GDF SUEZ

CONSOLIDATED FINANCIAL STATEMENTS **2011**

BY PEOPLE FOR PEOPLE

I

Management report

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The Group delivered strong earnings in 2011 despite a tough climate defined by exceptionally warm weather, gas pricing issues in France and a persistent spread between gas and oil prices amid continuing volatile and uncertain energy costs.

Revenues came in at €90.7 billion, up 7.3% on a reported basis and 2.1% on an organic basis versus 2010. Revenue growth was powered by the Group's strong international expansion, the consolidation of International Power as from February 2011, an increase in Global Gas & LNG sales – particularly for Exploration & Production and LNG businesses – and an upbeat performance from SUEZ Environnement.

EBITDA came in at €16.5 billion, up 9.5% year on year on a reported basis (slight decrease of 0.3% on an organic basis), despite adverse weather conditions and pricing difficulties in France. Reported EBITDA growth was driven by the contribution from International Power, the impact of facilities commissioned in all Group businesses, the contribution of the Efficio efficiency plan, growth in environment businesses and a robust performance from the services segment despite a tough economic climate in most of their European markets. These growth factors more than offset the strongly negative impact of weather and gas pricing conditions in France. Excluding these impacts, EBITDA advanced on an organic basis in line with the Group's EBITDA target of between €17.0 billion and €17.5 billion for 2011.

Current operating income moved up 2.1% 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 fell to €4.0 billion, reflecting the impact of weather and pricing conditions.

Cash generated from operations came in 9.4% higher year on year, at €16.1 billion, consistent with the increase in EBITDA.

Adjusted for certain financing-backed assets and derivative instruments, net debt [1] stood at €37.6 billion, a decrease of €4 billion on the end-December 2010 pro forma figure (*i.e.*, including International Power). The fall in net debt came on the back of strong cash flow generation, gains of €6.5 billion realized on the disposal of assets as part of the Group's €10 billion asset turnover program, and a reduction of €0.6 billion following the classification of the Group's interest in the Hidd Power Company plant within assets held for sale.

(1) See Note 14 to the consolidated financial statements for the new definition of net debt.

I.1 REVENUE AND EARNINGS TRENDS

In millions of euros	Dec. 31, 2011	Dec. 31, 2010	% change (reported basis)
Revenues	90,673	84,478	7.3%
EBITDA	16,525	15,086	9.5%
Depreciation, amortization and provisions	(7,115)	(5,899)	
Net disbursements under concession contracts	(294)	(265)	
Share-based payment	(138)	(126)	
CURRENT OPERATING INCOME	8,978	8,795	2.1%

Revenues for the Group came in at €90.7 billion in 2011, up 7.3% on 2010. On an organic basis (excluding the impact of changes in exchange rates and the scope of consolidation), revenues moved up 2.1%.

Changes in the scope of consolidation had a positive €4,785 million impact.

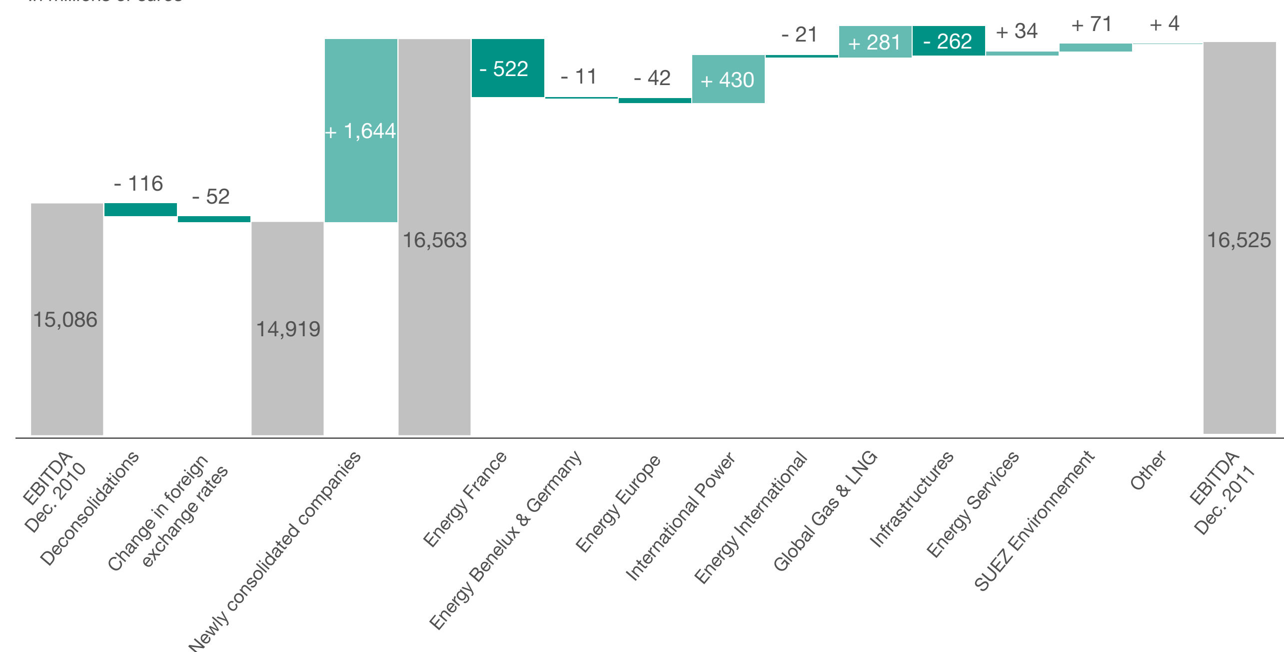
Additions to the scope of consolidation added €5,841 million to revenues, resulting mainly from the first-time consolidation of International Power (positive effect of €4,050 million), the reorganization of activities previously carried out by the Group in partnership with Acea in Italy, the full consolidation of Agbar by SUEZ Environnement, the first-time consolidation of Utilicom, ProEnergie and Thion-Ne Varietur in the services segment, and the acquisition of various gas storage facilities in Germany.

Departures from the scope of consolidation represented €1,056 million and essentially concerned the reorganization of the Group's activities in Italy, and the sale by SUEZ Environnement of Adeslas and Bristol Water.

Changes in exchange rates had a negative €297 million impact, due mainly to fluctuations in the US dollar.

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 2010.

EBITDA moved up 9.5% to €16.5 billion. Stripping out the impact of changes in exchange rates and the scope of consolidation, EBITDA remained virtually stable (down 0.3%).



Changes in the scope of consolidation had a net positive impact of €1,528 million on EBITDA.

Additions to the scope of consolidation added €1,644 million to EBITDA and mainly concerned the transactions described above in Energy Europe & International (including €1,263 million related to International Power and Hidd Power Company), SUEZ Environnement, Energy Services and Infrastructures business lines.

Departures from the scope of consolidation represented €116 million and primarily concerned the same entities as those stated for revenues.

The impact of changes in exchange rates on EBITDA was not material (€52 million negative impact).

EBITDA retreated €38 million, or 0.3%, on an organic basis:

- Energy France reported a sharp 50.7% fall in EBITDA on an organic basis, with its gas sales significantly impacted by exceptionally warm (sales of natural gas) weather in 2011. This fall in EBITDA was also driven by an additional gas tariff shortfall, representing a negative impact of €395 million in the year;
- EBITDA for the GDF SUEZ Energy Benelux & Germany business area remained virtually flat on an organic basis, slipping 0.5%. Ongoing efforts to scale back operating costs and the full-year impact of the power plant commissioned in the Netherlands helped offset narrower electricity margins (lower prices), the negative impact of weather conditions – especially on gas sales, as well as the non-recurrence of one-off factors which had boosted performance in 2010 (income following the write-back of tax provisions for idle plants);
- EBITDA for the GDF SUEZ Energy Europe business area fell 4.3%, hit by tough market conditions in Europe (prices, volumes, weather, regulatory environment) and by the non-recurrence of factors which had boosted performance in 2010;
- in contrast, International Power reported vigorous 17.3% organic EBITDA growth, powered by strong operating results from its businesses in Latin America (positive volume and price effects in Brazil and Chile) and in North America (robust performance from LNG operations);
- Global Gas & LNG reported a return to double-digit organic EBITDA growth (up 13.5%), 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, warm weather conditions and the drop in sales to European Key Accounts;
- the Infrastructures business line saw EBITDA fall 8.1% on an organic basis. The commissioning of the Fos Cavaou LNG terminal, and a rise in transportation and distribution tariffs only partially offset the decrease in volumes related to the exceptionally warm weather in 2011;
- Energy Services posted 3.7% organic EBITDA growth, reflecting its ability to respond to the tough economic climate in most of its European markets;
- SUEZ Environnement reported 3.1% organic EBITDA growth, spurred by rising volumes and prices for recovered secondary raw materials and vigorous growth for Agbar. The International business was hampered by construction delays regarding the Melbourne plant.

Current operating income climbed 2.1% on a reported basis versus 2010, to €9.0 billion. Stripping out the impact of changes in exchange rates and the scope of consolidation, current operating income fell 6.8%. This reflects higher net depreciation/amortization expenses and charges to provisions as a result of facilities commissioned in the period. Depreciation and amortization expenses also included the one-off negative €121 million mark-to-market impact arising on the consolidation of International Power.

I.2 BUSINESS TRENDS

I.2.1 ENERGY FRANCE

Group contributions *In millions of euros*	Dec. 31, 2011	Dec. 31, 2010	% change (reported basis)
Revenues	13,566	14,982	-9.5%
EBITDA	505	1,023	-50.7%
Depreciation, amortization and provisions	(430)	(374)	
Share-based payment	(5)	(3)	
CURRENT OPERATING INCOME	70	646	-89.2%

VOLUMES SOLD

In TWh	Dec. 31, 2011	Dec. 31, 2010	% change
Gas sales	219.2	292.4	-25%
Electricity sales	41.2	36.5	13%

CLIMATIC CORRECTION – FRANCE

In TWh	Dec. 31, 2011	Dec. 31, 2010	change
Climatic correction volumes (negative figure = warm conditions, positive figure = cold conditions)	(30.4)	25.8	(56.2)

For the year to December 31, 2011, **revenues** for the Energy France business line fell €1,416 million. The decline in gas volumes sold was partially offset by the rise in electricity prices and volumes as well as the increase in gas tariffs, although this did not reflect the entire rise in supply costs.

Natural **gas sales** totaled 219 TWh, down 25% on 2010, due mainly to different weather conditions in the two periods. GDF SUEZ continues to hold around 88% of the retail market and around 65% of the business market. **Electricity sales** moved up 13% to 41 TWh, spurred by the growth in sales to direct customers.

Electricity production (30 TWh) dropped 8% due to exceptionally poor hydro conditions, offset by the Combigolfe and Montoir-de-Bretagne thermal power plants commissioned in 2010 and by the development of wind farms.

EBITDA for the business line was down €518 million year on year, due to the combined impact of:

- sharp differences in weather conditions, which had a negative impact of 56 TWh on gas sales and almost 4.5 TWh on electricity production (hydro conditions);
- an additional gas tariff shortfall, which had a negative impact of €395 million;
- partially offset by a positive price effect, owing to the hedging transactions put in place (especially sales hedged at high 2008 prices).

Trends in **current operating income** mirrored trends in EBITDA. Current operating income was also affected by a rise in depreciation and amortization expenses due to the commissioning of new wind farm and power plant assets.

Price trends

Public distribution tariffs

The table below shows the average change in public distribution tariffs adopted since 2009. Tariffs remained 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. At July 1 and October 1, 2011, the increases of €1.38/MWh and €2.16/MWh concerned only industrial and service customers.

This partial tariff freeze was partly suspended in an order issued by the *Conseil d'État* (France's highest administrative court). Further to this decision, a new decree was adopted by the government on December 22, 2011 updating the supply formula used to compute the tariffs. The revised formula introduces an average rise of 4.4% as from January 1, 2012.

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) At April 1, 2009, the B1 tariff was reduced by €4,63/MWh.

	Average level of tariff change for industrial and service customers
July 1	€1.38 per MWh
October 1	€2.16 per 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
July 1	€3.68 per MWh
October 1	€(0.33) per MWh

I.2.2 ENERGY EUROPE & INTERNATIONAL

I.2.2.1 Key figures

Group contributions *In millions of euros*	Dec. 31, 2011 Benelux/ Germany	Europe	International Power	Energy Europe & International	Dec. 31, 2010 Benelux/ Germany	Europe	International Power	Energy Europe & International	% Change (reported basis)
Revenues	13,901	7,001	15,754	36,656	14,257	6,491	11,022	31,770	+15.4%
EBITDA	2,216	1,061	4,225	7,453	2,272	1,053	2,533	5,831	+27.8%
Depreciation, amortization and provisions	(737)	(459)	(1,470)	(2,666)	(610)	(447)	(827)	(1,884)	
Share-based payment	(9)	(3)	(1)	(12)	(6)	(1)	(3)	(10)	
CURRENT OPERATING INCOME	1,471	600	2,754	4,775	1,657	604	1,704	3,937	+21.3%

The following data exclude the contributions of corporate functions.

I.2.2.2 Benelux & Germany

Electricity volumes sold in Benelux and Germany dropped 8.3% to 120.4 TWh, while revenues fell back €557 million on 2010. Performances contrasted sharply across the region: volumes tumbled in Belgium and Luxembourg, fell slightly in the Netherlands, and remained stable in Germany.

- In Belgium and Luxembourg, the volume downturn – concerning chiefly sales to business customers – was almost entirely offset by an increase in sales prices as higher transportation and distribution network costs were passed on to these customers.
- In the Netherlands, revenues retreated €187 million, or 12.2%, hit by the fall in volumes and in average sales prices across all customer segments.
- In Germany, the €40 million (3.1%) increase in sales was primarily attributable to the rise in average prices across all segments.
- Outside the Benelux & Germany region, sales were down 4.0 TWh and now represent just €649 million.

Revenues from **gas sales** slipped 1.6%, with a 7.9 TWh (8.8%) drop in volumes sold. The downturn in volumes was partly offset by the increase in sales prices in line with market developments, particularly in Belgium. Milder weather conditions in 2011 accounted for 11.6 TWh of the volume decline.

EBITDA for the GDF SUEZ Energy Benelux & Germany business area came in at €2,216 million at end-2011, down 2.5% year on year. On an organic basis, EBITDA edged down 0.5%:

- the business area was boosted by the full-year impact of the new Maxima plant in the Netherlands, commissioned in October 2010;
- despite an improved performance from the European portfolio, the energy margin in Belgium was squeezed by falling power prices on the market;
- sales of gas fell sharply, hit by adverse weather conditions;
- ongoing operating cost cutting efforts within the business area helped counter these factors to some extent.

Current operating income for GDF SUEZ Energy Benelux & Germany came in at €1,471 million in 2011, versus €1,657 million a year earlier. Besides the fall in EBITDA, current operating income was affected by higher depreciation and amortization expenses resulting from the early closure of plants in Belgium and the Netherlands, the commissioning of the Maxima and Gelderland (biomass) power plants, and of the assets acquired from E.ON.

I.2.2.3 Europe

Changes in the scope of consolidation represented a positive impact of €211 million on revenue, and were mainly linked to the reorganization of activities in Italy previously carried out by the Group in partnership with Acea. Changes in exchange rates had a negative €28 million impact.

The 5.5% (€327 million) organic growth in year-on-year revenues chiefly results from:

- the Italy and Greece region (up €459 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 in the number of customers for its sales operations in Italy. Amid tough market conditions, revenues were also boosted by a rise in regulated electricity tariffs and growth in Virtual Power Plant (VPP) sales;
- Spain and Portugal (down €215 million), which reported a significant 4.3 TWh decline in electricity production on the back of unfavorable spark spreads;
- Central and Eastern Europe, which posted an €83 million increase in revenues. Gas operations were buoyed by price increases, which in some countries only partially reflected higher costs, and by a rise in volumes sold and distributed in Romania (up 3.7 TWh).

EBITDA for the GDF SUEZ Energy Europe business area came in at €1,061 million for the year to December 31, 2011, up €8 million, or 0.8%, based on reported figures. EBITDA fell €42 million, or 4.3%, on an organic basis, reflecting:

- negative organic EBITDA growth of €24 million in Central and Eastern Europe, due chiefly to the slowdown in gas sales activities in Romania, hit by the squeeze on supply costs, local coal supply disruptions in Poland and a fall in volumes of ancillary services in Hungary. The decline was partly offset by better gas procurement conditions in Slovakia as a result of the renegotiation of its biggest supply agreement;
- an €18 million rise in EBITDA on an organic basis for Italy and Greece region, despite tough market conditions, powered by growth in sales activities, a rise in regulated tariffs, and the contribution from the Héron 2 power plant;
- a fall of €59 million in EBITDA for Spain and Portugal, chiefly reflecting strong comparative data (2010 was boosted by non-recurring indemnities received in respect of a power plant under construction) and a significant negative volume impact.

Current operating income for the business area was down 12.0% on an organic basis to €600 million in 2011. The downward trend was chiefly driven by the same factors as those described above for EBITDA.

I.2.2.4 International power

	Dec. 31, 2011							Dec. 31, 2010							
Group contributions *In millions of euros*	**Latin America**	**North America**	**Europe IP**	**META**	**Asia**	**Australia**	**International Power**	**Latin America**	**North America**	**Europe IP**	**META**	**Asia**	**Australia**	**International Power**	**% change (reported basis)**
Revenues	3,694	4,830	3,410	1,175	1,764	877	15,754	3,208	4,215	1,493	727	1,380		11,022	+42.9%
EBITDA	1,736	1,015	600	304	332	347	4,225	1,475	617	95	187	233		2,533	+66.7%
Depreciation, amortization and provisions	(404)	(445)	(310)	(59)	(94)	(156)	(1,470)	(349)	(319)	(65)	(20)	(72)		(827)	
Share-based payment							(1)							(3)	
CURRENT OPERATING INCOME	1,332	570	290	245	238	191	2,754	1,126	298	29	168	162		1,704	+61.6%

The following data exclude the contributions of corporate functions.

Revenues for the **International Power** business area totaled €15,754 million, up 42.9% based on reported figures and 8.3% on an organic basis. In addition to the €4.2 billion impact resulting from changes in the scope of consolidation (chiefly reflecting the consolidation of International Power assets), revenues were also fueled by growth in Latin America, as new facilities were commissioned in Brazil and Panama, in Asia and the Middle East, Turkey & Africa, as well as by LNG operations in North America and by retail activities in the UK and Other Europe region.

Revenue trends for the business area in 2011 are described in International Power's report dated February 8, 2012.

EBITDA came in at €4,225 million for the year to December 31, 2011, rising even more sharply than revenues (up 66.7% based on reported figures and 17.3% on an organic basis). Organic EBITDA growth was powered chiefly by Latin America and North America.

Current operating income totaled €2,754 million versus €1,704 million in 2010, representing an increase of 61.7% based on reported figures and 24.2% on an organic basis.

Latin America

Revenues for the Latin America region totaled €3,694 million, up €486 million on a reported basis. Revenues include the €121 million net impact of changes in the scope of consolidation resulting from the controlling interest acquired in the Mejillones LNG terminal in Chile during the second half of 2010. Exchange rate fluctuations had a negative €60 million impact. Organic revenue growth reflects the rise in average sales prices, particularly in Brazil, as well as the expansion of operations in Chile and Panama.

Electricity sales remained stable, up 0.6 TWh to 49.2 TWh. **Gas sales** climbed 4.1 TWh to 17 TWh, due chiefly to the commissioning of the Mejillones LNG terminal in Chile in the first half of 2010.

EBITDA rose €261 million to €1,736 million, representing an increase of €237 million, or 16.2%, on an organic basis. This reflects:

- in Brazil, new contracts negotiated at higher prices, inflation and a rise in hydro electricity production (following the commissioning of the first Estreito units) which powered margin gains. These positive trends were offset by a decline in thermal production, which had enjoyed fairly strong levels in 2010;
- in Chile, margin growth which was powered by a rise in volumes sold (Minera Esperanza) and an increase in production costs rebilled to customers (E.Cl benefiting from its coal price indexing). Indemnities were recognized in an amount of €45 million for commissioning delays relating to the CTA and CTH power plants;
- in Panama, the Bahia Las Minas plant which collected indemnities for the delay in the plant's conversion to coal and benefited from margin growth following the commissioning of the coal facility. Spot volumes sold also rose. The commissioning of the first of the Dos Mares units also had a positive impact, namely Lorena 1 (18 MW) and Lorena 2 (18 MW).

Current operating income advanced €206 million to €1,332 million, up €203 million, or 18.2%, on an organic basis. EBITDA growth was partially offset by higher depreciation and amortization expenses relating mainly to the commissioning of the first units of Estreito (Brazil), the CTA and CTH plants (Chile), as well as the first units of Dos Mares and the coal facility (Panama).

North America

Changes in exchange rates had a negative €191 million impact on revenues, resulting essentially from the depreciation of the US dollar. Additions to the scope of consolidation added €743 million to revenues, reflecting the consolidation of International Power assets as from February 2011.

Electricity sales represented 78.3 TWh, a rise of 1.5 TWh on an organic basis thanks to a strong performance from the retail business. The production business reported an organic decline in revenues, hit by a 2.8 TWh fall in volumes sold to 25.7 TWh and by uneven price impacts in each market.

Natural **gas sales** outside the Group [(1)] came in at 63.4 TWh, in line with 2010. Revenues were lifted by higher prices following the re-routing of LNG cargoes towards other markets and the rise in average post-hedging prices for the LNG business in the United States.

EBITDA for the North America region was €1,015 million for 2011, a rise of €398 million based on reported figures. Excluding a negative €27 million currency impact due chiefly to the depreciation of the US dollar and a positive €274 million impact of changes in the scope of consolidation (consolidation of International Power assets), organic EBITDA growth for North America came in at 25.6%, or €151 million. EBITDA growth was spurred chiefly by:

- The LNG business (up €134 million), which benefited from higher prices following the re-routing of LNG shipments towards other markets, including Asia and Europe.
- The strong performance from retail energy sale operations (up €19 million) was driven by volume and margin gains on the back of greater market stability as well as lower purchase costs.
- EBITDA from electricity production operations remained stable (inching down €7 million, or 1.5% on an organic basis):
  - in the ERCOT market in Texas, operations were given a boost by very high peak electricity prices thanks to favorable weather conditions and a good availability of power plants,
  - conditions in the NEPOOL market (New England) remained tough, with lackluster capacity prices. The performance of biomass facilities was affected by the expiration of some long-term contracts at end-2010. These negative market impacts were comfortably offset by insurance indemnities collected due to the unavailability of the Northfield Mountain pump accumulator hydro facility in 2010,
  - assets in the New York and PJM markets were affected by the end of several attractive long-term electricity supply contracts in 2011 as well as by unplanned stoppages,
  - a good performance from other contracted assets was more than offset by unplanned stoppages at the Red Hills' coal-fired power plant in Mississippi.

(1) Sales of natural gas including intragroup sales came in at 88.4 TWh, up 20.5 TWh on an organic basis.

Current operating income for International Power's North American operations moved up €194 million on an organic basis to €570 million in 2011. The reasons for the upturn are essentially the same as those explained above for EBITDA.

UK & other Europe

Changes in exchange rates had a negative impact of €16 million on revenues, while changes in the scope of consolidation had a positive impact of €1,844 million, reflecting mainly the consolidation of International Power's European assets.

On an organic basis, **revenues** gained 6.1% year on year, powered chiefly by sales activities and particularly volume growth of 2.2 TWh, combined with a positive price effect.

EBITDA for the region came in at €600 million for the year, up €505 million on a reported basis. The region reported organic EBITDA growth of €5 million (5.0%), mainly reflecting lower operating costs for Teesside, partly offset by a 5.3 TWh drop in electricity volumes produced as a result of sluggish market prices, coupled with narrower margins on sales activities.

Current operating income for the region was down 2.5% on an organic basis to €290 million in 2011.

Middle East, Turkey & Africa

International Power Middle East, Turkey & Africa saw **revenues** for the year surge 61.6% on a reported basis, up to €1,175 million, owing primarily to the consolidation of International Power assets and the full consolidation of the Hidd Power Company in Bahrain. Taking into account these impacts and the negative €41 million currency effect due to the fall in the value of the US dollar, organic revenue growth came in at €142 million, or 20.6%.

The advance in revenues was spurred mainly by sales of electricity and gas in Turkey and by the operations and maintenance business in Oman.

The region's **electricity sales** rose 10.6 TWh to 18.7 TWh, lifted mainly by changes in the scope of consolidation (consolidation of International Power assets).

Natural **gas sales** edged up 1.1 TWh to 3.9 TWh.

EBITDA for International Power Middle East, Turkey & Africa climbed €117 million, or 62.3%, based on reported figures, to €304 million. Excluding the impact of changes in the scope of consolidation (consolidation of International Power assets), organic EBITDA fell 2.4%, or €4 million. This reflects:

- declining development fees in the Middle East, with fees relating to the Ras Laffan C and Suweihat projects in 2011 lower than fees for the Riyadh II and Barka III/Sohar II projects in 2010;
- an improved performance in operating and maintenance activities which were boosted by the first full operative year of the Marafiq plant and by the sale of spare parts;
- EBITDA growth for Baymina in Turkey, with a one-off sum paid over to TETAS, the plant's main customer, in 2010. A rise in volumes of gas sold drove EBITDA growth for Izgaz.

Current operating income for the region totaled €245 million, up €78 million, or 46.2%, based on reported figures. Excluding the impacts of changes in the scope of consolidation, current operating income retreated 13.2%, or €21 million, on an organic basis. Besides the decrease in EBITDA, this decline reflects the non-recurrence of the write-back of the TETAS provision which had boosted current operating income in 2010.

Asia

Including the positive impact of gains in the Singapore dollar and a weaker Thai baht (€1 million), the consolidation of International Power assets and the proportionate consolidation of gas distribution assets in Thailand, organic **revenue** growth came in at €162 million, or 11.7%.

The advance in revenues was led chiefly by Thailand with the commissioning of the CFB3 and Phase V facilities, and by an improved performance from Singapore operations.

EBITDA for the Asia region was €332 million in 2011, up €99 million on a reported basis. After stripping out the negative €1 million currency impact and the positive €63 million impact of changes in the scope of consolidation, EBITDA moved up €37 million.

- In Thailand, the growth momentum provided by Glow's CFB3 and Phase V units and the indemnities collected by Gheco One was partially offset by adverse weather conditions in Laos.
- In Singapore, Senoko reported a €22 million rise in EBITDA, buoyed by margin growth on sales agreements with industrial customers and market opportunities in the middle of the year.

Current operating income for the region moved up €22 million (13.5%) on an organic basis to €238 million in 2011. The reasons for the upturn are essentially the same as those described above for EBITDA.

Australia

Revenues for International Power Australia came in at €877 million, reflecting the contribution of International Power assets.

The region's contribution to **EBITDA** (€347 million) and current operating income (€191 million) was derived wholly from International Power assets, *i.e.*, from changes in the scope of consolidation.

I.2.3 GLOBAL GAS & LNG

In millions of euros	Dec. 31, 2011	Dec. 31, 2010	% change (reported basis)
Business line revenues	21,731	20,793	+4.5%
Revenue contribution to Group	9,936	9,173	+8.3%
EBITDA	2,386	2,080	+14.7%
Depreciation, amortization and provisions	(1,217)	(1,116)	
Share-based payment	(5)	(4)	
CURRENT OPERATING INCOME	1,164	961	+21.2%

Total revenues for the Global Gas & LNG business line, including intragroup services, climbed €938 million (4.5%) year on year on a reported basis, to €21,731 million.

The **revenue contribution** came in at €9,936 million in 2011, up €763 million, or 8.3%, on 2010 and by 9.6% on an organic basis.

The revenue contribution was largely sustained by strong growth in Exploration & Production and LNG businesses, and to a lesser extent by sales in the Gas Supplies business unit, offsetting a decline in sales to European Key Accounts.

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

- a rise in hydrocarbon production within the Exploration & Production business following the ramp-up of production at the Gjøa and Vega fields in Norway and the impact of rising commodity prices. Total hydrocarbon production in 2011 was up 6.7 Mbep to 57.8 Mbep from 51.1 Mbep in 2010 [1];
- growth in external LNG sales with volumes up 7 TWh. In 2011, external LNG sales came in at 41 TWh, representing 45 cargoes including 24 shipped to Asia (34 TWh and 39 cargoes, including 16 shipped to Asia in 2010). LNG operations also received a boost from the rise in commodity prices;
- growth in short-term sales volumes amid rising market prices, up to 111 TWh [2] in 2011 (90 TWh in 2010);
- a drop of 20 TWh in natural gas sales in the European Key Accounts portfolio in a fiercely competitive climate, with sales volumes down to 144 TWh in 2011 from 164 TWh in 2010.

EBITDA for the Global Gas & LNG business line came in at €2,386 million versus €2,080 million in 2010, representing a rise of €306 million, or 14.7%, based on reported figures and 13.5% on an organic basis.

EBITDA growth reflects:

- advances in the Exploration & Production business thanks to the commissioning of the Gjøa and Vega oil fields in Norway at the end of 2010 and the rise in commodity prices in the period;
- an improved performance from the LNG business, particularly in Asia;
- offsetting the downturn in the Gas Supplies business in 2011 resulting from the impact of the gas/oil price spreads and particularly mild weather conditions over the period, as well as the fall in volumes of sales to European Key Accounts.

Current operating income for the business line moved up €203 million, or 21.2% on a reported basis, to €1,164 million in 2011.

(1) Including 37.6 Mbep relating to the production contribution in 2011 versus 34.6 Mbep in 2010.

(2) Including sales to other operators.

I.2.4 INFRASTRUCTURES

In millions of euros	Dec. 31, 2011	Dec. 31, 2010	% change (reported basis)
Business line revenues	5,703	5,891	-3.2%
Revenue contribution to Group	1,491	1,203	+23.9%
EBITDA	2,991	3,223	-7.2%
Depreciation, amortization and provisions	(1,189)	(1,148)	
Share-based payment	(10)	(3)	
CURRENT OPERATING INCOME	1,793	2,071	-13.4%

Total **revenues** for the Infrastructures business line including intragroup services came in at €5,703 million for 2011, down 3.2% on 2010 owing primarily to a 71 TWh fall in volumes transported by GrDF mainly due to milder weather conditions and to lower storage capacity sales in France.

Revenue trends also reflect:

- the start-up of commercial operations at Fos Cavaou, operating at 20% of capacity at April 1, 2010 and 100% as of November 1, 2010;
- new transportation rates in France, which were raised by 3.9% as of April 1, 2010 and by 2.9% as of April 1, 2011;
- new rates for accessing distribution infrastructure, which were raised by 0.8% at July 1, 2010 and subsequently cut by -1.85% at July 1, 2011;
- new gas storage facilities acquired by Storengy in Germany on August 31, 2011. GDF SUEZ is among the four leading operators of natural gas storage facilities in Germany, and is No. 1 in Europe in terms of storage capacity sales.

The contribution of the business line to Group revenues came to €1,491 million, 23.9% higher than in 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 Fos Cavaou;
- new gas storage facilities acquired by Storengy in Germany on August 31, 2011.

EBITDA for the Infrastructures business line came in 7.2% lower year on year, at €2,991 million, chiefly reflecting the fall in revenues.

Current operating income for the Infrastructures business line came in at €1,793 million, down 13.5% on 2010, in line with EBITDA trends.

I.2.5 ENERGY SERVICES

Group contributions *In millions of euros*	Dec. 31, 2011	Dec. 31, 2010	% change (reported basis)
Revenues	14,206	13,486	5.3%
EBITDA	1,005	923	8.9%
Depreciation, amortization and provisions	(308)	(302)	
Net disbursements under concession contracts	(28)	(14)	
Share-based payment	(14)	(9)	
CURRENT OPERATING INCOME	655	598	9.5%

Revenues for the Energy Services business line came in at €14,206 million for 2011, up 5.3% year on year based on reported figures and up 3.0% on an organic basis.

In France, revenues for service activities (Cofely France) slipped 1.8% 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 9.8%, spurred by revenue gains for Inéo (up 7.5%), the Environmental and Refrigeration Engineering business (up 11.8%) and Endel (up 13.2%).

Belgium and the Netherlands reported organic revenue growth of 7.3% and 12.3%, respectively. In Belgium, this trend reflects a good level of new orders in installation businesses as well as robust commercial development. In the Netherlands, sales momentum picked up pace as production began quickly on major new orders, buoying operations in 2011.

Tractebel Engineering reported a slight fall of 1.9% in organic revenue growth. This reflects the high number of large-scale projects in the comparative 2010 period and delays on orders taken in infrastructure and in the international subsidiaries, partially offset by strong momentum from the energy business.

Excluding France and Benelux, organic revenues for the business line dropped 4.5% in northern Europe (mainly UK). In southern Europe, revenues retreated 6.4%, dragged down by Italy and Spain in particular. The International Overseas business unit delivered organic revenue growth of 2.6%.

EBITDA for the Energy Services business line came in at €1,005 million, up 8.9% based on reported figures and 3.7% on an organic basis. EBITDA growth testifies to the business line's ability to perform well in a tough economic climate in most of its European markets. All of the businesses except Cofely France saw EBITDA make strong gains or remain stable.

In France, service activities were affected by adverse weather conditions throughout the year, pressure on margins when renewing contracts and the expiration of the first co-generation agreements. EBITDA for installation operations was boosted by a positive volume impact, led by Endel in particular.

Business diversification and a strong sales momentum in **Belgium** helped lift performance. In the Netherlands, the new organization and efforts to optimize overheads drove a recovery in margins in line with 2011 forecasts amid an upturn in sales.

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

Following the consolidation of Utilicom as of April 1, 2010, ProEnergie as of October 1, 2010 and Comeron in the second half of 2011, **International North** posted strong advances based on reported figures. Profitability remained stable on an organic basis, with the downturn in the UK and Eastern European countries offset by advances in Germany and Austria.

The **International South** business unit had to contend with a particularly tough economic climate in Italy and Spain. Nevertheless, Italy, in particular, delivered organic EBITDA growth on the back of one-off gains relating to the early withdrawal from a co-generation contract.

EBITDA for **International Overseas** operations rose sharply on an organic basis across all businesses.

In line with EBITDA, **current operating income** for the Energy Services business line jumped 9.5% (5.8% on an organic basis), to €655 million, versus €598 million in 2010.

I.2.6 SUEZ ENVIRONNEMENT

Group contributions *In millions of euros*	**Dec. 31, 2011**	**Dec. 31, 2010**	**% change (reported basis)**
Revenues	14,819	13,863	6.9%
EBITDA	2,513	2,339	7.4%
Depreciation, amortization and provisions	(1,179)	(1,027)	
Net disbursements under concession contracts	(265)	(252)	
Share-based payment	(29)	(36)	
CURRENT OPERATING INCOME	1,039	1,025	1.4%

Revenues for 2011 came in at €14,819 million, up 6.9% year on year on a reported basis, or 5.2% based on organic figures. Revenue growth was fueled mainly by the Waste Europe segment (up 8.9%), where upbeat waste sorting and recycling activities were buoyed by a 3.4% volume growth for the year as a whole and spiraling commodity prices in the first half of 2011 (although paper prices fell sharply in the fourth quarter). Revenues for the Water Europe segment climbed 3.2%, buoyed by a favorable pricing environment on its three biggest markets (France, Spain and Chile) and a strong upturn in volumes in Chile. Volumes rose slightly in Spain, but slipped in France. The International segment reported 1.5% growth on the back of the Melbourne contract, but also benefited from a sharp rise in volumes in both businesses across emerging markets.

EBITDA came in at €2,513 million, up 3.1% on an organic basis. EBITDA for the Water Europe segment climbed 10.2%, thanks to upbeat business momentum, cost reductions and synergies resulting from the COMPASS plan, and one-off impacts. Waste Europe reported 6.5% EBITDA growth, driven by rising volumes amid a tight pricing environment and further operating cost savings. The International segment posted a 17.7% fall in EBITDA, due to delays and cost overruns on the construction of the Melbourne plant. However, the segment reported performance gains in its main businesses in Asia/Pacific and North Africa/Middle East.

Current operating income edged up 1.4% year on year, held back by operational difficulties on the Melbourne contract. However, solid fundamentals in the Water and Waste Europe segments and upbeat markets in the international segment had a positive impact. Current operating income was also bolstered by the full consolidation of Agbar (first five months of 2011), which offset the impact of disposals in fourth-quarter 2011 and additional depreciation expenses taken against facilities commissioned during the year.

The operating performance of the business line for 2011 is presented in SUEZ Environnement's management report published on February 8, 2012.

I.2.7 OTHER

Group contributions *In millions of euros*	**Dec. 31, 2011**	**Dec. 31, 2010**	**% change (reported basis)**
Revenues			
EBITDA	(328)	(332)	1.3%
Depreciation, amortization and provisions	(127)	(49)	
Share-based payment	(63)	(61)	
CURRENT OPERATING INCOME	(518)	(443)	-17.0%

EBITDA for the "Other" business line remained virtually stable (up €4 million), with the intrinsic performance of head office divisions broadly in line with 2010.

However, the **current operating loss** for the business line widened by €75 million, with the non-recurrence of a provision write-back which had boosted 2010 figures, and an increase in depreciation expenses arising on new head office buildings and software.

I.3 OTHER INCOME STATEMENT ITEMS

In millions of euros	2011	2010	% change (reported basis)
Current operating income	8,978	8,795	2.1%
Mark-to-market on commodity contracts other than trading instruments	(105)	(106)	
Impairment of property, plant and equipment, intangible assets and financial assets	(532)	(1,468)	
Restructuring costs	(189)	(206)	
Changes in scope of consolidation	1,514	1,185	
Other non-recurring items	18	1,297	
Income from operating activities	**9,684**	**9,497**	**2.0%**
Net financial loss	(2,606)	(2,222)	
Income tax expense	(2,119)	(1,913)	
Share in net income of associates	462	264	
Net income	**5,420**	**5,626**	**-3.7%**
Non-controlling interests	1,417	1,010	
Net income Group share	4,003	4,616	-13.3%

Income from operating activities came in 2.0% higher year on year, at €9,684 million, mainly reflecting the contribution of current operating income. The net impact of one-off items was broadly in line with 2010.

Changes in the fair value of commodity instruments had a negative €105 million impact on income from operating activities (reflecting the impact of transactions not eligible for hedge accounting), broadly unchanged from 2010. The impact for the period results mainly from negative changes in the forward prices of the underlying commodities. This negative impact is offset in part by the positive impact of unwinding positions with a negative market value at December 31, 2010.

Income from operating activities was also affected by:

- asset impairment losses totaling €532 million, concerning mainly impairment losses taken against goodwill relating to operations in the Energy - Southern Europe segment and against electricity production assets in Spain (Castelnou) and the US (Red Hills plant);
- restructuring costs totaling €189 million, which include costs relating to the implementation of the International Power combination and the related operating synergies (€89 million), as well as the costs of adapting to the economic climate in the SUEZ Environnement (€40 million) and Energy Services (€37 million) business lines;
- "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 IFRS 3), which represented €1,514 million (€1,185 million in 2010) and primarily reflected capital gains on the disposal of shares in GDF SUEZ LNG Liquefaction (€479 million) and EFOG (€354 million), the sale of Bristol Water by Agbar (€88 million), and proceeds from the sale of a portion of the share capital of inter-municipal companies in the Walloon region (€108 million). This item also includes the positive impacts of remeasuring at fair value the previously-held equity interests in the Flemish inter-municipal companies (€425 million) following the loss of significant influence and the recognition of these shares as "available-for-sale securities";
- "Other non-recurring items", which totaled €18 million in 2011, versus €1,297 million in 2010. In 2011, this item essentially includes €33 million in capital gains on the disposal of a building in the SUEZ Environnement business line.

