germany	*813*	*1,065*
Europe	*353*	*380*
International Power	*1,287*	*823*
Global Gas & LNG	604	605
Infrastructures	1,086	1,250
Energy Services	377	332
SUEZ Environnement	561	437
Other	(184)	(187)
TOTAL CURRENT OPERATING INCOME	5,231	5,215

Depreciation and amortization

In millions of euros	June 30, 2011	June 30, 2010
Energy France	(229)	(176)
Energy Europe & International	(1,296)	(779)
of which: Benelux & Germany	*(296)*	*(219)*
Europe	*(221)*	*(207)*
International Power	*(779)*	*(353)*
Global Gas & LNG	(610)	(549)
Infrastructures	(576)	(583)
Energy Services	(159)	(144)
SUEZ Environnement	(511)	(443)
Other	(38)	(34)
TOTAL DEPRECIATION AND AMORTIZATION	(3,419)	(2,708)

Industrial capital employed

In millions of euros	June 30, 2011	Dec. 31, 2010
Energy France	7,425	6,903
Energy Europe & International	47,234	36,233
of which: Benelux & Germany	*9,192*	*9,768*
Europe	*8,506*	*8,318*
International Power	*29,531*	*18,185*
Global Gas & LNG	7,330	9,027
Infrastructures	19,145	19,072
Energy Services	3,226	2,828
SUEZ Environnement	13,308	13,313
Other	1,661	155
TOTAL INDUSTRIAL CAPITAL EMPLOYED	99,328	87,530

Capital expenditure (Capex)

In millions of euros	June 30, 2011	June 30, 2010
Energy France	172	314
Energy Europe & International	1,922	2,139
of which: Benelux & Germany	*482*	*570*
Europe	*427*	*246*
International Power	*1,013*	*1,322*
Global Gas & LNG	174	466
Infrastructures	720	781
Energy Services	201	227
SUEZ Environnement	928	1,531
Other	81	78
TOTAL CAPITAL EXPENDITURE	4,199	5,536

Financial investments included in the above indicator "capital expenditure" exclude "cash and cash equivalents" acquired but include the acquisitions of additional interests in controlled entities which are presented under cash flows used in financing activities in the statement of cash flows (€45 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, 2011	June 30, 2010	June 30, 2011	Dec. 31, 2010
France	16,261	16,315	34,417	33,332
Belgium	6,214	6,278	4,977	5,318
Other EU countries	13,247	12,414	29,150	25,460
Other European countries	957	582	1,723	2,040
North America	2,736	2,446	9,514	7,991
Asia, Middle East and Oceania	3,470	2,093	10,373	5,107
South America	2,350	1,804	8,971	8,100
Africa	444	413	203	180
TOTAL	45,678	42,346	99,328	87,530

3.4 Reconciliation of EBITDA

Reconciliation of EBITDA with current operating income

In millions of euros	June 30, 2011	June 30, 2010
Current operating income	5,231	5,215
Depreciation, amortization and provisions	3,425	2,817
Share-based payment (IFRS 2) and other	69	43
Net disbursements under concession contracts	140	119
EBITDA	8,865	8,194

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

In millions of euros	June 30, 2011	Dec. 31, 2010
(+) Property, plant and equipment and intangible assets, net	101,677	91,483
(+) Goodwill	30,278	27,933
(-) *Goodwill arising on the Gaz de France-SUEZ merger*[(1)]	*(11,859)*	*(11,873)*
(-) *Goodwill arising on the International Power combination*[(1)]	*(2,649)*	*0*
(+) *IFRIC 4 and IFRIC 12 receivables*	*3,018*	*1,402*
(+) Investments in associates	2,552	1,980
(+) Trade and other receivables	25,483	20,501
(-) *Margin calls*[(1)(2)]	*(589)*	*(547)*
(+) Inventories	5,108	3,870
(+) Other current and non-current assets	9,096	8,397
(+) Deferred taxes	(12,237)	(10,528)
(-) Provisions	(14,856)	(14,469)
(+) *Actuarial gains and losses recorded in equity (net of deferred taxes)*[(1)]	*648*	*657*
(-) Trade and other payables	(18,708)	(14,835)
(+) *Margin calls*[(1)(2)]	*339*	*542*
(-) Other current and non-current liabilities	(17,193)	(16,203)
(-) Other financial liabilities	(778)	(780)
INDUSTRIAL CAPITAL EMPLOYED	**99,328**	**87,530**

(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

4.1 Income from operating activities

In millions of euros	June 30, 2011	June 30, 2010
CURRENT OPERATING INCOME	**5,231**	**5,215**
Mark-to-market on commodity contracts other than trading instruments	(95)	(48)
Impairment of property, plant and equipment, intangible assets and financial assets	(63)	(343)
Restructuring costs	(51)	(124)
Changes in scope of consolidation	592	1,216
Other non-recurring items	51	197
INCOME FROM OPERATING ACTIVITIES	**5,664**	**6,114**

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

In the first half of 2011, this item represents a net loss of €95 million (compared with a net loss of €48 million in the first half of 2010), chiefly reflecting:

- changes in the fair value of forward contracts used as economic hedges not eligible for hedge accounting, resulting in a net loss of €114 million compared with a net loss of €66 million in first-half 2010. The loss results mainly from a negative price impact on hedges of power and gas sales due to increases in the underlying indices since December 31, 2010;
- the ineffective portion of cash flow hedges in respect of non-financial assets, resulting in a gain of €27 million (versus a gain of €18 million in first-half 2010).