The net financial loss totaled €2,606 million for the year to December 31, 2011 (€2,222 million for the year to December 31, 2010). The increase in the net financial loss mainly reflects the rise in the cost of net debt due to volume effects on gross debt following the acquisition of International Power.

The effective tax rate adjusted for disposal gains and losses and non-deductible asset impairment charges came out at 35.3% for 2011, versus 31.3% for 2010. The increase in the effective tax rate resulted primarily from:

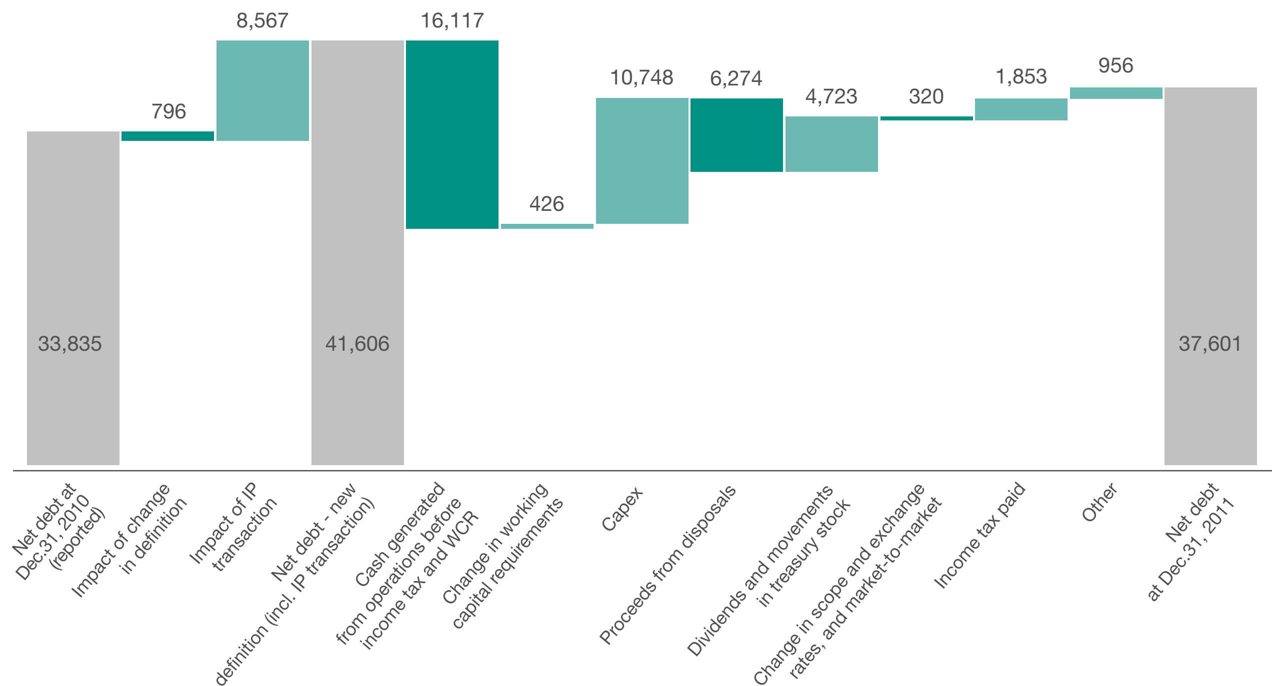
- the increase in the proportion of income generated by Exploration & Production entities, taxed at a rate of over 50%;
- the increase in the tax rate as from end-March 2011 for Exploration & Production activities in the United Kingdom from 50% and 62%, resulting in a non-recurring deferred tax expense.

Share in net income of associates was €198 million higher than in 2010, due chiefly to the impact of changes in scope of consolidation resulting chiefly from the consolidation of International Power.

Non-controlling interests in net income increased €407 million to €1,417 million, driven by the consolidation of International Power entities.

I.4 CHANGE IN NET DEBT

Adjusted for certain financing-backed assets and derivative instruments, net debt (1) stood at €37.6 billion, a decrease of €4 billion on the end-December 2010 *pro forma* figure (*i.e.*, including International Power). This was mainly due to:



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

Cash generated from operations before income tax and working capital requirements came in at €16,117 million, up 9.4% year on year on a reported basis. Changes in this caption reflect trends in EBITDA.

(1) See Note 14 to the consolidated financial statements for the new definition of net debt.

I.4.2 CHANGE IN WORKING CAPITAL REQUIREMENTS

Working capital requirements rose €426 million. This reflects advances made by the Group's businesses as well as an increase in gas stocks due to sharply contrasting weather conditions, with mild weather in 2011 and particularly cold weather one year earlier.

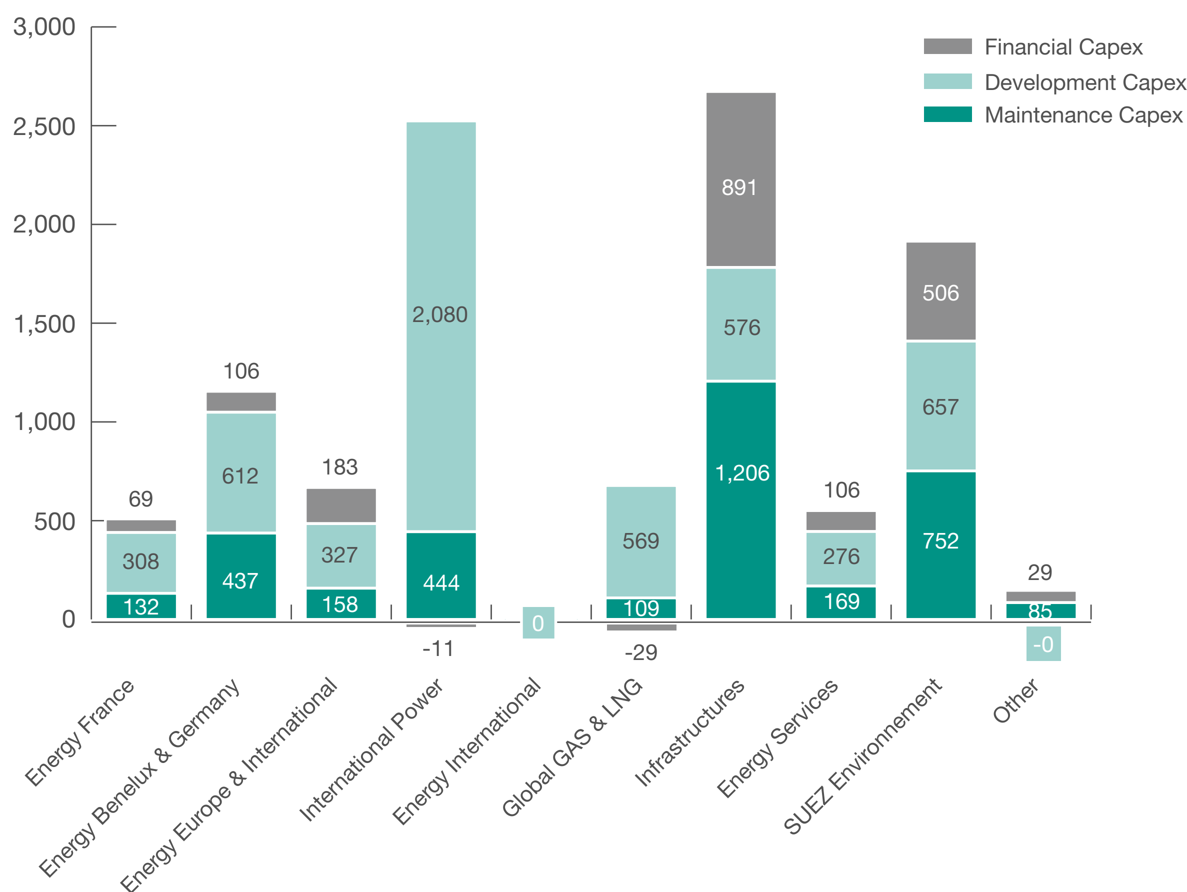
I.4.3 NET INVESTMENTS

Investments totaled €10,748 million in 2011 and included:

- financial investments for €1,850 million, concerning mainly storage facilities in Germany (€915 million), the Acea transaction (€217 million) and Sita Australia's acquisition of shares in Waste Services NSW (€174 million);
- development expenditure totaling €5,405 million, principally incurred by the Energy Europe & International business line;
- maintenance expenditure of €3,493 million.

Disposals in 2011 totaled €6,274 million and essentially related to the disposal of a portion of the Group's shareholdings in inter-municipal companies (€723 million), sales of shares to non-controlling shareholders of GRTGaz (€800 million) and E&P International (€2,491 million), and the disposal of shares in GDF SUEZ LNG Liquefaction, G6 Rete Gas and Bristol Water.

Capital expenditure breaks down as follows by business line:



I.4.4 SHARE BUYBACKS AND DIVIDENDS

Total dividends paid in cash by GDF SUEZ SA to its shareholders amounted to €3,328 million. This amount includes:

- the balance of the €0.67 per share dividend for 2010 paid on May 9, 2011; and
- the €0.83 per share interim dividend for 2011 paid on November 15, 2011.

Dividends paid by various subsidiaries to non-controlling interests totaled €1,035 million and primarily comprised dividends in the amount of €291 million paid to non-controlling shareholders of International Power entities.

The Group also bought back its own shares for an amount of €362 million and increased its share capital by €35 million, chiefly through an employee share issue.

I.4.5 NET DEBT AT DECEMBER 31, 2011

Excluding amortized cost but including the currency impact of derivatives, at December 31, 2011, 52% of net debt [1] was in euros, 21% in US dollars, 6% in Brazilian real, and 4% in Australian dollars.

Including the impact of financial instruments, 88% of net debt [1] was at fixed rates.

The average maturity of net debt [1] rose to 11.2 years, reflecting long-term bond issues carried out during the period.

At December 31, 2011, the Group had undrawn confirmed credit facilities (including commercial paper back-up lines) totaling €15.1 billion.

I.5 OTHER ITEMS IN THE STATEMENT OF FINANCIAL POSITION

Property, plant and equipment and intangible assets stood at €103.4 billion at December 31, 2011, versus €91.5 billion at December 31, 2010. This €11.9 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 €3.4 billion to €31.4 billion, due mainly to the acquisition of the International Power group.

Available-for-sale securities remained stable at €3.3 billion.

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.

Total equity amounted to €80.3 billion, up €9.6 billion on December 31, 2010 (€70.7 billion), essentially reflecting €5.4 billion in net income for the period, the €4.5 billion dividend payout and the €9.8 billion positive impact of changes in the scope of consolidation.

Provisions rose €1.7 billion to €16.2 billion. The increase stems chiefly from changes in the scope of consolidation (€0.5 billion), actuarial gains and losses on provisions for pensions and other employee benefits (€0.7 billion) and the impact of unwinding discount adjustments (€0.6 billion).

(1) See Note 14 to the consolidated financial statements for the new definition of net debt.

I.6 PARENT COMPANY FINANCIAL STATEMENTS

The figures provided below relate to the financial statements of GDF SUEZ SA, prepared in accordance with French GAAP and applicable regulations.

Revenues for GDF SUEZ SA totaled €24,126 million in 2011, down 4.9% on 2010 due mainly to adverse weather conditions.

The Company posted a net operating loss of €1,075 million in 2011, versus €97 million in 2010. The increase in the net operating loss is due primarily to the impact of weather conditions and the gas tariff shortfall, as well as negative volume effects arising on industrial customers.

The Company reported net financial income of €3,161 million, up from €1,491 million one year earlier. This includes mainly dividends received from subsidiaries for €4,087 million and the cost of debt amounting to €801 million. At December 31, 2011, net debt (including irredeemable and nonvoting securities) came out at €24,914 million. At the same date, cash and cash equivalents totaled €9,177 million.

The Company posted net non-recurring income of €486 million, buoyed by capital gains on sales of shares (including GRTGaz) totaling €415 million, and by the impact of an adjustment to the value of "gas in the meter" in prior years for a net-of-tax amount of €478 million.

Tax consolidation resulted in a net benefit of €295 million (€356 million in 2010), shown within "Income tax".

Net income came in at €2,389 million.

Equity amounted to €46,838 million at end-2011, versus €47,700 million at end-2010, reflecting the dividend payout, partially offset by net income for the period.

Information relating to supplier payment deadlines

The law in favor of the modernization of the economy ("LME" law No. 2008-776 of August 4, 2008) and its implementing decree No. 2008-1492 of December 30, 2008, provide that companies whose annual financial statements are audited by a Statutory Auditor must publish information regarding supplier payment deadlines. The purpose of publishing this information is to ensure that there are no significant delays in the payment of suppliers.

The breakdown by maturity of outstanding amounts payable by GDF SUEZ SA with regard to its suppliers over the last two reporting periods is as follows:

	Dec. 31, 2011			Dec. 31, 2010		
In millions of euros	External	Intra-group	Total	External	Intra-group	Total
Past due	1	53	54	1	1	2
30 days	520	98	618	414	136	549
45 days	20	14	34	4	3	7
More than 45 days	3	27	30	15	2	18
TOTAL	**544**	**192**	**736**	**434**	**142**	**576**

I.7 OUTLOOK

The 2012 financial objectives[1] of the Group are robust and are part of a strict financial discipline. Based on average weather and stable regulation they are the following:

- Net recurring income group share between EUR 3.5 and 4.0 billion[2]
- Gross capex around EUR 11 billion
- Ordinary dividend equal or superior to 2011
- Net debt/EBITDA ratio less than or equal to 2.5x and "A" category rating

GDF SUEZ is also strongly committed in delivering on sustainable development objectives for 2015

- Hiring 100,000 employees over 2011–2015
- Training: At least 2/3 of Group employees trained yearly
- Renewable energy: Increase installed capacity by 50% vs 2009
- Diversity: 25% female managers
- Health and Safety : Achieve a frequency rate of less than 6
- Biodiversity: Roll out an action plan for each sensitive site in the EU
- Employee shareholding: 3% of the Group's capital held by employee shareholders

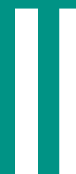
By 2015, GDF SUEZ expects a net recurring income group share[3] around EUR 5 billion of, with average weather and stable regulation, with gross capex between EUR 9 and 11 billion per year[4], a strong financial structure (net debt/EBITDA ratio less than or equal to 2.5x and "A" category rating) allowing a stable or growing dividend over 2013-2015.

(1) Targets assume average weather conditions, full pass trough of supply costs in French regulated gas tariffs, no other significant regulatory and macro economic changes. The underlying assumptions are as follow: average brent $/bbl 98 in 2012; average electricity baseload Belgium €/MWh 55 in 2012 ; average gas NBP €/MWh 27 in 2012. Indicative 2012 Ebitda of EUR 17 billion

(2) Vs target of EPS 2012≥ EPS 2011 announced on March 3, 2011

(3) Assuming average weather conditions, full pass trough of supply costs in French regulated gas tariffs, no other significant regulatory and macro economic changes. Assuming no change in accounting principles compared to 2011. Indicative 2015 Ebitda of EUR 21 billion. Vs target of EBITDA 2013 > EUR 20 billion and vs target of 2013≥ EPS 2012 announced on March 3, 2011

(4) Vs EUR 11 billion over 2011-2013 announced on March 3, 2011



Consolidated Financial statements

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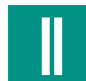
STATEMENTS OF FINANCIAL POSITION

Assets

In millions of euros	Notes	Dec. 31, 2011	Dec. 31, 2010 (1)	Jan. 1, 2010 (1)
Non-current assets				
Intangible assets, net	10	13,226	12,780	11,420
Goodwill	9	31,362	27,933	28,355
Property, plant and equipment, net	11	90,120	78,703	69,665
Available-for-sale securities	14	3,299	3,252	3,563
Loans and receivables at amortized cost	14	3,813	2,794	2,426
Derivative instruments	14	2,911	2,532	1,927
Investments in associates	12	2,619	1,980	2,176
Other non-current assets		1,173	1,440	1,696
Deferred tax assets	7	1,379	1,909	1,659
TOTAL NON-CURRENT ASSETS		**149,902**	**133,323**	**122,886**
Current assets				
Loans and receivables at amortized cost	14	1,311	1,032	947
Derivative instruments	14	5,312	5,739	7,405
Trade and other receivables, net	14	23,135	20,501	18,915
Inventories		5,435	3,870	3,947
Other current assets		9,455	6,957	5,094
Financial assets at fair value through income	14	2,885	1,713	1,680
Cash and cash equivalents	14	14,675	11,296	10,324
Assets held for sale	2	1,298	0	0
TOTAL CURRENT ASSETS		**63,508**	**51,108**	**48,312**
TOTAL ASSETS		**213,410**	**184,430**	**171,198**

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 at December 31, 2010 and December 31, 2009. See Note 1.2.



Liabilities

In millions of euros	Notes	Dec. 31, 2011	Dec. 31, 2010 (1)	Jan. 1, 2010 (1)
Shareholders' equity		62,930	62,114	60,194
Non-controlling interests		17,340	8,513	5,241
TOTAL EQUITY	16	80,270	70,627	65,436
Non-current liabilities				
Provisions	17	14,431	12,989	12,790
Long-term borrowings	14	43,375	38,179	32,155
Derivative instruments	14	3,310	2,104	1,792
Other financial liabilities	14	684	780	911
Other non-current liabilities		2,202	2,342	2,489
Deferred tax liabilities	7	13,038	12,437	11,856
TOTAL NON-CURRENT LIABILITIES		77,040	68,830	61,993
Current liabilities				
Provisions	17	1,751	1,480	1,263
Short-term borrowings	14	13,213	9,059	10,117
Derivative instruments	14	5,185	5,738	7,170
Trade and other payables	14	18,387	14,835	12,887
Other current liabilities		16,738	13,861	12,332
Liabilities directly related to assets held for sale	2	827	0	0
TOTAL CURRENT LIABILITIES		56,100	44,973	43,769
TOTAL EQUITY AND LIABILITIES		**213,410**	**184,430**	**171,198**

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 at December 31, 2010 and December 31, 2009. See Note 1.2.

INCOME STATEMENTS

In millions of euros	Notes	Dec. 31, 2011	Dec. 31, 2010
Revenues		90,673	84,478
Purchases		(46,695)	(44,672)
Personnel costs		(12,775)	(11,755)
Depreciation, amortization and provisions		(7,115)	(5,899)
Other operating expenses		(17,226)	(14,381)
Other operating income		2,116	1,025
CURRENT OPERATING INCOME	4	**8,978**	**8,795**
Mark-to-market on commodity contracts other than trading instruments		(105)	(106)
Impairment of property, plant and equipment, intangible assets and financial assets		(532)	(1,468)
Restructuring costs		(189)	(206)
Changes in scope of consolidation		1,514	1,185
Other non-recurring items		18	1,297
INCOME FROM OPERATING ACTIVITIES	5	**9,684**	**9,497**
Financial expenses		(3,383)	(2,810)
Financial income		778	589
NET FINANCIAL LOSS	6	**(2,606)**	**(2,222)**
Income tax expense	7	(2,119)	(1,913)
Share in net income of associates	12	462	264
NET INCOME		**5,420**	**5,626**
Net income Group share		4,003	4,616
Non-controlling interests		1,418	1,010
EARNINGS PER SHARE *(EUROS)*	8	**1.8**	**2.1**
DILUTED EARNINGS PER SHARE *(EUROS)*	8	**1.8**	**2.1**

STATEMENTS OF COMPREHENSIVE INCOME

In millions of euros	Notes	Dec. 31, 2011	Dec. 31, 2011 Group share	Dec. 31, 2011 Non-controlling interests	Dec. 31, 2010	Dec. 31, 2010 Group share	Dec. 31, 2010 Non-controlling interests
NET INCOME		**5,420**	**4,003**	**1,418**	**5,626**	**4,616**	**1,010**
Available-for-sale financial assets	14	(495)	(448)	(47)	(126)	(119)	(7)
Net investment hedges		(70)	(58)	(12)	(106)	(63)	(43)
Cash flow hedges (excl. commodity instruments)	15	(214)	(139)	(75)	(16)	11	(27)
Commodity cash flow hedges	15	317	327	(10)	457	445	12
Deferred tax on items above	7	(68)	(87)	19	(137)	(144)	8
Share of associates in recyclable items, net of taxes		(281)	(185)	(96)	45	48	(3)
Translation adjustments		115	100	15	1,147	877	270
TOTAL RECYCLABLE ITEMS		(697)	(491)	(207)	1,265	1,054	210
Actuarial gains and losses		(755)	(639)	(116)	(500)	(479)	(21)
Deferred tax on actuarial gains and losses		248	207	41	157	149	9
Share of associates in non-recyclable items and actuarial gains and losses, net of taxes		46	46	0	(14)	(14)	(0)
TOTAL NON-RECYCLABLE ITEMS		(461)	(386)	(75)	(356)	(344)	(12)
TOTAL COMPREHENSIVE INCOME		**4,262**	**3,126**	**1,136**	**6,535**	**5,326**	**1,208**

STATEMENTS OF CHANGES IN EQUITY

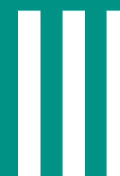
In millions of euros	Number of shares	Share capital	Additional paid-in capital	Consolidated reserves	Fair value adjustments and other	Translation adjustments	Treasury stock	Shareholders' equity	Non-controlling interests	Total equity
EQUITY AT DECEMBER 31, 2009	**2,260,976,267**	**2,261**	**30,590**	**28,810**	**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				4,616				4,616	1,010	5,626
Other comprehensive income				(344)	177	877		710	198	909
Total comprehensive income				**4,272**	**177**	**877**		**5,326**	**1,208**	**6,535**
Employee share issues and share-based payment	26,217,490	26	471	120				617		617
Cash dividends paid				(3,330)				(3,330)	(581)	(3,911)
Acquisitions/disposals of treasury stock				(55)			(436)	(491)		(491)
Transactions between owners				(190)				(190)	(21)	(211)
Business combinations									1,658	1,658
Issuance of deeply-subordinated notes									745	745
Cancelation of treasury stock	(36,898,000)	(37)	(1,378)				1,415			
Other changes				(12)				(12)	261	249
RESTATED EQUITY AT DECEMBER 31, 2010	**2,250,295,757**	**2,250**	**29,683**	**29,524**	**800**	**522**	**(665)**	**62,114**	**8,513**	**70,627**

In millions of euros	Number of shares	Share capital	Additional paid-in capital	Conso-lidated reserves	Fair value adjustments and other	Translation adjustments	Treasury stock	Share-holders' equity	Non-controlling interests	Total equity
RESTATED EQUITY AT JANUARY 1, 2011	**2,250,295,757**	**2,250**	**29,683**	**29,524**	**800**	**522**	**(665)**	**62,114**	**8,513**	**70,627**
Net income				4,003				4,003	1,418	5,420
Other comprehensive income				(386)	(590)	99		(877)	(282)	(1,158)
Total comprehensive income				**3,617**	**(590)**	**99**		**3,126**	**1,136**	**4,262**
Employee share issues and share-based payment	2,340,451	2	33	122				157	12	169
Cash dividends paid				(3,328)				(3,328)	(1,033)	(4,361)
Acquisitions/disposals of treasury stock				(97)			(264)	(362)		(362)
Business combinations (International Power – see Note 2)				302	28	(175)		155	6,303	6,458
Transactions between owners (GRTgaz transaction – see Note 2)				167				167	923	1,090
Transactions between owners (disposal of a 30% non-controlling interest in the Group's Exploration & Production business to CIC – see Note 2)				938	1	1		940	1,341	2,281
Other transactions between owners				(11)				(11)	(25)	(36)
Share capital increases subscribed by non-controlling interests									217	217
SUEZ Environnement: stock dividends, change in treasury stock (Suez Environnement Company) and the "Sharing" employee shareholding plan				(2)				(2)	(33)	(35)
Other changes				(25)				(25)	(14)	(39)
EQUITY AT DECEMBER 31, 2011	**2,252,636,208**	**2,253**	**29,716**	**31,205**	**240**	**447**	**(930)**	**62,931**	**17,340**	**80,270**

STATEMENTS OF CASH FLOWS

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
NET INCOME	**5,420**	**5,626**
- Share in net income of associates	(462)	(264)
+ Dividends received from associates	265	273
- Net depreciation, amortization and provisions	7,431	7,331
- Impact of changes in scope of consolidation, other non-recurring items	(1,497)	(2,592)
- Mark-to-market on commodity contracts other than trading instruments	105	106
- Other items with no cash impact	130	121
- Income tax expense	2,119	1,913
- Net financial loss	2,606	2,222
Cash generated from operations before income tax and working capital requirements	**16,117**	**14,736**
+ Tax paid	(1,853)	(2,146)
Change in working capital requirements	**(426)**	**(258)**
CASH FLOW FROM OPERATING ACTIVITIES	**13,838**	**12,332**
Acquisitions of property, plant and equipment and intangible assets	(8,898)	(9,292)
Acquisitions of controlling interests in entities net of cash and cash equivalents acquired *	(1,745)	(737)
Acquisitions of investments in associates and joint ventures	(119)	(139)
Acquisitions of available-for-sale securities	(258)	(510)
Disposals of property, plant and equipment and intangible assets	167	405
Disposals of entities/loss of control net of cash and cash equivalents sold	1,024	412
Disposals of investments in associates and joint ventures	1,570	1,239
Disposals of available-for-sale securities	76	847
Interest received on non-current financial assets	81	39
Dividends received on non-current financial assets	138	128
Change in loans and receivables originated by the Group and other	60	(176)
CASH FLOW USED IN INVESTING ACTIVITIES	**(7,905)**	**(7,783)**
Dividends paid	(4,363)	(3,918)
Repayment of borrowings and debt	(6,517)	(7,424)
Change in financial assets at fair value through income	(1,146)	16
Interest paid	(1,977)	(1,565)
Interest received on cash and cash equivalents	212	141
Increase in borrowings and debt	8,114	8,709
Increase/decrease in capital	569	563
Acquisitions/disposals of treasury stock	(362)	(491)
Issuance of deeply-subordinated notes by SUEZ Environnement		742
Changes in ownership interests in controlled entities	2,974	(455)
CASH FLOW USED IN FINANCING ACTIVITIES	**(2,496)**	**(3,683)**
Effect of changes in exchange rates and other	(58)	106
TOTAL CASH FLOW FOR THE PERIOD	**3,379**	**972**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**11,296**	**10,324**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**14,675**	**11,296**

* *Including the impact of the acquisition of International Power plc presented in Note 2,1.*



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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 February 8, 2012, the Group's Board of Directors approved and authorized for issue the consolidated financial statements of the Group for the year ended December 31, 2011.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation

Pursuant to European Regulation (EC) 809/2004 on prospectuses dated April 29, 2004, financial information concerning the assets, liabilities, financial position, and profit and loss of GDF SUEZ has been provided for the last two reporting periods (ended December 31, 2010 and 2011). This information was prepared in accordance with European Regulation (EC) 1606/2002 on international accounting standards (IFRS) dated July 19, 2002. The Group's consolidated financial statements for the year ended December 31, 2011 have been prepared in accordance with IFRS as published by the International Accounting Standards Board (IASB) and endorsed by the European Union [(1)].

The accounting standards applied in the consolidated financial statements for the year ended December 31, 2011 are consistent with the policies used to prepare the consolidated financial statements for the year ended December 31, 2010, except for those described in sections 1.1.1 and 1.1.2 below.

1.1.1 IFRS standards, amendments and IFRIC interpretations applicable in 2011

- IAS 24 revised – *Related Party Disclosures*: In 2010, the Group early adopted some provisions of IAS 24 revised regarding exemptions to disclosures by government-related entities. The new definition of a related party introduced in the revised standard effective for the first time in 2011 has no impact on the scope of the Group's related parties at December 31, 2011. However, additional disclosures are required in respect of commitments with related parties (see Note 24).
- Amendment to IAS 32 – *Classification of Rights Issues*.
- IFRIC 19 – *Extinguishing Financial Liabilities with Equity Instruments*.
- Amendment to IFRIC 14 – *Prepaid Voluntary Contributions*.
- Improvements to IFRS 2010.

These amendments and interpretations have no material impact on the Group's consolidated financial statements for the year ended December 31, 2011.

1.1.2 Amendment effective after 2011 that the Group has elected to early adopt in 2011

- Amendment to IAS 1 – *Presentation of items of Other Comprehensive Income* [(2)]: The Group decided to early adopt this amendment which, although not yet endorsed by the European Union, provides useful information which is compliant with current IAS 1. Accordingly, elements of other comprehensive income that will be subsequently "recycled" in profit and loss are presented separately from those that will not.

1.1.3 IFRS standards, amendments and IFRIC interpretations 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 IFRS 7 – *Disclosures: Transfers of Financial Assets*.

(1) Available on the European Commission's website: http://ec.europa.eu/internal_market/accounting/ias/index_en.htm.
(2) These standards and interpretations have not yet been adopted by the European Union.

Standards and amendments applicable in 2013

- IFRS 10 – *Consolidated Financial Statements* (1).
- IFRS 11 – *Joint Arrangements* (1).
- IFRS 12 – *Disclosure of Interests in Other Entities* (1).
- Amendment to IAS 28 – *Investments in Associates and Joint Ventures* (1).
- IFRS 13 – *Fair Value Measurement* (1).
- Amendments to IAS 19 – *Employee Benefits* (1).
- Amendments to IFRS 7 – *Disclosures -Offsetting financial assets and financial liabilities* (1).

Amendments applicable in 2014

- Amendments to IAS 32 – *Offsetting financial assets and financial liabilities* (2).

Standard applicable in 2015

- IFRS 9 – *Financial Instruments: Classification and Measurement* (1).

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

1.1.4 Reminder of IFRS 1 transition options

The Group used some of the options available under IFRS 1 for its transition to IFRS in 2005. The options that continue to have an effect on the consolidated financial statements are:

- translation adjustments: the Group elected to reclassify cumulative translation adjustments within consolidated equity at January 1, 2004;
- business combinations: the Group elected not to restate business combinations that took place prior to January 1, 2004 in accordance with IFRS 3.

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

During the six months ended June 30, 2011, an error was discovered in the computation of the “gas in the meter” receivable accounted for in the Energy – France segment. This error is due to the use of an incomplete model and certain incorrect calculation parameters. As most of the cumulative 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 and hence the related goodwill have been restated, the cost of the business combination remaining unchanged. Accordingly, the comparative amounts at January 1, 2010 and for the year ended December 31, 2010 reported in “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. As the impact of this error on 2010 comparative income statement information and on the key indicators of the Energy – France segment was not material, neither the income statement for the year ended December 31, 2010 nor the indicators for Energy – France were restated. Accordingly, basic and diluted earnings per share have not been restated for the periods presented. 2009 and 2008 income was not materially impacted either.

Beginning the first half of the 2011 exercice, appropriate measures were implemented to make the “gas in the meter” computation model in the Energy – France segment more reliable and to reinforce internal control accordingly.

This error had no impact whatsoever on amounts billed to the 10,1 million customers in France.

1.3 Measurement and presentation basis

The consolidated financial statements have been prepared using the historical cost convention, except for financial instruments that are accounted for according to the financial instrument categories defined by IAS 39.

Assets or disposal groups held for sale

In accordance with IFRS 5 “Non-Current Assets Held for Sale and Discontinued Operations”, assets or group of assets held for sale are presented separately on the face of the statement of financial position, at the lower of their carrying amount and fair value less costs to sell.

Assets are classified as “held for sale” when they are available for immediate sale in their present condition, their sale is highly probable within one year from the date of classification, management is committed to a plan to sell the asset and an active program to locate a buyer and complete the plan has been initiated.

1.4 Use of estimates and judgment

As a result of the financial crisis which has been raging over the past months, the Group has strengthened its risk management procedures and now includes an assessment of risk – in particular counterparty risk – in the measurement of its financial instruments. The severe market volatility caused by the crisis has been taken into account by the Group in the estimates made such as for its business plans and, when relevant, in the various discount rates used in impairment testing and computing provisions.

1.4.1 Estimates

The preparation of consolidated financial statements requires the use of estimates and assumptions to determine the value of assets and liabilities, and contingent assets and liabilities at the 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.

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

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 (see sections 1.5.4 and 1.5.5);
- measurement of provisions, particularly for nuclear waste processing and storage, dismantling obligations, disputes, pensions and other employee benefits (see section 1.5.15);
- financial instruments (see section 1.5.11);
- measurement of revenues not yet metered, so called un-metered revenues;
- measurement of recognized tax loss carry-forwards.

1.4.1.1 Measurement of the fair value of assets acquired and liabilities assumed in a business combination

The key assumptions and estimates used to determine the fair value of assets acquired and liabilities assumed include the market outlook for the measurement of future cash flows, and the applicable discount rate.

These assumptions reflect management's best estimates.

1.4.1.2 Recoverable amount of goodwill, property, plant and equipment and intangible assets

The recoverable amount of goodwill, intangible assets and property, plant and equipment is based on estimates and assumptions regarding in particular the expected market outlook – whose sensitivity varies depending on the activity – for the measurement of cash flows, and the applicable discount rate. Any changes in these assumptions may have a material impact on the measurement of the recoverable amount and could result in adjustments to the impairment expenses already booked.

1.4.1.3 Estimates of provisions

Parameters having a significant influence on the amount of provisions, and particularly, but not solely, those relating to the back-end of nuclear fuel cycle and to the dismantling of nuclear facilities, as those relating to the dismantling for gas infrastructures in France, include:

- cost forecasts (notably the retained scenario for reprocessing and storage of radioactive nuclear fuel consumed);
- the timing of expenditure (notably, for nuclear power generation activities, the timetable for reprocessing of radioactive spent nuclear fuel and for dismantling facilities as well as, regarding the gas infrastructure businesses in France, the timetable for the end of gas operations); and
- the discount rate applied to cash flows.

These parameters are based on information and estimates deemed to be appropriate by the Group at the current time.

The modification of certain parameters could involve a significant adjustment of these provisions. However, to the Group's best knowledge, there is no information suggesting that the parameters used taken as a whole are not appropriate. Further, the Group is not aware of any developments that are likely to have a material impact on the provisions booked.

1.4.1.4 Pensions and other employee benefit obligations

Pension commitments and other employee benefit obligations are measured on the basis of actuarial assumptions. The Group considers that the assumptions used to measure its obligations are appropriate and documented. However, any changes in these assumptions may have a material impact on the resulting calculations.

1.4.1.5 Financial instruments

To determine the fair value of financial instruments that are not listed on an active market, the Group uses valuation techniques that are based on certain assumptions. Any change in these assumptions could have a material impact on the resulting calculations.

1.4.1.6 Revenues

Revenues generated from types of customers whose energy consumption is metered during the accounting period, particularly customers supplied with low-voltage electricity or low-pressure gas, are estimated at the reporting date based on historical data, consumption statistics and estimated selling prices. For sales on networks used by a large number of grid operators, the Group is allocated a certain volume of energy transiting through the networks by the grid managers. The final allocations are often only known several months down the line, which means that revenue figures are only an estimate.

However, the Group has developed measuring and modeling tools allowing it to estimate revenues with a satisfactory degree of accuracy and subsequently ensure that risks of error associated with estimating quantities sold and the resulting revenues can be considered as not material. In France, delivered unbilled natural gas ("gas in the meter") is calculated using a direct method taking into account estimated customers consumption since the last metering not yet billed. These estimates are in line with the volume of energy allocated by the grid managers on the same period. The average price is used to measure the "gas in the meter". The average price used takes account of the category of customer and the age of the delivered unbilled "gas in the meter". These estimates fluctuate according to the assumptions used to determine the portion of unbilled revenues at year-end.

1.4.1.7 Measurement of tax loss carry-forward assets

Deferred tax assets are recognized on tax loss carry-forwards when it is probable that taxable profit will be available against which the tax loss carry-forwards can be utilized. Estimates of taxable profits and utilizations of tax loss carry-forwards were prepared on the basis of profit and loss forecasts as included in the medium-term business plan and, if necessary, on the basis of additional forecasts.

1.4.2 Judgment

As well as relying on estimates, Group management also makes judgments to define the appropriate accounting policies to apply to certain activities and transactions, particularly when the effective IFRS standards and interpretations do not specifically deal with the 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 reporting date are classified as current, while all other items are classified as non-current.

1.5 Significant accounting policies

1.5.1 Scope and methods of consolidation

The consolidation methods used by the Group consist of the full consolidation method, the proportionate consolidation method and the equity method:

- subsidiaries (companies over which the Group exercises exclusive control) are fully consolidated;
- companies over which the Group exercises joint control are consolidated by the proportionate method, based on the Group's percentage interest;
- the equity method is used for all associate companies over which the Group exercises significant influence. In accordance with this method, the Group recognizes its proportionate share of the investee's net income or loss on a separate line of the consolidated income statement under "Share in net income of associates".

The Group analyzes what type of control exists on a case-by-case basis, taking into account the situations illustrated in IAS 27, 28 and 31.

All intra-group balances and transactions are eliminated on consolidation.

A list of the main fully and proportionately consolidated companies, together with investments accounted for by the equity method, is presented in the notes to the consolidated financial statements.

1.5.2 Foreign currency translation methods

1.5.2.1 Presentation currency of the consolidated financial statements

The Group's consolidated financial statements are presented in euros (€).

1.5.2.2 Functional currency

Functional currency is the currency of the primary economic environment in which an entity operates, which in most cases corresponds to local currency. However, certain entities may have a functional currency different from local currency when that other currency is used for an entity's main transactions and better reflects its economic environment.

1.5.2.3 Foreign currency transactions

Foreign currency transactions are recorded in the functional currency at the exchange rate prevailing on the date of the transaction. At each reporting date:

- monetary assets and liabilities denominated in foreign currencies are translated at year-end exchange rates. The related translation gains and losses are recorded in the consolidated statement of income for the year to which they relate;
- non-monetary assets and liabilities denominated in foreign currencies are recognized at the historical cost applicable at the date of the transaction.

1.5.2.4 Translation of the financial statements of subsidiaries with a functional currency other than the euro (the presentation currency)

The statements of financial position of these subsidiaries are translated into euros at the official year-end exchange rates. Income statement and cash flow statement items are translated using the average exchange rate for the year. Any differences arising from the translation of the financial statements of these subsidiaries are recorded under "Cumulative translation differences" as other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of foreign entities are classified as assets and liabilities of those foreign entities and are therefore denominated in the functional currencies of the entities and translated at the year-end exchange rate.

1.5.3 Business combinations

Business combinations carried out prior to January 1, 2010 have been accounted for in accordance with IFRS 3 prior to the revision. In accordance with IFRS 3 revised, these business combinations have not been restated.

Since January 1, 2010, the Group applied the purchase method as defined in IFRS 3 revised, which consists in recognizing the identifiable assets acquired and liabilities assumed at their fair values at the acquisition date, as well as any non-controlling interest in the acquiree. Non-controlling interests are measured either at fair value or at the entity's proportionate interest in the net identifiable assets of the acquiree. The Group determines on a case-by-case basis which measurement option to be used to recognize non controlling interests.

1.5.4 Intangible assets

Intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

1.5.4.1 Goodwill

Recognition of goodwill

Due to the application of IFRS 3 revised at January 1, 2010, the Group is required to separately identify business combinations carried out before or after this date.

Business combinations carried out prior to January 1, 2010

Goodwill represents the excess of the cost of a business combination (acquisition price of shares plus any costs directly attributable to the business combination) over the Group's interest in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities recognized at the acquisition date (except if the business combination is achieved in stages).

For a business combination achieved in stages – *i.e.*, where the Group acquires a subsidiary through successive share purchases – the amount of goodwill is determined for each exchange transaction separately based on the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities at the date of each exchange transaction.

Business combinations carried out after January 1, 2010

Goodwill is measured as the excess of the aggregate of:

(i) the consideration transferred;

(ii) the amount of any non-controlling interests in the acquiree; and

(iii) in a business combination achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree;

over the net of the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed.

The amount of goodwill recognized at the acquisition date cannot be adjusted after the end of the measurement period.

Goodwill relating to interests in associate companies is recorded under "Investments in associates".

Measurement of goodwill

Goodwill is not amortized but tested for impairment each year, or more frequently where an indication of impairment is identified. Impairment tests are carried out at the level of cash-generating units (CGUs) or groups of CGUs which constitute groups of assets generating cash inflows that are largely independent of the cash inflows from other cash-generating units.

The methods used to carry out these impairment tests are described in section 1.5.8 "Impairment of property, plant and equipment and intangible assets".

Impairment losses in relation to goodwill cannot be reversed and are shown under "Impairment" in the consolidated income statement.

Impairment losses on goodwill relating to associate companies are reported under "Share in net income of associates".

1.5.4.2 Other intangible assets

Development costs

Research costs are expensed as incurred.

Development costs are capitalized when the asset recognition criteria set out in IAS 38 are met. Capitalized development costs are amortized over the useful life of the intangible asset recognized. In view of the Group's activities, capitalized development costs are not material.

Other internally-generated or acquired intangible assets

Other intangible assets include mainly:

- amounts paid or payable as consideration for rights relating to concession contracts or public service contracts;
- customer portfolios acquired on business combinations;
- power station capacity rights: the Group helped finance the construction of certain nuclear power stations operated by third parties and in consideration received the right to purchase a share of the production over the useful life of the assets. These rights are amortized over the useful life of the underlying assets, not to exceed 40 years;
- surface and underground water drawing rights, which are not amortized as they are granted indefinitely;
- concession assets;
- the GDF Gaz de France brand and gas supply contracts acquired as part of the business combination with Gaz de France in 2008.

Intangible assets are amortized on the basis of the expected pattern of consumption of the estimated future economic benefits embodied in the asset. Amortization is calculated mainly on a straight-line basis over the following useful lives (in years):

	Useful life	
	Minimum	**Maximum**
Concession rights	10	65
Customer portfolios	10	40
Other intangible assets	1	40

Some intangible assets with an indefinite useful life such as trademarks and water drawing rights are not amortized.

1.5.5 Property, plant and equipment

1.5.5.1 Initial recognition and subsequent measurement

Items of property, plant and equipment are recognized at historical cost less any accumulated depreciation and any accumulated impairment losses.

The carrying amount of these items is not revalued as the Group has elected not to apply the allowed alternative method, which consists of regularly revaluing one or more categories of property, plant and equipment.

Investment subsidies are deducted from the gross value of the assets concerned.

In accordance with IAS 16, the initial cost of the item of property, plant and equipment includes an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, when the entity has a present legal or constructive obligation to dismantle the item or restore the site. A corresponding provision for this obligation is recorded for the amount of the asset component.

Property, plant and equipment acquired under finance leases is carried in the consolidated statement of financial position at the lower of market value and the present value of the related minimum lease payments. The corresponding liability is recognized under borrowings. These assets are depreciated using the same methods and useful lives as set out below.

The Group applies IAS 23, whereby borrowing costs that are directly attributable to the construction of the qualifying asset are capitalized as part of the cost of that asset.

Cushion gas

"Cushion" gas injected into underground storage facilities is essential for ensuring that reservoirs can be operated effectively, and is therefore inseparable from these reservoirs. Unlike "working" gas which is included in inventories, cushion gas is reported in property, plant and equipment. It is measured at average purchase price plus regasification, transportation and injection costs.

1.5.5.2 Depreciation

In accordance with the components approach, each significant component of an item of property, plant and equipment with a different useful life from that of the main asset to which it relates is depreciated separately over its own useful life.

Property, plant and equipment is depreciated mainly using the straight-line method over the following useful lives:

Main depreciation periods *(years)*	**Minimum**	**Maximum**
Plant and equipment		
• Energy		
Storage – Production – Transport – Distribution	5	60 *
Installation – Maintenance	3	10
Hydraulic plant and equipment	20	65
• Environment	2	70
Other property, plant and equipment	2	33

* *Excluding cushion gas.*

The range of useful lives is due to the diversity of the assets in each category. The minimum periods relate to smaller equipment and furniture, while the maximum periods concern network infrastructures and storage facilities. In accordance with the law of January 31, 2003 adopted by the Belgian Chamber of Representatives with respect to the gradual phase-out of nuclear energy for the industrial production of electricity, the useful lives of nuclear power stations were reviewed and adjusted prospectively to 40 years as from 2003.

Fixtures and fittings relating to the hydro plant operated by the Group are depreciated over the shorter of the contract term and useful life of the assets, taking into account the renewal of the concession period if such renewal is considered to be reasonably certain.

1.5.6 Assets relating to the exploration and production of mineral resources

The Group applies IFRS 6 – *Exploration for and Evaluation of Mineral Resources*.

Geological and geophysical studies are expensed in the year in which they are incurred.

Exploration costs (other than geological and geophysical studies) are temporarily capitalized in "pre-capitalized exploration costs"

before the confirmation of the technical feasibility and commercial viability of extracting resources. These exploration drilling costs are temporarily capitalized when the following two conditions are met:

- sufficient reserves have been found to justify completion as a producing well if the required capital expenditure is made;
- the Group has made significant progress in determining that reserves exist and that the project is technically and economically viable. This progress is assessed based on criteria such as whether any additional exploratory work (drilling, seismic studies or other significant surveys) is underway or firmly planned for the near future. Progress is also assessed based on any expenses incurred in conducting development studies and on the fact that the Group may be required to wait for the relevant government or third party authorizations for the project, or for available transport capacity or treatment capacity at existing facilities.

In accordance with this method known as "successful efforts" method, when the exploratory phase has resulted in proven, commercially viable reserves, the related costs are reported in property, plant and equipment and depreciated over the period during which the reserves are extracted. Otherwise, the costs are expensed as incurred.

Depreciation begins when the oil field is brought into production.

Production assets including site rehabilitation costs are depreciated using the unit of production method (UOP) in proportion to the depletion of the oil field, and based on proven developed reserves.

1.5.7 Concession arrangements

SIC 29 – *Service Concession Arrangements: Disclosures* prescribes the information that should be disclosed in the notes to the financial statements of a concession grantor and concession operator, while IFRIC 12 deals with the treatment to be applied by the concession operator in respect of certain concession arrangements.

These interpretations set out the common features of concession arrangements:

- concession arrangements involve the provision of a public service and the management of associated infrastructure, together with specific capital renewal and replacement obligations;
- the grantor is contractually obliged to offer these services to the public (this criterion must be met for the arrangement to qualify as a concession);
- the operator is responsible for at least some of the management of the infrastructure and does not merely act as an agent on behalf of the grantor;
- the contract sets the initial prices to be levied by the operator and regulates price revisions over the concession period.

For a concession arrangement to fall within the scope of IFRIC 12, usage of the infrastructure must be controlled by the concession grantor. This requirement is met when:

- the grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and
- the grantor controls the infrastructure, *i.e.*, retains the right to take back the infrastructure at the end of the concession.

Under IFRIC 12, the operator's rights over infrastructure operated under concession arrangements should be accounted for based on the party responsible for payment. Accordingly:

- the "intangible asset" model is applied when the concession operator has the right to charge for use of the public sector asset, and when users have primary responsibility to pay the operator for the services; and
- the "financial asset" model is applied when the concession operator has an unconditional right to receive cash or another financial asset, either directly from the grantor or indirectly by means of a guarantee provided by the grantor for amounts receivable from users of the public sector asset (for example, *via* a contractually guaranteed internal rate of return), or in other words, when the grantor is primarily responsible for payment.

"Primary responsibility" signifies that while the identity of the payer of the services is not an essential criterion, the person ultimately responsible for payment should be identified.

In cases where the local authority pays the Group but merely acts as an intermediary fee collector and does not guarantee the amounts receivable ("pass through arrangement"), the intangible asset model should be used to account for the concession since the users are, in substance, primarily responsible for payment.

However, where the users pay the Group, but the local authority guarantees the amounts that will be paid over the term of the contract (e.g., *via* a guaranteed internal rate of return), the financial asset model should be used to account for the concession infrastructure, since the local authority is, in substance, primarily responsible for payment. In practice, the financial asset model is mainly used to account for BOT (Build, Operate and Transfer) contracts entered into with local authorities for public services such as wastewater treatment and household waste incineration.

Pursuant to these principles:

- infrastructure to which the operator is given access by the grantor of the concession at no consideration is not recognized in the consolidated statement of financial position;
- start-up capital expenditure is recognized as follows:
  - under the intangible asset model, the fair value of construction and other work on the infrastructure represents the acquisition cost of the intangible asset and should be recognized when the infrastructure is built provided that this work is expected to generate future economic benefits (e.g., the case of work carried out to extend the network). Where no such economic benefits are expected, the present value of commitments in respect of construction and other work on the infrastructure is recognized from the outset, with a corresponding adjustment to concession liabilities,
  - under the financial asset model, the amount receivable from the grantor is recognized at the time the infrastructure is built, at the fair value of the construction and other work carried out,

- when the grantor has a payment obligation for only part of the investment, the cost is recognized in financial assets for the amount guaranteed by the grantor, with the balance included in intangible assets ("mixed model").

Renewal costs consist of obligations under concession arrangements with potentially different terms and conditions (obligation to restore the site, renewal plan, tracking account, etc.).

Renewal costs are recognized as either (i) intangible or financial assets depending on the applicable model when the costs are expected to generate future economic benefits (*i.e.*, they bring about an improvement); or (ii) expenses, where no such benefits are expected to be generated (*i.e.*, the infrastructure is restored to its original condition).

Costs incurred to restore the asset to its original condition are recognized as a renewal asset or liability when there is a timing difference between the contractual obligation calculated on a time proportion basis, and its realization.

The costs are calculated on a case-by-case basis based on the obligations associated with each arrangement.

Other concessions

Concession infrastructures that do not meet the requirements of IFRIC 12 are presented as property, plant and equipment.

This is the case of the distribution of gas in France. The related assets are recognized in accordance with IAS 16, since GrDF operates its network under long-term concession arrangements, most of which are renewed upon expiration pursuant to French law No. 46-628 of April 8, 1946.

1.5.8 Impairment of property, plant and equipment and intangible assets

In accordance with IAS 36, impairment tests are carried out on items of property, plant and equipment and intangible assets where there is an indication that the assets may be impaired. Such indications may be based on events or changes in the market environment, or on internal sources of information. Intangible assets that are not amortized are tested for impairment annually.

Impairment indicators

Property, plant and equipment and intangible assets with finite useful lives are only tested for impairment when there is an indication that they may be impaired. This is generally the result of significant changes to the environment in which the assets are operated or when economic performance is worse than expected.

The main impairment indicators used by the Group are described below:

- external sources of information:
  - significant changes in the economic, technological, political or market environment in which the entity operates or to which an asset is dedicated,
  - fall in demand,
  - changes in energy prices and US dollar exchange rates,
  - carrying amount of an asset exceeding its regulated asset base;
- internal sources of information:
  - evidence of obsolescence or physical damage not budgeted for in the depreciation/amortization schedule,
  - worse-than-expected performance,
  - fall in resources for Exploration & Production activities.

Impairment

Items of property, plant and equipment and intangible assets are tested for impairment at the level of the individual asset or cash-generating unit (CGU) as appropriate, determined in accordance with IAS 36. If the recoverable amount of an asset is lower than its carrying amount, the carrying amount is written down to the recoverable amount by recording an impairment loss. Upon recognition of an impairment loss, the depreciable amount and possibly the useful life of the assets concerned is revised.

Impairment losses recorded in relation to property, plant and equipment or intangible assets may be subsequently reversed if the recoverable amount of the assets is once again higher than their carrying value. The increased carrying amount of an item of property, plant or equipment attributable to a reversal of an impairment loss may not exceed the carrying amount that would have been determined (net of depreciation/amortization) had no impairment loss been recognized in prior periods.

Measurement of recoverable amount

In order to review the recoverable amount of property, plant and equipment and intangible assets, the assets are grouped, where appropriate, into cash-generating units (CGUs) and the carrying amount of each unit is compared with its recoverable amount.

For operating entities which the Group intends to hold on a long-term and going concern basis, the recoverable amount of an asset corresponds to the higher of its fair value less costs to sell and its value in use. Value in use is primarily determined based on the present value of future operating cash flows and a terminal value. Standard valuation techniques are used based on the following main economic data:

- discount rates based on the specific characteristics of the operating entities concerned;
- terminal values in line with the available market data specific to the operating segments concerned and growth rates associated with these terminal values, not to exceed the inflation rate.

Discount rates are determined on a post-tax basis and applied to post-tax cash flows. The recoverable amounts calculated on the basis of these discount rates are the same as the amounts obtained by applying the pre-tax discount rates to cash flows estimated on a pre-tax basis, as required by IAS 36.

For operating entities which the Group has decided to sell, the related carrying amount of the assets concerned is written down to estimated market value less costs of disposal. Where negotiations are ongoing, this value is determined based on the best estimate of their outcome as of the reporting date.

In the event of a decline in value, the impairment loss is recorded in the consolidated income statement under "Impairment".

1.5.9 Leases

The Group holds assets for its various activities under lease contracts.

These leases are analyzed based on the situations and indicators set out in IAS 17 in order to determine whether they constitute operating leases or finance leases.

A finance lease is defined as a lease which transfers substantially all the risks and rewards incidental to the ownership of the related asset to the lessee. All leases which do not comply with the definition of a finance lease are classified as operating leases.

The following main factors are considered by the Group to assess if a lease transfers substantially all the risks and rewards incidental to ownership: whether (i) the lessor transfers ownership of the asset to the lessee by the end of the lease term; (ii) the lessee has an option to purchase the asset and if so, the conditions applicable to exercising that option; (iii) the lease term is for the major part of the economic life of the asset; (iv) the asset is of a highly specialized nature; and (v) the present value of minimum lease payments amounts to at least substantially all of the fair value of the leased asset.

1.5.9.1 Accounting for finance leases

On initial recognition, assets held under finance leases are recorded as property, plant and equipment and the related liability is recognized under borrowings. At inception of the lease, finance leases are recorded at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments.

1.5.9.2 Accounting for operating leases

Payments made under operating leases are recognized as an expense on a straight-line basis over the lease term.

1.5.9.3 Accounting for arrangements that contain a lease

IFRIC 4 deals with the identification of services and take-or-pay sales or purchasing contracts that do not take the legal form of a lease but convey rights to customers/suppliers to use an asset or a group of assets in return for a payment or a series of fixed payments. Contracts meeting these criteria should be identified as either operating leases or finance leases. In the latter case, a finance receivable should be recognized to reflect the financing deemed to be granted by the Group where it is considered as acting as lessor and its customers as lessees.

The Group is concerned by this interpretation mainly with respect to:

- some energy purchase and sale contracts, particularly where the contract conveys to the purchaser of the energy an exclusive right to use a production asset;
- certain contracts with industrial customers relating to assets held by the Group.

1.5.10 Inventories

Inventories are measured at the lower of cost and net realizable value. Net realizable value corresponds to the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories is determined based on the first-in, first-out method or the weighted average cost formula.

Nuclear fuel purchased is consumed in the process of producing electricity over a number of years. The consumption of this nuclear fuel inventory is recorded based on estimates of the quantity of electricity produced per unit of fuel.

Gas inventories

Gas injected into underground storage facilities includes working gas which can be withdrawn without adversely affecting the operation of the reservoir, and cushion gas which is inseparable from the reservoirs and essential for their operation (see the section on property, plant and equipment).

Working gas is classified in inventory and measured at weighted average purchase cost upon entering the transportation network regardless of its source, including any regasification costs.

Group inventory outflows are valued using the weighted average unit cost method.

An impairment loss is recognized when the net realizable value of inventories is lower than their weighted average cost.

Greenhouse gas emissions rights

Under European Directive 2003/87/EC establishing a greenhouse gas (GHG) emissions allowance trading scheme within the European Union, several of the Group's industrial sites were granted GHG emission rights free of charge. Under the Directive, each year the sites concerned have to surrender a number of allowances equal to the total emissions from the installations during the previous calendar year. Therefore, the Group may have to purchase emissions allowances on pollution rights markets in order to cover any shortfall in the allowances required for surrender.

As there are no specific rules under IFRS dealing with the accounting treatment of GHG emissions allowances, the Group decided to apply the following principles:

- emission rights are classified as inventories, as they are consumed in the production process;
- emission rights granted free of charge are recorded in the statement of financial position at a value of nil;
- emission rights purchased on the market are recognized at acquisition cost.

The Group records a liability at year-end in the event that it does not have enough emission rights to cover its GHG emissions during the period. This liability is measured at the market value of the allowances required to meet its obligations at year-end.

1.5.11 Financial instruments

Financial instruments are recognized and measured in accordance with IAS 32 and IAS 39.

1.5.11.1 Financial assets

Financial assets comprise available-for-sale securities, loans and receivables carried at amortized cost including trade and other receivables, and financial assets measured at fair value through income, including derivative financial instruments. Financial assets are broken down into current and non-current assets in the consolidated statement of financial position.

Available-for-sale securities

"Available-for-sale securities" include the Group's investments in non-consolidated companies and equity or debt instruments that do not satisfy the criteria for classification in another category (see below). Cost is determined using the weighted average cost formula.

These items are measured at fair value on initial recognition, which generally corresponds to the acquisition cost plus transaction costs.

At each reporting date, available-for-sale securities are measured at fair value. For listed securities, fair value is determined based on the quoted market price at the reporting date. For unlisted securities, fair value is measured using valuation models based primarily on recent market transactions, discounted dividends and future cash flows or net asset value. Changes in fair value are recorded directly in other comprehensive income, except when the decline in the value of the investment below its historical acquisition cost is judged significant or prolonged enough to require an impairment loss to be recognized. In this case, the loss is recognized in income under "Impairment". Only impairment losses recognized on debt instruments (debt securities/bonds) may be reversed through income.

Loans and receivables carried at amortized cost

This item primarily includes loans and advances to associates or non-consolidated companies, guarantee deposits, trade and other receivables.

On initial recognition, these loans and receivables are recorded at fair value plus transaction costs. At each statement of financial position date, they are measured at amortized cost using the effective interest rate method.

On initial recognition, trade and other receivables are recorded at fair value, which generally corresponds to their nominal value. Impairment losses are recorded based on the estimated risk of non-recovery. This item also includes amounts due from customers under construction contracts.

Financial assets at fair value through income

These financial assets meet the qualification or designation criteria set out in IAS 39.

This item mainly includes trading securities and short-term investments which do not meet the criteria for classification as cash or cash equivalents (see section 1.5.12). The financial assets are measured at fair value at the statement of financial position date and changes in fair value are recorded in the consolidated income statement.

1.5.11.2 Financial liabilities

Financial liabilities include borrowings, trade and other payables, derivative financial instruments and other financial liabilities.

Financial liabilities are broken down into current and non-current liabilities in the consolidated statement of financial position. Current financial liabilities primarily comprise:

- financial liabilities with a settlement or maturity date within 12 months after the reporting date;
- financial liabilities in respect of which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting date;
- financial liabilities held primarily for trading purposes;
- derivative financial instruments qualifying as fair value hedges where the underlying is classified as a current item;
- all commodity trading derivatives not qualifying as hedges.

Measurement of borrowings and other financial liabilities

Borrowings and other financial liabilities are measured at amortized cost using the effective interest rate method.

On initial recognition, any issue or redemption premiums and discounts and issuing costs are added to/deducted from the nominal value of the borrowings concerned. These items are taken into account when calculating the effective interest rate and are therefore recorded in the consolidated income statement over the life of the borrowings using the amortized cost method.

As regards structured debt instruments that do not have an equity component, the Group may be required to separate an "embedded" derivative instrument from its host contract. The conditions under which these instruments must be separated are detailed below. When an embedded derivative is separated from its host contract, the initial carrying amount of the structured instrument is broken down into an embedded derivative component, corresponding to the fair value of the embedded derivative, and a financial liability component, corresponding to the difference between the amount of the issue and the fair value of the embedded derivative. The separation of components upon initial recognition does not give rise to any gains or losses.

The debt is subsequently recorded at amortized cost using the effective interest method, while the derivative is measured at fair value, with changes in fair value taken to income.

Put options on non-controlling interests

Other financial liabilities primarily include put options granted by the Group in respect of non-controlling interests.

Put options on non-controlling interests granted prior to January 1, 2010

As no specific guidance is provided by IFRS, and based on recommendations issued by the AMF for the 2009 reporting

period, the Group decided to continue accounting for instruments recognized prior to January 1, 2010 using its previous accounting policies:

- when the put option is initially granted, the present value of the exercise price is recognized as a financial liability, with a corresponding reduction in non-controlling interests. When the value of the put option is greater than the carrying amount of the non-controlling interests, the difference is recognized as goodwill;
- at each reporting date, the amount of the financial liability is revised and any changes in the amount are recorded with a corresponding adjustment to goodwill;
- payments of dividends to non-controlling interests result in an increase in goodwill;
- in the consolidated income statement, non-controlling interests are allocated their share in income. In the consolidated statement of financial position, the share in income allocated to non-controlling interests reduces the carrying amount of goodwill. No finance costs are recognized in respect of changes in the fair value of liabilities recognized against goodwill.

1.5.11.3 Derivatives and hedge accounting

The Group uses financial instruments to manage and reduce its exposure to market risks arising from fluctuations in interest rates, foreign currency exchange rates and commodity prices, mainly for gas and electricity. The use of derivative instruments is governed by a Group policy for managing interest rate, currency and commodity risks.

Definition and scope of derivative financial instruments

Derivative financial instruments are contracts: (i) whose value changes in response to the change in one or more observable variables; (ii) that do not require any material initial net investment; and (iii) that are settled at a future date.

Derivative instruments therefore include swaps, options, futures and swaptions, as well as forward commitments to purchase or sell listed and unlisted securities, and firm commitments or options to purchase or sell non-financial assets that involve physical delivery of the underlying.

For purchases and sales of electricity and natural gas, the Group systematically analyzes whether the contract was entered into in the "normal" course of operations and therefore falls outside the scope of IAS 39. This analysis consists firstly of demonstrating that the contract is entered into and held for the purpose of making or taking physical delivery of the commodity in accordance with the Group's expected purchase, sale or usage requirements.

The second step is to demonstrate that:

- the Group has no practice of settling similar contracts on a net basis. In particular, forward purchases or sales with physical delivery of the underlying that are carried out with the sole purpose of balancing Group energy volumes are not considered by the Group as contracts that are settled net;
- the contract is not negotiated with the aim of realizing financial arbitration;
- the contract is not equivalent to a written option. In particular, in the case of electricity and gas sales allowing the buyer a certain degree of flexibility concerning the volumes delivered, the Group distinguishes between contracts that are equivalent to capacity sales considered as transactions falling within the scope of ordinary operations and those that are equivalent to written financial options, which are accounted for as derivative financial instruments.

Only contracts that meet all of the above conditions are considered as falling outside the scope of IAS 39. Adequate specific documentation is compiled to support this analysis.

Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

The main Group contracts that may contain embedded derivatives are contracts with clauses or options affecting the contract price, volume or maturity. This is the case primarily with contracts for the purchase or sale of non-financial assets, whose price is revised based on an index, the exchange rate of a foreign currency or the price of an asset other than the contract's underlying.

Embedded derivatives are separated from the host contract and accounted for as derivatives when:

- the host contract is not a financial instrument measured at fair value through income;
- if separated from the host contract, the embedded derivative fulfills the criteria for classification as a derivative instrument (existence of an underlying, no material initial net investment, settlement at a future date); and
- its characteristics are not closely related to those of the host contract. The analysis of whether or not the characteristics of the derivative are "closely related" to the host contract is made when the contract is signed.

Embedded derivatives that are separated from the host contract are recognized in the consolidated statement of financial position at fair value, with changes in fair value recognized in income (except when the embedded derivative is part of a designated hedging relationship).

Hedging instruments: recognition and presentation

Derivative instruments qualifying as hedging instruments are recognized in the consolidated statement of financial position and measured at fair value. However, their accounting treatment varies according to whether they are classified as:

- a fair value hedge of an asset or liability;
- a cash flow hedge;
- a hedge of a net investment in a foreign operation.

Fair value hedges

A fair value hedge is defined as a hedge of the exposure to changes in fair value of a recognized asset or liability such as a fixed-rate loan or borrowing, or of assets, liabilities or an unrecognized firm commitment denominated in a foreign currency.

The gain or loss from remeasuring the hedging instrument at fair value is recognized in income. The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is also recognized in income even if the hedged item is in a category in respect of which changes in fair value are recognized through other comprehensive income. These two adjustments are presented net in the consolidated income statement, with the net effect corresponding to the ineffective portion of the hedge.

Cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows that could affect the Group's income. The hedged cash flows may be attributable to a particular risk associated with a recognized financial or non-financial asset or a highly probable forecast transaction.

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in other comprehensive income, net of tax, while the ineffective portion is recognized in income. The gains or losses accumulated in equity are reclassified to the consolidated income statement under the same caption as the loss or gain on the hedged item – *i.e.*, current operating income for operating cash flows and financial income or expenses for other cash flows – in the same periods in which the hedged cash flows affect income.

If the hedging relationship is discontinued, in particular because the hedge is no longer considered effective, the cumulative gain or loss on the hedging instrument remains separately recognized in equity until the forecast transaction occurs. However, if a forecast transaction is no longer expected to occur, the cumulative gain or loss on the hedging instrument is recognized in income.

Hedge of a net investment in a foreign operation

In the same way as for a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge of the currency risk is recognized directly in other comprehensive income, net of tax, while the ineffective portion is recognized in income. The gains or losses accumulated in other comprehensive income are transferred to the consolidated income statement when the investment is sold.

Identification and documentation of hedging relationships

The hedging instruments and hedged items are designated at the inception of the hedging relationship. The hedging relationship is formally documented in each case, specifying the hedging strategy, the hedged risk and the method used to assess hedge effectiveness. Only derivative contracts entered into with external counterparties are considered as being eligible for hedge accounting.

Hedge effectiveness is assessed and documented at the inception of the hedging relationship and on an ongoing basis throughout the periods for which the hedge was designated. Hedges are considered to be effective when changes in fair value or cash flows between the hedging instrument and the hedged item are offset within a range of 80%-125%.

Hedge effectiveness is demonstrated both prospectively and retrospectively using various methods, based mainly on a comparison between changes in the fair value or cash flows between the hedging instrument and the hedged item. Methods based on an analysis of statistical correlations between historical price data are also used.

Derivative instruments not qualifying for hedge accounting: recognition and presentation

These items mainly concern derivative financial instruments used in economic hedges that have not been – or are no longer – documented as hedging relationships for accounting purposes.

When a derivative financial instrument does not qualify or no longer qualifies for hedge accounting, changes in fair value are recognized directly in income, under "Mark-to-market" or "Mark-to-market on commodity contracts other than trading instruments" in current operating income for derivative instruments with non-financial assets as the underlying, and in financial income or expenses for currency, interest rate and equity derivatives.

Derivative instruments used by the Group in connection with proprietary energy trading activities and energy trading on behalf of customers and other derivatives expiring in less than 12 months are recognized in the consolidated statement of financial position in current assets and liabilities, while derivatives expiring after this period are classified as non-current items.

Fair value measurement

The fair value of instruments listed on an active market is determined by reference to the market price. In this case, these instruments are presented in level 1 of the fair value hierarchy.

The fair value of unlisted financial instruments for which there is no active market and for which observable market data exist is determined based on valuation techniques such as option pricing models or the discounted cash flow method.

Models used to evaluate these instruments take into account assumptions based on market inputs:

- the fair value of interest rate swaps is calculated based on the present value of future cash flows;
- the fair value of forward foreign exchange contracts and currency swaps is calculated by reference to current prices for contracts with similar maturities by discounting the future cash flow spread (difference between the forward exchange rate under the contract and the forward exchange rate recalculated in line with the new market conditions applicable to the nominal amount);
- the fair value of currency and interest rate options is calculated using option pricing models;
- commodity derivatives contracts are valued by reference to listed market prices based on the present value of future cash flows (commodity swaps or commodity forwards) or option pricing models (options), which may factor in market price volatility. Contracts with maturities exceeding the depth of transactions for which prices are observable, or which are particularly complex, may be valued based on internal assumptions;

- exceptionally, for complex contracts negotiated with independent financial institutions, the Group uses the values established by its counterparties.

These instruments are presented in level 2 of the fair value hierarchy except when the evaluation is based mainly on data that are not observable; in this case they are presented in level 3 of the fair value hierarchy. Most often, this is the case for derivatives with a maturity that falls outside the observability period for market data relating to the underlying or when some parameters such as the volatility of the underlying are not observable.

1.5.12 Cash and cash equivalents

These items include cash equivalents as well as short-term investments that are considered to be readily convertible into a known amount of cash and where the risk of a change in their value is deemed to be negligible based on the criteria set out in IAS 7.

Bank overdrafts are not included in the calculation of cash and cash equivalents and are recorded under “Short-term borrowings”.

1.5.13 Treasury shares

Treasury shares are recognized at cost and deducted from equity. Gains and losses on disposals of treasury shares are recorded directly in equity and do not therefore impact income for the period.

1.5.14 Share-based payment

Under IFRS 2, share-based payments made in consideration for services provided are recognized as personnel costs. These services are measured at the fair value of the instruments awarded.

Share-based payments may involve equity-settled or cash-settled instruments.

Equity-settled instruments

1.5.14.1 Stock option plans

Options granted by the Group to its employees are measured at the grant date using a binomial pricing model for options with no performance conditions or using a Monte Carlo pricing model for options with performance conditions. These models take into account the characteristics of the plan concerned (exercise price, exercise period, performance conditions if any), market data at the time of grant (risk-free rate, share price, volatility, expected dividends), and a behavioral assumption in relation to beneficiaries. The value determined is recorded in personnel costs over the vesting period, offset through equity.

1.5.14.2 Shares and Performance Shares granted to employees

The fair value of bonus share plans is estimated by reference to the share price at the grant date, taking into account the fact that no dividends are payable over the vesting period, and based on the estimated turnover rate for the employees concerned and the probability that the Group will meet its performance targets. The fair value measurement also takes into account the non-transferability period associated with these instruments. The cost of shares granted to employees is expensed over the vesting period of the rights and offset against equity.

A Monte Carlo pricing model is used for Performance Shares granted on a discretionary basis and subject to external performance criteria.

1.5.14.3 Employee share purchase plans

The Group’s corporate savings plans enable employees to subscribe to shares at a lower-than-market price. The fair value of instruments awarded under employee share purchase plans is estimated at the grant date based on the discount awarded to employees and the non-transferability period applicable to the shares subscribed. The cost of employee share purchase plans is recognized in full and offset against equity.

Cash-settled instruments

In some countries where local legislation prevents the Group from offering employee share purchase plans, the instruments awarded consist of share appreciation rights (SARs). SARs are settled in cash. Their fair value is expensed over the vesting period of the rights, with an offsetting entry recorded in employee-related liabilities.

Changes in the fair value of the liability are taken to income for each period.

1.5.15 Provisions

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

Depending on the laws and practices in force in the countries where GDF SUEZ operates, Group companies have obligations in terms of pensions, early retirement payments, retirement bonuses and other benefit plans. Such obligations generally apply to all of the employees within the companies concerned.

The Group’s obligations in relation to pensions and other employee benefits are recognized and measured in compliance with IAS 19. Accordingly:

- the cost of defined contribution plans is expensed based on the amount of contributions payable in the period;
- the Group’s obligations concerning pensions and other employee benefits payable under defined benefit plans are assessed on an actuarial basis using the projected unit credit method. These calculations are based on assumptions relating to mortality, staff turnover and estimated future salary increases, as well as the economic conditions specific to each country or subsidiary of the Group. Discount rates are determined by reference to the yield, at the measurement date, on high-quality corporate bonds in the related geographical area (or on government bonds in countries where no representative market for such corporate bonds exists).

Provisions are recorded when commitments under these plans less the unrecognized past service cost exceed the fair value of plan assets. Where the value of plan assets (capped where appropriate) is greater than the related commitments, the surplus is recorded as an asset under “Other current assets” or “Other non-current assets”.

As regards post-employment benefit obligations, the Group elected in 2006 to use the option available under IAS 19 and to discontinue the corridor method.

Actuarial gains and losses resulting from changes in actuarial assumptions and experience adjustments are henceforth recognized in other comprehensive income. Where appropriate, adjustments resulting from applying the asset ceiling to net assets relating to overfunded plans are treated in a similar way.

However, actuarial gains and losses on other long-term benefits such as long-service awards, continue to be recognized immediately in income.

The interest cost in respect of pensions and other employee benefit obligations and the expected return on related plan assets are presented as a financial expense.

1.5.15.2 Other provisions

The Group records a provision where it has a present obligation (legal or constructive), the settlement of which is expected to result in an outflow of resources embodying economic benefits with no corresponding consideration in return.

A provision for restructuring costs is recorded when the general criteria for setting up a provision are met, *i.e.*, when the Group has a detailed formal plan relating to the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Provisions with a maturity of over 12 months are discounted when the effect of discounting is material. The Group’s main long-term provisions are provisions for nuclear waste reprocessing and storage, provisions for dismantling facilities and provisions for site restoration costs. The discount rate (or rates) used reflect current market assessments of the time value of money and the risks specific to the liability concerned. Expenses corresponding to the reversal of discounting adjustments to long-term provisions are recorded under other financial income and expenses.

A provision is recognized when the Group has a present legal or constructive obligation to dismantle facilities or to restore a site. An asset is recorded simultaneously by including this dismantling obligation in the carrying amount of the facilities concerned. Adjustments to the provision due to subsequent changes in the expected outflow of resources, the dismantling date or the discount rate are deducted from or added to the cost of the corresponding asset in a symmetrical manner. The impacts of unwinding the discount are recognized in expenses for the period.

1.5.16 Revenues

Group revenues (as defined by IAS 18) are mainly generated from the following:

- energy sales;
- rendering of services;
- lease and construction contracts.

Revenues on sales of goods are recognized on delivery, *i.e.*, when the significant risks and rewards of ownership are transferred to the buyer. For services and construction contracts, revenues are recognized using the percentage-of-completion method. In both cases, revenues are recognized solely when the transaction price is fixed or can be reliably determined and the recovery of the amounts due is probable.

Revenues are measured at the fair value of the consideration received or receivable. Where deferred payment has a material impact on the measurement of the fair value of this consideration, this is taken into account by discounting future receipts.

1.5.16.1 Energy sales

These revenues primarily include sales of electricity and gas, transport and distribution fees relating to services such as electricity and gas distribution network maintenance, and heating network sales.

Part of the price received by the Group under certain long-term energy sales contracts may be fixed rather than being based on volumes. In rare cases, the fixed amount can change over the term of the contract. In accordance with IAS 18, revenues from such components are recognized on a straight-line basis because, in substance, the fair value of the services rendered does not vary from one period to the next.

In accordance with IAS 1 and IAS 18, both proprietary energy trading transactions and energy trading carried out on behalf of customers are recorded within “Revenues” after netting off sales and purchases. Under the same principle, when sale contracts are offset by similar purchase contracts, or if the sale contracts are entered into as part of an offset strategy, the contribution of operational energy trading activities (wholesale or arbitrage) relating to assets, aimed at optimizing production assets and fuel purchase energy sale portfolios, is recognized in revenues based on the net amount.

1.5.16.2 Rendering of services

Environment

Water

Revenues generated by water distribution are recognized based on volumes delivered to customers, either specifically metered and invoiced or estimated based on the output of the supply networks.

For sanitation services and wastewater treatment, either the price of the services is included in the water distribution invoice or it is specifically invoiced to the local authority or industrial customer concerned.

Commission fees received from the grantors of concessions are recorded as revenues.

Waste services

Revenues arising from waste collection are generally recognized based on the tonnage collected and the service provided by the operator.

Revenues from other forms of treatment (principally sorting and incineration) are recognized based on volumes processed by the operator and the incidental revenues generated by recycling and reuse, such as the sale of paper, cardboard, glass, metals and plastics for sorting centers, and the sale of electricity and heat for incinerators.

Energy services

These revenues relate mainly to installation, maintenance and energy services, and are recognized in accordance with IAS 18, which requires services to be accounted for on a percentage-of-completion basis.

1.5.16.3 Lease and construction contracts

Revenues from construction contracts are determined using the percentage-of-completion method and more generally according to the provisions of IAS 11. Depending on the contract concerned, the stage of completion may be determined either based on the proportion that costs incurred to date bear to the estimated total costs of the transaction, or on the physical progress of the contract based on factors such as contractually defined stages.

Revenues also include revenues from financial concession assets (IFRIC 12) and finance lease receivables (IFRIC 4).

1.5.17 Current operating income

Current operating income is an indicator used by the Group to present "a level of operational performance that can be used as part of an approach to forecast recurring performance". (This complies with CNC Recommendation 2009-R03 on the format of financial statements of entities applying IFRSs.) Current operating income is a sub-total which helps management to better understand the Group's performance because it excludes elements which are inherently difficult to predict due to their unusual, irregular or non-recurring nature. For GDF SUEZ, such elements relate to mark-to-market on commodity contracts other than trading instruments, asset impairment, restructuring costs, changes in the scope of consolidation and other non-recurring items, and are defined as follows:

- mark-to-market on commodity contracts other than trading instruments corresponds to changes in the fair value (mark-to-market) of financial instruments relating to commodities, gas and electricity, which do not qualify as either trading or hedging instruments. These contracts are used in economic hedges of operating transactions in the energy sector. Since changes in the fair value of these instruments which must be recognized through income in IAS 39 can be material and difficult to predict, they are presented on a separate line of the consolidated income statement;
- impairment includes impairment losses on non-current assets;
- restructuring costs concern costs corresponding to a restructuring program planned and controlled by management that materially changes either the scope of a business undertaken by the entity, or the manner in which that business is conducted, based on the criteria set out in IAS 37;
- changes in the scope of consolidation.

  This line includes:

  - costs related to acquisitions of controlling interests,
  - in the event of a business combination achieved in stages, impacts of the remeasurement of the previously held equity interest at acquisition-date fair value,
  - subsequent changes in the fair value of contingent consideration;
  - gains or losses from disposals of investments which result in a change in consolidation method, as well as any impact of the remeasurement of retained interests.
- Other non-recurring items notably include capital gains and losses on disposals of non-current assets and available-for-sale securities.

1.5.18 Consolidated statement of cash flows

The consolidated statement of cash flows is prepared using the indirect method starting from net income.

"Interest received on non-current financial assets" is classified within investing activities because it represents a return on investments. "Interest received on cash and cash equivalents" is shown as a component of financing activities because the interest can be used to reduce borrowing costs. This classification is consistent with the Group's internal organization, where debt and cash are managed centrally by the Treasury Department.

As impairment losses on current assets are considered to be definitive losses, changes in current assets are presented net of impairment.

Cash flows relating to the payment of taxes are presented on a separate line of the consolidated statement of cash flows.

1.5.19 Income tax expense

The Group computes taxes in accordance with prevailing tax legislation in the countries where income is taxable.