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

In millions of euros	June 30, 2011	June 30, 2010
Impairment losses:		
Goodwill	0	(5)
Property, plant and equipment and other intangible assets	(45)	(269)
Financial assets	(32)	(87)
Other	0	(0)
TOTAL IMPAIRMENT LOSSES	**(77)**	**(361)**
Reversals of impairment losses:		
Property, plant and equipment and other intangible assets	2	2
Financial assets	13	17
TOTAL REVERSALS OF IMPAIRMENT LOSSES	**15**	**18**
TOTAL	(62)	(343)

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 other intangible assets for impairment whenever there is an indication that the asset may be impaired.

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

In the first half of 2011, the Group recognized impairment losses on property, plant and equipment and intangible assets (excluding goodwill) in the amount of €45 million, with no individual impairment loss being material. Impairment losses recorded at June 30, 2010 mainly concerned certain assets in Spain within the Energy Europe business area in the amount of €156 million, of which €131 million related to a power generation unit due to its worsening economic context. In addition, the Group recognized impairment losses totaling €48 million against its exploration licenses in Egypt and the Gulf of Mexico, in light of development prospects.

4.1.2.2 Impairment of financial assets

In the first half of 2011, the Group recognized impairment losses on financial assets in the amount of €32 million, with no individual impairment loss being material. At June 30, 2010, the Group recognized impairment losses against its Gas Natural shares in the amount of €46 million based on stock market price at that date.

A breakdown of available-for-sale securities and their values is presented in Note 7, “Financial instruments”.

4.1.3 Restructuring costs

Restructuring costs for the first half of 2011 mainly include costs relating to the implementation of the International Power combination and operating synergies (€19 million) and costs incurred to adapt to the economic environment in the Energy Services business line (€15 million).

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

4.1.4 Changes in scope of consolidation

At June 30, 2011, this item primarily reflects the €425 million gain attributable to the remeasurement at fair value of the Group’s interest in the Flemish inter-municipal companies further to the Group ceasing to exercise significant influence over these entities, as described in Note 2, “Main changes in Group structure”, and the recognition of the corresponding shares within “Available-for-sale securities”. It also includes the capital gains on the disposal of a portion of the share capital of the inter-municipal companies in the Walloon region (€83 million) and the disposal of equity interests in Noverco (€28 million).

At June 30, 2010, this item comprised the capital gains on the disposal of Fluxys (€422 million) and Elia shares (€238 million), and of interests in Société des Eaux de Marseille and Société des Eaux d’Arles in connection with the unwinding of cross-holdings with the Veolia Environnement-Compagnie Générale des Eaux group (€81 million). It also included 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 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).

4.1.5 Other non-recurring items

At June 30, 2011, this item mainly includes €39 million in capital gains on the disposal of property, plant and equipment in the SUEZ Environment business line.

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

4.2 Net financial income/(loss)

	June 30, 2011			June 30, 2010		
In millions of euros	Expenses	Income		Expenses	Income	Total
Cost of net debt	**(1,024)**	**155**	**(869)**	**(968)**	**61**	**(907)**
Interest on gross borrowings	(1,215)	-	(1,215)	(949)	-	(949)
Foreign exchange gains/losses on borrowings and hedges	(3)	-	(3)	(4)	-	(4)
Gains and losses on economic hedges of borrowings	-	39	39	(146)	-	(146)
Gains and losses on cash and cash equivalents and financial assets at fair value through income	-	117	117	-	61	61
Capitalized borrowing costs	193	-	193	132	-	132
Other financial income and expenses	**(588)**	**383**	**(205)**	**(443)**	**281**	**(163)**
NET FINANCIAL INCOME/(LOSS)	**(1,613)**	**538**	**(1,075)**	**(1,411)**	**341**	**(1,070)**

The decrease in the cost of net debt is essentially attributable to positive changes in the fair value of economic currency and interest rate hedges. This impact combined with an increase in gains on cash investments, more than offset the increase in gross interest expense resulting from the increase in average gross debt compared to the first half of 2010 (see Note 7.3, "Net debt").

4.3 Income tax expense

In millions of euros	June 30, 2011	June 30, 2010
Net income (A)	3,519	4,145
Total income tax expense recognized in income for the period (B)	(1,371)	(1,086)
Share in net income of associates (C)	300	188
INCOME BEFORE INCOME TAX EXPENSE AND SHARE IN NET INCOME OF ASSOCIATES (A)-(B)-(C)=(D)	**4,590**	**5,044**
EFFECTIVE TAX RATE - (B)/(D)	**29.9%**	**21.5%**

The increase in the effective tax rate resulted primarily from:

- the increase in the proportion of income generated by Exploration & Production entities whose tax rate exceeds 50%;
- the increase in the tax rate from 50% to 62% at end-March 2011 on Exploration & Production activities in the United Kingdom;
- the recognition of income tax expense in the first half of 2011 relating to nuclear activities in Belgium;
- the significant amount of gains on disposal and on changes in scope of consolidation recognized during the first half of 2010 (which for the most part have no tax impact).

In light of recent parliamentary debates in Belgium relating to the tax rate on nuclear activities, the various positions of the political parties and the failure to implement legislation in relation to agreements to extend the operating life of certain nuclear reactors, the Group estimates that it will have to pay a tax in respect of full-year 2011 in the same amount as in 2010, i.e., €212 million. Income tax expense at June 30, 2011 therefore includes this levy on nuclear activities in Belgium, which was not recognized in the first half of 2010.

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

In millions of euros	Goodwill	Intangible assets	Property, plant and equipment
Gross amount at December 31, 2010	**27,966**	**18,979**	**111,551**
Correction of prior-period error (see Note 1.2)	366		
A. RESTATED GROSS AMOUNT AT JANUARY 1, 2011	**28,332**	**18,979**	**111,551**
Acquisitions		359	3,224
Disposals		(24)	(309)
Changes in scope of consolidation and other	2,573	386	12,061
Translation adjustments	(271)	(169)	(2,063)
At June 30, 2011	**30,635**	**19,533**	**124,464**
B. ACCUMULATED AMORTIZATION, DEPRECIATION AND IMPAIRMENT AT DECEMBER 31, 2010	**(399)**	**(6,199)**	**(32,848)**
Depreciation, amortization and impairment	(0)	(547)	(2,917)
Disposals		21	274
Changes in scope of consolidation and other	23	(67)	(633)
Translation adjustments	20	70	527
At June 30, 2011	**(357)**	**(6,722)**	**(35,598)**
C. CARRYING AMOUNT = A + B AT DECEMBER 31, 2010	**27,933**	**12,780**	**78,703**
At June 30, 2011	**30,278**	**12,810**	**88,866**

Changes in scope of consolidation and other in the first half of the year primarily result from the acquisition of the International Power group and the Acea transaction as described in Note 2, "Main changes in Group structure".

Translation adjustments recorded on the net amount of property, plant and equipment chiefly relate to translation losses on the US dollar (€988 million), the pound sterling (€218 million), the Chilean peso (€174 million), the Thai baht (€145 million) and the Brazilian real (€66 million), and translation gains on the Australian dollar (€67 million).

NOTE 6 INVESTMENTS IN ASSOCIATES

	Carrying amount of investments in associates		Share in net income (loss) of associates	
In millions of euros	June 30, 2011	Dec. 31, 2010	June 30, 2011	June 30, 2010
Belgian inter-municipal companies	32	416	144	113
Gasag	485	468	15	16
GTT	106	117	(2)	2
Noverco	0	229	7	12
PT Paiton Energy Company	523		27	
Other	1,407	750	109	46
TOTAL	2,552	1,980	300	188

The increase in the carrying amount of investments in associates is mainly attributable to the inclusion of International Power associates in the consolidated financial statements. The International Power transaction is described in further detail in Note 2, "Main changes in Group structure".

As indicated in Note 2, "Main changes in Group structure", share capital reductions were carried out at the Flemish and Walloon inter-municipal companies in June 2011. As the Group's share of these capital reductions exceeded the carrying amount of the equity investments in associates, the surplus was taken to income and the value of the shares was reduced in full. As a result a positive impact of €49 million was recognized in "Share in net income of associates". The recognition of the Group's share in the profit of these associates in future periods will be suspended until the surplus is cancelled out.

Finally, the Group disposed of its interest in Noverco on June 30, 2011.

At June 30, 2011, total unrecognized losses of associates (corresponding to the cumulative amount of losses including other comprehensive income or expense exceeding the carrying amount of the investments in the associates concerned), amounted to €170 million. These unrecognized losses mainly correspond to the negative fair value of financial instruments designated as interest rate hedges ("Other comprehensive income") used in financing constructions of power and desalination plants by associates in the Middle East.

NOTE 7 FINANCIAL INSTRUMENTS

7.1 Financial assets

The following table presents the Group's different categories of financial assets, broken down into current and non-current:

	June 30, 2011			Dec. 31, 2010		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total
Available-for-sale securities	3,813		3,813	3,252		3,252
Loans and receivables at amortized cost	4,519	26,500	31,019	2,794	21,533	24,326
Loans and receivables at amortized cost (excluding trade and other receivables)	*4,519*	*1,017*	*5,536*	*2,794*	*1,032*	*3,825*
Trade and other receivables		*25,483*	*25,483*		*20,501*	*20,501*
Other financial assets at fair value	2,490	9,197	11,687	2,532	7,452	9,984
Derivative instruments	*2,490*	*7,672*	*10,163*	*2,532*	*5,739*	*8,271*
Financial assets at fair value through income (excluding derivatives)		*1,524*	*1,524*		*1,713*	*1,713*
Cash and cash equivalents		10,372	10,372		11,296	11,296
TOTAL	**10,823**	**46,068**	**56,891**	**8,578**	**40,280**	**48,858**

7.1.1 Available-for-sale securities

In millions of euros	
At December 31, 2010	**3,252**
Acquisitions	97
Disposals (carrying amount of disposal)	(75)
Changes in fair value recorded in equity	(35)
Changes in fair value recorded in income	(11)
Changes in scope of consolidation, foreign currency translation and other changes	585
At June 30, 2011	**3,813**

"Changes in scope of consolidation, foreign currency translation and other changes" mainly include the Group's interest in the Flemish mixed inter-municipal companies (see Note 2, "Main changes in Group structure").

7.2 Financial liabilities

Financial liabilities are recognized in:

- "Liabilities at amortized cost" (borrowings and debt, trade and other payables, and other financial liabilities);
- "Financial liabilities at fair value through income" (derivative instruments).