In accordance with IAS 12, deferred taxes are recognized according to the liability method on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and their tax bases, using tax rates that have been enacted or substantively enacted by the reporting date. However, under the provisions of IAS 12, no deferred taxes are recognized for temporary differences arising from goodwill for which impairment losses are not deductible for tax purposes, or from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting income nor taxable income. In addition, deferred tax assets are only recognized to the extent that it is probable that taxable income will be available against which the deductible temporary difference can be utilized.

Temporary differences arising on restatements of finance leases result in the recognition of deferred taxes.

A deferred tax liability is recognized for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures, except if the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Net balances of deferred tax are calculated based on the tax position of each company or on the total income of companies included within the consolidated tax group, and are presented in assets or liabilities for their net amount per tax entity.

Deferred taxes are reviewed at each reporting date to take into account factors including the impact of changes in tax laws and the prospects of recovering deferred tax assets arising from deductible temporary differences.

Deferred tax assets and liabilities are not discounted.

1.5.20 Earnings per share

Basic earnings per share are calculated by dividing net income Group share for the year by the weighted average number of ordinary shares outstanding during the year. The average number of ordinary shares outstanding during the year is the number of ordinary shares outstanding at the beginning of the year, adjusted by the number of ordinary shares bought back or issued during the year.

The weighted average number of shares and earnings per share are adjusted to take into account the impact of the conversion or exercise of any dilutive potential ordinary shares (options, warrants and convertible bonds, etc.).

NOTE 2 MAIN CHANGES IN GROUP STRUCTURE

2.1 Main acquisitions in the year ended December 31, 2011

2.1.1 Acquisition of International Power plc

2.1.1.1 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's 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 its acquisition of International Power, having met all conditions precedent. These included approval from certain regulatory or competition authorities, some reorganizational measures concerning the corporate structure and the scope of the assets and business contributed, and admission of the new International Power shares to listing on the Official List of the UK Listing Authority (UKLA) and to trading on the London Stock Exchange's main market.

The acquisition of International Power took the form of a 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 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.

2.1.1.2 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).

2.1.1.3 Impact of the acquisition on the consolidated financial statements

The Group elected to measure non-controlling interests at 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 both GDF SUEZ and International Power. Following the acquisition of International Power, the Group obtained control of Hidd Power Company (see Note 2.3).

At December 31, 2011, the final accounting for the business combination had been completed.

The following table shows the fair values assigned to the identifiable assets and liabilities of International Power (including Hidd Power Company) at the acquisition date:

In millions of euros	Total
Non-current assets	
Intangible assets, net	430
Property, plant and equipment, net	10,941
Available-for-sale securities	121
Loans and receivables at amortized cost	1,265
Derivative instruments	87
Investments in associates	1,158
Other non-current assets	89
Deferred tax assets	38
TOTAL NON-CURRENT ASSETS	**14,129**
Current assets	
Loans and receivables at amortized cost	109
Derivative instruments	31
Trade and other receivables, and other assets	1,081
Inventories	334
Cash and cash equivalents	1,232
TOTAL CURRENT ASSETS	**2,787**
Non-current liabilities	
Provisions	116
Long-term borrowings	7,451
Derivative instruments	152
Other non-current liabilities	132
Deferred tax liabilities	1,034
TOTAL NON-CURRENT LIABILITIES	**8,885**
Current liabilities	
Provisions	230
Short-term borrowings	669
Derivative instruments	608
Trade and other payables, and other liabilities	1,228
TOTAL CURRENT LIABILITIES	**2,735**
TOTAL NET ASSETS (100%)	**5,296**
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	2,932
GOODWILL	**2,822**

Goodwill amounting to €2,822 million mainly reflects expected operating synergies (optimization of central and regional costs, streamlining of purchases and maintenance agreements) and financial synergies (refinancing certain borrowings to benefit from the lower financing costs applicable to the new Group).

This acquisition resulted in a €6,458 million increase in equity, of which €6,303 million related to non-controlling interests. The remaining €155 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 €427 million on the Group's cash flows, which breaks down as:

- cash and cash equivalents acquired at the acquisition date: €1,232 million;
- payment of a special dividend: €(1,659) million.

Acquisition-related costs totaled €64 million and are shown on the "Changes in scope of consolidation" line in the income statement. Most of these costs 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 year to December 31, 2011 amounted to €4,050 million, €590 million and €208 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 €74 million, respectively.

2.1.2 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 AceaElectrabel group's activities were jointly controlled by GDF SUEZ and Acea and were therefore proportionately consolidated in the Group's 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 with 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 sold its 40.59% interest in AceaElectrabel Elettricita (AEE), a company that markets gas and power in the municipality of Rome, to Acea for €57 million;
- following a spinoff 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.

Following the acquisition of the controlling interest in AEP and AET, the Group remeasured its previously-held interests in these entities in accordance with IFRS 3. The net impact of this remeasurement and disposal amounted to a negative €6 million and is presented under "Changes in scope of consolidation" within income from operating activities (see Note 5.4, "Changes in scope of consolidation").

At December 31, 2011, the accounting for the business combination had been completed.

The following table shows the fair values assigned to the identifiable assets and liabilities of AET, AEP and their subsidiaries, as well as the carrying amounts of Tirreno Power at December 31, 2011:

In millions of euros	Total
Non-current assets	
Intangible assets, net	97
Property, plant and equipment, net	1,354
Other non-current assets	58
TOTAL NON-CURRENT ASSETS	**1,509**
Current assets	
Trade and other receivables	646
Other current assets	162
Cash and cash equivalents	202
TOTAL CURRENT ASSETS	**1,010**
Non-current liabilities	
Provisions	37
Long-term borrowings	567
Other non-current liabilities	191
TOTAL NON-CURRENT LIABILITIES	**795**
Current liabilities	
Provisions	14
Short-term borrowings	458
Other current liabilities	597
TOTAL CURRENT LIABILITIES	**1,069**
TOTAL NET ASSETS (100%)	**654**

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, sales of shares and net loan repayments: €(52) million.

Following the completion of all of the above transactions, the Group recognized a total of €83 million in goodwill.

For the year ended December 31, 2011, the positive impact of these changes in scope of consolidation on revenues and net income Group share amounted to €214 million and €15 million, respectively.

2.1.3 Acquisition of gas storage sites in Germany

On August 31, 2011, the Group acquired a controlling interest in BEB Speicher Gmbh ("BEB") and ExxonMobil Gasspeicher Deutschland Gmbh ("EMGSG").

These acquisitions were carried out by the Group's wholly-owned subsidiary Storengy Deutschland Infrastructures Gmbh through the following two transactions:

- acquisition of all of the shares of BEB from BEB Erdgas & Erdol Gmbh, a joint venture between Shell and ExxonMobil, for a consideration of €657 million;
- acquisition of all of the shares in EMGSG from Mobil Erdgas-Erdol Gmbh for a consideration of €258 million.

The acquired companies operate underground gas storage sites in Uelsen, Harsefeld, Lesum, Reitbrook and Schmidhausen. EMGSG also holds a 19.7% interest in the Breitbrunn-Eggstädt site.

This purchase consideration may be adjusted to reflect the outcome of negotiations currently in progress with the seller regarding BEB and EMGSG's working capital requirement and net debt at August 31, 2011. The consideration will be finalized at the end of February 2012.

At December 31, 2011, the accounting for the business combination was provisional; it will be finalized during the first half of 2012.

The table below shows the provisional fair values assigned to the identifiable assets and liabilities at the acquisition date:

In millions of euros	Total
Non-current assets	
Property, plant and equipment, net	403
Available-for-sale securities	38
TOTAL NON-CURRENT ASSETS	**442**
Current assets	
Trade and other receivables, inventories and other assets	25
Cash and cash equivalents	25
TOTAL CURRENT ASSETS	**50**
TOTAL ASSETS	**492**
Non-current liabilities	
Provisions	8
Deferred tax liabilities	87
TOTAL NON-CURRENT LIABILITIES	**96**
Current liabilities	
Trade and other payables, and other liabilities	47
TOTAL CURRENT LIABILITIES	**47**
TOTAL NET ASSETS (100%)	**349**
Purchase consideration transferred	915
GOODWILL	**566**

Provisional goodwill amounted to €566 million.

This transaction had a net impact of €890 million on the Group's cash flows, breaking down as:

- cash and cash equivalents acquired at the acquisition date: €25 million;
- disbursements: €915 million.

Taking into account this transaction, the acquisition contributed €34 million to revenues and €7 million to net income Group share in the year ended December 31, 2011.

2.2 Other changes in scope of consolidation in 2011

In early 2011, the Group launched a "portfolio optimization" program aimed at slashing consolidated net debt by €10 billion over the period 2011-2013.

The disposals and entries of non-controlling shareholders carried out in 2011 within the scope of this program led to a €6,476 million reduction in net debt.

The table below shows the cumulative impact of the main disposals on the Group's financial statements at December 31, 2011:

In millions of euros	Disposal price	Reduction in net debt	Net gain (loss) on disposals and impact of changes in scope recognized in income	Impact recognized in shareholders' equity
Disposal of the interest in EFOG	631	(460)	355	-
Entry of a 30% non-controlling shareholder in Exploration & Production	2,491	(2,298)	-	940
Disposal of the interest in GDF SUEZ LNG Liquefaction	672	(579)	479	-
Entry of a 25% non-controlling shareholder in GRTgaz	810	(1,100)	-	167
Investments in electricity and gas distribution in Belgium	-	(723)	533	-
Disposal of G6 Rete Gas	402	(737)	(38)	-
Disposal of a 70% interest in Bristol Water	152	(386)	88	-
Disposal of Noverco	194	(194)	28	-
TOTAL	**5,352**	**(6,476)**	**1,446**	**1,107**

In addition to these disposals effective at December 31, 2011, the Group has recognized operations which are highly likely to be sold within a reasonable timeframe as "Non-current assets held for sale" and "Liabilities directly related to non-current assets held for sale".

The operations concerned are described in Note 2.3, "Assets held for sale". The reclassification of these operations in the statement of financial position results in a €596 million reduction in net debt.

2.2.1 Disposal of the Group's interest in EFOG

EFOG was a joint venture (proportionately consolidated) between GDF SUEZ (22.5%) and the operator Total E&P UK Limited (77.5%) which itself holds a 46.2% interest in the Elgin-Franklin natural gas and condensate fields in the British North Sea.

On December 31, 2011, the Group sold its 22.5% interest in EFOG to Total for a consideration of €631 million. The Group received a payment of €496 million corresponding to the consideration for the sale totaling €631 million less €135 million owed by the Group, with the Group's debt to EFOG transferred to Total as part of the transaction. The gain on disposal amounted to €355 million, including a negative amount of €20 million relating to the reclassification of translation adjustments carried in other comprehensive income to the income statement (see Note 5.4, "Changes in scope of consolidation").

EFOG's contribution to net income Group share amounted to €55 million in 2011 (before the impact of the disposal gain) and €76 million in 2010.

The Group's relationship with EFOG and its transactions with this related party in 2011 and 2010 are detailed in Note 24, "Related party transactions".

The disposal led to a €460 million reduction in consolidated net debt at December 31, 2011 (representing the payment of €496 million less cash and cash equivalents carried in EFOG's statement of financial position prior to the sale).

2.2.2 Entry of a 30% non-controlling shareholder in the Group's Exploration & Production business and disposal of the Group's interest in GDF SUEZ LNG Liquefaction

As part of the cooperation agreement signed in August 2011 with China Investment Corporation ("CIC"), GDF SUEZ and CIC entered into an agreement on October 31, 2011 for the sale of a 30% non-controlling interest in the Group's Exploration & Production business ("GDF SUEZ E&P") to CIC. Under the terms of this agreement, CIC will also acquire GDF SUEZ LNG Liquefaction which holds a 10% stake in the Atlantic LNG facility based in Trinidad and Tobago.

Prior to the transaction and in accordance with the purchase agreement of October 31, the Group carried out measures to restructure GDF SUEZ E&P International, or "EPI" (holding company for GDF SUEZ E&P) and reduce its net debt to USD 1 billion (€749 million).

The sales became effective on December 20, 2011, once the outstanding conditions precedent had been met. These included approval from certain regulatory authorities and measures to restructure EPI's net debt.

CIC acquired a 30% interest in the share capital of EPI for USD 3,257 million (€2,491 million) on December 20, 2011.

The Group retains exclusive control of GDF SUEZ E&P. As the sale relates to a non-controlling interest, the difference between the sale price and the carrying amount of the interest sold (€1,094 million), was recognized in shareholders' equity. Taking into account transaction fees, this transaction resulted in a net increase of €940 million in shareholders' equity. On completion of this transaction, CIC's non-controlling interest amounted to €1,341 million in the statement of financial position.

Also on December 20, the Group sold its interest in GDF SUEZ LNG Liquefaction for a consideration of USD 879 million (€672 million). This purchase consideration was also paid on December 20, 2011. The capital gain recognized in income on the sale of GDF

SUEZ LNG Liquefaction amounted to €479 million (see Note 5.4, “Changes in scope of consolidation”), of which €418 million resulted from reclassifying to income translation adjustments and changes in the fair value of Atlantic LNG available-for-sale securities previously carried in other comprehensive income. Commitments made by the Group prior to the sale to purchase liquefied natural gas from Atlantic LNG remain in force.

Lastly, on December 21, 2011, EPI paid an interim dividend totaling €345 million to its shareholders, including €103 million to CIC.

2.2.3 Entry of a 25% non-controlling shareholder in GRTgas

On June 27, 2011, the Group and the public consortium comprising 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 also remains entitled to the GRTgaz dividend for 2010.

This transaction 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 sale price and the carrying amount of the interest sold (€167 million), was recognized in shareholders’ equity. On completion of this transaction, the public consortium’s non-controlling interest amounted to €923 million in the statement of financial position.

2.2.4 Investments 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 mixed inter-municipal companies. Accordingly, the equity method is no longer applicable and the corresponding shares are presented in “Available-for-sale securities” in the consolidated financial statements for the year ended December 31, 2011. In accordance with the applicable standards, the residual interest was recognized at fair value. The difference between carrying amount and fair value (€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 the inter-municipal companies, bringing its interest to 25%. This sale resulted in a €83 million capital gain recognized in “Changes in scope of consolidation”. In the second half of 2011, the Group also sold its entire stake in Intermosane 1 (an inter-municipal company based in Liège), resulting in a gain of €25 million.

Capital reductions were also carried out in June 2011. As the Group’s share of these capital reductions exceeded the carrying amount of its equity investments in associates, the surplus was taken to income and the value of the shares was written down to zero. 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 net income of these entities for subsequent periods will be suspended until the surplus is canceled out. At December 31, 2011, the surplus totaled €70 million.

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.

2.2.5 Disposal of natural gas distribution assets in Italy (G6 Rete Gas)

On October 3, 2011, the Group sold its entire interest in G6 Rete Gas, a gas distributor in Italy, to the consortium of infrastructure funds comprising F2i, AXA Private Equity and Enel Distribution for a consideration of €402 million.

G6 Rete Gas was fully consolidated in the Group’s financial statements up to September 30, 2011, when it was deconsolidated.

The contribution of G6 Rete Gas to net income Group share amounted to €5 million in 2011 (before the impact of the disposal loss) and €23 million in 2010.

The sale generated a capital loss of €38 million for the Group (see Note 5.4, “Changes in scope of consolidation”) and led to a reduction of €737 million in consolidated net debt (reflecting the consideration of €402 million and the impact of derecognizing the €335 million in net debt carried in G6 Rete Gas’ statement of financial position prior to the sale).

2.2.6 Disposal of a 70% interest in Bristol Water

On October 5, 2011, SUEZ Environnement’s subsidiary Agbar sold 70% of its interest (18.67% at the level of GDF SUEZ) in Bristol Water, a regulated water distribution company in the UK that was fully consolidated in the Group’s financial statements up to the

date of sale. The purchase consideration totaled GBP 132 million (€152 million). Taking into account transaction fees, the capital gain generated on disposal amounted to €57 million.

The Group's residual 30% interest in the regulated utility (8% at the level of GDF SUEZ) is accounted for by the equity method.

In accordance with IAS 27, the equity interests maintained were measured to fair value at the transaction date.

The cumulative impact of this transaction, shown on the "Changes in scope of consolidation" line within income from operating activities (see Note 5.4, "Changes in scope of consolidation"), amounted to €88 million.

2.3 Assets held for sale

At December 31, 2011, total assets held for sale and liabilities directly related to assets held for sale totaled €1.298 million and €827 million, respectively.

The table below shows the main categories of assets and liabilities reclassified on these two lines of the statement of financial position:

In millions of euros	**Dec. 31, 2011**
Property, plant and equipment, net	1,125
Other assets	173
TOTAL ASSETS HELD FOR SALE	**1,298**
Borrowings and debt	596
Other liabilities	231
TOTAL LIABILITIES DIRECTLY RELATED TO ASSETS HELD FOR SALE	**827**

The assets shown on the "Non-current assets held for sale" and "Liabilities directly related to non-current assets held for sale" lines at December 31, 2011 are electricity production assets within the International Power operating segment. The Group expects to finalize the sale of these assets in the first half of 2012.

- Hidd Power Company (Bahrain)

As described in Note 2.1.1, the Group acquired a controlling interest in Hidd Power Company as part of its acquisition of International Power. Hidd Power Company was previously accounted for using the equity method in the consolidated financial statements of both GDF SUEZ and International Power.

In 2011, the Group approved the sale of a portion of its interest in Hidd Power Company, resulting in a loss of control, in order to comply with the rules on market share imposed by the Finance Ministry of the Kingdom of Bahrain.

- Choctaw & Hot Spring (United States)

In 2011, International Power approved the sale of its combined cycle plants Choctaw and Hot Spring (each with a capacity of 746 MW).

- T-Power (Belgium)

The Group acquired an interest in the T-Power project within the scope of its acquisition of International Power (see Note 2.1.1).

To comply with the demands of the European Commission, International Power entered into a sale agreement with Itochu on May 18, 2011.

2.4 Other transactions carried out in 2011

Several other acquisitions and equity transactions took place in 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 are not material.

2.5 Main transactions in the year ended December 31, 2010

The Group carried out the following transactions in 2010:

2.5.1 Acquisition of a controlling interest in Aguas de Barcelona

The GDF SUEZ Group's acquisition of a controlling interest in the water and environmental activities of Aguas de Barcelona (Agbar) through SUEZ Environnement was finalized on June 8, 2010, the date on which Criteria Caixa Corp (Criteria), the Group's historic partner in Agbar, sold a portion of its Agbar shares to the Group for an amount of €666 million.

Prior to this transaction:

- a delisting tender offer was launched by Agbar in May 2010 on its own shares (investment of €273 million for Agbar);
- Agbar sold all of its interest in Adeslas (healthcare insurance) to Criteria for €687 million on June 8, 2010.

Criteria and SUEZ Environnement also signed a new shareholders' agreement granting SUEZ Environnement control of Hisusa, the Agbar group's holding company.

Since June 8, 2010, the Group has fully consolidated Agbar in its financial statements.

2.5.2 Chile

On January 29, 2010, the GDF SUEZ Group, through its subsidiary SUEZ Energy Andino SA ("SEA"), and Corporación Nacional del Cobre de Chile ("Codelco") decided to reorganize their respective shareholdings in certain companies operating in the Chilean Northern Interconnected System ("SING") by signing a Merger Agreement.

On completion of the merger, the Group held 52.4% of E-CL SA ("E-CL") through its subsidiary SEA. E-CL controls Gasoducto Norandino SA and Gasoducto Norandino Argentina, which were previously controlled by the Group, as well as Electroandina SA, Distrinor SA and Central Termoelectrica Andina, which were previously controlled jointly with Codelco. E-CL continues to proportionately consolidate its interest in Inversiones Hornitos.

The previous shareholders' agreements were terminated as of the date of the merger.

2.5.3 Unwinding of cross-holdings in water management companies with the Veolia Environnement group

In the first quarter of 2010, SUEZ Environnement and Veolia Environnement completed the process of unwinding all of their cross-holdings in water management companies in France. SUEZ Environnement:

- acquired a controlling interest in eight companies previously consolidated by the proportionate method. These companies are now fully consolidated in the Group's financial statements;
- sold to Veolia-Eau all of its interests in Société des Eaux de Marseille and Société des Eaux d'Arles for €131 million.

2.5.4 Acquisition of controlling interests in Astoria

On January 7, 2010, the Group increased its interest in the Astoria Energy I natural gas-fired power plant located in Queens, New York, from 14.8% to 65.4%. This acquisition of additional shares was carried out for €156 million.

Astoria I has been fully consolidated in the Group's financial statements since that date.

2.5.5 Disposal of shareholdings in Fluxys group and Fluxys LNG

In 2010, the Group sold its residual shareholdings in Fluxys and Fluxys LNG to Publigaz for €636 million and €28 million, respectively.

2.5.6 Sale of Elia

In May 2010, GDF SUEZ sold its entire interest in Elia SA (Elia) to Publi-T for a total of €313 million.

NOTE 3 SEGMENT INFORMATION

3.1 Operating segments

The operating segments presented below reflect the segments used by the Group's Management Committee to allocate resources to the segments and assess their performance. No segments have been aggregated. The Management Committee is the Group's "chief operating decision maker" within the meaning of IFRS 8.

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.

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 the gas distribution activities in Turkey transferred to International Power were previously shown within the Europe business area.

Comparative segment information for 2010 has been restated to reflect the Group's new organization at December 31, 2011.

The Group's eight operating segments are listed below:

- **Energy France business line** – subsidiaries in this operating segment produce electricity and sell natural gas, electricity and services to private individuals, small business customers and companies in France;
- **Energy Benelux & Germany business area** – subsidiaries in this operating segment produce and sell electricity and/or gas, in Belgium, the Netherlands, Luxembourg and Germany;
- **Energy Europe business area** – these subsidiaries produce electricity and/or provide electricity and gas transmission, distribution and sales services in Europe (excluding France, the United Kingdom, Benelux and Germany);
- **International Power** – these subsidiaries produce and market power in North America, Latin America, Asia, the United Kingdom and Other Europe, the Middle East, Africa and Australia. They also distribute and market gas in North America, Asia, Turkey and Australia. International Power is active in LNG import and regasification in North America and Chile and seawater desalination in the Arabian peninsula;
- **Global Gas & LNG business line** – these subsidiaries supply gas to the Group and sell energy and service packages to key European players, using proprietary production as well as long-term gas and LNG contracts;
- **Infrastructures business line** – subsidiaries in this segment operate gas transportation, storage and distribution networks, and LNG terminals, essentially in France and Germany. They also sell access rights to this infrastructure to third parties;
- **Energy Services business line** – these subsidiaries provide engineering, installation, maintenance and delegated management services, particularly in relation to electrical and heating facilities, pipeline systems and energy networks;
- **SUEZ Environnement business line** – subsidiaries in this operating segment provide private customers, local authorities and industrial customers with:
  - water distribution and treatment services, notably under concession contracts (water management), and water purification facility design and construction services (turnkey engineering), and

- waste collection and treatment services including sorting, recycling, composting, landfilling, energy recovery and hazardous waste treatment.

The "Other" line presented in the table below includes contributions from corporate holding companies and entities centralizing the Group's financing requirements.

The methods used by the Group's Management Committee to recognize and measure these segments for internal reporting purposes are the same as those used to prepare the consolidated financial statements. EBITDA and industrial capital employed are reconciled with the consolidated financial statements.

The main relationships between operating segments concern (i) Energy France and Infrastructures and (ii) Global Gas & LNG and Energy France/Energy Benelux & Germany.

Services relating to the use of the Group's gas infrastructures in France are billed based on a regulated fee applicable to all network users, except for storage infrastructure. The prices for reservations and use of storage facilities are established by storage operators and based on auctions of available capacity.

Sales of molecules between Global Gas & LNG and Energy France/ Energy Benelux & Germany are carried out based on the application of the supply costs formula used to calculate the regulated rates approved by the French Energy Regulatory Commission (CRE).

Due to the variety of its business lines and their geographical location, the Group serves a very diverse range of customer types and situations (industry, local authorities and individual customers). Accordingly, no external customer represents individually 10% or more of the Group's consolidated revenues.

3.2 Key indicators by operating segment

REVENUES

	Dec. 31, 2011			Dec. 31, 2010		
In millions of euros	External revenues	Intra-group revenues	Total	External revenues	Intra-group revenues	Total
Energy France	13,566	478	14,044	14,982	475	15,457
Energy Europe & International	36,656	795	37,451	31,770	277	32,047
of which: Benelux & Germany	*13,901*	*927*	*14,828*	*14,257*	*970*	*15,228*
Europe	*7,001*	*334*	*7,335*	*6,491*	*361*	*6,852*
International Power	*15,754*	*415*	*16,169*	*11,022*	*360*	*11,382*
Intra-business line eliminations		*(881)*	*(881)*		*(1,414)*	*(1,414)*
Global Gas & LNG	9,936	11,795	21,731	9,173	11,620	20,793
Infrastructures	1,491	4,212	5,703	1,203	4,688	5,891
Energy Services	14,206	204	14,409	13,486	209	13,695
SUEZ Environnement	14,819	10	14,829	13,863	6	13,869
Other	0	0	0	0	0	0
Intra-group eliminations		(17,493)	(17,493)		(17,274)	(17,274)
TOTAL REVENUES	**90,673**	**0**	**90,673**	**84,478**	**0**	**84,478**

EBITDA

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Energy France	505	1,023
Energy Europe & International	7,453	5,831
of which: Benelux & Germany	*2,216*	*2,272*
Europe	*1,061*	*1,053*
International Power	*4,225*	*2,533*
Global Gas & LNG	2,386	2,080
Infrastructures	2,991	3,223
Energy Services	1,005	923
SUEZ Environnement	2,513	2,339
Other	(328)	(332)
TOTAL EBITDA	**16,525**	**15,086**

CURRENT OPERATING INCOME

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Energy France	70	646
Energy Europe & International	4,775	3,937
of which: Benelux & Germany	*1,471*	*1,657*
Europe	*600*	*604*
International Power	*2,754*	*1,704*
Global Gas & LNG	1,164	961
Infrastructures	1,793	2,071
Energy Services	655	598
SUEZ Environnement	1,039	1,025
Other	(518)	(443)
TOTAL CURRENT OPERATING INCOME	**8,978**	**8,795**

DEPRECIATION AND AMORTIZATION

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Energy France	(463)	(418)
Energy Europe & International	(2,603)	(1,811)
of which: Benelux & Germany	*(671)*	*(563)*
Europe	*(448)*	*(423)*
International Power	*(1,484)*	*(826)*
Global Gas & LNG	(1,180)	(1,095)
Infrastructures	(1,178)	(1,159)
Energy Services	(334)	(296)
SUEZ Environnement	(1,039)	(975)
Other	(89)	(85)
TOTAL DEPRECIATION AND AMORTIZATION	**(6,886)**	**(5,839)**

INDUSTRIAL CAPITAL EMPLOYED

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Energy France	6,166	6,903
Energy Europe & International	46,386	36,233
of which: Benelux & Germany	*8,664*	*9,768*
Europe	*7,458*	*8,318*
International Power	*30,262*	*18,185*
Global Gas & LNG	8,811	9,027
Infrastructures	20,581	19,072
Energy Services	3,030	2,828
SUEZ Environnement	13,628	13,313
Other	937	155
TOTAL INDUSTRIAL CAPITAL EMPLOYED	**99,539**	**87,530**

CAPITAL EXPENDITURE (CAPEX)

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Energy France	510	791
Energy Europe & International	4,336	4,734
of which: Benelux & Germany	*1,155*	*1,550*
Europe	*668*	*743*
International Power	*2,513*	*2,441*
Global Gas & LNG	649	1,149
Infrastructures	2,672	1,787
Energy Services	551	623
SUEZ Environnement	1,916	2,350
Other	114	472
TOTAL CAPITAL EXPENDITURE	**10,748**	**11,906**

Cash and cash equivalents acquired are not included in financial investments within Capex. However, Capex includes the acquisitions of additional interests in controlled entities which are presented under cash flows used in financing activities in the statement of cash flows (€122 million).

3.3 Key indicators by geographic area

The amounts set out below are analyzed by:

- destination of products and services sold for revenues;
- geographic location of consolidated companies for industrial capital employed.

	Revenues		Industrial capital employed	
In millions of euros	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2011	Dec. 31, 2010
France	31,156	31,502	34,302	33,332
Belgium	11,817	11,997	4,010	5,318
Other EU countries	27,640	25,152	29,789	25,460
Other European countries	1,676	1,311	1,691	2,040
North America	5,745	5,004	9,947	7,991
Asia, Middle East and Oceania	7,011	4,574	10,285	5,107
South America	4,673	4,050	9,297	8,100
Africa	957	887	216	180
TOTAL	**90,673**	**84,478**	**99,539**	**87,530**

3.4 Reconciliation of EBITDA

RECONCILIATION OF EBITDA WITH CURRENT OPERATING INCOME

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Current operating income	8,978	8,795
Depreciation, amortization and provisions	7,115	5,899
Share-based payment (IFRS 2) and other	138	126
Net disbursements under concession contracts	294	265
EBITDA	**16,525**	**15,086**

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

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
(+) Property, plant and equipment and intangible assets, net	103,346	91,483
(+) Goodwill	31,362	27,933
(-) Goodwill arising on the Gaz de France-SUEZ merger [1]	*(11,832)*	*(11,873)*
(-) Goodwill arising on the International Power combination [1]	*(2,894)*	*0*
(+) IFRIC 4 and IFRIC 12 receivables	2,483	1,402
(+) Investments in associates	2,619	1,980
(+) Trade and other receivables	23,135	20,501
(-) Margin calls [1] [2]	(567)	(547)
(+) Inventories	5,435	3,870
(+) Other current and non-current assets	10,628	8,397
(+) Deferred taxes	(11,659)	(10,528)
(-) Provisions	*(16,183)*	*(14,469)*
(+) Actuarial gains and losses recorded in equity (net of deferred taxes) [1]	1,156	657
(-) Trade and other payables	*(18,387)*	*(14,835)*
(+) Margin calls [1] [2]	518	542
(-) Other liabilities	(19,623)	(16,983)
INDUSTRIAL CAPITAL EMPLOYED	**99,539**	**87,530**

(1) For the purpose 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 CURRENT OPERATING INCOME

4.1 Revenues

Group revenues break down as follows:

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Energy sales	59,499	55,694
Rendering of services	28,953	26,620
Lease and construction contracts	2,221	2,164
REVENUES	**90,673**	**84,478**

In 2011, revenues from lease and construction contracts amounted to €1,056 million and €1,165 million, respectively (€889 million and €1,275 million in 2010).

4.2 Personnel costs

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Short-term benefits	(12,174)	(11,262)
Shared-based payment (see Note 23)	(145)	(119)
Costs related to defined benefit plans (see Note 18.3.4)	(333)	(261)
Costs related to defined contribution plans (see Note 18.4)	(122)	(113)
TOTAL	**(12,775)**	**(11,755)**

4.3 Depreciation, amortization and provisions

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Depreciation and amortization	(6,886)	(5,839)
Net change in write-downs of inventories, trade receivables and other assets	(67)	(48)
Net change in provisions	(163)	(12)
TOTAL	**(7,115)**	**(5,899)**

Depreciation and amortization breaks down as €1,130 million for intangible assets and €5,631 million for property, plant and equipment. A breakdown by type of asset is provided in Notes 10 and 11, respectively.

The increase in depreciation and amortization expenses chiefly reflects changes in Group structure resulting from the acquisition of International Power and new assets commissioned in 2011 and 2010 (Gjøa and Vega oil fields, thermal power plants in France, LNG terminals, hydroelectric power plants in Brazil, etc.).

NOTE 5 INCOME FROM OPERATING ACTIVITIES

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
CURRENT OPERATING INCOME	**8,978**	**8,795**
Mark-to-market on commodity contracts other than trading instruments	(105)	(106)
Impairment of property, plant and equipment, intangible assets and financial assets	(532)	(1,468)
Restructuring costs	(189)	(206)
Changes in scope of consolidation	1,514	1,185
Other non-recurring items	18	1,297
INCOME FROM OPERATING ACTIVITIES	**9,684**	**9,497**

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

In 2011, this item represents a net loss of €105 million (compared with a net loss of €106 million in 2010), chiefly reflecting:

- changes in the fair value of electricity and natural gas sale and purchase contracts falling within the scope of IAS 39 and financial instruments used as economic hedges but not eligible for hedge accounting, resulting in a net loss of €125 million (net loss of €139 million in 2010). This net loss is mainly due to a negative price effect related to changes in the forward prices of the underlying commodities during the period. The net negative impact is partly offset by the positive impact of the settlement of positions with a negative market value at December 31, 2010;
- the ineffective portion of cash flow hedges of non-financial assets, representing a gain of €20 million (compared to a gain of €33 million in 2010).

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

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Impairment losses:		
Goodwill	(61)	(169)
Property, plant and equipment and other intangible assets	(332)	(1,220)
Financial assets	(212)	(113)
TOTAL IMPAIRMENT LOSSES	(605)	(1,502)
Reversals of impairment losses:		
Property, plant and equipment and other intangible assets	45	13
Financial assets	28	20
TOTAL REVERSALS OF IMPAIRMENT LOSSES	73	34
TOTAL	**(532)**	**(1,468)**

5.2.1 Impairment of goodwill

In 2011, the Group recognized a €61 million impairment loss against goodwill allocated to the Energy – Southern Europe CGU, in light of Greece's current economic situation and the uncertainty regarding the medium- to long-term conditions of this market.

The value in use of these activities was measured using cash flow forecasts included in the medium-term business plan covering a period of six years and approved by the Group's Management Committee. A terminal value was obtained based on the cash flows extrapolated beyond the six-year period using a 0% to 2% growth rate depending on the activities concerned. The discount rates applied to these forecasts range from 5.8% to 12.3% depending on the activities concerned.

A 0.1% increase in the discount rate would have an additional negative impact of €54 million on the recoverable value of the Energy – Southern Europe CGU.

In 2010, the Group recognized a €134 million impairment loss against goodwill relating to a gas distribution company in Turkey due to the persistent difficulties encountered by a major industrial customer as well as the risk of changes in the tariff regulation in Turkey as from 2017. The Group also recognized an impairment loss of €175 million against its gas transportation business in Germany, following the decision by the German regulator (BNetza) to reduce grid fees applied by grid operators (pipe-in-pipe network partners) in Germany. The impairment loss was charged against goodwill allocated to the Transportation Germany CGU in an amount of €27 million, and against property, plant and equipment and intangible assets relating to the Megal network in an amount of €148 million.

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

The net impairment losses recognized in 2011 chiefly related to power production assets in Spain in the Energy Europe business line (€120 million) and the United States in the International Power business line (€86 million). No other impairment loss was material taken individually.

As difficult market conditions continued in Spain, the Group recognized a €120 million impairment loss against a combined cycle power plant. The value in use of this asset was calculated using cash flow forecasts included in the medium-term business plan covering a period of six years and approved by the Group's Management Committee, and beyond this period using the future cash flows estimated until the end of the asset's useful life. A 7.9% discount rate was applied to these forecasts.

A 0.1% increase in the discount rate would not have a material impact on the result of the impairment test.

An impairment loss of €86 million was recognized against one of the Group's power plants in the United States following a succession of technical problems resulting in lower availability and thermal efficiency rates. The value in use of this asset was calculated using cash flow forecasts included in the medium-term business plan covering a period of six years and approved by the Group's Management Committee, and beyond this period using the future cash flows estimated until the end of the long-term power sale agreement. A 5.7% discount rate was applied to these forecasts. The cumulative impact of a 1% decrease in both the availability and thermal efficiency rates of an asset would result in a decrease of €10 million in the asset's recoverable value.

In 2010, the Group recognized impairment losses mainly against the following assets:

- the long-term gas supply contract portfolio due to the persistent spread between gas and oil prices in a market where gas supplies exceed demand (€548 million);
- some production assets and exploration licenses in Egypt, Libya and the Gulf of Mexico belonging to the Global Gas & LNG business line, due to worse-than-expected development prospects (€95 million);
- a power production unit in Spain within the Energy Europe business line (€131 million);
- the Megal transportation network within the Infrastructures business line (€148 million; see section 5.2.1).

5.2.3 Impairment of financial assets

Impairment losses recognized against financial assets in 2011, net of reversals of impairment losses, amounted to €184 million, with no individual impairment loss being material.

In 2010, the Group recognized impairment losses for a net amount of €93 million, including an additional impairment loss of €46 million taken against Gas Natural shares sold in the second half of the year. Other impairment losses recognized against available-for-sale securities were not material taken individually.

5.3 Restructuring costs

Restructuring costs in 2011 mainly include in the International Power business line costs relating to the implementation of the combination and operating synergies and also costs incurred to adapt to economic conditions in the United States (€89 million) and costs incurred to adapt to economic conditions in the SUEZ Environnement (€40 million) and Energy Services (€37 million) business lines.

Restructuring costs recognized in 2010 resulted chiefly from measures taken to adapt to economic conditions in the SUEZ Environnement (€83 million) and Energy Services (€86 million) business lines. They also included the costs of regrouping sites in Brussels (€16 million).

5.4 Changes in scope of consolidation

In 2011, this item includes capital gains on the disposal of shares in GDF SUEZ LNG Liquefaction (€479 million), EFOG (€355 million), Noverco (€28 million) and Bristol Water (€88 million), capital losses on the disposal of G6 Rete Gas (€38 million), and a €108 million capital gain on the disposal of a portion of the share capital of the inter-municipal companies in the Walloon region.

This item also includes the positive impact of remeasuring at fair value the previously-held equity interests in the Flemish inter-municipal companies (€425 million) following the loss of significant influence and the recognition of these shares as "available-for-sale securities".

In millions of euros	Section of Note 2	Net gain (loss) on disposals	Sale costs	Fair value adjustments	Total
Transactions in the year ended December 31, 2011					
Disposal of shares in GDF SUEZ LNG Liquefaction	2.2.2	508	(29)		479
Disposal of shares in EFOG	2.2.1	354	1		355
Disposal of shares in Noverco		28			28
Disposal of shares in G6 Rete Gas	2.2.5	(34)	(4)		(38)
Disposal of shares in Bristol Water	2.2.6	63	(6)	31	88
Partial disposal of Walloon inter-municipal companies	2.2.4	108			108
Loss of significant influence over Flemish inter-municipal companies	2.2.4			425	425
Other					69
TOTAL IMPACT OF CHANGES IN SCOPE OF CONSOLIDATION					**1,514**

In 2010, this item comprised capital gains on the disposal of Fluxys shares (€422 million) and Elia shares (€238 million), and of interests in Société des Eaux de Marseille and Société des Eaux d'Arles as part of the unwinding of cross-holdings with the Veolia Environnement group (€81 million).

This item also included the impacts of remeasuring previously-held interests (i) in power and transmission assets in Chile (€148 million), (ii) in Lyonnaise des Eaux following the acquisition of controlling interests as part of the unwinding of cross-holdings with the Veolia Environnement group (€120 million), and (iii) in connection with the acquisition of a controlling interest in the Hisusa/Agbar group (€167 million).

5.5 Other non-recurring items

In 2011, this item mainly includes €33 million in capital gains on the disposal of a building in the SUEZ Environnement business line. The other items included in this caption are not material taken individually.

In 2010, this caption mainly reflected the impact of revisions to the timing of dismantling provisions for gas infrastructures in France (Transportation and Distribution) for €1,141 million.

These provisions cover obligations to secure distribution and transportation networks at the end of their operating lives, which are estimated based on known global gas reserves.