The following table presents the Group's various financial liabilities at June 30, 2011, broken down into current and non-current:

	June 30, 2011			Dec. 31, 2010		
In millions of euros	Non-current	Current		Non-current	Current	Total
Borrowings and debt	41,687	10,960	52,647	38,179	9,059	47,238
Derivative instruments	2,651	7,742	10,393	2,104	5,738	7,842
Trade and other payables	-	18,708	18,708	-	14,835	14,835
Other financial liabilities	778	-	778	780	-	780
TOTAL	45,116	37,409	82,525	41,063	29,632	70,694

7.3 Net debt

7.3.1 Net debt by type

	June 30, 2011			Dec. 31, 2010		
In millions of euros	Non-current	Current		Non-current	Current	Total
Outstanding borrowings and debt	41,527	9,977	51,504	37,512	8,210	45,722
Impact of measurement at amortized cost	140	390	530	621	191	812
Impact of fair value hedge[a]	20	61	81	46	119	165
Margin calls on derivatives hedging borrowings – liabilities		532	532		539	539
BORROWINGS AND DEBT	**41,687**	**10,960**	**52,647**	**38,179**	**9,059**	**47,238**
Derivative instruments hedging borrowings under liabilities [b]	991	179	1,169	969	157	1,126
GROSS DEBT	**42,677**	**11,139**	**53,816**	**39,148**	**9,216**	**48,364**
Financial assets at fair value through income	0	(1,381)	(1,381)	0	(1,555)	(1,555)
Margin calls on derivatives hedging borrowings – assets		(144)	(144)		(157)	(157)
Cash and cash equivalents	0	(10,372)	(10,372)	0	(11,296)	(11,296)
Derivative instruments hedging borrowings under assets[b]	(1,138)	(105)	(1,243)	(1,452)	(68)	(1,521)
NET CASH	**(1,138)**	**(12,001)**	**(13,139)**	**(1,452)**	**(13,077)**	**(14,529)**
NET DEBT	41,539	(862)	40,678	37,696	(3,861)	33,835
Outstanding borrowings and debt	41,527	9,977	51,504	37,512	8,210	45,722
Financial assets at fair value through income	0	(1,381)	(1,381)	0	(1,555)	(1,555)
Cash and cash equivalents	0	(10,372)	(10,372)	0	(11,296)	(11,296)
NET DEBT EXCLUDING THE IMPACT OF DERIVATIVE INSTRUMENTS, CASH COLLATERAL AND AMORTIZED COST	**41,527**	**(1,775)**	**39,752**	**37,512**	**(4,641)**	**32,871**

(a) This item corresponds to the revaluation of the interest rate component of debt in a designated fair value hedging relationship.
(b) This represents the fair value of debt-related derivatives, irrespective of whether or not they are designated as hedges.

7.3.2 Main events of the period

During the first half of 2011, changes in the scope of consolidation led to a €7,571 million increase in net debt, of which €6,601 million is attributable to the first-time consolidation of the International Power group, €694 million to the full consolidation of Hidd Power Company (previously equity accounted) following the acquisition of International Power, and €174 million to the Acea transaction.

The International Power debt acquired includes three convertible bonds into International Powers shares, as follows:

- a USD 229 million (€158 million) bond issue maturing in 2023 and paying interest of 3.75%;
- a €230 million bond issue maturing in 2013 and paying interest of 3.25%;
- a €700 million bond issue maturing in 2015 and paying interest of 4.75%.

As the bonds were denominated in a currency other than the functional currency of International Power, the conversion options are recognized as derivatives at fair value through income. The fair value at acquisition date of these instruments' debt component amounted to €1,129 million. The fair value of the derivative instruments is recognized in "Derivatives hedging other items" in an amount of €370 million, and is therefore not included in net debt. Changes in the fair value of these derivative instruments in the first half of the year amounted to €25 million, presented in "Other financial income".

Changes in exchange rates resulted in a €801 million decrease in net debt (including €711 million in relation to the US dollar).

The Group performed the following transactions relating to its bond debt during the first half of 2011:

- GDF SUEZ SA issued a €300 million 100-year bond maturing in March 2111 and paying interest of 5.95%;
- on May 5, 2011, Suez Environnement Company launched a combined intermediated redemption and exchange of its bonds maturing in 2014, issued in 2009 and paying interest of 4.875%. The purpose of this transaction was (i) to refinance a portion of the bonds maturing in 2014 and (ii) to extend the average maturity of Suez Environnement Company's debt. At the close of the transaction, €338 million in bonds maturing in 2014 had been redeemed and exchanged as part of a €500 million 10-year bond issue paying interest of 4.078%;
- the Group redeemed the Belgelec and Tractebel Energia bond issues (€400 million and €339 million, respectively) which expired during the first half of the year.

Lastly, the Group paid off in advance of term the external debt of International Power's North American entities, which amounted to USD 1,125 million at the transaction date. These repayments were made out of available cash and therefore had no impact on net debt.

7.3.3 Debt/equity ratio

In millions of euros	June 30, 2011	Dec. 31, 2010
Net debt	40,678	33,835
Total equity	78,789	70,627
Debt/equity ratio	51.6%	47.9%

7.4 Derivative instruments

7.4.1 Derivative instruments carried in assets

	June 30, 2011			Dec. 31, 2010		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total
Derivatives hedging borrowings	1,138	105	1,243	1,452	68	1,521
Derivatives hedging commodities	1,279	7,565	8,844	994	5,662	6,656
Derivatives hedging other items	74	2	76	86	9	94
TOTAL	**2,490**	**7,672**	**10,163**	**2,532**	**5,739**	**8,271**

7.4.2 Derivative instruments carried in liabilities

	June 30, 2011			Dec. 31, 2010		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total
Derivatives hedging borrowings	991	179	1,169	969	157	1,126
Derivatives hedging commodities	1,244	7,546	8,790	1,037	5,512	6,549
Derivatives hedging other items	417	16	433	98	69	166
TOTAL	**2,651**	**7,742**	**10,393**	**2,104**	**5,738**	**7,842**

7.4.3 Fair value of commodity derivatives

	June 30, 2011				Dec. 31, 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	2,409	1,279	(2,133)	(1,244)	1,580	994	(1,457)	(1,037)
Cash flow hedges	*1,159*	*449*	*(825)*	*(271)*	*964*	*464*	*(837)*	*(299)*
Other derivative instruments	*1,250*	*830*	*(1,308)*	*(973)*	*616*	*531*	*(620)*	*(738)*
Derivative instruments relating to trading activities	5,156	-	(5,413)	-	4,082	-	(4,055)	-
TOTAL	**7,565**	**1,279**	**(7,546)**	**(1,244)**	**5,662**	**994**	**(5,512)**	**(1,037)**

The sharp rises in forward prices for power and commodities (coal, oil, natural gas in Europe) observed in the first half of 2011 resulted in major changes in the fair value of derivative hedging instruments (economic hedges or designated cash flow hedges in accordance with IAS 39) and of derivatives relating to trading activities.

7.4.4 Classification of financial instruments and fair value by level

In first-half 2011, the Group made no significant changes in the classification of financial instruments and did not recognize any material transfers between levels of the fair value hierarchy.

NOTE 8 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, 2010.

In view of its power generation and international sales activities as well as its financial structure, the activities acquired from International Power are exposed to the following financial risks:

- market risk on commodity prices, which includes risks related to changes in prices and volumes, both for portfolio management and trading activities;
- currency risk (translation risk and transaction risk), mainly in respect of the US dollar, the pound sterling and the Australian dollar;
- interest rate risk related to the financing of power plants;
- counterparty risk;
- liquidity risk.

At June 30, 2011, the International Power group's activities and positions exposed to these different risks were integrated into the GDF SUEZ Group's risk management, monitoring and control procedures which are presented in Chapter 5 "Risk factors" of the 2010 Reference Document. The procedures with respect to exposure to market risk on commodity prices were supplemented by July 1, 2011 with the implementation of a new risk mandate.

Consequently, the exposures and sensitivity analyses presented in the tables below include data relating to International Power.

8.1 Market risk

8.1.1 Market risk on commodity prices

8.1.1.1 Portfolio management activities

Sensitivity analysis *In millions of euros*	Price movements	June 30, 2011 Pre-tax impact on income	June 30, 2011 Pre-tax impact on equity
Oil-based products	+10 $US/bbl	(200)	164
Natural gas	+3 €/MWh	280	6
Coal	+10 $US/ton	(3)	63
Electricity	+5 €/MWh	(473)	19
Greenhouse gas emission rights	+2 €/ton	10	0
EUR/USD	+10%	171	(164)
EUR/GBP	+10%	(30)	3

As options contracts are not frequently used, the sensitivity analysis is symmetrical for price increases and decreases.

8.1.1.2 Trading activities

On May 2, 2011, the Group combined the trading activities of Gaselys and Electrabel in Europe into a single dedicated unit, GDF SUEZ Trading. The purpose of this wholly-owned company is to (i) assist Group entities in optimizing their asset portfolios; (ii) create and implement energy price risk management solutions; and (iii) develop its own activities.

The use of Value-at-Risk (VaR) to quantify market risk arising from trading activities provides a transversal measure of risk taking all markets and products into account. VaR represents the maximum potential loss on a portfolio of assets over a specified holding period based on a given confidence interval.

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

Value-at-Risk *In millions of euros*	June 30, 2011	2011 average[a]	2011 maximum[b]	2011 minimum[b]
Trading *activities*	4	5	10	2

(a) Average daily VaR.
(b) Based on month-end highs and lows observed in 2011.

8.1.2 Currency risk

Sensitivity was analyzed based on the Group's net debt position including the impact of interest rate and currency derivatives at the closing 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 functional currency of companies carrying the liabilities on their statements of financial position, and when the liabilities in question do not qualify as net investment hedges. The impact of a uniform increase (or decrease) of 10% in foreign currencies against the euro would ultimately be a gain (or loss) of €152 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 €314 million on equity. This impact is countered by the offsetting change in the net investment hedged.

8.1.3 Interest rate risk

Sensitivity was analyzed based on the Group's net debt position (including the impact of interest rate and currency derivatives) at the closing 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 €106 million. A fall of 1% in short-term interest rates would reduce net interest expense by €138 million. The asymmetrical impacts are attributable to the interest rate options portfolio, as well as to the low short-term interest rates (less than 1%) applicable to certain financial assets and liabilities.

In the income statement, a rise of 1% in interest rates (across all currencies) would result in a gain of €194 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 €118 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 €427 million on equity, attributable to changes in the fair value of derivative instruments designated as cash flow hedges recognized in the statement of financial position.

8.2 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.

8.2.1 Operating activities

Past-due trade and other receivables are analyzed below:

Trade and other receivables *In millions of euros*	Past due assets not impaired at the reporting date				Impaired assets	Assets neither impaired nor past due	
	0-6 months	6-12 months	More than 1 year	Total	Total	Total	Total
At June 30, 2011	1,438	332	341	2,111	1,585	22,834	26,529

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 when calculating the fair value of these derivative instruments.

Counterparty risk[a] *In millions of euros*	June 30, 2011 Investment grade[b]	Total[d]
Gross exposure	8,318	8,844
Net exposure[c]	2,804	3,068
% exposure to investment grade counterparties	*91.4%*	

(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.