The Group revised the timing of its legal obligations in 2010 to reflect recent studies of gas reserves. Based on the publication of the International Energy Agency, which, on the basis of current production levels, estimated that proven and probable gas reserves were assured for another 250 years, the discounting of these provisions over such a long period results in a present value of virtually zero. These dismantling provisions had been recognized in 2008 in connection with the SUEZ-Gaz de France business combination, but with no matching entry in assets due to their nature.

Accordingly, the provision for dismantling gas infrastructures in France was written back through income.

NOTE 6 NET FINANCIAL INCOME/(LOSS)

	Dec. 31, 2011			Dec. 31, 2010		
	Expenses	Income	Total	Expenses	Income	Total
Cost of net debt [1]	(2,188)	243	(1,945)	(1,738)	171	(1,566)
Other financial income and expenses [1]	(1,195)	535	(661)	(1,073)	417	(655)
NET FINANCIAL INCOME/(LOSS)	**(3,383)**	**778**	**(2,606)**	**(2,810)**	**589**	**(2,222)**

(1) Following a change in the definition of total "net debt" (see Note 14.3 "Net debt"), to ensure comparability between the two periods, an amount of €120 million has been reclassified from "Cost of net debt" to "Other financial expenses" at December 31, 2010.

6.1 Cost of net debt

The main items of the cost of net debt break down as follows:

In millions of euros	Expenses	Income	Total Dec. 31, 2011	Dec. 31, 2010
Interest on gross borrowings	(2,511)	-	(2,511)	(2,074)
Foreign exchange gains/losses on borrowings and hedges	(57)	-	(57)	16
Ineffective portion of fair value hedges	-	5	5	(6)
Gains and losses on cash and cash equivalents and financial assets at fair value through income	-	238	238	156
Capitalized borrowing costs	379	-	379	342
COST OF NET DEBT	**(2,188)**	**243**	**(1,945)**	**(1,566)**

The increase in the cost of net debt essentially reflects the year-on-year rise in average debt outstanding (see Note 14.3 "Net debt").

6.2 Other financial income and expenses

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Other financial expenses		
Gains and losses on economic hedges of other financial items	(257)	(135)
Unwinding of discounting adjustments to provisions	(845)	(791)
Interest on trade and other payables	(83)	(86)
Exchange losses	(4)	(43)
Other financial expenses	(6)	(17)
TOTAL	**(1,195)**	**(1,073)**
Other financial income		
Expected return on pension plan assets	248	204
Income from available-for-sale securities	140	128
Interest income on trade and other receivables	69	50
Interest income on loans and receivables at amortized cost	51	21
Exchange gains	15	0
Other financial income	12	14
TOTAL	**535**	**417**
OTHER FINANCIAL INCOME AND EXPENSES, NET	**(661)**	**(655)**

NOTE 7 INCOME TAX EXPENSE

7.1 Actual income tax expense recognized in the income statement

7.1.1 Breakdown of actual income tax expense recognized in the income statement

The income tax expense recognized in the income statement for 2011 amounts to €2,119 million (€1,913 million in 2010), breaking down as:

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Current income taxes	(1,647)	(2,164)
Deferred taxes	(473)	251
TOTAL INCOME TAX EXPENSE RECOGNIZED IN INCOME FOR THE YEAR	**(2,119)**	**(1,913)**

7.1.2 Reconciliation of theoretical income tax expense with actual income tax expense

A reconciliation of theoretical income tax expense with the Group's actual income tax expense is presented below:

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Net income	**5,420**	**5,626**
• Share in net income of associates	462	264
• Income tax expense	(2,119)	(1,913)
Income before income tax expense and share in net income of associates (A)	**7,078**	**7,275**
Of which French companies	*640*	*2,010*
Of which companies outside France	*6,438*	*5,265*
Statutory income tax rate of the parent (B)	36.10%	34.43%
THEORETICAL INCOME TAX EXPENSE (C) = (A) X (B)	**(2,555)**	**(2,505)**
Actual income tax expense		
Difference between statutory tax rate applicable to the parent and statutory tax rate in force in jurisdictions in France and abroad	94	125
Permanent differences	(80)	(117)
Income taxed at a reduced rate or tax-exempt [(a)]	758	770
Additional tax expense [(b)]	(491)	(299)
Effect of unrecognized deferred tax assets on tax loss carry-forwards and other tax-deductible temporary differences	(320)	(220)
Recognition or utilization of tax income on previously unrecognized tax loss carry-forwards and other tax-deductible temporary differences	80	91
Impact of changes in tax rates [(c)]	(45)	19
Tax credits and other tax reductions [(d)]	435	199
Other	7	23
ACTUAL INCOME TAX EXPENSE	**(2,119)**	**(1,913)**
EFFECTIVE TAX RATE (ACTUAL INCOME TAX EXPENSE DIVIDED BY INCOME BEFORE INCOME TAX AND SHARE IN NET INCOME OF ASSOCIATES)	**29.9%**	**26.3%**

(a) Reflects mainly capital gains on disposals of shares exempt from tax or taxed at a reduced rate in Luxembourg, Belgium and Germany, lower tax rates applicable to securities transactions in France, special tax regimes used for certain entities in Luxembourg, Belgium and Thailand, the impact on income of remeasuring previously-held equity interests in connection with acquisitions, and changes in consolidation methods described in Note 5.4, "Changes in scope of consolidation".

(b) Includes mainly the tax on dividends and interest levied in several tax jurisdictions, the tax on nuclear activities payable by nuclear-sourced electricity utilities in Belgium (€212 million in both 2011 and 2010), and regional corporate taxes.

(c) Includes mainly the impact of the increased tax rate on Exploration & Production activities in the UK in 2011 (from 50% to 62%), the reduced tax rate on other UK activities (from 27% to 25%), and changes in the tax rate in France (for reversals of temporary differences in 2012), and Hungary.

(d) Includes mainly the impact of deductible notional interest in Belgium and tax credits in Norway and Italy.

In 2011, the income tax rate payable by companies in France with revenues over €250 million was increased to 36.10% (34.43% in 2010). The new tax rate results from the introduction of an exceptional 5% contribution payable in respect of 2011 and 2012.

For French companies, the temporary differences expected to reverse after 2012 continue to be measured at the rate of 34.43%.

The increase in the effective tax rate results primarily from:

- the rise in the proportion of earnings in highly taxed jurisdictions and particularly in the Exploration & Production sector, where the tax rate is above 50%;
- the end-March 2011 increase in the tax rate for Exploration & Production activities in the United Kingdom from 50% to 62%;
- the year-on-year fall in disposal gains taxed at a reduced rate or tax-exempt.

7.1.3 Analysis of the deferred tax income (expense) recognized in the income statement, by type of temporary difference

	Impacts in the income statement	
In millions of euros	**Dec. 31, 2011**	**Dec. 31, 2011**
Deferred tax assets:		
Tax loss carry-forwards and tax credits	156	170
Pension obligations	(60)	35
Non-deductible provisions	177	106
Difference between the carrying amount of PP&E and intangible assets and their tax bases	(45)	20
Measurement of financial instruments at fair value (IAS 32/39)	127	(61)
Other	(547)	226
TOTAL	**(192)**	**496**
Deferred tax liabilities:		
Difference between the carrying amount of PP&E and intangible assets and their tax bases	(282)	(118)
Tax-driven provisions	(75)	(38)
Measurement of financial assets and liabilities at fair value (IAS 32/39)	(151)	146
Other	227	(235)
TOTAL	**(281)**	**(245)**
NET DEFERRED TAX ASSETS/(LIABILITIES)	**(473)**	**251**

7.2 Deferred tax income (expense) recognized in “Other comprehensive income”

Net deferred tax income (expense) recognized in “Other comprehensive income” is broken down by component as follows:

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Available-for-sale financial assets	(9)	(5)
Actuarial gains and losses	247	158
Net investment hedges	37	12
Commodity cash flow hedges	(129)	(140)
Other cash flow hedges	32	(4)
TOTAL EXCLUDING SHARE OF ASSOCIATES	**178**	**21**
Share of associates	30	(1)
TOTAL	**208**	**20**

7.3 Deferred taxes presented in the statement of financial position

7.3.1 Change in deferred taxes

Changes in deferred taxes recognized in the statement of financial position, after netting deferred tax assets and liabilities by tax entity, break down as follows:

In millions of euros	Assets	Liabilities	Net position
At December 31, 2010 (before correction)	**1,669**	**(12,437)**	**(10,768)**
Correction of prior-period error – see Note 1.2	240		240
At December 31, 2010 (after correction)	**1,909**	**(12,437)**	**(10,528)**
Impact on net income for the year	(192)	(280)	(472)
Impact on other comprehensive income	478	(224)	254
Impact of changes in scope of consolidation	1,190	(2,025)	(835)
Currency effect	61	(128)	(67)
Other	120	(131)	(11)
Impact of netting by tax entity	(2,187)	2,187	0
AT DECEMBER 31, 2011	**1,379**	**(13,038)**	**(11,659)**

The impact of changes in the scope of consolidation essentially reflects the acquisition of International Power (see Note 2, “Main changes in Group structure”).

7.3.2 Analysis of the net deferred tax position recognized in the statement of financial position (before netting deferred tax assets and liabilities by tax entity), by type of temporary difference

	Statement of financial position at	
In millions of euros	Dec. 31, 2011	Dec. 31, 2011
Deferred tax assets:		
Tax loss carry-forwards and tax credits	1,835	1,453
Pension obligations	1,404	1,171
Non-deductible provisions	956	686
Difference between the carrying amount of PP&E and intangible assets and their tax bases	1,321	994
Measurement of financial instruments at fair value (IAS 32/39)	1,283	569
Other	849	1,119
TOTAL	**7,648**	**5,992**
Deferred tax liabilities:		
Difference between the carrying amount of PP&E and intangible assets and their tax bases	(16,714)	(14,688)
Tax-driven provisions	(334)	(264)
Measurement of financial assets and liabilities at fair value (IAS 32/39)	(1,194)	(539)
Other	(1,065)	(1,029)
TOTAL	**(19,307)**	**(16,520)**
NET DEFERRED TAX ASSETS/(LIABILITIES)	**(11,659)**	**(10,528)**

A total of €1,835 million in deferred tax assets were recognized in respect of tax losses and tax credits carried forward at December 31, 2011 (€1,453 million at end-2010). As in 2010, this amount includes all tax loss carry-forwards relating to the GDF SUEZ SA and SUEZ Environnement tax consolidation groups.

The Group estimates that all tax loss carry-forwards relating to the International Power North America tax consolidation group will be utilized over a period of ten years.

Had the tax laws and regulations remained the same in 2011 as in 2010, the SUEZ Environnement tax consolidation group would utilize most of its deferred tax assets recognized on tax loss carryforwards over the period covered by the medium-term business plan (2012-2017) approved by management. Despite the new regulations voted in 2011 (tax losses carried forward may only be offset against 60% of taxable income for the year), the Group considers that this tax consolidation group could still utilize all of its deferred tax assets arising on tax loss carryforwards, approximately 40% of which during the period of the medium-term business plan.

Aside from these two tax consolidation groups, GDF SUEZ considers that all material tax loss carryforwards recognized as deferred tax assets in the statement of financial position will be utilized over the period covered by the medium-term business plan (2012-2017) approved by management.

7.4 Unrecognized deferred taxes

7.4.1 Unrecognized deductible temporary differences

At December 31, 2011, the tax effect of tax losses and tax credits eligible for carry-forward but not utilized and not recognized in the statement of financial position amounted to €1,112 million (€783 million at December 31, 2010). Most of these unrecognized tax losses relate to companies based in countries which allow losses to be carried forward indefinitely (mainly Belgium, France and Luxembourg).

Following a decision issued by the European Court of Justice on February 12, 2009 in the Cobelfret case, Belgium was sanctioned for its "'Dividends Received Deduction" (DRD) regime. Deduction of dividends received are now required to be carried forward. In 2011, the Group obtained formal approval from the Belgian Ruling Commission regarding the terms and conditions for transferring and

utilizing deduction of dividends received arising from mergers and spin-offs. As some Group entities are not expected to have sufficient taxable profits over the medium-term (in particular GDF SUEZ Belgium and Genfina), these entities did not recognize deferred tax assets on these deductible carry-forwards. The tax impact of these unrecognized items amounts to €340 million and is included in the amount of €1,112 million relating to tax loss and tax credit carry-forwards not utilized and not recognized in the statement of financial position at December 31, 2011.

The tax effect of other tax-deductible temporary differences not recorded in the statement of financial position was €238 million at end-December 2011 versus €198 million at end-December 2010.

7.4.2 Unrecognized deferred taxes on taxable temporary differences relating to investments in subsidiaries, joint ventures and associates

No material deferred tax liabilities are recognized on temporary differences when the Group is able to control the timing of their reversal and it is probable that the temporary difference will not reverse in the foreseeable future.

NOTE 8 EARNINGS PER SHARE

	Dec. 31, 2011	Dec. 31, 2010
Numerator *(in millions of euros)*		
Net income Group share *	4,003	4,616
Impact of dilutive instruments		
• International Power convertible bond issues	(19)	
Diluted net income Group share	3,984	4,616
Denominator: *(in millions of shares)*		
Average number of shares outstanding	2,221	2,188
Impact of dilutive instruments		
• Bonus share plan reserved for employees	9	5
• Employee stock subscription and purchase plans	3	5
DILUTED AVERAGE NUMBER OF SHARES OUTSTANDING	**2,233**	**2,197**
Earnings per share *(in euros)*		
Earnings per share	1.8	2.1
Diluted earnings per share	1.8	2.1

* *The share in net income of SUEZ Environnement included in net income Group share represents the share in income after deduction of the coupon attributable to holders of the SUEZ Environnement hybrid shares described in Note 16.7, "Non-controlling interests". The dilutive impact of these shares is therefore already taken into account in earnings per share.*

The Group's dilutive instruments included in the calculation of diluted earnings per share are detailed in Note 23.1, "Stock option plans" and 23.3, "Bonus shares and Performance Shares".

Diluted earnings per share does not take into account the stock subscription options granted to employees at an exercise price higher than the average annual GDF SUEZ share price. The plans in question date from 2007, 2008 and 2009 and are described in Note 23.1.1, "Details of stock option plans in force".

Instruments that were accretive at December 31, 2011 may become dilutive in subsequent periods due to changes in the average annual share price.

NOTE 9 GOODWILL

9.1 Movements in the carrying amount of goodwill

In millions of euros	Gross amount	Impairment losses	Net amount
At December 31, 2009	**28,238**	**(249)**	**27,989**
Correction of prior-period error (see Note 1.2)	366		366
Restated balance at January 1, 2010	**28,604**	**(249)**	**28,355**
Impairment		(169)	
Changes in scope of consolidation	(82)	23	
Translation adjustments	324	(15)	
Other	(514)	11	
At December 31, 2010	**28,332**	**(399)**	**27,933**
Impairment		(61)	
Changes in scope of consolidation and other	3,343	23	
Translation adjustments	107	17	
AT DECEMBER 31, 2011	**31,782**	**(420)**	**31,362**

The increase in goodwill in the statement of financial position at December 31, 2011 primarily reflects €2,822 million in goodwill arising on the acquisition of International Power (see Note 2, "Main changes in Group structure), €566 million in provisional goodwill arising on the acquisition of underground gas storage sites in Germany (see Note 2), and €129 million in goodwill arising on the acquisition of Ne Varietur (Energy services). These additions to goodwill were partly offset by the €209 million in goodwill derecognized following the partial sale of Walloon inter-municipal companies and the loss of significant influence over Flemish inter-municipal companies.

An impairment loss of €61 million was taken against goodwill for the Energy – Southern Europe CGU as a result of the annual impairment tests carried out in 2011.

In 2010, changes in goodwill related mainly to the acquisition of a controlling interest in the Hisusa/Agbar Group, which added €394 million to goodwill; the unwinding of cross-holdings previously held by Lyonnaise des Eaux and Veolia Environnement, which added €203 million; and the derecognition of the share of goodwill sold as part of the disposal of Elia shares, which reduced goodwill by €155 million.

The negative amount of €514 million shown in "Other" mainly reflected the finalization of the opening statement of financial position of German entities acquired from E.ON in 2009 (€336 million).

An impairment loss was recognized in 2010 against goodwill on a gas distribution entity in Turkey (€134 million) and against goodwill assigned to the Infrastructures-Transmission Germany CGU (€27 million).

9.2 Main goodwill CGUs

9.2.1 Definition of International Power goodwill CGUs

Following the acquisition of International Power and the reorganization of the Group's international energy production and sale operations (see Note 2, "Main changes in Group structure" and Note 3.1, "Operating segments"), GDF SUEZ and International Power determined the groups of cash-generating units to which the €2,822 million in goodwill generated on the International Power acquisition and the legacy €1,305 million in goodwill on the Energy International business transferred to International Power were to be allocated ("goodwill CGUs").

Six goodwill CGUs were identified, corresponding to the regional management levels within International Power: International Power – North America CGU, International Power – Latin America CGU, International Power – Asia CGU, International Power – United Kingdom & Other Europe CGU, International Power – Middle East, Turkey & Africa CGU and International Power – Australia CGU.

At December 31, 2011, the Group provisionally allocated this goodwill among the six goodwill CGUs. The six goodwill CGUs and this provisional allocation were then used as a basis for the 2011 annual impairment tests.

The allocation of goodwill arising on the acquisition of International Power will be finalized in 2012.

9.2.2 Presentation of the main goodwill CGUs

The table below provides a breakdown of goodwill by CGU:

CGU *In millions of euros*	Operating segment	Dec. 31, 2011	Dec. 31, 2010
MATERIAL CGUS [1]			
Energy - Benelux & Germany	Energy - Benelux & Germany	7,536	7,777
Midstream/Downstream	Global Gas & LNG	4,296	4,266
Distribution [2]	Infrastructures	4,009	4,009
Energy - France	Energy France	2,906	2,885
International Power - North America	Energy - International Power	1,627	696
OTHER SIGNIFICANT CGUS			
Storage [2]	Infrastructures	1,359	1,359
International Power - Asia	Energy - International Power	820	479
International Power - United Kingdom & Other Europe	Energy - International Power	663	23
Transmission France [2]	Infrastructures	614	614
Energy - Eastern Europe	Energy Europe	595	627
OTHER CGUS *(INDIVIDUALLY LESS THAN €600 MILLION)* [2]		**6,938**	**5,198**
TOTAL		**31,362**	**27,933**

(1) Material CGUs correspond to CGUs that represent over 5% of the Group's total goodwill.

(2) Goodwill amounting to €366 million, resulting from the correction of the prior-period error presented in Note 1,2 was allocated to the following CGUs: Distribution (€129 million), Storage (€91 million), Transmission France (€78 million) and the Terminals CGU in the Infrastructures business line (€68 million).

9.3 Impairment testing of goodwill CGUs

All goodwill CGUs are tested for impairment based on data as of end-June and on a review of events in the second half of the year. The recoverable amount of CGUs is determined using a number of different methods including discounted cash flows and the regulated asset base (RAB). The discounted cash flows method uses cash flow forecasts covering an explicit period of six years and resulting from the medium-term business plan approved by the Group's Management Committee. When the discounted cash flows method is used, value in use is calculated on the basis of three scenarios ("low", "medium" and "high"). The "medium" scenario, which management deems the most probable, is usually preferred.

The recoverable amounts that result from applying these three scenarios ("low", "medium" and "high") are based on key assumptions such as discount rates. The discount rates applied are determined on the basis of the weighted average cost of capital adjusted to reflect business, country and currency risks associated with each CGU reviewed. Discount rates correspond to risk-free market interest rates plus a country risk premium. The post-tax rates used in 2011 to measure the value in use of goodwill CGUs in the cash flow forecasts were between 5.2% and 13.6% in 2011 (between 4.6% and 11.6% in 2010).

9.3.1 Material CGUs

Except for the Energy – Benelux & Germany, Midstream/ Downstream, Distribution, Energy – France and International Power – North America CGUs (see below), no individual amount of goodwill allocated to CGUs represents more than 5% of the Group's total goodwill.

Based on events that are reasonably likely to occur as of the end of the reporting period, the Group considers that any changes in the key assumptions described below would not increase the carrying amount of goodwill in excess of the recoverable amount.

Goodwill allocated to the Energy – Benelux & Germany CGU

The total amount of goodwill allocated to this CGU was €7,536 million at December 31, 2011. This CGU includes the Group's electricity production, sales and distribution activities in Belgium, the Netherlands, Luxembourg and Germany.

The annual review of this CGU's recoverable amount was based on its estimated value in use.

To estimate value in use, the Group uses cash flow projections based on financial forecasts approved by the Group's Management Committee, covering a period of six years, and discount rates between 6.5% and 9%. A terminal value was obtained based on the cash flows extrapolated beyond the six-year period using a growth rate equal to expected inflation (1.9%).

Key assumptions include the discount rates and expected trends in long-term prices for electricity and fuel. These inputs reflect the Group's best estimates of energy prices, while fuel consumption is estimated taking into account expected changes in production assets. The discount rates applied are consistent with available external sources of information. The regulatory framework used is consistent with a perspective of industry stability and takes into account the various national regulations in force in the region and any agreements between the Group and local governments.

An increase of 0.5% in the discount rate used would have a negative 32.5% impact on the excess of the recoverable amount over the carrying amount. However, the recoverable amount would remain above the carrying amount. A decrease of 0.5% in the discount rate used would have a positive 48.7% impact on this calculation.

A decrease of €1/MWh in average spreads on the terminal value would have a negative 12.2% impact on the excess of the recoverable amount over the carrying amount. However, the recoverable amount would remain above the carrying amount. An increase of €1/MWh in average spreads on the terminal value would have a positive 12.2% impact on this calculation.

Various extreme transformational scenarios have been considered. The disappearance of all nuclear components in the portfolio after a period of 40 years operating the current plants and the resulting change in the corresponding nuclear taxes would have a sharply negative impact (91% on the excess of the recoverable value over the carrying amount, without taking account of the positive impact of replacement and the effect on energy prices), however, this scenario does not call into question the carrying amount of the CGU.

Goodwill allocated to the Midstream/Downstream CGU

The total amount of goodwill allocated to this CGU was €4,296 million at December 31, 2011. The Midstream/Downstream CGU includes Group entities that supply gas to the Group under supply contracts and by using organized markets, and that market energy offers and related energy services to the Group's largest customers in Europe.

The recoverable amount of the Midstream/Downstream CGU is also calculated on the basis of value in use, using cash flow forecasts. The discount rates applied to these forecasts range from 8% to 9.1% depending on business and country risks. The recoverable amount includes a terminal value for the period beyond six years, calculated by applying a long-term growth rate (ranging from 0% to 3% depending on the activities) to normative EBITDA in the last year of the forecasts.

The key assumptions and estimates include the discount rates, estimated hydrocarbon prices, changes in the euro/dollar exchange rate, the market outlook, and the expected period required for the realignment of oil and gas prices. The inputs used reflect the best estimates of market prices and expected market trends.

In the "medium" scenario used by management in its medium-term business plan, the Group expects the partial realignment of oil and gas prices as from 2013 and a full realignment as from 2014. If the prices realign one year later, the excess of the recoverable amount over the carrying amount would decrease by 9.8%. However, the recoverable amount would remain above the carrying amount.

An increase of 0.5% in the discount rate used would have a negative 69.1% impact on the excess of the recoverable amount over the carrying amount. However, the recoverable amount would remain above the carrying amount. A decrease of 0.5% in the discount rate used would have a positive 79.9% impact on this calculation.

A 0.5% increase in the long-term growth rate used to determine the terminal value would have a positive 52% impact on the excess of the recoverable amount over the carrying amount. A 0.5% decrease in the long-term growth rate would have a negative 45% impact on this calculation. However, the recoverable amount would remain above the carrying amount.

Goodwill allocated to the Distribution CGU

The total amount of goodwill allocated to this CGU was €4,009 million at December 31, 2011. The Distribution CGU includes the Group's gas distribution activities in France.

The recoverable amount of this CGU was calculated using a method based on the regulated asset base (RAB). The RAB is the amount assigned by the regulator to assets operated by the distributor, and is the sum of future pre-tax cash flows, discounted at a rate equal to the pre-tax rate of return guaranteed by the regulator.

Goodwill allocated to the Energy – France CGU

The total amount of goodwill allocated to this CGU was €2,906 million at December 31, 2011. The Energy – France CGU comprises a range of activities including the production of electricity, the sale of gas, electricity and associated services, and the provision of eco-friendly solutions for housing.

The recoverable amount of the CGU is determined on the basis of the value in use of the group of assets, calculated primarily using cash flow forecasts included in the medium-term business plan covering a period of six years and approved by the Group's Management Committee. The key assumptions used are related to the operating conditions expected by the Group's Management Committee, in particular regulatory rates, market prices, expected trends in long-term prices for electricity and fuel, the future market outlook and the applicable discount rates. The inputs used for each of these assumptions reflect past experience as well as best estimates of market prices.

For power generation assets, cash flows are projected either over the useful life of the underlying assets or over the term of the contracts associated with the activities of the entities included in the CGU.

For the gas and electricity sales business unit, a terminal value was calculated by extrapolating the cash flows beyond the medium-term business plan.

The discount rates used range from 6.1% and 9.5% and correspond to the weighted average cost of capital adjusted to reflect the business risks relating to the assets comprising the CGU.

An increase of 0.5% in the discount rate used would have a negative 19.5% impact on the excess of the recoverable amount over the carrying amount. However, the recoverable amount would remain above the carrying amount. A decrease of 0.5% in the discount rate used would have a positive 22.2% impact on this calculation.

A decrease of €1/MWh in gas and electricity sale prices would have a negative 15% impact on the excess of the recoverable amount over the carrying amount. However, the recoverable amount would remain above the carrying amount. An increase of €1/MWh in gas and electricity sale prices would have a positive 15.5% impact on this calculation.

Goodwill allocated to the International Power – North America CGU

The total amount of goodwill allocated to this CGU was €1,627 million at December 31, 2011. The entities included in this CGU produce electricity and sell electricity and gas in the US, Mexico and Canada. They are also involved in LNG imports and regasification.

The recoverable amount of this International Power - North America CGU is determined on the basis of the value in use of the group of assets, calculated primarily using cash flow forecasts included in the medium-term business plan covering a period of six years and approved by the Group's Management Committee.

For electricity production activities, the terminal value was calculated for each asset class by extrapolating the cash flows expected through to the expiry of the license to operate the facilities. For the LNG and retail electricity sales business, the terminal value was calculated by extrapolating cash flows beyond the last year of the medium-term business plan using growth rates of between 0% and 1%.

Key assumptions include long-term trends in electricity and fuel prices, the future market outlook and the discount rates applied. The inputs used for these assumptions reflect best estimates of market prices. The discount rates used in 2011 range from 5.7% to 10.3%, depending on the business concerned.

An increase of 0.5% in the discount rate used would have a negative 83.2% impact on the excess of the recoverable amount over the carrying amount. However, the recoverable amount would remain above the carrying amount. A decrease of 0.5% in the discount rate used would have a positive 83.1% impact on this calculation.

A decrease of USD 1/MMBtu (Million Metric British thermal units) in gas prices would have a negative 90.2% impact on the excess of the recoverable amount over the carrying amount. However, the recoverable amount would remain above the carrying amount. An increase of USD 1/MMBtu in gas sale prices would have a positive 90.2% impact on this calculation.

9.3.2 Other significant CGUs

The table below sets out the assumptions used to determine the recoverable amount of other significant CGUs. The discounted cash flows method (CDF) or dividend discount model (DDM) is used to determine value in use. The recoverable amount of certain CGUs is calculated using the RAB or based on valuations used in recent transactions.

CGU	Operating segment	Measurement	Taux d'actualisation
Storage	Infrastructures	DCF	5.9% - 6.6%
International Power - Asia	Energy - International Power	DCF + DDM + disposal price	7.4% - 13.4%
International Power - United Kingdom & Other Europe	Energy - International Power	DCF + DDM + disposal price	5.4% - 10%
Transmission France	Infrastructures	Fair value less disposal costs	
Energy - Eastern Europe	Energy Europe	DCF + RAB + disposal price	8.4% - 11.8%

9.4 Goodwill segment information

The carrying amount of goodwill can be analyzed as follows by operating segment:

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Energy France	2,906	2,885
Energy Europe & International	12,821	10,292
of which : Benelux & Germany	*7,536*	*7,777*
Europe	*1,004*	*1,209*
International Power	*4,281*	*1,305*
Global Gas & LNG	4,359	4,331
Infrastructures	6,705	6,139
Energy Services	1,325	1,157
SUEZ Environnement	3,246	3,128
TOTAL	**31,362**	**27,933**

NOTE 10 INTANGIBLE ASSETS

10.1 Movements in intangible assets

In millions of euros	Intangible rights arising on concession contracts	Capacity entitlements	Other	Total
GROSS AMOUNT				
At December 31, 2009	**4,394**	**2,405**	**9,520**	**16,319**
Acquisitions	501	1	770	1,272
Disposals	(66)	0	(143)	(209)
Translation adjustments	63	0	96	159
Changes in scope of consolidation	427	0	922	1,349
Other	(15)	18	86	89
At December 31, 2010	**5,304**	**2,424**	**11,251**	**18,979**
Acquisitions	369	(0)	606	975
Disposals	(16)	0	(75)	(91)
Translation adjustments	61	0	50	111
Changes in scope of consolidation	(8)	0	491	483
Other	51	(70)	41	23
At December 31, 2011	**5,762**	**2,354**	**12,363**	**20,480**
ACCUMULATED AMORTIZATION AND IMPAIRMENT				
At December 31, 2009	**(1,812)**	**(665)**	**(2,421)**	**(4,899)**
Amortization and impairment	(174)	(88)	(1,524)	(1,786)
Disposals	35	0	40	75
Translation adjustments	(15)	0	(39)	(55)
Changes in scope of consolidation	162	0	271	433
Other	16	0	16	32
At December 31, 2010	**(1,789)**	**(753)**	**(3,657)**	**(6,199)**
Amortization and impairment	(260)	(85)	(815)	(1,160)
Disposals	14	0	61	75
Translation adjustments	(9)	0	(20)	(29)
Changes in scope of consolidation	22	0	53	75
Other	(77)	69	(8)	(16)
At December 31, 2011	**(2,099)**	**(769)**	**(4,387)**	**(7,254)**
CARRYING AMOUNT				
At December 31, 2010	**3,515**	**1,671**	**7,594**	**12,780**
At December 31, 2011	**3,664**	**1,586**	**7,977**	**13,226**

In 2011, acquisitions relating to intangible rights arising on concession contracts correspond to the construction work carried out under concession contracts on infrastructure managed by SUEZ Environnement and energy services amounting to €235 million and €131 million, respectively.

Changes in the scope of consolidation in 2011 primarily include the first-time consolidation of International Power (€430 million), the acquisition of WSN Environmental Solutions (€128 million) and the disposal of G6 Rete Gas (€115 million).

In 2010, acquisitions related mainly to intangible rights arising on concession contracts in the SUEZ Environnement (€338 million) and energy services (€161 million) business lines, and on exploration and production licenses in Australia (€257 million).

Impairment losses recognized in 2010 totaled €751 million and chiefly concerned the long-term gas supply contracts portfolio in the Global Gas & LNG business line (€548 million) and exploration licenses in Egypt, Libya and the Gulf of Mexico (€84 million).

10.1.1 Intangible rights arising on concession contracts

The Group manages a number of concessions as defined by SIC 29 (see Note 22, "Service concession arrangements") covering drinking water distribution, water treatment, waste collection and treatment, and electricity distribution. The rights given to the Group as concession operator in respect of these infrastructures fall within the scope of IFRIC 12 and are accounted for as intangible assets in accordance with the intangible asset model. They include rights to bill users recognized in accordance with the intangible asset model as set out in IFRIC 12.

10.1.2 Capacity entitlements

The Group has acquired capacity entitlements from power stations operated by third parties. These power station capacity rights were acquired in connection with transactions or within the scope of the Group's involvement in financing the construction of certain power stations. In consideration, the Group received the right to purchase a share of the production over the useful life of the underlying assets. These rights are amortized over the useful life of the underlying assets, not to exceed 40 years. The Group currently holds entitlements in the Chooz B power plant in France and the virtual power plant (VPP) in Italy.

10.1.3 Other

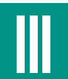
At end-2011, this caption chiefly relates to water drawing rights, licenses and intangible assets acquired as a result of the merger with Gaz de France, essentially comprising the GDF Gaz de France brand and customer relationships, as well as supply agreements. The exploration and production licenses presented under "Other" in the table above are detailed in Note 19, "Exploration & Production activities".

The carrying amount of intangible assets that are not amortized because they have an indefinite useful life was €936 million at December 31, 2011 (€1,007 million at December 31, 2010). This caption relates mainly to water drawing rights and to the GDF Gaz de France brand recognized as part of the allocation of the cost of the business combination to the assets and liabilities of Gaz de France.

10.2 Research and development costs

Research and development activities primarily relate to various studies regarding technological innovation, improvements in plant efficiency, safety, environmental protection, service quality and the use of energy resources.

Research and development costs (excluding technical assistance costs) that do not meet the criteria for recognition as an intangible asset as set out in IAS 38, totaled €231 million in 2011 and €222 million in 2010. Expenses related to in-house projects in the development phase that meet the criteria for recognition as an intangible asset are not material.



NOTE 11 PROPERTY, PLANT AND EQUIPMENT

11.1 Movements in property, plant and equipment

In millions of euros	Land	Buildings	Plant and equipment	Vehicles	Dismantling costs	Assets in progress	Other	Total
GROSS AMOUNT								
At December 31, 2009	2,337	8,216	74,002	1,723	1,072	9,770	1,241	98,360
Acquisitions	87	174	1,235	150	0	6,548	103	8,297
Disposals	(42)	(51)	(380)	(87)	(26)	(147)	(48)	(780)
Translation adjustments	70	244	1,811	36	18	412	18	2,609
Changes in scope of consolidation	318	126	2,129	(20)	3	53	(107)	2,501
Other	167	(2,895)	8,772	(10)	581	(6,019)	(32)	563
At December 31, 2010	2,937	5,813	87,568	1,791	1,648	10,618	1,175	111,551
Acquisitions	44	93	1,273	131	0	6,549	91	8,182
Disposals	(45)	(88)	(402)	(85)	0	(0)	(31)	(650)
Translation adjustments	(9)	(75)	2	1	6	(159)	1	(232)
Changes in scope of consolidation	160	429	9,265	11	11	707	15	10,598
Transferred to assets held for sale	(0)		(1,487)		(12)	(2)	(2)	(1,504)
Other	122	927	5,029	65	98	(6,359)	43	(75)
At December 31, 2011	**3,209**	**7,100**	**101,248**	**1,916**	**1,751**	**11,354**	**1,292**	**127,869**
ACCUMULATED DEPRECIATION AND IMPAIRMENT								
At December 31, 2009	(956)	(2,558)	(22,378)	(1,097)	(732)	(170)	(804)	(28,695)
Depreciation and impairment	(89)	(368)	(4,323)	(165)	(75)	(137)	(179)	(5,336)
Disposals	34	23	241	75	(0)	119	40	531
Translation adjustments	(31)	(54)	(481)	(22)	(13)	(2)	(11)	(614)
Changes in scope of consolidation	0	91	880	22	(2)	0	89	1,082
Other	12	593	(555)	30	(10)	52	62	184
At December 31, 2010	(1,029)	(2,273)	(26,616)	(1,158)	(832)	(139)	(802)	(32,848)
Depreciation and impairment	(76)	(358)	(5,018)	(154)	(122)	(70)	(134)	(5,933)
Disposals	23	67	356	81	0	8	27	562
Translation adjustments	(13)	16	149	1	(4)	(1)	2	151
Changes in scope of consolidation	0	0	(50)	4	2	(0)	0	(43)
Transferred to assets held for sale			455		1		1	458
Other	0	(8)	(105)	(2)	(6)	(5)	32	(95)
At December 31, 2011	**(1,094)**	**(2,555)**	**(30,828)**	**(1,229)**	**(960)**	**(208)**	**(874)**	**(37,749)**
CARRYING AMOUNT								
At December 31, 2010	1,908	3,540	60,953	634	817	10,479	373	78,703
At December 31, 2011	**2,115**	**4,544**	**70,420**	**687**	**791**	**11,146**	**417**	**90,120**

Changes in the scope of consolidation had a net impact of €10,555 million on property, plant and equipment. These changes mainly result from the consolidation of International Power's opening statement of financial position (€10,941 million), the acquisition of gas storage facilities in Germany (€403 million), the Acea transaction (€312 million) and the acquisition of WSN Environmental Solutions by Sita Australia (€144 million). They also result from the disposal of G6 Rete Gas (€624 million), EFOG (€336 million) and the loss of control of Bristol Water (€380 million) (see Note 2, "Main changes in Group structure").

The Hidd Power company, Choctaw, and Hot Springs power plants were classified as held for sale (see Note 2.3), and the carrying amount of the corresponding property, plant and equipment was transferred to "Assets held for sale" in the statement of financial position.

The main impacts of exchange rate fluctuations on the gross amount of property, plant and equipment at December 31, 2011 chiefly consist of translation gains on the US dollar (€457 million) and the Australian dollar (€260 million), and translation losses on the Brazilian real (€481 million) and the Chilean peso (€178 million).

Impairment losses recognized against property, plant and equipment in 2011 amounted to €241 million. These losses are detailed in Note 5.2.2 "Impairment of property, plant and equipment and intangible assets (excluding goodwill)" and mainly concern a power generation facility in Spain and a power plant in the United States.

Assets relating to the exploration and production of mineral resources included in the table above are detailed in Note 19, "Exploration & Production activities". Fields under development are shown under "Assets in progress", while fields in production are included in "Plant and equipment".

11.2 Pledged and mortgaged assets

Items of property, plant and equipment pledged by the Group to guarantee borrowings and debt amounted to €9,383 million at December 31, 2011, versus €3,538 million a year earlier. The increase in assets pledged results primarily from the power plants acquired from International Power which were pledged as a guarantee for the financing of the operation.

11.3 Contractual commitments to purchase property, plant and equipment

In the ordinary course of their operations, some Group companies have entered into commitments to purchase, and the related third parties to deliver, property, plant and equipment. These commitments relate mainly to orders of equipment, vehicles and material required for the construction of energy production units (power and co-generation plants) and for service agreements.

Investment commitments made by the Group to purchase property, plant and equipment totaled €6,459 million at December 31, 2011 versus €5,956 million at December 31, 2010. The increase in commitments mainly reflects the impact of the International Power acquisition and the increase in commitments made by GDF Norge in respect of the Gudrun oil fields. This increase was partially offset by a fall in commitments made by the Benelux & Germany business area following the completion of part of the construction work at new power plants.

11.4 Other information

Borrowing costs for 2011 included in the cost of property, plant and equipment amounted to €379 million at December 31, 2011 and €342 million at end-2010.

NOTE 12 INVESTMENTS IN ASSOCIATES

12.1 Breakdown of investments in associates

In millions of euros	Carrying amount of investments in associates		Share in net income (loss) of associates	
	Dec. 31, 2011	**Dec. 31, 2010**	**Dec. 31, 2011**	**Dec. 31, 2010**
Belgian inter-municipal companies	39	416	187	184
Gasag	471	468	16	20
Paiton	614	0	65	0
ISAB Energy srl	153	0	4	0
GTT	88	117	(8)	(3)
Noverco	0	229	7	10
Other	1,255	750	192	54
TOTAL	**2,619**	**1,980**	**462**	**264**

The increase in the carrying amount of investments in associates is mainly attributable to the inclusion of International Power associates (e.g., Paiton and ISAB Energy) 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”, since June 30, 2011, the Group no longer exercises significant influence over the Flemish inter-municipal companies. Accordingly, the corresponding shares are now presented in “Available-for-sale securities” in the consolidated financial statements. In addition, 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 its equity investments in associates, the surplus was taken to income and the value of the shares was written down to zero. 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 net income of these entities for subsequent periods will be suspended until the surplus has been canceled out. At December 31, 2011, the surplus totaled €70 million primarily as a result of a dividend payout of €21 million in the second half of the year recognized in “Share in net income of associates”.

The Group sold its interest in Noverco on June 30, 2011.

At December 31, 2011, total unrecognized losses of associates (corresponding to the cumulative amount of losses exceeding the carrying amount of investments in the associates concerned) including other comprehensive income or expense, amounted to €412 million. These unrecognized losses mainly correspond to the negative fair value of financial instruments designated as interest rate hedges (“Other comprehensive income”) taken out by associates in the Middle East in connection with the financing for the construction of power and desalination plants.

12.2 Key figures of associates

In millions of euros	Latest % control	Total assets (1)	Liabilities (1)	Equity (1)	Revenues (1)	Net income (1)
At December 31, 2011						
Walloon and Brussels inter-municipal companies (2)		4,685	2,816	1,869	1,227	266
PT Paiton Energy Company	44,7	3,658	2,285	1,373	558	145
ISAB Energy	49,0	652	340	312	430	7
Gasag Group	31,6	2,770	2,054	716	1,165	52
GTT	40,0	102	78	24	53	10
At December 31, 2010						
Belgian inter-municipal companies (2)		11,735	6,901	4,834	2,827	585
Noverco Group	17,6	4,394	3,090	1,304	1,271	58
Gasag Group	31,6	2,763	2,002	761	1,162	73
GTT	40,0	126	59	67	77	19

(1) The key figures of associates are presented at a 100%.

(2) Based on the combined financial data for the previous financial year of the inter-municipal companies, which have been restated in accordance with IFRS.

NOTE 13 INVESTMENTS IN JOINT VENTURES

The contributions of the main joint ventures to the Group's consolidated financial statements are as follows:

In millions of euros	Consolidation percentage	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenues	Net income
At December 31, 2011							
Energia Sustentavel Do Brasil	50.1	177	1,936	125	1,035	0	15
SPP Group	24.5	308	1,655	95	342	752	140
WSW Energie und Wasser	33.1	43	304	57	75	190	11
Senoko	30.0	123	864	217	470	603	28
Tirreno Power	50.0	239	819	210	568	529	17
Eco Electrica Project	50.0	77	416	48	134	136	19
At December 31, 2010							
EFOG	22.5	135	334	5	171	166	76
Energia Sustentavel Do Brasil	50.1	271	1,224	77	849	0	5
AceaElectrabel Group	40.6 *	472	734	739	150	1,291	26
SPP Group	24.5	277	1,705	92	350	737	144
WSW Energie und Wasser	33.1	42	307	53	73	170	6
Senoko	30.0	90	773	51	539	524	9
Tirreno Power	35.0	146	569	143	411	308	15

* *Consolidation percentage applicable to the holding companies.*

In the first quarter of 2011, GDF SUEZ and Acea terminated their partnership concerning energy activities in Italy. After the cross-holdings had been unwound, the Group acquired a controlling interest in a number of entities which are now fully consolidated.

This transaction is described in further detail in Note 2, "Main changes in Group structure".

The Group sold its 22.5% interest in EFOG on December 31, 2011 (see Note 2, "Main changes in Group structure").

NOTE 14 FINANCIAL INSTRUMENTS

14.1 Financial assets

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

		Dec. 31, 2011			Dec. 31, 2010	
In millions of euros		Non-current	Current	Total	Non-current	Current
Available-for-sale securities	3,299		3,299	3,252		3,252
Loans and receivables at amortized cost	3,813	24,446	28,259	2,794	21,533	24,327
Loans and receivables at amortized cost (excluding trade and other receivables)	*3,813*	*1,311*	*5,124*	*2,794*	*1,032*	*3,825*
Trade and other receivables, net		*23,135*	*23,135*		*20,501*	*20,501*
Other financial assets at fair value	2,911	8,197	11,108	2,532	7,452	9,984
Derivative instruments	*2,911*	*5,312*	*8,223*	*2,532*	*5,739*	*8,271*
Financial assets at fair value through income (excluding derivatives)		*2,885*	*2,885*		*1,713*	*1,713*
Cash and cash equivalents		14,675	14,675		11,296	11,296
TOTAL	**10,023**	**47,319**	**57,342**	**8,578**	**40,280**	**48,858**

14.1.1 Available-for-sale securities

In millions of euros	
At December 31, 2009	**3,563**
Acquisitions	518
Disposals - carrying amount excluding changes in fair value recorded in "Other comprehensive income"	(648)
Disposals - "Other comprehensive income" derecognized	(27)
Other changes in fair value recorded in equity	(99)
Changes in fair value recorded in income	(69)
Changes in scope of consolidation, foreign currency translation and other changes	14
At December 31, 2010	**3,252**
Acquisitions	249
Disposals - carrying amount excluding changes in fair value recorded in "Other comprehensive income"	(50)
Disposals - "Other comprehensive income" derecognized	(425)
Other changes in fair value recorded in equity	(70)
Changes in fair value recorded in income	(130)
Changes in scope of consolidation, foreign currency translation and other changes	473
At December 31, 2011	**3,299**

The Group's available-for-sale securities amounted to €3,299 million at December 31, 2011, breaking down as €1,243 million of listed securities and €2,056 million of unlisted securities (respectively, €1,131 million and €2,121 million at December 31, 2010).

The main acquisitions in the period correspond to bonds purchased by Synatom within the scope of its investment commitments.

Changes in the scope of consolidation chiefly result from: (i) the recognition of the Group's interests in the Flemish mixed inter-municipal companies as available for-sale securities (€587 million), and (ii) the disposal of GDF SUEZ LNG Liquefaction which held a stake in Atlantic LNG with a historical value of €97 million (see Note 2, "Main changes in Group structure").

The main transactions carried out in 2010 concerned the acquisition of a 9% stake in the Nordstream AG gas pipeline (€238 million) and the disposal of Gas Natural shares (€555 million).

14.1.1.1 Gains and losses on available-for-sale securities recognized in equity or income

The table below shows gains and losses on available-for-sale securities recognized in equity or income:

		Remeasurement post acquisition				
In millions of euros	**Dividends**	**Change in fair value**	**Foreign currency translation**	**Impairment**	**Reclassified to income**	**Net gain (loss) on disposals**
Equity *	-	(70)	14	-	(425)	-
Income	139			(130)	425	33
TOTAL AT DECEMBER 31, 2011	**139**	**(70)**	**14**	**(130)**		**33**
Equity *	-	(99)	38	-	(27)	-
Income	128			(69)	27	178
TOTAL AT DECEMBER 31, 2010	**128**	**(99)**	**38**	**(69)**		**178**

* *Excluding the tax effect.*

The items comprising net gains on disposals totaling €33 million are not material taken individually.

Gains and losses initially recognized in equity within "Other comprehensive income" and reclassified to income following the disposal of available-for-sale securities totaled €425 million in 2011 (€27 million in 2010). The impact of reclassifying the Atlantic LNG shares to income (€421 million) is shown on the "Changes in scope of consolidation" line in the income statement (see Note 5).

14.1.1.2 Analysis of available-for-sale securities in connection with impairment tests

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

An example of an impairment indicator for listed securities is when the value of any such security falls below 50% of its historical cost or remains below its historical cost for more than 12 months.

The Group recognized an impairment loss of €130 million against unlisted securities. No individual impairment loss included in this amount was material.

Based on its analyses, the Group did not recognize any other impairment losses on available-for-sale securities at December 31, 2011.

14.1.2 Loans and receivables at amortized cost

In millions of euros	Dec. 31, 2011			Dec. 31, 2010		
	Non-current	Current	Total	Non-current	Current	Total
Loans and receivables at amortized cost (excluding trade and other receivables)	3,813	1,311	5,124	2,794	1,032	3,825
Loans granted to affiliated companies	*875*	*555*	*1,430*	*932*	*230*	*1,162*
Other receivables at amortized cost	*1,056*	*159*	*1,215*	*1,157*	*150*	*1,307*
Amounts receivable under concession contracts	*418*	*466*	*884*	*315*	*453*	*768*
Amounts receivable under finance leases	*1,464*	*132*	*1,596*	*389*	*198*	*588*
Trade and other receivables		23,135	23,135		20,501	20,501
TOTAL	**3,813**	**24,446**	**28,259**	**2,794**	**21,533**	**24,327**

The table below shows impairment losses taken against loans and receivables at amortized cost:

In millions of euros	Dec. 31, 2011			Dec. 31, 2010		
	Gross	Allowances and impairment	Net	Gross	Allowances and impairment	Net
Loans and receivables at amortized cost (excluding trade and other receivables)	5,504	(380)	5,124	4,224	(399)	3,825
Trade and other receivables, net	24,133	(997)	23,135	21,592	(1,091)	20,501
TOTAL	**29,637**	**(1,377)**	**28,259**	**25,816**	**(1,490)**	**24,327**

Data on the age of receivables past due but not impaired and on counterparty risk associated with loans and receivables at amortized cost (including trade and other receivables) are provided in Note 15.2, "Counterparty risk".

Net gains and losses recognized in the consolidated income statement with regard to loans and receivables at amortized cost (including trade and other receivables) break down as follows:

In millions of euros	Interest income	Remeasurement post acquisition	
		Foreign currency translation	Impairment
At December 31, 2010	101	(43)	(19)
At December 31, 2011	**142**	**15**	**17**

Loans and receivables at amortized cost (excluding trade and other receivables)

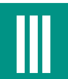
Changes in loans and receivables at amortized cost chiefly reflect the consolidation of the International Power Group in 2011, which added €1,468 million to the caption in December 2011.

At December 31, 2011 and December 31, 2010, no material impairment losses had been recognized against loans and receivables at amortized cost (excluding trade and other receivables).

Trade and other receivables

On initial recognition, trade and other receivables are recorded at fair value, which generally corresponds to their nominal value. Impairment losses are recorded based on the estimated risk of non-recovery. The carrying amount of trade and other receivables in the consolidated statement of financial position represents a reasonable estimate of fair value.

Impairment losses recognized against trade and other receivables amounted to €997 million at end-2011 and €1,091 million at end-2010.



14.1.3 Other financial assets at fair value through income

	Dec. 31, 2011			Dec. 31, 2010		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total
Derivative instruments	2,911	5,312	8,223	2,532	5,739	8,271
Derivatives hedging borrowings (1)	*1,187*	*314*	*1,502*	*1,124*	*68*	*1,192*
Derivatives hedging commodities	*969*	*4,916*	*5,885*	*994*	*5,662*	*6,656*
Derivatives hedging other items (2)	*755*	*81*	*836*	*415*	*9*	*423*
Financial assets at fair value through income (excluding derivatives)	0	2,572	2,572	0	1,555	1,555
Financial assets qualifying as at fair value through income		*2,527*	*2,527*		*1,511*	*1,511*
Financial assets designated as at fair value through income		*45*	*45*		*45*	*45*
Margin calls on derivatives hedging borrowings - assets		314	314		157	157
TOTAL	**2,911**	**8,197**	**11,108**	**2,532**	**7,452**	**9,984**

(1) Following the Group's review of its definition of "net debt", derivatives hedging borrowings include qualifying or non-qualifying instruments hedging an underlying item recorded within gross debt (see Note 14.3, "Net debt").

(2) The interest rate component of derivative hedges (not qualifying as hedges or qualifying as cash flow hedges) and instruments hedging net investments in a foreign operation are now classified as derivatives hedging other items.

Data for 2010 have been restated in order to provide a meaningful comparison.

Financial assets qualifying as at fair value through income (excluding derivatives) are mainly UCITS held for trading purposes and intended to be sold in the near term. They are included in the calculation of the Group's net debt (see Note 14.3).

Gains on financial assets at fair value through income (excluding derivatives) held for trading purposes totaled €26 million in 2011 versus €15 million in 2010.

Gains and losses on financial assets designated as at fair value through income in 2011 were not material.

14.1.4 Cash and cash equivalents

Cash and cash equivalents totaled €14,675 million at December 31, 2011 (€11,296 million at December 31, 2010).

At end-2011, this caption includes €600 million in cash and cash equivalents subject to restrictions (€231 million at December 31, 2010), reflecting mainly the consolidation of International Power. Cash and cash equivalents subject to restrictions comprise mainly cash equivalents set aside to cover the repayment of borrowings and debt as part of project financing arrangements in certain subsidiaries.

Gains recognized in respect of cash and cash equivalents came to €206 million for the year to December 31, 2011 compared to €141 million for the year to December 31, 2010.

14.1.5 Financial assets set aside to cover the future costs of dismantling nuclear facilities and managing radioactive fissile material

As indicated in Note 17.2, "Nuclear dismantling liabilities", the Belgian law of April 11, 2003, amended by the law of April 25, 2007, granted the Group's wholly-owned subsidiary Synatom responsibility for managing and investing funds received from operators of nuclear power plants in Belgium and designed to cover the costs of dismantling nuclear power plants and managing radioactive fissile material.

Pursuant to the law, Synatom may lend up to 75% of these funds to operators of nuclear plants provided that they meet certain financial criteria – particularly in terms of credit quality. The funds that cannot be lent to operators are either lent to entities meeting the credit quality criteria set by the law or invested in financial assets such as bonds and money-market funds.

Loans to entities outside the Group and other cash investments are shown in the table below:

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Loans to third parties	534	534
Loan to Eso/Elia	454	454
Loan to Eandis	80	80
Other cash investments	727	578
Bond portfolio	207	136
Money market funds	520	442
TOTAL	**1,261**	**1,112**

Loans to entities outside the Group are shown in the statement of financial position as "Loans and receivables at amortized cost". Bonds and UCITS held by Synatom are shown as "Available-for-sale securities".

14.1.6 Financial assets and equity instruments pledged as collateral for borrowings and debt

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Financial assets and equity instruments pledged as collateral	4,789	2,247

This item mainly includes equity instruments pledged as collateral for borrowings and debt.

14.2 Financial liabilities

Financial liabilities are recognized in:

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

The following table presents the Group's different financial liabilities at December 31, 2011, broken down into current and non-current items:

	Dec. 31, 2011			Dec. 31, 2010		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total
Borrowings and debt	43,375	13,213	56,588	38,179	9,059	47,238
Derivative instruments	3,310	5,185	8,495	2,104	5,738	7,842
Trade and other payables	-	18,387	18,387	-	14,835	14,835
Other financial liabilities	684	-	684	780	-	780
TOTAL	**47,369**	**36,784**	**84,153**	**41,063**	**29,632**	**70,695**

14.2.1 Borrowings and debt

	Dec. 31, 2011			Dec. 31, 2010		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total
Bond issues	26,197	2,522	28,719	23,975	921	24,896
Commercial paper		4,116	4,116		3,829	3,829
Drawdowns on credit facilities	1,537	506	2,043	1,286	302	1,588
Liabilities under finance leases	1,250	139	1,389	1,258	243	1,502
Other bank borrowings	12,478	2,935	15,413	9,767	1,110	10,877
Other borrowings	942	636	1,578	1,226	65	1,290
TOTAL BORROWINGS	42,404	10,853	53,257	37,512	6,470	43,982
Bank overdrafts and current accounts		1,310	1,310		1,741	1,741
OUTSTANDING BORROWINGS AND DEBT	42,404	12,163	54,568	37,512	8,210	45,722
Impact of measurement at amortized cost	689	243	932	621	191	812
Impact of fair value hedge	281	77	358	46	119	165
Margin calls on derivatives hedging borrowings - liabilities		730	730		539	539
BORROWINGS AND DEBT	**43,375**	**13,213**	**56,588**	**38,179**	**9,059**	**47,238**

The fair value of gross borrowings and debt amounted to €61,112 million at December 31, 2011, compared with a carrying amount of €56,588 million.

Financial income and expenses relating to borrowings and debt are detailed in Note 6, “Net financial income/(loss)”.

Borrowings and debt are analyzed in Note 14.3.

14.2.2 Derivative instruments

Derivative instruments recorded in liabilities are measured at fair value and break down as follows:

	Dec. 31, 2011			Dec. 31, 2010		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total
Derivatives hedging borrowings (1)	76	331	407	185	157	342
Derivatives hedging commodities	994	4,699	5,693	1,037	5,512	6,549
Derivatives hedging other items (2)	2,241	155	2,396	882	69	951
TOTAL	**3,310**	**5,185**	**8,495**	**2,104**	**5,738**	**7,842**

(1) Following the Group’s review of its definition of “net debt”, derivatives hedging borrowings include qualifying or non-qualifying instruments hedging an underlying item recorded within borrowings and debt (see Note 14,3, “Net debt”).

(2) The interest rate component of derivative hedges (not qualifying as hedges or qualifying as cash flow hedges) and instruments hedging net investments in a foreign operation are now classified as derivatives hedging other items.

Data for 2010 have been restated in order to provide a meaningful comparison.

14.2.3 Trade and other payables

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Trade payables	16,780	13,458
Payable on fixed assets	1,608	1,377
TOTAL	**18,387**	**14,835**

The carrying amount of these financial liabilities represents a reasonable estimate of their fair value.

14.2.4 Other financial liabilities

Other financial liabilities break down as follows:

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Payables related to acquisitions of securities	548	643
Other	136	136
TOTAL	**684**	**780**

Other financial liabilities chiefly relate to liabilities in respect of various counterparties resulting from put options granted by the Group to non-controlling shareholders of fully consolidated companies. These commitments to purchase equity instruments have therefore been recognized under financial liabilities (see Note 1.5.11.2), and concern:

- 33.20% of the capital of Compagnie Nationale du Rhône (CNR);
- 43.16% of the capital of Compagnie du Vent.

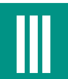
Non-controlling interests in CNR may only exercise their options if the French "Murcef" law is abolished. Non-controlling shareholders of Compagnie du Vent may now exercise their options in several phases (see Note 26, "Legal and anti-trust proceedings").

The Group also holds call options on these shares as part of agreements entered into by the parties.

14.3 Net debt

The Group reviewed its definition of net debt in order to make the different components more consistent from an economic standpoint. Accordingly, derivatives qualifying as hedges of net investments (consolidated shareholdings whose functional currency is not the euro) and the interest rate component of interest rate hedging instruments (not qualifying as hedges or qualifying as cash flow hedges) are now excluded from the net debt as the hedged items are not included in net debt. In addition, financial assets relating to debt instruments – essentially deposits pledged as part of project financing arrangements – are now shown as a deduction from gross debt.

The definition of the cost of net debt was also revised (see Note 6, "Net financial income/loss) to maintain consistency with the new definition of net debt. The application of the revised net debt definition led to a decrease of €796 million in net debt at end-2010 compared to under the previous definition.



14.3.1 Net debt by type

In millions of euros	Dec. 31, 2011 Non-current	Dec. 31, 2011 Current	Dec. 31, 2011 Total	Dec. 31, 2010 Non-current	Dec. 31, 2010 Current	Dec. 31, 2010 Total
Outstanding borrowings and debt	42,404	12,163	54,568	37,512	8,210	45,722
Impact of measurement at amortized cost	689	243	932	621	191	812
Impact of fair value hedge (1)	281	77	358	46	119	165
Margin calls on derivatives hedging borrowings - liabilities		730	730		539	539
BORROWINGS AND DEBT	**43,375**	**13,213**	**56,588**	**38,179**	**9,059**	**47,238**
Derivatives hedging borrowings – carried in liabilities (2)	76	331	407	185	157	342
GROSS DEBT	**43,451**	**13,543**	**56,994**	**38,364**	**9,216**	**47,580**
Assets related to financing (3)	(311)	(20)	(331)	(321)	(20)	(341)
ASSETS RELATED TO FINANCING	**(311)**	**(20)**	**(331)**	**(321)**	**(20)**	**(341)**
Financial assets at fair value through income	0	(2,572)	(2,572)	0	(1,555)	(1,555)
Margin calls on derivatives hedging borrowings - assets		(314)	(314)		(157)	(157)
Cash and cash equivalents	0	(14,675)	(14,675)	0	(11,296)	(11,296)
Derivatives hedging borrowings – carried in assets (2)	(1,187)	(314)	(1,502)	(1,124)	(68)	(1,192)
NET CASH	**(1,187)**	**(17,875)**	**(19,063)**	**(1,124)**	**(13,077)**	**(14,200)**
NET DEBT	**41,952**	**(4,352)**	**37,601**	**36,919**	**(3,880)**	**33,039**
Outstanding borrowings and debt	42,404	12,163	54,568	37,512	8,210	45,722
Assets related to financing (3)	(311)	(20)	(331)	(321)	(20)	(341)
Financial assets at fair value through income	0	(2,572)	(2,572)	0	(1,555)	(1,555)
Cash and cash equivalents	0	(14,675)	(14,675)	0	(11,296)	(11,296)
NET DEBT EXCLUDING THE IMPACT OF DERIVATIVE INSTRUMENTS, CASH COLLATERAL AND AMORTIZED COST	**42,093**	**(5,103)**	**36,990**	**37,191**	**(4,661)**	**32,530**

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

(2) This item represents the fair value of debt-related derivatives irrespective of whether or not they are designated as hedges (see Notes 14.1.3 and 14.2.2).

(3) Financial assets pledged as collateral for the Group's financing are now shown as a deduction from borrowings and debt. These assets consist mainly of deposits pledged as collateral for loans granted to subsidiaries. Data for 2010 have been restated in order to provide a meaningful comparison.

14.3.2 Main events of the period

In 2011, changes in the scope of consolidation led to a €6,247 million increase in net debt, of which €6,317 million was attributable to the first-time consolidation of the International Power Group, and €174 million to the Acea transaction.

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

- a USD 229 million (€176 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 acquisition-date fair value of the debt component of these instruments amounted to €1,129 million. The fair value of the

derivative instruments is recognized in “Derivatives hedging other items” in an amount of €380 million, and is therefore not included in net debt. Changes in the fair value of these derivative instruments in 2011 had a positive €1 million impact, presented in “Gains and losses from economic hedges of other financial items” within net financial income/(loss).

Changes in exchange rates resulted in a €266 million decrease in net debt (including €256 million in relation to the US dollar).

The Group carried out the following transactions in relation to its bond debt during 2011:

- GDF SUEZ SA issued a €300 million 100-year bond maturing in March 2111 and paying interest of 5.95%, along with a CHF 300 million bond maturing in October 2017 hedged by derivative financial instruments allowing the Group to swap the debt for euros at a fixed rate of 2.99%;
- GDF SUEZ SA carried out two bond issues, the first for €1 billion, paying interest of 3.125% and maturing in January 2020, and the second for GBP 400 million, swapped for a fixed euro interest rate of 4.7% and maturing in 2060. These two issues allowed the Group to refinance €157 million on the bond maturing in February 2013, €355 million on the bond maturing in January 2014 and €88 million on the bond issued by Belgelec and maturing in June 2015, within the scope of an exchange offer;
- 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 €750 million 10-year bond issue paying interest of 4.078%; In November 2011, SUEZ Environnement issued GBP 250 million in bonds maturing in 2030 and paying interest of 5.375%;
- the Group redeemed the Belgelec and Tractebel Energia bond issues (€400 million and €512 million, respectively) which expired during the year.

The Group also paid off in advance of term the bank 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.

14.3.3 Debt/equity ratio

En millions d’euros	31 déc. 2011	31 déc. 2010
Net debt	37,601	33,039
Total equity	80,270	70,627
Dept/equity ratio	46.8%	46.8%

14.4 Fair value of financial instruments by level in the fair value hierarchy

14.4.1 Financial assets

The table below shows the allocation of financial instruments carried in assets to the different levels in the fair value hierarchy:

Fair value by level	Dec. 31, 2011				Dec. 31, 2010			
In millions of euros	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Available-for-sale securities	3,299	1,243	-	2,057	3,252	1,131	-	2,120
Loans and receivables at amortized cost used in designated fair value hedges	290	-	290	-	256	-	256	-
Loans and receivables at amortized cost (excluding trade and other receivables)	*290*	-	*290*	-	*256*	-	*256*	-
Derivative instruments	8,223	200	7,926	97	8,271	1,043	7,175	53
Derivatives hedging borrowings	*1,502*	-	*1,502*	-	*1,192*	-	*1,192*	-
Derivatives hedging commodities - relating to portfolio management activities	*3,622*	*180*	*3,359*	*83*	*2,574*	*257*	*2,267*	*51*
Derivatives hedging commodities - relating to trading activities	*2,263*	*20*	*2,229*	*14*	*4,082*	*786*	*3,294*	*2*
Derivatives hedging other items	*836*	-	*836*	-	*423*	-	*423*	-
Financial assets at fair value through income	2,572	2,371	200	-	1,555	1,317	238	-
Financial assets qualifying as at fair value through income	*2,527*	*2,371*	*156*	-	*1,511*	*1,317*	*194*	-
Financial assets designated as at fair value through income	*45*	-	*45*	-	*45*	-	*45*	-
TOTAL	**14,384**	**3,814**	**8,417**	**2,153**	**13,335**	**3,492**	**7,670**	**2,173**

A definition of these three levels is provided in Note 1.5.11.3.

Available-for-sale securities

Listed securities – measured at their market price at the end of the reporting period – are included in level 1.

Unlisted securities – measured using valuation models based primarily on recent market transactions, the present value of dividends/cash flows or net asset value – are included in level 3.

At December 31, 2011, changes in level 3 available-for-sale securities can be analyzed as follows:

In millions of euros	Available-for-sale securities
At December 31, 2010	**2,121**
Acquisitions	70
Disposals - carrying amount excluding changes in fair value recorded in “Other comprehensive income”	(43)
Disposals - “Other comprehensive income” derecognized	(425)
Other changes in fair value recorded in equity	(43)
Changes in fair value recorded in income	(113)
Changes in scope of consolidation, foreign currency translation and other changes	490
At December 31, 2011	**2,056**
Gains and losses recorded in income relating to instruments held at the end of the period	133

Loans and receivables at amortized cost (excluding trade and other receivables)

Loans and receivables at amortized cost (excluding trade and other receivables) in a designated fair value hedging relationship are presented in level 2 in the above table. Only the interest rate component of these items is remeasured, with fair value determined by reference to observable data.

Derivative instruments

Derivative instruments included in level 1 are mainly futures traded on organized markets with clearing houses. They are measured at fair value based on their quoted price.

The measurement at fair value of derivative instruments included in level 3 is based on non-observable inputs and internal assumptions, usually because the maturity of the instruments exceeds the observable period for the forward price of the underlying, or because certain inputs such as the volatility of the underlying were not observable at the measurement date.

The measurement at fair value of other derivative instruments is based on commonly-used models in the commodities trading environment, and includes directly and indirectly observable inputs. These instruments are included in level 2 of the fair value hierarchy.

Financial assets qualifying or designated as at fair value through income

Financial assets qualifying as at fair value through income for which the Group has regular net asset value data are included in level 1. If net asset values are not available on a regular basis, these instruments are included in level 2.

Financial assets designated as at fair value through income are included in level 2.

14.4.2 Financial liabilities

The table below shows the allocation of financial instruments carried in liabilities to the different levels in the fair value hierarchy:

Fair value by level	Dec. 31, 2011				Dec. 31, 2010			
In millions of euros	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Borrowings used in designated fair value hedges	9,458	-	9,458	-	8,714	-	8,714	-
Derivative instruments	8,495	89	8,049	357	7,842	992	6,782	69
Derivatives hedging borrowings	*407*	-	*407*	-	*342*	-	*332*	*10*
Derivatives hedging commodities - relating to portfolio management activities	*3,291*	*81*	*2,917*	*293*	*2,494*	*168*	*2,269*	*57*
Derivatives hedging commodities - relating to trading activities	*2,402*	*9*	*2,389*	*4*	*4,055*	*824*	*3,229*	*2*
Derivatives hedging other items	*2,396*	-	*2,335*	*60*	*951*	-	*951*	-
TOTAL	**17,953**	**89**	**17,507**	**357**	**16,556**	**992**	**15,495**	**69**

Borrowings and debt

This caption includes bonds in a designated fair value hedging relationship which are presented in level 2 in the above table. Only the interest rate component of the bonds is remeasured, with fair value determined by reference to observable data.

Derivative instruments

Please refer to the classification of derivative financial instruments in Note 14.4.1.

NOTE 15 RISKS ARISING FROM FINANCIAL INSTRUMENTS

GDF SUEZ mainly uses derivative instruments to manage its exposure to market risks. Financial risk management procedures are set out in section 5, “Risk factors” of the Reference Document.

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

- commodity risk: this includes risks relating to changes in prices and volumes affecting both its portfolio management and its trading activities;
- currency risk (translation risk and transaction risk): this risk arises mainly in respect of the US dollar, pound sterling and Australian dollar;
- interest rate risk: this relates to the financing of power plants;
- counterparty risk;
- liquidity risk.

The risk management, monitoring and control procedures put in place by GDF SUEZ (see section 5, “Risk factors” of the 2011 Reference Document) cover the businesses and positions of International Power that are exposed to the above risks.

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

15.1 Market risks

15.1.1 Commodity risk

Commodity risk arises primarily from the following activities:

- portfolio management; and
- trading.

The Group has identified two types of commodity risks: price risk resulting from fluctuations in market prices, and volume risks inherent to the business.

In the ordinary course of its operations, the Group is exposed to commodity risks on gas, electricity, coal, oil and oil products, other fuels, CO_2 and other “green” products. The Group is active on these energy markets either for supply purposes or to optimize and secure its energy production chain and its energy sales. The Group also uses derivatives to offer hedging instruments to its clients and to hedge its own positions.

15.1.1.1 Portfolio management activities

Portfolio management seeks to optimize the market value of assets (power plants, gas and coal supply contracts, energy sales and gas storage and transmission) over various timeframes (short-, medium- and long-term). Market value is optimized by:

- guaranteeing supply and ensuring the balance between needs and physical resources;
- managing market risks (price, volume) to unlock optimum value from portfolios within a specific risk framework.

The risk framework aims to safeguard the Group’s financial resources over the budget period and smooth out medium-term earnings (over three or five years, depending on the maturity of each market). It encourages portfolio managers to take out economic hedges on their portfolio.

Sensitivity analyses for portfolio management activities, as presented in the table below, are calculated based on a fixed portfolio at a given date and may not necessarily be representative of future changes in consolidated earnings and equity.

		Dec. 31, 2011		Dec. 31, 2010	
Sensitivity analysis *In millions of euros*	**Price movements**	**Pre-tax impact on income**	**Pre-tax impact on equity**	**Pre-tax impact on income**	**Pre-tax impact on equity**
Oil-based products	+10 $US/bbl	(159)	123	(194)	269
Natural gas	+3 €/MWh	267	(77)	87	(26)
Coal	+10 $US/ton	9	48	12	35
Electricity	+5 €/MWh	(394)	17	(37)	49
Greenhouse gas emission rights	+2 €/ton	33	(2)	(41)	(6)
EUR/USD	+10%	(1)	(209)	112	(194)
EUR/GBP	+10%	(33)	(3)	34	4
GBP/USD	+10%	39	-	-	-

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

15.1.1.2 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 proprietary trading activities.

Revenues from trading activities totaled €227 million for the year ended December 31, 2011 (€146 million in 2010).

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. It is not an indication of expected results but is back-tested on a regular basis.

The Group uses a one-day holding period and a 99% confidence interval to calculate VaR, as well as stress tests, in accordance with banking regulatory requirements.

The value-at-risk shown below corresponds to the aggregated VaR of the Group's trading entities.

Value-at-risk

In millions of euros	Dec. 31, 2011	2011 average (1)	2011 maximum (2)	2011 minimum (2)	2010 average (1)
Trading *activities*	3	4	10	1	9

(1) Average daily VaR.

(2) Based on month-end highs and lows observed in 2011.

15.1.2 Hedges of commodity risks

The Group enters into cash flow hedges and fair value hedges as defined by IAS 39, using derivative instruments (firm or options contracts) contracted over-the-counter or on organized markets. These instruments may be settled net or involve physical delivery of the underlying.

The fair values of commodity derivatives at December 31, 2011 and December 31, 2010 are indicated in the table below:

	Dec. 31, 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	2,653	969	(2,297)	(994)	1,580	994	(1,457)	(1,037)
Cash flow hedges	*1,227*	*349*	*(710)*	*(208)*	*964*	*464*	*(837)*	*(299)*
Other derivative instruments	*1,426*	*620*	*(1,587)*	*(786)*	*616*	*531*	*(620)*	*(738)*
Derivative instruments relating to trading activities	2,263	-	(2,402)	-	4,082	-	(4,055)	-
TOTAL	**4,916**	**969**	**(4,699)**	**(994)**	**5,662**	**994**	**(5,512)**	**(1,037)**

See also Notes 14.1.3 and 14.2.2.

The fair values shown in the table above reflect the amounts for which assets could be exchanged, or liabilities settled, at the end of the reporting period. They are not representative of expected future cash flows insofar as positions (i) are sensitive to changes in prices; (ii) can be modified by subsequent transactions; and (iii) can be offset by future cash flows arising on the underlying transactions.

15.1.2.1 Cash flow hedges

The fair values of cash flow hedges by type of commodity are as follows:

	Dec. 31, 2011				Dec. 31, 2010			
	Assets		Liabilities		Assets		Liabilities	
In millions of euros	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
Natural gas	268	101	(248)	(41)	289	144	(322)	(121)
Electricity	258	93	(220)	(85)	149	57	(143)	(73)
Coal	22	18	(33)	(27)	69	44	(27)	(23)
Oil	546	52	(179)	(26)	437	139	(342)	(84)
Other	133	85	(30)	(29)	20	79	(3)	2
TOTAL	**1,227**	**349**	**(710)**	**(208)**	**964**	**464**	**(837)**	**(299)**

Notional amounts and maturities of cash flow hedges are as follows:

Notional amounts (net) * *In GWh*	Total at Dec. 31, 2011	2012	2013	2014	2015	2016	Beyond 5 years
Natural gas, electricity and coal	9,651	(10,794)	20,840	(1,466)	1,071	-	-
Oil-based products	83,498	64,259	17,999	942	137	138	23
Other	-	-	-	-	-	-	-
TOTAL	**93,149**	**53,465**	**38,838**	**(524)**	**1,209**	**138**	**23**

* *Long position/(short position).*

Notional amounts (net) * *In thousands of tons*	Total at Dec. 31, 2011	2012	2013	2014	2015	2016	Beyond 5 years
Greenhouse gas emission rights	(975)	(1,080)	110	(5)	-	-	-
TOTAL	**(975)**	**(1,080)**	**110**	**(5)**	**-**	**-**	**-**

* *Long position/(short position).*

At December 31, 2011, a gain of €430 million was recognized in equity in respect of cash flow hedges, versus a gain of €238 million at end-2010. A gain of €71 million was reclassified from equity to income in 2011, compared with a loss of €223 million reclassified in 2010.

Gains and losses arising from the ineffective portion of hedges are taken to income. A gain of €20 million was recognized in income in 2011, compared with a gain of €33 million in 2010.

15.1.2.2 Other commodity derivatives

Other commodity derivatives include embedded derivatives, commodity purchase and sale contracts which were not entered into within the ordinary course of business at the statement of financial position date, and derivative financial instruments not eligible for hedge accounting in accordance with IAS 39.

15.1.3 Currency risk

The Group is exposed to currency risk, defined as the impact on its statement of financial position and income statement of fluctuations in exchange rates affecting its operating and financing activities. Currency risk comprises (i) transaction risk arising in the ordinary course of business; (ii) transaction risk specifically linked to planned investments or mergers and acquisitions; and (iii) translation risk arising on the consolidation in euros of the financial statements of subsidiaries with a functional currency other than the euro. This risk chiefly concerns the United States and assets considered to be dollar based such as Brazil, Thailand, Norway, the United Kingdom and Australia.

15.1.3.1 Analysis of financial instruments by currency

The following tables present a breakdown by currency of outstanding gross debt and net debt, before and after hedging:

OUTSTANDING GROSS DEBT

	Dec. 31, 2011		Dec. 31, 2010	
	Before hedging	After hedging	Before hedging	After hedging
Eurozone	61%	60%	61%	53%
USD	12%	16%	14%	21%
GBP	8%	4%	6%	2%
Other currencies	19%	20%	19%	24%
TOTAL	**100%**	**100%**	**100%**	**100%**

NET DEBT

	Dec. 31, 2011		Dec. 31, 2010	
	Before hedging	After hedging	Before hedging	After hedging
Eurozone	53%	52%	57%	45%
USD	14%	21%	16%	26%
GBP	9%	2%	6%	2%
Other currencies	24%	25%	21%	27%
TOTAL	**100%**	**100%**	**100%**	**100%**

15.1.3.2 Currency risk sensitivity analysis

Sensitivity was analyzed based on the Group's net debt position (including the impact of interest rate and foreign currency derivatives) at the reporting date.

For currency risk, sensitivity corresponds to a 10% rise or fall in exchange rates compared to closing rates.

Impact on income after currency hedges

Changes in exchange rates against the euro only affect income via gains and losses on liabilities denominated in a currency other than the functional currency of companies carrying the liabilities on their statements of financial position, and when the liabilities in question do not qualify as net investment hedges. The impact of a uniform increase (or decrease) of 10% in foreign currencies against the euro would ultimately be a gain (or loss) of €43 million.

Impact on equity

For financial instruments (debt and derivatives) designated as net investment hedges, a uniform adverse change of 10% in foreign currencies against the euro would have a positive impact of €300 million on equity. This impact is countered by the offsetting change in the net investment hedged.

15.1.4 Interest rate risk

The Group seeks to manage its borrowing costs by limiting the impact of interest rate fluctuations on its income statement. It does this by ensuring a balanced interest rate structure in the medium-term (five years). The Group's aim is therefore to use a mix of fixed rates, floating rates and capped floating rates for its net debt. The interest rate mix may shift around this balance in line with market trends.

In order to manage the interest rate structure for its net debt, the Group uses hedging instruments, particularly interest rate swaps and options. At December 31, 2011, the Group had a portfolio of interest rate options (caps) protecting it from a rise in short-term interest rates for the euro, US dollar and pound sterling.

15.1.4.1 Analysis of financial instruments by type of interest rate

The following tables present a breakdown by type of interest rate of outstanding gross debt and net debt before and after hedging.

OUTSTANDING GROSS DEBT

	Dec. 31, 2011		Dec. 31, 2010	
	Before hedging	After hedging	Before hedging	After hedging
Floating rate	42%	41%	41%	44%
Fixed rate	58%	59%	59%	56%
TOTAL	**100%**	**100%**	**100%**	**100%**

NET DEBT

	Dec. 31, 2011		Dec. 31, 2010	
	Before hedging	After hedging	Before hedging	After hedging
Floating rate	15%	12%	18%	22%
Fixed rate	85%	88%	82%	78%
TOTAL	**100%**	**100%**	**100%**	**100%**

15.1.4.2 Interest rate risk sensitivity analysis

Sensitivity was analyzed based on the Group's net debt position (including the impact of interest rate and foreign currency derivatives) at the reporting date.

For interest rate risk, sensitivity corresponds to a 1% rise or fall in the yield curve compared with year-end interest rates.

Impact on income after hedging

A uniform rise of 1% in short-term interest rates (across all currencies) on the nominal amount of floating-rate net debt and the floating-rate leg of derivatives, would increase net interest expense by €114 million. A fall of 1% in short-term interest rates would reduce net interest expense by €139 million. The asymmetrical impacts are attributable to the low short-term interest rates (less than 1%) applicable to certain financial assets and liabilities.