8.2.2 Financing activities

8.2.2.1 Counterparty risk arising from loans and receivables at amortized cost (excluding trade and other receivables)

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

Loans and receivables at amortized cost (excluding trade and other receivables) *In millions of euros*	Past due assets not impaired at the reporting date 0-6 months	6-12 months	More than 1 year	Total	Impaired assets Total	Assets neither impaired nor past due Total	Total
At June 30, 2011	10	8	16	35	413	5,297	5,745

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 totaled €(384) million, €(2) million, and €177 million, respectively, at June 30, 2011.

8.2.2.2 Counterparty risk arising from investing activities and the use of derivative financial instruments

The Group is exposed to counterparty risk arising from investments of surplus cash and from the use of derivative financial instruments. In the case of financial instruments at fair value through income, counterparty risk arises on instruments with a positive fair value.

At June 30, 2011, total outstandings exposed to credit risk amounted to €12,995 million.

Counterparty risk arising from investing activities *In millions of euros*	June 30, 2011			
		Investment grade[(a)]	Unrated[(b)]	Non-investment grade[(b)]
Gross exposure	12,995	84%	13%	3%
Net exposure[(c)]	12,607	83%	14%	3%

(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.
(c) After collateralization agreements.

At June 30, 2011, no single counterparty represented more than 9% of cash investments.

8.3 Liquidity risk

In the context of its operating activities, the Group is exposed to a risk of having insufficient liquidity to meet its contractual obligations. Margin calls required in certain commodities market activities are included in the calculation of working capital requirements.

The Group's liquidity is based on maintaining cash and cash equivalents and access to confirmed credit facilities. These facilities are appropriate for the scale of its operations and for the timing of contractual debt repayments. Confirmed credit facilities had been granted for a total of €16,462 million at June 30, 2011, of which €1,552 million had been drawn down. 72% of total credit lines and 80% of undrawn facilities are centralized.

At June 30, 2011, bank loans accounted for 41% of outstanding borrowings and debt (excluding bank overdrafts and current accounts), while the remaining debt was raised on capital markets (including €26,340 million in bonds, or 53% of gross debt). Short-term commercial paper issues represented 6% of gross debt and totaled €3,347 million at June 30, 2011.

Available cash, comprising cash and cash equivalents, financial assets qualifying or designated as at fair value through income, less overdrafts, totaled €10,357 million at June 30, 2011.

8.3.1 Undiscounted contractual payments related to financing activities

At June 30, 2011, 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 June 30, 2011	2011	2012	2013	2014	2015	Beyond 5 years
Bond issues	26,340	71	2,556	1,517	3,419	2,998	15,781
Commercial paper	3,347	3,214	133	0	0	0	0
Drawdowns on credit facilities	1,552	171	397	2	497	0	486
Liabilities under finance leases	1,414	84	167	134	128	95	807
Other bank borrowings	15,927	690	2,695	1,656	1,891	983	8,012
Other borrowings	1,529	143	568	82	66	36	633
Bank overdrafts and current accounts	1,395	1,395	0	0	0	0	0
OUTSTANDING BORROWINGS AND DEBT	**51,505**	**5,767**	**6,515**	**3,391**	**6,001**	**4,111**	**25,719**
Financial assets qualifying or designated as at fair value through income	(1,381)	(1,381)	0	0	0	0	0
Cash and cash equivalents	(10,372)	(10,372)	0	0	0	0	0
NET DEBT EXCLUDING THE IMPACT OF DERIVATIVE INSTRUMENTS, CASH COLLATERAL AND AMORTIZED COST	**39,752**	**(5,985)**	**6,515**	**3,391**	**6,001**	**4,111**	**25,719**

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

In millions of euros	TOTAL At June 30, 2011	2011	2012	2013	2014	2015	Beyond 5 years
Undiscounted contractual interest payments on outstanding borrowings and debt	20,882	930	2,172	1,944	1,795	1,544	12,497

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 June 30, 2011	2011	2012	2013	2014	2015	Beyond 5 years
Derivatives (excluding commodity instruments)	407	253	(15)	106	(50)	(77)	190

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

In millions of euros	TOTAL At June 30, 2011	2011	2012	2013	2014	2015	Beyond 5 years
Confirmed undrawn credit facility programs	14,910	441	854	1,036	1,882	4,304	6,393

In March 2011, the Group entered into a five-year €4.5 billion multi-currency credit line (with a one-year extension option) in order to refinance, in advance of maturity, undrawn credit lines expiring in 2012.

8.3.2 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	2011	2012	2013	2014	2015	Beyond 5 years
Derivative instruments carried in liabilities							
relating to portfolio management activities	(3,421)	(1,454)	(1,473)	(252)	(104)	(37)	(101)
relating to trading activities	(5,414)	(5,414)					
Derivative instruments carried in assets							
relating to portfolio management activities	3,745	1,518	1,572	433	127	50	46
relating to trading activities	5,150	5,150					
TOTAL AT JUNE 30, 2011	**61**	**(199)**	**99**	**181**	**22**	**13**	**(55)**

NOTE 9 SHARE-BASED PAYMENT

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

		Expense for the period	
	Note	June 30, 2011	June 30, 2010
Stock option plans		22	28
Share Appreciation Rights		3	2
Bonus/performance share plans	*9.1*	40	11
		65	**41**

All transactions carried out prior to 2011 are described in Note 23 to the consolidated financial statements for the year ended December 31, 2010.