In the income statement, a uniform rise of 1% in interest rates (across all currencies) would result in a gain of €252 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 €368 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 €439 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.

15.1.4.3 Currency and interest rate hedges

The table below shows the fair values and notional amounts of financial instruments designated as currency or interest rate hedges:

Currency hedges	Dec. 31, 2011		Dec. 31, 2010	
In millions of euros	Fair value	Nominal amount	Fair value	Nominal amount
Fair value hedges	404	2,221	288	1,908
Cash flow hedges	155	6,089	86	3,219
Net investment hedges	(130)	6,918	(59)	4,659
Derivative instruments not qualifying for hedge accounting	(21)	11,196	10	13,056
TOTAL	**408**	**26,424**	**325**	**22,842**

Interest rate hedges	Dec. 31, 2011		Dec. 31, 2010	
In millions of euros	Fair value	Nominal amount	Fair value	Nominal amount
Fair value hedges	563	8,490	378	7,616
Cash flow hedges	(694)	7,261	(282)	5,094
Derivative instruments not qualifying for hedge accounting	(636)	20,782	(35)	19,680
TOTAL	**(766)**	**36,532**	**61**	**32,390**

The fair values shown in the table above are positive for an asset and negative for a liability.

The Group qualifies foreign currency derivatives hedging firm foreign currency commitments and interest rate swaps transforming fixed-rate debt into floating-rate debt as fair value hedges.

Cash flow hedges are mainly used to hedge future foreign currency cash flows as well as floating-rate debt.

Net investment hedging instruments are mainly cross currency swaps.

Derivative instruments not qualifying for hedge accounting correspond to instruments that do not meet the definition of hedges from an accounting perspective, even though they are used as economic hedges of borrowings and foreign currency commitments. The impact on foreign currency derivatives is almost entirely offset by gains and losses on the hedged items.

Fair value hedges

At December 31, 2011, the net impact of fair value hedges recognized in the income statement was not material.

Cash flow hedges

Foreign currency and interest rate derivatives designated as cash flow hedges can be analyzed as follows by maturity:

At December 31, 2011 *In millions of euros*	Total	2012	2013	2014	2015	2016	Beyond 5 years
Fair value of derivatives by maturity	(539)	(30)	(156)	(108)	(76)	(52)	(117)

At December 31, 2010 *In millions of euros*	Total	2011	2012	2013	2014	2015	Beyond 5 years
Fair value of derivatives by maturity	(195)	(69)	(24)	(6)	(22)	1	(75)

At December 31, 2011, gains and losses taken to equity in the period totaled €463 million.

The amount reclassified from equity to income in the period was €48 million.

The ineffective portion of cash flow hedges recognized in income represented a loss of €25 million.

Net investment hedges

The ineffective portion of net investment hedges recognized in income represented a loss of €3 million.

15.2 Counterparty risk

The Group is exposed to counterparty risk from customers, suppliers, partners, intermediaries and banks on its operating and financing activities, when such parties are unable to honor their contractual obligations. Counterparty risk results from a combination of payment risk (failure to pay for services or deliveries carried out), delivery risk (failure to deliver services or products paid for) and the risk of replacing contracts in default (known as mark-to-market exposure – i.e., the cost of replacing the contract in conditions other than those initially agreed).

15.2.1 Operating activities

Counterparty risk arising on operating activities is managed via standard mechanisms such as third-party guarantees, netting agreements and margin calls, using dedicated hedging instruments or special prepayment and debt recovery procedures, particularly for retail customers.

The Group has defined a policy that delegates the management of these risks to the business lines, while still permitting the Group to maintain control over exposure regarding the largest counterparties.

Counterparty creditworthiness is assessed based on a rating process applied to major customers and intermediaries who exceed a certain level of commitment (as well as to banks) and on a simplified scoring process applied to commercial customers whose consumption level is lower.

These processes are based on formally documented, consistent methods across the Group. Consolidated exposures are monitored by counterparty and by segment (credit quality, sector, etc.) using current exposure (payment risk, MtM exposure) and potential exposure (credit VaR) indicators.

The Group's Energy Market Risk Committee (CRME) consolidates and monitors the Group's exposure to its main energy counterparties on a quarterly basis and ensures that the exposure limits set for these counterparties are respected.

Past-due trade and other receivables are analyzed below:

Trade and other receivables, net	Past due assets not impaired at the reporting date				Impaired assets	Assets neither impaired nor past due	
In millions of euros	0-6 months	6-12 months	More than 1 year	Total	Total	Total	Total
At December 31, 2011	1,324	285	512	2,121	1,464	20,547	24,132
At December 31, 2010	1,235	261	403	1,900	1,640	18,052	21,592

The age of receivables that are past due but not impaired may vary significantly depending on the type of customer with which the Group does business (private corporations, individuals or public authorities). The Group decides whether or not to recognize impairment on a case-by-case basis according to the characteristics of the customer concerned. The Group does not consider that it is exposed to any material concentration of risk in respect of receivables.

In the case of commodity derivatives, counterparty risk arises from positive fair value. Counterparty risk is taken into account when calculating the fair value of these derivative instruments.

	Dec. 31, 2011		Dec. 31, 2010	
Counterparty risk [1] *In millions of euros*	**Investment grade** [2]	**Total**	**Investment grade** [2]	**Total** [4]
Gross exposure	5,079	5,885	7,752	8,128
Net exposure [3]	2,428	2,620	1,670	1,761
% exposure to investment grade counterparties	92.7%		94.8%	

(1) Excluding positions with a negative fair value.
(2) 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. Investment grade is also determined based on an internal rating model currently being rolled out to the Group and based on a system of counterparties.
(3) After taking into account collateral netting agreements and other credit enhancement.
(4) The difference between the amount exposed to counterparty risk and the total amount of derivatives hedging commodities under assets results from trade receivables and commodity purchase and sale contracts entered into within the ordinary course of business.

15.2.2 Financing activities

For its financing activities, the Group has put in place procedures for managing and monitoring risk based on (i) the accreditation of counterparties according to external credit ratings, objective market data (credit default swaps, market capitalization) and financial structure, and (ii) counterparty risk exposure limits.

To reduce its counterparty risk exposure, the Group drew increasingly on a structured legal framework based on master agreements (including netting clauses) and collateralization contracts (margin calls).

The oversight procedure for managing counterparty risk arising from financing activities is managed by a middle office that operates independently of the Group's Treasury Department and reports to the Finance Division.

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

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

Loans and receivables at amortized cost (excluding trade and other receivables)	**Past due assets not impaired at the reporting date**				**Impaired assets**	**Assets neither impaired nor past due**	
In millions of euros	**0-6 months**	**6-12 months**	**More than 1 year**	**Total**	**Total**	**Total**	**Total**
At December 31, 2011	6	10	24	40	412	4,891	5,343
At December 31, 2010	9	9	12	29	433	3,745	4,208

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 €(380) million, €(2) million and €163 million, respectively, at December 31, 2011 (€(399) million, €(2) million, and €18 million, respectively, at December 31, 2010). Changes in these items are presented in Note 14.1.2, "Loans and receivables at amortized cost".

15.2.2.2 Counterparty risk arising from investing activities 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 December 31, 2011, total outstandings exposed to credit risk amounted to €19,755 million.

	Dec. 31, 2011				Dec. 31, 2010			
In millions of euros	Total	Investment grade (1)	Unrated (2)	Non-investment grade (2)	Total	Investment grade (1)	Unrated (1)	Non-investment grade (2)
Exposure (3)	19,755	94%	5%	1%	14,362	90%	9%	1%

(1) Counterparties rated at least BBB- by Standard & Poor's or Baa3 by Moody's.

(2) 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.

(3) After collateralization agreements.

At December 31, 2011, no single counterparty represented more than 10% of cash investments.

15.3 Liquidity risk

In the context of its operating activities, the Group is exposed to a risk of having insufficient liquidity to meet its contractual obligations. As well as the risks inherent in managing working capital, margin calls are required in certain market activities.

The Group has set up a quarterly committee tasked with managing and monitoring liquidity risk throughout the Group, based on maintaining a broad range of investments and sources of financing, preparing forecasts of cash investments and divestments, and performing stress tests on the margin call portfolio.

The Group centralizes virtually all financing needs and cash flow surpluses of the companies it controls, as well as most of their medium- and long-term external financing requirements. Centralization is provided by financing vehicles (long-term and short-term) and by dedicated Group cash pooling vehicles based in France, Belgium and Luxembourg.

Surpluses held by these structures are managed in accordance with a uniform policy. Unpooled cash surpluses are invested in instruments selected on a case-by-case basis in light of local financial market imperatives and the financial strength of the counterparties concerned.

The onslaught of successive financial crises since 2008 and the ensuing rise in counterparty risk prompted the Group to tighten its investment policy with the aim of keeping an extremely high level of liquidity and protecting invested capital (83% of cash pooled at December 31, 2011 was invested in overnight bank deposits and standard money market funds with daily liquidity). Performance and counterparty risks are monitored on a daily basis for both investment types, allowing the Group to take immediate action where required in response to market developments.

The Group's financing policy is based on:

- centralizing external financing;
- diversifying sources of financing between credit institutions and capital markets;
- achieving a balanced debt repayment profile.

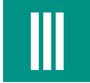
The Group seeks to diversify its sources of financing by carrying out public or private bond issues within the scope of its Euro Medium Term Notes program. It also issues commercial paper in France and Belgium, as well as in the United States.

At December 31, 2011, bank loans accounted for 38% of gross debt (excluding overdrafts and the impact of derivatives and amortized cost), while the remaining debt was raised on capital markets (including €28,719 million in bonds, or 54% of gross debt).

Outstanding short-term commercial paper issues represented 8% of gross debt, or €4,116 million at December 31, 2011. As commercial paper is relatively inexpensive and highly liquid, it is used by the Group in a cyclical or structural fashion to finance its short-term cash requirements. However, all outstanding commercial paper is backed by confirmed bank lines of credit so that the Group could continue to finance its activities if access to this financing source were to dry up.

Available cash, comprising cash and cash equivalents, financial assets qualifying or designated as at fair value through income, less overdrafts, totaled €15,937 million at December 31, 2011.

The Group also has access to confirmed credit lines. 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 €17,191 million at December 31, 2011, of which €15,149 million was available and undrawn. 89% of total credit lines and 77% of undrawn facilities are centralized. None of these centralized facilities contains a default clause linked to covenants or minimum credit ratings.



15.3.1 Undiscounted contractual payments relating to financial activities

At December 31, 2011, undiscounted contractual payments on net debt (excluding the impact of derivatives and amortized cost) break down as follows by maturity:

At December 31, 2011 *In millions of euros*	**Total**	**2012**	**2013**	**2014**	**2015**	**2016**	**Beyond 5 years**
Bond issues	28,719	2,522	1,314	3,138	2,872	1,636	17,236
Commercial paper	4,116	4,116	0	0	0	0	0
Drawdowns on credit facilities	2,043	506	67	421	60	417	573
Liabilities under finance leases	1,389	139	164	132	97	96	761
Other bank borrowings	15,413	2,935	1,724	2,097	1,000	904	6,754
Other borrowings	1,578	636	91	102	76	53	620
Bank overdrafts and current accounts	1,310	1,310	0	0	0	0	0
Outstanding borrowings and debt	**54,568**	**12,163**	**3,362**	**5,890**	**4,104**	**3,105**	**25,943**
Assets related to financing	(331)	(20)	(193)	(11)	(32)	(11)	63)
Financial assets qualifying or designated as at fair value through income	(2,572)	(2,572)	0	0	0	0	0
Cash and cash equivalents	(14,675)	(14,675)	0	0	0	0	0
NET DEBT EXCLUDING THE IMPACT OF DERIVATIVE INSTRUMENTS, CASH COLLATERAL AND AMORTIZED COST	**36,990**	**(5,104)**	**3,168**	**5,879**	**4,072**	**3,094**	**25,880**

At December 31, 2010 *In millions of euros*	**Total**	**2011**	**2012**	**2013**	**2014**	**2015**	**Beyond 5 years**
OUTSTANDING BORROWINGS AND DEBT	**45,722**	**8,210**	**4,555**	**2,922**	**5,516**	**3,564**	**20,956**
Assets related to financing, financial assets qualifying or designated as at fair value through income, and cash and cash equivalents	(13,192)	(12,871)	(12)	(185)	(11)	(32)	(81)
NET DEBT EXCLUDING THE IMPACT OF DERIVATIVE INSTRUMENTS, CASH COLLATERAL AND AMORTIZED COST	**32,530**	**(4,661)**	**4,543**	**2,736**	**5,505**	**3,532**	**20,874**

At December 31, 2011, undiscounted contractual interest payments on outstanding borrowings and debt break down as follows by maturity:

At December 31, 2011 *In millions of euros*	**Total**	**2012**	**2013**	**2014**	**2015**	**2016**	**Beyond 5 years**
Undiscounted contractual interest payments on outstanding borrowings and debt	20,882	2,277	1,959	1,827	1,628	1,476	11,716

At December 31, 2010 *In millions of euros*	**Total**	**2011**	**2012**	**2013**	**2014**	**2015**	**Beyond 5 years**
Undiscounted contractual interest payments on outstanding borrowings and debt	17,769	1,801	1,902	1,711	1,570	1,370	9,414

At December 31, 2011, undiscounted contractual payments on outstanding derivatives (excluding commodity instruments) recognized in assets and liabilities break down as follows by maturity (net amounts):

At December 31, 2011 *In millions of euros*	Total	2012	2013	2014	2015	2016	Beyond 5 years
Derivatives (excluding commodity instruments)	(795)	203	254	(801)	47	(58)	(440)

At December 31, 2010 *In millions of euros*	Total	2011	2012	2013	2014	2015	Beyond 5 years
Derivatives (excluding commodity instruments)	214	533	(118)	32	(69)	0	(166)

To better reflect the economic substance of these transactions, the cash flows linked to the derivatives recognized in assets and liabilities shown in the table above relate to net positions.

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

At December 31, 2011 *In millions of euros*	Total	2012	2013	2014	2015	2016	Beyond 5 years
Confirmed undrawn credit facility programs	15,149	1,199	1,060	2,452	4,470	5,689	279

At December 31, 2010 *In millions of euros*	Total	2011	2012	2013	2014	2015	Beyond 5 years
Confirmed undrawn credit facility programs	14,588	1,528	5,307	653	1,324	5,193	583

Of these undrawn programs, an amount of €4,116 million is allocated to covering issues of commercial paper.

Undrawn confirmed credit lines include a €4 billion multi-currency syndicated loan maturing in 2015 and contracted in June 2010. These facilities will be used to refinance ahead of maturity credit lines expiring in 2012. These facilities are not subject to any covenants or credit rating requirements.

At December 31, 2011, no single counterparty represented more than 5% of the Group's confirmed undrawn credit lines.

15.3.2 Undiscounted contractual payments relating to operating activities

The table below provides an analysis of undiscounted fair values due and receivable in respect of commodity derivatives recorded in assets and liabilities at the statement of financial position date.

Liquidity risk *In millions of euros*	Total	2012	2013	2014	2015	2016	Beyond 5 years
Derivative instruments carried in liabilities							
relating to portfolio management activities	*(3,357)*	*(2,334)*	*(524)*	*(216)*	*(98)*	*(92)*	*(93)*
relating to trading activities	*(2,390)*	*(2,390)*					
Derivative instruments carried in assets							
relating to portfolio management activities	*3,658*	*2,668*	*671*	*189*	*55*	*33*	*43*
relating to trading activities	*2,255*	*2,255*					
TOTAL AT DECEMBER 31, 2011	**166**	**199**	**146**	**(27)**	**(43)**	**(59)**	**(50)**

Liquidity risk *In millions of euros*	**Total**	**2011**	**2012**	**2013**	**2014**	**2015**	**Beyond 5 years**
Derivative instruments carried in liabilities							
relating to portfolio management activities	*(2,495)*	*(1,647)*	*(622)*	*(116)*	*(35)*	*(23)*	*(52)*
relating to trading activities	*(4,062)*	*(4,062)*					
Derivative instruments carried in assets							
relating to portfolio management activities	*2,599*	*1,624*	*651*	*228*	*32*	*20*	*44*
relating to trading activities	*4,098*	*4,098*					
TOTAL AT DECEMBER 31, 2010	**140**	**14**	**29**	**113**	**(3)**	**(4)**	**(9)**

The Group provides an analysis of residual contractual maturities for commodity derivative instruments included in its portfolio management activities. Derivative instruments relating to trading activities are considered to be liquid in less than one year, and are presented under current items in the statement of financial position.

15.4 Commitments relating to commodity purchase and sale contracts entered into within the ordinary course of business

In the ordinary course of their business, some Group operating companies entered into long-term contracts, some of which include “take-or-pay” clauses. These consist of firm commitments to purchase (sell) specified quantities of gas, electricity and steam and related services, in exchange for a firm commitment from the other party to deliver (purchase) said quantities and services. These contracts were documented as falling outside the scope of IAS 39. The table below shows the main future commitments arising from contracts entered into by the Global Gas & LNG, Energy France and Energy Europe & International business lines (expressed in TWh):

In TWh	**Total at Dec. 31, 2011**	**2012**	**2013-2016**	**Beyond 5 years**	**Total at Dec. 31, 2010**
Firm purchases	(10,005)	(983)	(3,059)	(5,963)	(11,013)
Firm sales	2,099	487	686	926	2,115

15.5 Equity risk

At December 31, 2011, available-for-sale securities held by the Group amounted to €1,243 million (see Note 14.1.1).

A fall of 10% in the market price of listed shares would have a negative impact (before tax) of around €124 million on the Group’s comprehensive income.

The Group’s main unlisted security corresponds to its interest in Flemish inter-municipal companies, which is measured by reference to the regulated asset base.

The Group’s portfolio of listed and unlisted securities is managed within the context of a specific investment procedure and its performance is reported on a regular basis to Executive Management.

NOTE 16 EQUITY

16.1 Share capital

	Number of shares			Value (in millions of euros)		
	Total	Treasury	Outstanding	Share capital	Additional paid-in capital	Treasury stock
At December 31, 2009	**2,260,976,267**	**(45,114,853)**	**2,215,861,414**	**2,261**	**30,590**	**(1,644)**
Share issuances	26,217,490		26,217,490	26	471	
Share cancelations	(36,898,000)	36,898,000	0	(37)	(1,378)	1,415
Purchases and disposals of treasury stock		(17,637,311)	(17,637,311)			(436)
At December 31, 2010	**2,250,295,757**	**(25,854,164)**	**2,224,441,593**	**2,250**	**29,683**	**(665)**
Share issuances	2,340,451		2,340,451	2	33	
Purchases and disposals of treasury stock		(13,029,330)	(13,029,330)			(264)
AT DECEMBER 31, 2011	**2,252,636,208**	**(38,883,494)**	**2,213,752,714**	**2,253**	**29,715**	**(930)**

Changes in the number of shares during 2011 result from:

- the exercise of stock subscription options (2.3 million shares, see Note 23.1.1);
- net acquisitions of shares carried out under the Group's stock repurchase program (see Note 16.3), including 6.7 million shares purchased in connection with the liquidity agreement and 6.3 million shares purchased in connection with new stock purchase or bonus share plans.

Changes in the number of shares during 2010 resulted from:

- employee share issuances as part of the worldwide employee share plan baptized "LINK 2010" (see Note 23.2). In all, 24.2 million shares were subscribed in addition to 0.5 million shares awarded at no consideration, bringing the total value of the August 24, 2010 capital increase to €478 million (excluding issuance costs);
- the exercise of stock subscription options (1.5 million shares);
- the cancellation of all of the 36,898,000 treasury shares held at end-December 2009, decided by the Board of Directors on August 9, 2010.

16.2 Potential share capital and instruments providing a right to subscribe for new GDF SUEZ SA shares

Instruments providing a right to subscribe for new GDF SUEZ SA shares consist solely of stock subscription options awarded by the Group to its employees and corporate officers. Stock subscription plans in force at December 31, 2011 are described in Note 23.1.1, "Details of stock option plans in force". The maximum number of new shares that could be created if these options were to be exercised was 22.6 million at December 31, 2011.

Shares to be allocated under bonus share and Performance Share award plans (described in Note 23.3, "Bonus shares and Performance Shares") will be covered by existing GDF SUEZ SA shares.

16.3 Treasury stock

The Group has a stock repurchase program resulting from the authorization granted to the Board of Directors by the Ordinary and Extraordinary shareholders' Meeting of May 2, 2011. This program provides for the repurchase of up to 10% of the shares comprising the share capital of GDF SUEZ SA at the date of said shareholders' Meeting. The aggregate amount of acquisitions net of expenses under the program may not exceed the sum of €12 billion, and the purchase price must be less than €55 per share.

At December 31, 2011, the Group held 38.9 million treasury shares, of which 32.2 million were held to cover the Group's share commitments to employees and corporate officers, and 6.7 million were held in connection with the liquidity agreement.

The Company has entered into a liquidity agreement with an investment services provider. Under this agreement, the investment services provider agrees to buy and sell GDF SUEZ SA shares to organize the market for and ensure the liquidity of the share on the Paris and Brussels stock markets. The agreement concerns a total of €300 million. The number of shares that may be purchased in connection with the liquidity agreement may not exceed 22,500,000.

16.4 Other disclosures concerning additional paid-in capital and consolidated reserves

Total additional paid-in capital and consolidated reserves at December 31, 2011 (including net income for the year) amounted to €60,920 million, of which €226 million related to the legal reserve of GDF SUEZ SA. Under French law, 5% of the net income of French companies must be transferred to the legal reserve until the legal reserve reaches 10% of share capital. This reserve cannot be distributed to shareholders other than in the case of liquidation. Consolidated reserves also include cumulative actuarial differences, which represented losses of €1,423 million at December 31, 2011 (losses of €829 million at December 31, 2010) and deferred taxes on these actuarial differences, amounting to €449 million at end-2011 (€236 million at end-2010).

The distributable paid-in capital and reserves of GDF SUEZ SA totaled €43,602 million at December 31, 2011 (€44,509 million at December 31, 2010).

16.5 Dividends

The table below shows the dividends and interim dividends paid by GDF SUEZ SA in 2009, 2010 and 2011.

	Amount distributed *(in millions of euros)*	**Net dividend per share** *(in euros) (cash dividends)*
In respect of 2009		
Remaining dividend payout for 2009 (paid May 10, 2010)	1,484	0.67
In respect of 2010		
Interim dividend (paid November 15, 2010)	1,846	0.83
Remaining dividend payout for 2010 (paid May 9, 2011)	1,490	0.67
In respect of 2011		
Interim dividend (paid November 15, 2011)	1,838	0.83

Recommended dividend for 2011

Shareholders at the shareholders' Meeting convened to approve the Group's financial statements for the year ended December 31, 2011, will be asked to approve a dividend of €1.50 per share, representing a total payout of €3,321 million based on the number of shares outstanding at December 31, 2011. An interim dividend of €0.83 per share was paid on November 15, 2011, representing a total amount of €1,838 million.

Subject to approval by the shareholders' Meeting, this dividend shall be paid from May 6, 2012 and is not recognized as a liability in the accounts at December 31, 2011. The consolidated financial statements at December 31, 2011 are therefore presented before the appropriation of earnings.

16.6 Total gains and losses recognized in equity (Group share)

In millions of euros	Dec. 31, 2011	Change	Dec. 31, 2010	Change	Dec. 31, 2009
Available-for-sale financial assets	185	(462)	646	(119)	765
Net investment hedges	(27)	(58)	31	(63)	95
Cash flow hedges (excl. commodity instruments)	(283)	(86)	(196)	11	(207)
Commodity cash flow hedges	677	334	342	445	(103)
Deferred tax on items above	(153)	(103)	(50)	(144)	95
Share of associates in recyclable items, net of taxes	(159)	(185)	27	48	(22)
Translation adjustments	447	(75)	522	877	(355)
TOTAL RECYCLABLE ITEMS	**687**	**(636)**	**1,323**	**1,054**	**268**
Actuarial gains and losses	(1,393)	(644)	(748)	(479)	(269)
Deferred tax on actuarial gains and losses	447	213	235	149	86
Share of associates in non-recyclable items and actuarial gains and losses, net of taxes	(29)	46	(75)	(14)	(61)
TOTAL NON-RECYCLABLE ITEMS	**(974)**	**(385)**	**(588)**	**(344)**	**(244)**
TOTAL	**(287)**	**(1,021)**	**734**	**710**	**24**

The "change" column mainly includes gains and losses recorded over the period (see Statement of comprehensive income), and impacts of changes in the scope of consolidation.

All of the items shown in the table above may be reclassified to income in subsequent periods except actuarial gains and losses, which are shown within consolidated reserves attributable to the Group.

Translation adjustments reclassified to income in the period related to the sale of GDF SUEZ LNG Liquefaction (€8 million) and to the sale of interests in EFOG (€20 million).

16.7 Non-controlling interests

In 2011, the Group acquired a 69.78% controlling interest in International Power plc. The "non-controlling interests" acquired as a result of this transaction amounted to €6,303 million at the acquisition date.

China Investment Corporation ("CIC") acquired a non-controlling interest of 30% in the Group's Exploration & Production business ("GDF SUEZ E&P"). As a result of this transaction, an amount of €1,341 million was recognized in "Non-controlling interests" at the acquisition date.

Lastly, the public consortium comprising CNP Assurances, CDC Infrastructure and Caisse des Dépôts acquired a 25% non-controlling interest in GRTgaz. The consortium's non-controlling interest amounted to €923 million at the transaction date.

These transactions are described in further detail in Note 2, "Main changes in Group structure".

In 2010, SUEZ Environnement Company issued €750 million in deeply-subordinated, perpetual "hybrid" notes (excluding issuance costs). These notes are subordinated to all senior creditors, and have an initial fixed coupon of 4.82% for the first five years.

As the notes are equity instruments, the proceeds of the issuance, less issuance costs net of tax, are recognized under "Non-controlling interests" within equity.

16.8 Capital management

GDF SUEZ looks to optimize its financial structure at all times by pursuing an appropriate balance between net debt (see Note 14.3) and total equity, as shown in the statement of financial position. The Group's key objective in managing its financial structure is to maximize value for shareholders, reduce the cost of capital and maintain a high credit rating, while at the same time ensuring the Group has the financial flexibility to leverage value-creating external growth opportunities. The Group manages its financial structure and makes any necessary adjustments in light of prevailing economic conditions. In this context it may choose to adjust the amount of dividends paid to shareholders, reimburse a portion of capital, carry out share buybacks (see Note 16.3, "Treasury stock), issue new shares, launch share-based payment plans or sell assets in order to scale back its net debt.

The Group's policy is to maintain an "A" rating with Moody's and S&P. To achieve this, it manages its financial structure in line with the indicators usually monitored by these agencies, namely the Group's operating profile, financial policy and a series of financial ratios. One of the most commonly used ratios is operating cash flow less financial expenses and taxes paid expressed as a percentage of adjusted net debt. Net debt is primarily adjusted for nuclear waste reprocessing and storage provisions, provisions for unfunded pension plans, and operating lease commitments.

The Group's objectives, policies and processes for managing capital have remained unchanged over the past few years.

GDF SUEZ SA is not obliged to comply with any minimum capital requirements except those provided for by law.

NOTE 17 PROVISIONS

In millions of euros	Dec. 31, 2010	Additions	Reversals (utilizations)	Reversals (surplus provisions)	Changes in scope of consolidation	Impact of unwinding discount adjustments	Translation adjustments	Other	Dec. 31, 2011
Post-employment benefits and other long-term benefits	4,362	260	(385)	(2)	188	210	5	570	5,209
Nuclear fuel reprocessing and storage	3,936	106	(20)	0	0	196	0	0	4,218
Dismantling of plant and equipment *	2,840	2	(8)	(2)	0	140	(8)	(23)	2,941
Site rehabilitation	1,362	45	(64)	(7)	33	49	9	108	1,536
Other contingencies	1,969	772	(539)	(144)	267	8	4	(58)	2,279
TOTAL PROVISIONS	**14,469**	**1,184**	**(1,016)**	**(155)**	**488**	**604**	**11**	**596**	**16,183**

* *Of which €2,532 million in provisions for dismantling nuclear facilities at December 31, 2011, versus €2,413 million at December 31, 2010.*

The "Changes in scope of consolidation" column chiefly reflects the impacts of the International Power acquisition (see Note 2, "Main changes in Group structure").

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

The "Other" column mainly reflects (i) actuarial gains and losses arising on post-employment benefits in 2011 and recorded in other comprehensive income; and (ii) the increase in provisions for site rehabilitation in the Exploration & Production business, for which the matching entry is recorded in property, plant and equipment.

Allocations, reversals and the impact of unwinding discounting adjustments are presented as follows in the consolidated income statement:

In millions of euros	Dec. 31, 2011 Net allocations
Income from operating activities	2
Other financial income and expenses	604
Income tax expense	12
TOTAL	**617**

The different types of provisions and the calculation principles applied are described below.

17.1 Post-employment benefits and other long-term benefits

See Note 18.

17.2 Liabilities for nuclear power generation activities

In the context of its nuclear power generation activities, the Group assumes obligations relating to the dismantling of nuclear facilities and the reprocessing of spent nuclear fuel.

17.2.1 Legal framework

The Belgian law of April 11, 2003, amended by the law of April 25, 2007, granted Group subsidiary Synatom responsibility for managing provisions set aside to cover the costs of dismantling nuclear power plants and managing radioactive fissile material from such plants. One of the tasks of the Commission for Nuclear Provisions set up pursuant to the above-mentioned law is to oversee the process of computing and managing these provisions. The Commission also issues opinions on the maximum percentage of funds that Synatom can lend to operators of nuclear plants and on the types of assets in which Synatom may invest its outstanding funds.

To enable the Commission for Nuclear Provisions to carry out its work in accordance with the above-mentioned law, Synatom is required to submit a report every three years describing the core inputs used to measure these provisions.

On September 22, 2010, Synatom submitted its triennial report on nuclear provisions to the Commission for Nuclear Provisions. In comparison with the previous report, core inputs such as estimation methods, financial parameters and management scenarios remained unchanged. The changes taken into account were aimed at incorporating the latest economic data and detailed technical analyses (tariffs, physical and radiological inventories, etc.).

For the purpose of its review of the 2010 report, the Commission for Nuclear Provisions asked for two additional analyses in 2011. These were provided by the Group on November 22, 2011. The Commission accepted the arguments and additional information provided by Synatom.

The acceptance of the Commission for Nuclear Provisions results in a decrease in the present value of the obligation for managing radioactive fissile material. However, in the light of recent changes of the nuclear context, and more particularly due to additional constraints evoked in terms of resistance testing of fuel storage facilities, to date the total amount of the provision has not been changed (exception made for recurring changes related to the unwinding effect and to the fuel used during the year). Taking account of the above, the adjustment at December 31, 2011 would not have been material.

The provisions set aside take into account all existing or planned environmental regulatory requirements on a European, national and regional level. If additional legislation were to be introduced in the future, the costs estimates used as a basis for the calculations could vary. However, the Group is not aware of additional planned legislation on this matter which could materially impact the value of the provisions.

The provisions recognized by the Group at December 31, 2011 were measured taking into account the prevailing contractual and legal framework, which sets the operating life of nuclear reactors at 40 years (as in 2010).

At the end of 2009, an agreement was signed with the Belgian government under which the latter agreed to take the appropriate legal measures to extend the lifespan of three nuclear reactors from 40 to 50 years.

However, the new Belgian government which was formed at the end of 2011, confirmed during its statement of policy and in its general policy note submitted to the Belgian Chamber of Representatives on January 5, 2012, that it did not intend to revise existing legislation so as to allow the lifespan of the Doel 1, Doel 2 and Tihange 1 nuclear power plants to be extended by ten years (from 40 to 50 years). By mid-2012, the Secretary of State for Energy will draw up a development plan for new diversified production capacities in order to credibly ensure the security of electricity supply in the country for the short, medium and long term. The closure dates of the nuclear plants will be specified depending on the precise and detailed implementation agenda of the new capacities.

Any extension to the lifespan of the three nuclear reactors concerned by the 2009 agreement entered into with the previous government should not have a material impact on the dismantling provisions. The postponed dismantling operations lead to a less-than-optimal coordination compared to the dismantling of all facilities. This effect is however offset by the deferred effect of cash outflows. The changes to these provisions – subject to certain conditions – would accordingly be recognized against to the corresponding assets.

Provisions for nuclear fuel reprocessing and storage should not be significantly affected by the extension to the lifespan of the three oldest reactors since the average unit cost of reprocessing all radioactive spent nuclear fuel until the end of the operating period does not change materially.

17.2.2 Provisions for nuclear fuel reprocessing and storage

When spent nuclear fuel is removed from a reactor, it remains radioactive and requires reprocessing. Two different procedures for managing radioactive spent fuel exist, being either reprocessing or conditioning without reprocessing. The Belgian government has not yet decided which scenario will be made compulsory in Belgium.

The Commission for Nuclear Provisions bases its analyses on reprocessing of radioactive spent nuclear fuel. The Group therefore measures these provisions using all the costs linked to this reprocessing scenario, including on-site storage, transportation, reprocessing by an accredited facility, storage and removal of residual spent fuel after reprocessing.

Provisions for nuclear fuel reprocessing and storage are calculated based on the following principles and parameters:

- costs are calculated based on a reprocessing scenario, with operations expected to start in 2016, whereby the spent fuel is reprocessed and ultimately removed and buried in a deep geological depository. Plutonium recovered through the reprocessing will be recycled to produce MOX fuel assemblies for use in the Belgian nuclear power plants until their closure and for the sale to third parties thereafter;
- cash outflows will be spread on a period to 2060. At that date any residual spent fuel and the provision required to cover the cost of removal and deep underground storage will be transferred to ONDRAF, the Belgian agency for radioactive waste and enriched fissile materials. Based on the reprocessing scenario, the last residual spent fuel would be buried in about 2080;
- the long-term obligation is assessed using estimated internal and external costs based on offers received from third parties or fee proposals from independent organizations;
- the 5% discount rate (actual rate of 3% and 2% inflation rate) is based on an analysis of the average, past and prospective changes in the benchmark long-term rates;
- allocation to the provision is computed based on the average unit cost of quantities used up to the end of the operating life of the plants;
- an annual allocation is also recognized with respect to the unwinding effect of the provision.

Due to the nature and term of payment, the costs effectively incurred in the future may differ from the estimates. The provisions may be adjusted in line with future changes in the above-mentioned parameters. These parameters are nevertheless based on information and estimates which the Group deems reasonable to date and which have been approved by the Commission for Nuclear Provisions.

17.2.3 Provisions for dismantling nuclear facilities

Nuclear power stations have to be dismantled at the end of their operating life. Provisions are set aside in the Group's accounts to cover all costs relating to (i) the shutdown phase, which involves removing radioactive fuel from the site; and (ii) the dismantling phase, which consists of decommissioning and cleaning up the site.

Provisions for dismantling nuclear facilities are calculated based on the following principles and parameters:

- costs payable over the long term are calculated by reference to the estimated costs for each nuclear facility, based on a study conducted by independent experts under the assumption that the facilities will be dismantled progressively;
- an inflation rate of 2% is applied up to the end of the dismantling period to calculate the future value of the obligation;
- a discount rate of 5% (including 2% inflation) is applied to determine the net present value of the obligation, and is the same as the rate used to calculate the provision for nuclear fuel processing and storage;
- dismantling work is expected to begin between three and four years after the facilities concerned have been shut down, taking into account the currently applicable useful life of 40 years as of the date the facilities are commissioned;
- cash outflows are spread over approximately 9 to 13 years after the date the dismantling work has started;
- the present value of the obligation when the facilities are commissioned represents the initial amount of the provision. The matching entry is an asset recognized for the same amount within the corresponding property, plant and equipment category. This asset is depreciated over a period of 40 years as from the commissioning date;
- the annual allocation to the provision, reflecting the interest cost on the provision carried in the books at the end of the previous year, is calculated at the discount rate used to estimate the present value of future cash flows.

Provisions are also recognized at the Group's share of the expected dismantling costs for the nuclear facilities in which the Group has drawing rights.

17.2.4 Sensitivity

Based on currently applicable parameters in terms of estimated costs and the timing of cash outflows, a change of 50 basis points in the discount rate could lead to an adjustment of around 10% in dismantling and nuclear fuel reprocessing and storage provisions. A fall in discount rates would lead to an increase in outstanding provisions, while a rise in discount rates would reduce the provision amount.

A 5% increase or decrease in nuclear dismantling or nuclear fuel reprocessing and storage costs could increase or decrease the corresponding provisions by roughly the same percentage.

Changes arising as a result of the review of the dismantling provision would not have an immediate impact on the comprehensive income, since the matching entry under certain conditions would consist of adjusting accordingly the corresponding assets.

Sensitivity to discount rates as presented above in accordance with the applicable standards, is an automatic calculation and should therefore be interpreted with appropriate caution in view of the variety of other inputs – some of which may be interdependent – included in the evaluation. The frequency with which these provisions are reviewed by the Commission for Nuclear Provisions in accordance with applicable regulations ensures that the overall obligation is measured accurately.

17.3 Dismantling obligations arising on other plant and equipment

Certain plant and equipment, including conventional power stations, transmission and distribution pipelines, storage facilities and LNG terminals, have to be dismantled at the end of their operational lives. This obligation is the result of prevailing environmental regulations in the countries concerned, contractual agreements, or an implicit Group commitment.

Based on revised estimates of proven and probable reserves using current production levels (another 250 years according to the International Energy Agency), in 2010 the Group revised the timing of its dismantling provisions for gas infrastructures in France. These provisions, whose present value is now virtually zero, have been reversed (see Note 5.5, “Other non-recurring items”).

17.4 Site rehabilitation

17.4.1 Waste activities

The June 1998 European Directive on waste storage facilities introduced a number of obligations regarding the closure and long-term monitoring of these facilities. These obligations lay down the rules and conditions incumbent on the operator (or owner of the site where the operator fails to comply with its obligations) in terms of the design and scale of storage, collection and treatment centers for liquid (leachates) and gas (biogas) effluents. It also requires these facilities to be inspected over 30 years.

These obligations give rise to two types of provisions (rehabilitation and long-term monitoring), calculated on a case-by-case basis depending on the site concerned. In accordance with the accrual basis of accounting, the provisions are set aside over the period the site is in operation, pro rata to the depletion of waste storage volume. Costs to be incurred at the time of a site’s closure or during the long-term monitoring period (30 years after a site is shut down within the European Union) are discounted to present value. An asset is recorded counterparty to the provision and depreciated in line with the depletion of the waste storage volume or the need for coverage during the period.

The amount of the provision for site rehabilitation (at the time the facility is shut down) depends on whether a semi-permeable, semi-permeable with a drainable facility, or impermeable shield is used. This has a considerable impact on future levels of leachate effluents and hence on future waste treatment costs. To calculate the provision, the cost to rehabilitate the as-yet untreated surface area needs to be estimated. The provision carried in the statement of financial position at year-end must cover the costs to rehabilitate the untreated surface area (difference between the fill rate and the percentage of the site’s surface that has already been rehabilitated).

The amount of the provision is reviewed each year based on work completed or still to be carried out.

The calculation of the provision for long-term monitoring depends on both the costs arising on the production of leachate and biogas effluents, and on the amount of biogas recycled. The recycling of biogas represents a source of revenue and is deducted from the amount of long-term monitoring expenditure. The main expense items arising from long-term monitoring obligations relate to:

- construction of infrastructure (biogas recycling facility, installation of leachate treatment facility) and the demolition of installations used while the site is in operation;
- upkeep and maintenance of the protective shield and infrastructures (surface water collection);
- control and monitoring of surface water, underground water and leachates;
- replacement and repair of observation wells;
- leachate treatment costs;
- biogas collection and processing costs (taking into account any revenues from biogas recycling).