9.1 GDF SUEZ bonus and performance shares

9.1.1 Performance share plan of January 13, 2011

On January 13, 2011, the Board of Directors approved the allocation of 3,426,186 performance shares to members of the Group's executive and senior management in two tranches:

- performance shares vesting on March 14, 2014, subject to a further two-year non-transferability period; and
- performance shares vesting on March 14, 2015.

Each tranche is made up of various instruments subject to different conditions:

- instruments with a single condition: performance shares subject to an internal performance condition relating to the level of Group EDITDA in 2013;
- instruments with two conditions: performance shares subject to an internal performance condition relating to Group EBITDA in 2013, and a market performance condition relating to the change in GDF SUEZ's share price compared to that of the Euro Stoxx Utilities index;
- instruments with three conditions: performance shares subject to internal performance conditions relating to Group EBITDA and ROCE in 2013, and a market performance condition relating to the change in GDF SUEZ's share price compared to that of the Euro Stoxx Utilities index.

9.1.2 Fair value of GDF SUEZ performance shares

The fair value of GDF SUEZ performance shares was calculated using the method described in Note 1 to the consolidated financial statements for the year ended December 31, 2010 (section 1.4.14.2).

The following assumptions were used to calculate the fair value of the new GDF SUEZ performance share plan awarded in 2011:

	January 2011 plan (GDF SUEZ)	
	without performance condition	with external performance condition
Share price at grant date (€/share)	28.2	28.2
Expected dividend rate	5.5%	5.5%
Employee financing costs	5.8%	5.8%
Non-transferability restriction (€/share)	1.0	1.0
Stock market-related performance condition	no	yes
Volatility of GDF SUEZ share		33.1%
Risk-free rate		2.1%
Volatility of the Euro Stoxx Utilities index		23.0%
Correlation between the share price and the index		84.4%
Fair value per share (€/share)*	22.6	12.3

* *Weighted average.*

An expense of €8 million was recognized with respect to this new plan for the six months ended June 30, 2011.

9.1.3 Bonus share plan of June 22, 2011

In line with the bonus share plans created by the Group since 2007, on June 22, 2011 the Board of Directors decided to implement a worldwide share ownership plan for Group employees with respect to 2011. On that date, the Group awarded all employees bonus shares amounting in total to nearly 4.3 million shares. The vesting period for these shares extends from June 22, 2011 to June 22, 2013. Shares are allocated definitively subject to the employee's presence in the Group on April 30, 2013. This plan did not have a material impact on the consolidated financial statements for the six months ended June 30, 2011.

9.2 International Power stock option and performance share plans

International Power modified its performance share plan prior to the date of acquisition by the Group. The 2008, 2009 and 2010 plans were cancelled in advance of their end dates. As compensation, beneficiaries received a cash payment totaling €24 million paid after the acquisition date, while a liability in the same amount was recognized in International Power's statement of financial position on the acquisition date. No expense was recorded in relation to performance share plans in the Group's income statement for the six months ended June 30, 2011.

In March 2011, International Power awarded 1,647,940 new performance shares to International Power executive and senior management. The amount recognized in the consolidated financial statements for the six months ended June 30, 2011 with respect to this new plan and other International Power share-based payment plans was not material.

NOTE 10 LEGAL AND ANTI-TRUST PROCEEDINGS

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

In the normal course of business, the Group is party to a number of legal proceedings with third parties and is subject to anti-trust inquiries. These points were described in Note 26 to the consolidated financial statements for the year ended December 31, 2010. Consequently, this note only contains information on key developments in these proceedings, as well as new proceedings which have arisen since January 1, 2011. Provisions recorded in this respect totaled €612 million at June 30, 2011.

10.1 Legal proceedings

10.1.1 Slovak Gas Holding

The dispute between Slovak Gas Holding and the Slovak Republic relates to the legal and regulatory framework recently amended or redefined by the Slovak Republic in view of controlling SPP's ability to request price increases to cover gas selling costs. This method of controlling increases in gas prices contained in Slovak law under *Lex SPP,* was abolished in first-half 2011.

Discussions between the parties are ongoing in a bid to settle the dispute outside of court.

10.1.2 Squeeze-out bid for Electrabel shares

At the hearing before the Court of Cassation on December 13, 2010, the Advocate General contended that the appeal brought by Deminor and others should be dismissed. On June 27, 2011, the Court of Cassation overturned the ruling of the Court of Appeal relating to the plaintiffs' case against GDF SUEZ. The Court of Cassation referred the plaintiffs' case against GDF SUEZ to the Brussels Court of Appeal, with a different composition. As the Court of Appeal is not bound by the grounds of the Court of Cassation's judgment, GDF SUEZ found itself in the same situation as at the hearings in March and April 2008.

Mr. Geenen appealed this decision before the Court of Cassation on June 2, 2010. These proceedings are still ongoing. A date has not yet been set for this case before the Court of Cassation. In view of the position taken by the Court of Cassation in the Deminor case, it is possible that the decision of the Court of Appeal will also be overturned in the near future and that this case will also be referred to the Brussels Court of Appeal, with a different composition.

10.1.3 UnitedWater – Lake DeForest

The claim for punitive damages introduced by the residents against United Water (SUEZ Environnement group) was finally dismissed on May 31, 2011. A ruling on the merits of the case is not expected before the end of first-half 2012.

10.1.4 Novergie

On May 23, 2011, the criminal court handed down a fine of €250,000 to Novergie Centre Est.

Novergie Centre Est has appealed this decision.

10.1.5 Claims by the Belgian tax authorities

In 2010, the Group challenged the decision of the Belgian tax authorities' Special Tax Inspectorate before the Brussels Court of First Instance. This decision concerns the taxation by the Belgian tax authorities of financial income generated in Luxembourg by the Luxembourg-based cash management branches of Electrabel and SUEZ-Tractebel SA.

An initial ruling on a peripheral question and not on the main issue, was handed down on May 25, 2011 in favor of Electrabel. The tax authorities have not indicated if they will appeal this ruling.

10.1.6 Compagnie du Vent

On November 27, 2007, Castelnou Energia (a subsidiary of Electrabel) acquired a 56.84% stake in Compagnie du Vent, with the original owner SOPER retaining a 43.16% stake. The founder of the company (and owner of SOPER), Jean-Michel Germa remained at the head of Compagnie du Vent. In 2009, GDF SUEZ SA replaced Castelnou Energia as the majority owner and Compagnie du Vent was integrated into the Energy France business line.

On May 27, 2011, at the Shareholders' Meeting of Compagnie du Vent, the Chairman and Chief Executive Officer, Jean-Michel Germa was removed and replaced by a senior executive chosen by GDF SUEZ. Jean-Michel Germa has contested this decision calling into question the validity of the Shareholders' Meeting, but by order of the President of the Commercial Court *(Tribunal de Commerce)* of Montpellier on June 8, 2011, Jean-Michel Germa is prohibited under penalty from using the title of Chairman and Chief Executive Officer of Compagnie du Vent and from entering the company's premises. Furthermore, on June 15, 2011, the President of the Commercial Court of Montpellier rejected SOPER's request, confirming the order dated May 26, 2011 which allowed the Shareholders' Meeting to be held on May 27, 2011. SOPER and Jean-Michel Germa appealed both of these decisions.

Upon the request of GDF SUEZ, on July 13, 2011, the President of the Commercial Court of Montpellier acknowledged the abuse of minority rights by SOPER at the Shareholders' Meeting on July 1, 2010 by refusing to vote on the cooperation agreement for the Deux Côtes project between Compagnie du Vent and GDF SUEZ. He appointed a representative to represent SOPER at a subsequent Shareholders' Meeting on the same subject to vote in the company's name in accordance with the interests of Compagnie du Vent, without impinging on SOPER's interests. This Shareholders' Meeting was held on July 22, 2011 and the resolution was adopted. SOPER has however appealed the order of July 13, 2011. The Court of Appeal examined the case on July 27, 2011 and is due to hand down its judgment on September 8, 2011.

On July 29, 2011, SOPER summoned GDF SUEZ to appear at short notice before the Commercial Court of Paris on September 12, 2011 on the grounds that GDF SUEZ had not respected the agreements entered into between the two parties in November 2007.

The removal of the Chairman and Chief Executive Officer has shown that there are significant strategic differences between the two shareholders in terms of wind power development, particularly in relation to the Deux Côtes project. These differences have led Jean-Michel Germa to threaten GDF SUEZ with a claim for compensation of approximately €489 million, which the Group considers to be unfounded.

10.2 Competition and concentration

10.2.1 Inquiry into the water distribution and treatment sector in France

The European Commission set the fine for the breach of a seal at €8 million and notified Suez Environnement Company and Lyonnaise des Eaux France on May 24, 2011. This decision was not appealed.

10.2.2 Megal

The European Court has set the date of the hearing for September 21, 2011.

10.2.3 Inquiry on the term of power supply contracts in Belgium

In view of the results of its inquiry, on January 28, 2011 the European Commission decided to close the proceedings.

NOTE 11 RELATED PARTY TRANSACTIONS

Transactions with related parties during the period did not have a material impact on the Group's financial position or results for the six months ended June 30, 2011.

Following the transactions and events that occurred in the first half of the year (see Note 2, "Main changes in Group structure"), Flemish mixed inter-municipal companies and entities in the Acea-Electrabel group, with the exception of Tirreno Power, no longer represent related parties at June 30, 2011.

NOTE 12 SUBSEQUENT EVENTS

None.

4

We hereby declare that to the best of our knowledge, the condensed interim consolidated financial statements for the six months ended June 31, 2011 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 2011, 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 2011.

Courbevoie, August 9, 2011

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

5

STATUTORY AUDITORS' REVIEW REPORT ON THE 2011 HALF-YEAR FINANCIAL INFORMATION

Period from January 1 to June 30, 2011

Statutory Auditors' Review Report on the first half year financial information

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meetings and in accordance with the requirements of article L. 451-1-2 of the French Monetary and Financial Code («Code monétaire et financier»), we hereby report to you on :

- the review of the accompanying condensed half-year consolidated financial statements of GDF SUEZ, for the period from January 1 to June 30, 2011, and
- the verification of the information contained in the half-year management report.

These condensed half-year consolidated financial statements were prepared under the responsibility of GDF SUEZ board of directors. Our role is to express a conclusion on these financial statements based on our review.

1. 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-year 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.

2. SPECIFIC VERIFICATION

We have also verified the information provided in the interim management report commenting on the condensed half-year 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-year consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, August 9, 2011

The statutory auditors

French original signed by

DELOITTE & ASSOCIES		ERNST & YOUNG et Autres		MAZARS	
Pascal Pincemin	Véronique Laurent	Pascal Macioce	Charles-Emmanuel Chosson	Philippe Castagnac	Thierry Blanchetier

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Our values

drive
commitment
daring
cohesion

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