The provision for long-term monitoring obligations to be recognized at year-end depends on the fill rate of the facility at the end of the period, estimated aggregate costs per year and per caption (based on standard or specific costs), the estimated shutdown date and the discount rate applied to each site (based on its residual life).

17.4.2 Exploration & Production activities

The Group also sets aside a provision for its obligations in terms of rehabilitating exploration and production facilities.

The provision reflects the present value of the estimated rehabilitation costs until the operating activities are completed. This provision is computed based on the Group’s internal assumptions regarding estimated rehabilitation costs and the timing of the rehabilitation work. The timing of the rehabilitation work used as the basis for the provision may vary depending on the time when production is considered no longer economically viable. This consideration is itself closely related to fluctuations in future gas and oil prices.

The provision is recognized with a matching entry to property, plant and equipment.

17.5 Other contingencies

This caption includes provisions for miscellaneous employee-related litigation, environmental risks and various business risks, as well as amounts intended to cover tax disputes, claims and similar contingencies. These are discussed in further detail in Note 26, “Legal and anti-trust proceedings”.

NOTE 18 POST-EMPLOYMENT BENEFITS AND OTHER LONG-TERM BENEFITS

18.1 Description of the main pension plans

The Group's main pension plans are described below.

18.1.1 Companies belonging to the Electricity and Gas Industries sector in France

Since January 1, 2005, the CNIEG (*Caisse Nationale des Industries Électriques et Gazières*) has operated the pension, disability, death, occupational accident and occupational illness benefit plans for electricity and gas industry (hereinafter "EGI") companies in France. The CNIEG is a social security legal entity under private law placed under the joint responsibility of the ministries in charge of social security, budget and energy.

Salaried employees and retirees of EGI sector companies have been fully affiliated to the CNIEG since January 1, 2005. The main affiliated Group entities are GDF SUEZ SA, GrDF, GRTgaz, Elengy, Storengy, GDF SUEZ Thermique France, CPCU, TIRU, GEG, Compagnie Nationale du Rhône (CNR) and SHEM.

Following the funding reform of the special EGI pension scheme introduced by Act No. 2004-803 of August 9, 2004 and its implementing decrees, specific benefits (pension benefits on top of the standard benefits payable under ordinary law) already vested at December 31, 2004 ("past specific benefits") were allocated between the various EGI entities. Past specific benefits (benefits vested at December 31, 2004) relating to regulated transmission and distribution businesses ("regulated past specific benefits") are funded by the levy on gas and electricity transmission and distribution services (*Contribution Tarifaire d'Acheminement*) and therefore no longer represent an obligation for the GDF SUEZ Group. Unregulated past specific benefits (benefits vested at December 31, 2004) are funded by EGI sector entities to the extent defined by decree No. 2005-322 of April 5, 2005. The specific benefits vested under the scheme since January 1, 2005 are wholly financed by EGI sector companies in proportion to their respective share of the electricity and gas market as measured by total payroll costs.

As this plan represents a defined benefit scheme, the Group has set aside a pension provision in respect of specific benefits payable to employees of unregulated activities and specific benefits vested by employees of regulated activities since January 1, 2005. This provision also covers the Group's early retirement obligations.

Following the pension reform in France published in the Official Journal on November 10, 2010, there will be a gradual two-year rise in the legal retirement age under the special EGI pension scheme as from January 1, 2017, based on an increase of four months each year to reach 62 years on January 1, 2022 for employees in "sedentary occupations having completed 15 years of active service. The period during which employees pay in contributions to be eligible for a full pension was increased to 41.5 years under the special EGI regime as from January 1, 2020.

Pension benefit obligations and other "mutualized" obligations are assessed by the CNIEG.

At December 31, 2011, the projected benefit obligation in respect of the special pension scheme for EGI sector companies amounted to €2.3 billion (€2.1 billion at December 31, 2010).

18.1.2 Companies belonging to the electricity and gas sector in Belgium

In Belgium, the rights of employees in electricity and gas sector companies, principally Electrabel, Electrabel Customer Solutions (ECS), Laborelec and some GDF SUEZ Belgium employee categories, are governed by collective bargaining agreements.

These agreements, applicable to "wage-rated" employees recruited prior to June 1, 2002 and managerial staff recruited prior to May 1, 1999, specify the benefits entitling employees to a supplementary pension equivalent to 75% of their most recent annual income, for a full career and in addition to the statutory pension. These top-up pension payments provided under defined benefit plans are partly reversionary. In practice, the benefits are paid in the form of a lump sum for the majority of plan participants. Most of the obligations resulting from these pension plans are financed through pension funds set up for the electricity and gas sector and by certain insurance companies. Pre-funded pension plans are financed by employer and employee contributions. Employer contributions are calculated annually based on actuarial assessments.

The projected benefit obligation relating to these plans represented around 12% of total pension obligations and related liabilities at December 31, 2011.

"Wage-rated employees recruited after June 1, 2002 and managerial staff recruited after May 1, 1999 are covered under defined contribution plans. However, for contributions paid since January 1, 2004, the law specifies a minimum average annual return of 3.25% over the beneficiary's service life. Any deficit has to be borne by the employer. Therefore, for the portion of pension obligations corresponding to contributions paid since January 1, 2004, these plans should be considered as defined benefit plans. However, the plans continue to be recognized by the Group as defined contribution schemes, mainly because no material net liability has been identified. The actual rate of return was compared with the guaranteed minimum rate of return; the unfunded portion was not material at December 31, 2011.

An expense of €16 million was recognized in 2011 in respect of these defined contribution plans.

18.1.3 Multi-employer plans

Employees of some Group companies are affiliated to multi-employer pension plans. Multi-employer plans are particularly common in the Netherlands, where electricity and gas sector employees are normally required to participate in a compulsory industry-wide scheme.

Under multi-employer plans, risks are pooled to the extent that the plan is funded by a single contribution rate determined for all affiliate companies and applicable to all employees. The GDF SUEZ Group accounts for multi-employer plans as defined contribution plans.

An expense of €78 million was recognized in 2011 in respect of multi-employer pension plans.

18.1.4 Other pension schemes

Most other Group companies grant their employees retirement benefits. In terms of financing, pension plans within the Group are almost equally split between defined benefit and defined contribution plans.

The Group's main pension plans outside France and Belgium concern:

- United States: the United Water defined benefit plan is available to employees of the regulated sector. All US subsidiaries offer their employees a 401(k) type defined contribution plan;
- United Kingdom: the large majority of defined benefit pension plans are now closed to new entrants and benefits no longer vest under these plans. All entities run a defined contribution scheme. The pension obligations of International Power's subsidiaries in the UK are covered by the special Electricity Supply Pension Scheme (ESPS). The assets of this defined benefit scheme are invested in separate funds. Since June 1, 2008, the scheme has been closed to new entrants. A defined contribution plan was set up for those concerned. The rights of employees recruited before June 1, 2008 continue to vest under this plan;
- Germany: the Group's German subsidiaries have closed their defined benefit plans to new entrants and now offer defined contribution plans;
- Brazil: Tractebel Energia operates its own pension scheme. This scheme has been split into two parts, one for the (closed) defined benefit plan, and the other for the defined contribution plan that has been available to new entrants since the beginning of 2005.

18.2 Description of other post-employment benefit obligations and long-term benefits

18.2.1 Other benefits granted to current and former EGI sector employees

Other benefits granted to EGI sector employees are:

Post-employment benefits:

- reduced energy prices;
- end-of-career indemnities;
- bonus leave;
- immediate bereavement benefits.

Long-term benefits:

- allowances for occupational accidents and illnesses;
- temporary and permanent disability allowances;
- long-service awards.

The Group's main obligations are described below.

18.2.1.1 Reduced energy prices

Under Article 28 of the national statute for electricity and gas industry personnel, all employees (current and former employees, provided they meet certain length-of-service conditions) are entitled to benefits in kind which take the form of reduced energy prices known as "employee rates".

This benefit entitles employees to electricity and gas supplies at a reduced price. For retired employees, this provision represents a post-employment defined benefit. Retired employees are only entitled to the reduced rate if they have completed at least 15 years' service within EGI sector companies.

In accordance with the agreements signed with EDF in 1951, GDF SUEZ provides gas to all current and former employees of GDF SUEZ and EDF, while EDF supplies these same beneficiaries with electricity. GDF SUEZ pays (or benefits from) the balancing contribution payable in respect of its employees as a result of energy exchanges between the two utilities.

The obligation to provide energy at a reduced price to current and former employees is measured as the difference between the energy sale price and the preferential rates granted.

The provision set aside in respect of reduced energy prices amounts to €1.7 billion.

18.2.1.2 End-of-career indemnities

Retiring employees (or their dependents in the event of death during active service) are entitled to end-of-career indemnities which increase in line with the length of service within the utilities.

18.2.1.3 Compensation for occupational accidents and illnesses

EGI sector employees are entitled to compensation for accidents at work and occupational illnesses. These benefits cover all employees or the dependents of employees who die as a result of occupational accidents or illnesses, or injuries suffered on the way to work.

The amount of the obligation corresponds to the likely present value of the benefits to be paid to current beneficiaries, taking into account any reversionary annuities.

18.2.2 Other benefits granted to employees of the gas and electricity sector in Belgium

Electricity and gas sector companies also grant other employee benefits such as the reimbursement of medical expenses, electricity and gas price reductions, as well as length-of-service awards and early retirement schemes. These benefits are not prefunded, with the exception of the special “allocation transitoire termination indemnity (equal to three months’ statutory pension), considered as an end-of-career indemnity and managed by an external insurance company.

18.2.3 Other collective agreements

Most other Group companies also grant their staff post-employment benefits (early retirement plans, medical coverage, benefits in kind, etc.) and other long-term benefits such as jubilee and length-of-service awards.

18.3 Defined benefit plans

18.3.1 Amounts presented in the statement of financial position and statement of comprehensive income

In accordance with IAS 19, the information presented in the statement of financial position relating to post-employment benefit obligations and other long-term benefits results from the difference between the gross projected benefit obligation, the fair value of plan assets, and any unrecognized past service cost. A provision is recognized if this difference is positive (net obligation), while a prepaid benefit cost is recorded in the statement of financial position when the difference is negative, provided that the conditions for recognizing the prepaid benefit cost are met.

Changes in provisions for post-employment benefits and other long-term benefits, plan assets and reimbursement rights recognized in the statement of financial position are as follows:

In millions of euros	Provisions	Plan assets	Reimbursement rights
At December 31, 2009	(3,862)	196	143
Exchange rate differences	(32)	(0)	
Changes in scope of consolidation and other	94	(94)	
Actuarial gains and losses	(523)	18	(5)
Periodic pension cost	(445)	(4)	7
Asset ceiling/IFRIC 14	1	1	
Contributions/benefits paid	405	6	(3)
At December 31, 2010	(4,362)	122	142
Exchange rate differences	(7)	0	
Changes in scope of consolidation and other	(86)	(116)	
Actuarial gains and losses	(752)	(0)	(17)
Periodic pension cost	(525)	2	6
Asset ceiling/IFRIC 14		(0)	
Contributions/benefits paid	523	6	(4)
AT DECEMBER 31, 2011	**(5,209)**	**13**	**128**

Plan assets and reimbursement rights are presented in the statement of financial position under "Other non-current assets" or "Other current assets".

The cost recognized for the period in the income statement amounts to €523 million in 2011 and €449 million in 2010. The components of this defined benefit cost in the period are set out in Note 18.3.4, "Components of the net periodic pension cost".

Cumulative actuarial gains recognized in equity amounted to €1,615 million at December 31, 2011, compared to €892 million at December 31, 2010.

In millions of euros	2011	2010
At January 1	892	376
Actuarial (gains)/losses generated during the year	723	516
At December 31	**1,615**	**892**

Actuarial gains and losses presented in the above table include translation adjustments and actuarial gains and losses recorded on equity-accounted associates, representing net actuarial gains of €30 million in 2011 and net actuarial losses of €11 million in 2010. Net actuarial differences arising in the period and presented on a separate line in the statement of comprehensive income represented a net actuarial loss totaling €752 million in 2011 and €500 million in 2010. The €500 million net actuarial loss in 2010 included an actuarial loss of €133 million resulting from the impact of the pension reform law in France published in the Official Journal on November 10, 2010. The Group had considered that the changes in the pension obligation resulting from these measures (increase in the retirement age and the pay-in period) represented changes in actuarial assumptions.

18.3.2 Change in benefit obligations and plan assets

The table below shows the amount of the Group's projected benefit obligations and plan assets, changes in these items during the periods presented, and their reconciliation with the amounts reported in the statement of financial position:

In millions of euros		Dec. 31, 2011				Dec. 31, 2010			
		Pension benefit obligations [a]	Other post-employment benefit obligations [b]	Long-term benefit obligations [c]	Total benefit obligations	Pension benefit obligations [a]	Other post-employment benefit obligations [b]	Long-term benefit obligations [c]	Total benefit obligations
A - CHANGE IN PROJECTED BENEFIT OBLIGATION									
Projected benefit obligation at January 1		(6,130)	(2,037)	(508)	(8,675)	(5,502)	(1,659)	(465)	(7,626)
Service cost		(249)	(59)	(51)	(359)	(212)	(24)	(39)	(274)
Interest cost		(318)	(96)	(23)	(437)	(293)	(81)	(22)	(396)
Contributions paid		(16)			(16)	(11)			(11)
Amendments		3	(1)		2	(1)			(1)
Acquisitions/disposals of subsidiaries		(349)	(43)	(2)	(394)	(187)	2	1	(184)
Curtailments/settlements		19	1	1	21	208	1	1	209
Non-recurring items		(3)	(3)		(6)	41	(5)		35
Actuarial gains and losses		(287)	(299)	3	(584)	(402)	(349)	(34)	(785)
Benefits paid		390	122	56	569	351	83	53	486
Other (translation adjustments)		(2)	(4)	1	(5)	(121)	(4)	(3)	(128)
Projected benefit obligation at December 31	A	(6,942)	(2,418)	(524)	(9,884)	(6,130)	(2,037)	(508)	(8,675)
B - CHANGE IN FAIR VALUE OF PLAN ASSETS									
Fair value of plan assets at January 1		4,399	47	0	4,447	3,934	39	0	3,973
Expected return on plan assets		243	3		247	205	3		208
Actuarial gains and losses		(157)	(9)		(166)	240	7		247
Contributions received		318	24		342	262	21		283
Acquisitions/disposals of subsidiaries		191			191	188	(5)		184
Settlements		(2)			(2)	(198)			(198)
Benefits paid		(343)	(24)		(367)	(327)	(21)		(348)
Other (translation adjustments)		(3)	1		(2)	95	3		98
Fair value of plan assets at December 31	B	4,648	44	0	4,691	4,399	47	0	4,447
C - FUNDED STATUS	A+B	(2,295)	(2,375)	(524)	(5,193)	(1,730)	(1,990)	(508)	(4,228)
Unrecognized past service cost		7	(8)		(1)		(11)		(11)
Asset ceiling [*]			(1)		(1)				0
NET BENEFIT OBLIGATION		(2,288)	(2,384)	(524)	(5,195)	(1,730)	(2,001)	(508)	(4,239)
ACCRUED BENEFIT LIABILITY		**(2,301)**	**(2,384)**	**(524)**	**(5,209)**	**(1,853)**	**(2,001)**	**(508)**	**(4,362)**
PREPAID BENEFIT COST		**13**			**13**	**122**	**0**		**122**

* *Including additional provisions set aside on application of IFRIC 14.*

(a) Pensions and retirement bonuses.

(b) Reduced energy prices, healthcare, gratuities and other post-employment benefits.

(c) Length-of-service awards and other long-term benefits.

Changes in the scope of consolidation in 2011 chiefly concerned the acquisition of International Power (€165 million).

The amount recorded within “Non-recurring items” in 2010 mainly reflects the write-back of the provision set aside at end-2005 in connection with the review clause and no longer warranted.

18.3.3 Change in reimbursement rights

Changes in the fair value of the reimbursement rights relating to plan assets managed by Contassur were as follows:

In millions of euros	2011	2010
Fair value at January 1	142	143
Expected return on plan assets	6	7
Actuarial gains and losses	(17)	(5)
Actual return	(11)	2
Employer contributions	14	18
Employee contributions	2	2
Acquisitions/disposals excluding business combinations		
Curtailments		
Benefits paid	(20)	(22)
FAIR VALUE AT DECEMBER 31	**128**	**142**

18.3.4 Components of the net periodic pension cost

The net periodic cost recognized in respect of defined benefit obligations for the years ended December 31, 2011 and 2010 breaks down as follows:

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Current service cost	359	274
Interest cost	437	396
Expected return on plan assets	(246)	(208)
Actuarial gains and losses *	(2)	34
Past service cost	(12)	(1)
Gains or losses on pension plan curtailments, terminations and settlements	(19)	(11)
Non-recurring items	6	(35)
TOTAL	**523**	**449**
o/w recorded in current operating income	333	261
o/w recorded in net financial income/(loss)	191	188

* *On long-term benefit obligation.*

18.3.5 Funding policy and strategy

When defined benefit plans are funded, the related plan assets are invested in pension funds and/or with insurance companies, depending on the investment practices specific to the country concerned. The investment strategies underlying these defined benefit plans are aimed at striking the right balance between return on investment and acceptable levels of risk.

The objectives of these strategies are twofold: to maintain sufficient liquidity to cover pension and other benefit payments; and as part of risk management, to achieve a long-term rate of return higher than the discount rate or, where appropriate, at least equal to future required returns.

When plan assets are invested in pension funds, investment decisions and the allocation of plan assets are the responsibility of the fund manager concerned. For French companies, where plan assets are invested with an insurance company, the latter manages the investment portfolio for unit-linked policies and guarantees a rate of return on assets in euro-denominated policies. These diversified funds are actively managed by reference to composite indexes and adapted to the long-term profile of the liabilities, taking into account eurozone government bonds and shares in front-ranking companies within and outside the eurozone.

The insurer's sole obligation is to ensure a fixed minimum return on assets in euro-denominated funds.

The funding of these obligations at December 31 for each of the periods presented can be analyzed as follows:

In millions of euros	Projected benefit obligation	Fair value of plan assets	Unrecognized past service cost	Asset ceiling *	Total net obligation
Underfunded plans	(6,373)	4,464	(5)		(1,914)
Overfunded plans	(215)	227	(0)	(1)	10
Unfunded plans	(3,297)		5		(3,292)
AT DECEMBER 31, 2011	**(9,885)**	**4,691**	**(1)**	**(1)**	**(5,195)**
Underfunded plans	(5,308)	4,086	(15)		(1,237)
Overfunded plans	(345)	361	(2)	(1)	14
Unfunded plans	(3,023)	0	7		(3,016)
AT DECEMBER 31, 2010	(8,676)	4,447	(10)	(1)	(4,239)

* *Including additional provisions set aside on application of IFRIC 14.*

The allocation of plan assets by principal asset category can be analyzed as follows:

	2011	2010
Equities	29%	28%
Bonds	50%	52%
Real estate	4%	3%
Other (including money market securities)	17%	18%
TOTAL	**100%**	**100%**

18.3.6 Actuarial assumptions

Actuarial assumptions are determined individually by country and company in conjunction with independent actuaries. Weighted discount rates are presented below:

	Pension benefit obligations		Other post-employment benefit obligations		Long-term benefit obligations		Total benefit obligations	
	2011	2010	2011	2010	2011	2010	2011	2010
Discount rate	4.5%	4.8%	4.1%	4.8%	4.0%	4.8%	4.4%	4.8%
Estimated future increase in salaries	3.0%	3.0%	N/A	N/A	2.7%	2.7%	2.8%	2.8%
Expected return on plan assets	5.8%	5.9%	7.2%	5.9%	N/A	N/A	5.9%	5.9%
Average remaining working years of participating employees	14 years	13 years	15 years	15 years	15 years	15 years	14 years	13 years

18.3.6.1 Discount rate

The discount rate applied is determined based on the yield, at the date of the calculation, on top-rated corporate bonds with maturities mirroring the term of the plan.

The discount rates used for EUR are based on the Bloomberg indexes for 10-, 15-, and 20-year bonds issued by AA-rated companies. The discount rates used for GBP are extrapolated from the yield on government bonds and the spread between government bonds and bonds issued by AA-rated companies.

According to the Group's estimates, a 1% increase or decrease in the discount rate would result in a change of approximately 13% in the obligations.

18.3.6.2 Expected return on plan assets

To calculate the expected return on plan assets, the portfolio is divided into sub-groups of homogenous components sorted by major asset class and geographic area, based on the composition of the benchmark indexes and volumes in each fund at December 31 of the previous year.

An expected rate of return is assigned to each sub-group for the period, based on information published by a third party. The fund's overall performance in terms of absolute value is then compiled and compared with the value of the portfolio at the beginning of the period.

The expected return on plan assets is calculated in light of market conditions and based on a risk premium. The risk premium is calculated by reference to the supposedly risk-free rate on government bonds, for each major asset class and geographic area.

The return on plan assets relating to Group companies in Belgium in 2011 was around 5% for assets managed by Group insurance companies and 2% for assets managed by pension funds.

The return on plan assets for companies eligible for the EGI pension scheme was a negative 1% in 2011.

According to the Group's estimates, a 1% increase or decrease in the expected return on plan assets would result in a change of approximately 1% in the value of plan assets.

The table below shows the weighted average return on plan assets broken down by asset category:

	2011	2010
Equities	6.3%	7.1%
Bonds	3.4%	5.1%
Real estate	5.3%	6.4%
Other (including money market securities)	2.4%	2.6%
TOTAL	**4.1%**	**5.9%**

18.3.6.3 Other assumptions

The rate of increase in medical costs (including inflation) was estimated at 2%.

A one percentage point change in the assumed increase in healthcare costs would have the following impacts:

In millions of euros	One point increase	One point decrease
Impact on expenses	5	(4)
Impact on pension obligations	56	(44)

18.3.7 Experience adjustments

The breakdown of experience adjustments giving rise to actuarial gains and losses is as follows:

	2011		2010		2009		2008		2007	
In millions of euros	Pension benefit obligations	Other benefit obligations	Pension benefit obligations	Other benefit obligations	Pension benefit obligations	Other benefit obligations	Pension benefit obligations	Other benefit obligations	Pension benefit obligations	Other benefit obligations
Projected benefit obligation at December 31	(6,942)	(2,942)	(6,130)	(2,545)	(5,502)	(2,124)	(5,634)	(2,187)	(4,066)	(713)
Fair value of plan assets	4,648	44	4,399	47	3,934	39	3,831	40	2,452	47
Surplus/deficit	(2,295)	(2,899)	(1,730)	(2,498)	(1,568)	(2,085)	(1,803)	(2,147)	(1,614)	(666)
Experience adjustments to projected benefit obligation	127	167	236	115	(5)	(15)	(95)	12	(12)	(62)
As a % of the total	*-2%*	*-6%*	*-4%*	*-5%*	*0%*	*1%*	*2%*	*-1%*	*0%*	*9%*
Experience adjustments to fair value of plan assets	(157)	(9)	250	7	176	2	528	12	(9)	1
As a % of the total	*-3%*	*-20%*	*5%*	*15%*	*4%*	*6%*	*14%*	*29%*	*0%*	*3%*

18.3.8 Geographical breakdown of net obligations

In 2011, the geographical breakdown of the main obligations and actuarial assumptions (weighted average rates) was as follows:

	Eurozone			United Kingdom			United States			Rest of the world		
In millions of euros	Pension benefit obligations	Other post-employment benefit obligations	Long-term benefit obligations	Pension benefit obligations	Other post-employment benefit obligations	Long-term benefit obligations	Pension benefit obligations	Other post-employment benefit obligations	Long-term benefit obligations	Pension benefit obligations	Other post-employment benefit obligations	Long-term benefit obligations
Net benefit obligations	(1,810)	(2,226)	(503)	(125)		(1)	(102)	(55)		(251)	(102)	(20)
Discount rate	3.9%	4.0%	3.9%	4.9%		4.8%	5.2%	5.3%		6.5%	4.5%	4.0%
Estimated future increase in salaries	2.7%		2.6%	4.3%			3.1%			3.5%		4.8%
Expected return on plan assets	5.1%			5.4%			7.2%	8.5%		7.8%		
Average remaining working years of participating employees	15	16	16	20		15	13	14		9	14	12

18.3.9 Estimated employer contributions payable in 2012 under defined benefit plans

The Group expects to pay around €239 million in contributions into its defined benefit plans in 2012, including €78 million for EGI sector companies. Annual contributions in respect of EGI sector companies will be made by reference to rights vested in the year, taking into account the funding level for each entity in order to even out contributions over the medium term.

18.4 Defined contribution plans

In 2011, the Group recorded a €122 million charge in respect of amounts paid into Group defined contribution plans (€113 million in 2010). These contributions are recorded under “Personnel costs” in the consolidated income statement.

NOTE 19 EXPLORATION & PRODUCTION ACTIVITIES

19.1 Exploration & Production assets

Exploration & Production assets break down into the following three categories: Exploration & Production licenses, presented under "Intangible assets" in the statement of financial position, fields under development, shown under "Assets in development phase", and fields in production, shown under "Assets in production phase", which are included in "Property, plant and equipment" in the statement of financial position.

In millions of euros	Licenses	Assets in development phase	Assets in production phase	Total
A. GROSS AMOUNT				
At December 31, 2009	**778**	**1,420**	**5,827**	**8,025**
Changes in scope of consolidation				
Acquisitions	286	387	89	762
Disposals			(28)	(28)
Translation adjustments	19	46	160	225
Other	17	(1,422)	1,291	(114)
At December 31, 2010	**1,101**	**431**	**7,339**	**8,870**
Changes in scope of consolidation		(40)	(451)	(491)
Acquisitions	30	377	263	670
Disposals				
Translation adjustments	22	10	46	79
Other	(3)	(121)	148	24
AT DECEMBER 31, 2011	**1,149**	**658**	**7,345**	**9,151**
B. ACCUMULATED AMORTIZATION, DEPRECIATION AND IMPAIRMENT				
At December 31, 2009	**(262)**	**(4)**	**(1,051)**	**(1,317)**
Changes in scope of consolidation				
Disposals				
Amortization, depreciation and impairment	(85)		(745)	(830)
Translation adjustments	(8)		(20)	(28)
Other		4		4
At December 31, 2010	**(355)**	**0**	**(1,816)**	**(2,170)**
Changes in scope of consolidation			165	165
Disposals				
Amortization, depreciation and impairment	(20)		(868)	(888)
Translation adjustments	(7)		(19)	(26)
Other		(3)	16	12
AT DECEMBER 31, 2011	**(382)**	**(3)**	**(2,522)**	**(2,907)**
C. CARRYING AMOUNT				
At December 31, 2010	**746**	**432**	**5,523**	**6,700**
AT DECEMBER 31, 2011	**767**	**655**	**4,823**	**6,244**

Acquisitions in 2011 mainly include an additional interest acquired in the Njord field (€112 million) and developments carried out in the year on the Gudrun site (€145 million) and the Gjøa platform (€96 million) in Norway.

The “Changes in scope of consolidation” line corresponds to the sale of EFOG.

19.2 Capitalized exploration costs

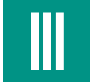
The following table provides a breakdown of the net change in capitalized exploration costs:

In millions of euros	2011	2010
At January 1	272	75
Changes in scope of consolidation		
Capitalized exploration costs for the year	241	206
Amounts recognized in expenses for the period	(73)	(63)
Other	(40)	54
AT DECEMBER 31	**400**	**272**

Capitalized exploration costs are reported in the statement of financial position within “Other assets”.

19.3 Investments during the period

Investments for the Exploration & Production business amounted to €636 million and €647 million, respectively, in 2011 and 2010. Investments are included in “Acquisitions of property, plant and equipment and intangible assets” in the statement of cash flows.



NOTE 20 FINANCE LEASES

20.1 Finance leases for which GDF SUEZ acts as lessee

The carrying amounts of property, plant and equipment held under finance leases are broken down into different categories depending on the type of asset concerned.

The main finance lease agreements entered into by the Group primarily concern Novergie's incineration facilities, certain International Power power plants and Cofely's cogeneration plants.

The present values of future minimum lease payments break down as follows:

In millions of euros	Future minimum lease payments at Dec. 31, 2011 – Undiscounted value	Future minimum lease payments at Dec. 31, 2011 – Present value	Future minimum lease payments at Dec. 31, 2010 – Undiscounted value	Future minimum lease payments at Dec. 31, 2010 – Present value
Year 1	206	191	265	254
Years 2 to 5 inclusive	737	631	695	649
Beyond year 5	936	564	832	559
TOTAL FUTURE MINIMUM LEASE PAYMENTS	**1,879**	**1,386**	**1,792**	**1,462**

The following table provides a reconciliation of liabilities under finance leases as reported in the statement of financial position (see Note 14.2.1) with undiscounted future minimum lease payments by maturity:

In millions of euros	Total	Year 1	Years 2 to 5 inclusive	Beyond year 5
Liabilities under finance leases	1,389	139	489	761
Impact of discounting future repayments of principal and interest	489	66	248	175
UNDISCOUNTED MINIMUM LEASE PAYMENTS	**1,879**	**206**	**737**	**936**

20.2 Finance leases for which GDF SUEZ acts as lessor

These leases fall mainly within the scope of IFRIC 4 guidance on the interpretation of IAS 17. They concern (i) energy purchase and sale contracts where the contract conveys an exclusive right to use a production asset; and (ii) certain contracts with industrial customers relating to assets held by the Group.

The Group has recognized finance lease receivables for the Solvay (Belgium), Lanxess (Belgium), Bowin (Thailand) and Saudi Aramco (Saudi Arabia) cogeneration facilities and for certain International Power power plants.

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Undiscounted future minimum lease payments	2,358	720
Unguaranteed residual value accruing to the lessor	54	30
TOTAL GROSS INVESTMENT IN THE LEASE	2,412	749
Unearned financial income	816	163
NET INVESTMENT IN THE LEASE (STATEMENT OF FINANCIAL POSITION)	**1,596**	**587**
• *O/W present value of future minimum lease payments*	1,561	571
• *O/W present value of unguaranteed residual value*	35	15

Amounts recognized in the statement of financial position in connection with finance leases are detailed in Note 14.1.2, “Loans and receivables at amortized cost”.

Undiscounted future minimum lease payments receivable under finance leases can be analyzed as follows:

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Year 1	202	141
Years 2 to 5 inclusive	788	298
Beyond year 5	1,368	280
TOTAL	**2,358**	**720**

NOTE 21 OPERATING LEASES

21.1 Operating leases for which GDF SUEZ acts as lessee

The Group has entered into operating leases mainly in connection with LNG tankers, and miscellaneous buildings and fittings.

Operating lease income and expense for 2011 and 2010 can be analyzed as follows:

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Minimum lease payments	(1,047)	(831)
Contingent lease payments	(165)	(93)
Sub-letting income	58	19
Sub-letting expenses	(93)	(97)
Other operating lease expenses	(179)	(231)
TOTAL	**(1,425)**	**(1,232)**

Future minimum lease payments under non-cancelable operating leases can be analyzed as follows:

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Year 1	812	696
Years 2 to 5 inclusive	1,950	1,715
Beyond year 5	1,867	1,606
TOTAL	**4,629**	**4,017**

21.2 Operating leases for which GDF SUEZ acts as lessor

These leases fall mainly within the scope of IFRIC 4 guidance on the interpretation of IAS 17. They primarily concern power plants operated by International Power.

Operating lease income for 2011 and 2010 can be analyzed as follows:

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Minimum lease payments	889	767
Contingent lease payments	18	12
TOTAL	**906**	**779**

Lease income is recognized in revenue.

Future minimum lease payments receivable under non-cancelable operating leases can be analyzed as follows:

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Year 1	724	554
Years 2 to 5 inclusive	2,475	2,037
Beyond year 5	1,960	1,999
TOTAL	**5,159**	**4,590**

NOTE 22 SERVICE CONCESSION ARRANGEMENTS

SIC 29 – Service Concession Arrangements: Disclosures was published in May 2001 and prescribes the information that should be disclosed in the notes to the financial statements of a concession grantor and concession operator.

IFRIC 12 was published in November 2006 and prescribes the accounting treatment applicable to concession arrangements meeting certain criteria in which the concession grantor is considered to control the related infrastructure (see Note 1.5.7).

As described in SIC 29, a service concession arrangement generally involves the grantor conveying for the period of the concession to the operator:

(a) the right to provide services that give the public access to major economic and social facilities;

(b) and in some cases, the right to use specified tangible assets, intangible assets, and/or financial assets;

in exchange for the operator:

(c) committing to provide the services according to certain terms and conditions during the concession period; and

(d) when applicable, committing to return at the end of the concession period the rights received at the beginning of the concession period and/or acquired during the concession period.

The common characteristic of all service concession arrangements is that the operator both receives a right and incurs an obligation to provide public services.

The Group manages a large number of concessions as defined by SIC 29 covering drinking water distribution, water treatment, waste collection and treatment, and gas and electricity distribution.

These concession arrangements set out rights and obligations relative to the infrastructure and to the public service, in particular the obligation to provide users with access to the public service. In certain concessions, a schedule is defined specifying the period over which users should be provided access to the public service. The terms of the concession arrangements vary between 10 and 65 years, depending mainly on the level of capital expenditure to be made by the concession operator.

In consideration of these obligations, GDF SUEZ is entitled to bill either the local authority granting the concession (mainly incineration and BOT water treatment contracts) or the users (contracts for the distribution of drinking water or gas and electricity) for the services provided. This right to bill gives rise to an intangible asset, a tangible asset, or a financial asset, depending on the applicable accounting model (see Note 1.5.7).

The tangible asset model is used when the concession grantor does not control the infrastructure. For example, this is the case with water distribution concessions in the United States, which do not provide for the return of the infrastructure to the grantor of the concession at the end of the contract (and the infrastructure therefore remains the property of GDF SUEZ), and also natural gas distribution concessions in France, which fall within the scope of Law No. 46-628 of April 8, 1946.

A general obligation also exists to return the concession infrastructure to good working condition at the end of the concession. Where appropriate (see Note 1.5.7), this obligation leads to the recognition of a capital renewal and replacement liability.

Services are generally billed at a fixed price which is linked to a particular index over the term of the contract. However, contracts may contain clauses providing for price adjustments (usually at the end of a five-year period) if there is a change in the economic conditions forecast at the inception of the contracts. Exceptionally, contracts exist in certain countries (e.g., the United States and Spain) which set the price on a yearly basis according to the costs incurred under the contract. These costs are therefore recognized in assets (see Note 1.5.7). For the distribution of natural gas in France, the Group applies the ATRD rates set by ministerial decree following consultation with the French Energy Regulatory Commission (CRE). The rate is generally determined based on capital charges made up of (i) depreciation expense and (ii) the rate of return on capital employed. These two components are computed by reference to the valuation of assets operated by the Group, known as the Regulated Asset Base (RAB), using the useful lives and rates of return on capital employed set by the CRE. The Regulated Asset Base includes mainly pipelines and connections depreciated over a period of 45 years.

NOTE 23 SHARE-BASED PAYMENT

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

		Expense for the year	
In millions of euros	Notes	Dec. 31, 2011	Dec. 31, 2010
Stock option plans	23.1	41	57
Employee share issues	23.2	3	34
Share Appreciation Rights *	23.2	5	(4)
Bonus/Performance Share plans	23.3	86	34
Exceptional bonus		-	(3)
Other Group plans	23.3.5	12	-
TOTAL		**145**	**119**

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

23.1 Stock option plans

GDF SUEZ stock option plans

No new GDF SUEZ stock option grants were approved by the Group's Board of Directors in either 2011 or 2010.

The terms and conditions of plans set up prior to 2010 are described in previous reference documents prepared by SUEZ and subsequently GDF SUEZ.

SUEZ Environnement Company stock option plans

In 2011, the Board of Directors of SUEZ Environnement Company decided not to implement any new stock option plans.

The terms and conditions of plans set up in previous years are described in previous reference documents prepared by SUEZ Environnement Company.

23.1.1 Details of stock option plans in force

GDF SUEZ PLANS

Plan	Date of authorizing AGM	Vesting date	Adjusted exercise price *(in euros)*	Number of beneficiaries per plan	Number of options granted to members of the Executive Committee [(2)]	Outstanding options at Dec. 31, 2010	Options exercised [(3)]	Options canceled	Outstanding options at Dec. 31, 2011	Expiration date	Residual life
11/28/2001	5/4/2001	11/28/2005	30.7	3,160	1,784,447	5,682,343		5,682,343	0	11/28/2011	
11/20/2002 [(1)]	5/4/2001	11/20/2006	15.7	2,528	1,327,819	1,780,240	152,235	10,668	1,617,337	11/19/2012	0.9
11/19/2003	5/4/2001	11/19/2007	12.4	2,069	1,263,500	1,591,168	1,447,520	143,648	0	11/18/2011	
11/17/2004 [(1)]	4/27/2004	11/17/2008	16.8	2,229	1,302,000	5,459,192	371,676	25,116	5,062,400	11/16/2012	0.9
12/9/2005 [(1)]	4/27/2004	12/9/2009	22.8	2,251	1,352,000	6,071,401	369,020	11,249	5,691,132	12/8/2013	1.9
1/17/2007 [(1)]	4/27/2004	1/17/2011	36.6	2,173	1,218,000	5,763,617		21,960	5,741,657	1/16/2015	3.0
11/14/2007 [(1)]	5/4/2007	11/14/2011	41.8	2,107	804,000	4,493,070		20,856	4,472,214	11/13/2015	3.9
11/12/2008	7/16/2008	11/12/2012	32.7	3,753	2,615,000	6,375,900		41,646	6,334,254	11/11/2016	4.9
11/10/2009	5/4/2009	11/10/2013	29.4	4,036	0	5,121,406		32,407	5,088,999	11/9/2017	5.9
TOTAL					**11,666,766**	**42,338,337**	**2,340,451**	**5,989,893**	**34,007,993**		
Including:											
Stock option purchase plans						11,497,306	0	74,053	11,423,253		
Stock subscription plans						30,841,031	2,340,451	5,915,840	22,584,740		

(1) Plans exercisable at December 31, 2011.

(2) Corresponding to the Management Committee at the time the options were awarded in 2000 and 2001.

(3) In certain specific circumstances such as retirement or death, outstanding options may be exercised in advance of the vesting date.

Stock option plans included in the calculation of diluted earnings per share in 2011 (see Note 8, "Earnings per share") relate to plans granted at an exercise price lower than the average annual price for GDF SUEZ shares in 2011 (€24.20).

SUEZ ENVIRONNEMENT COMPANY PLANS

Plan	Date of authorizing AGM	Vesting date	Exercise price	Outstanding options at Dec. 31, 2010	Options exercised *	Options granted	Options canceled or expired	Outstanding options at Dec. 31, 2011	Expiration date	Residual life
12/17/2009	5/26/2009	12/17/2013	15.49	3,434,448	0	0	18,558	3,415,890	12/16/2017	6.0
12/16/2010	5/26/2009	12/16/2014	14.20	2,944,200	0	0	23,700	2,920,500	12/15/2018	7.0
TOTAL				**6,378,648**	**0**	**0**	**42,258**	**6,336,390**		

* *In certain specific circumstances such as retirement or death, outstanding options may be exercised in advance of the vesting date.*

23.1.2 Number of GDF SUEZ stock options

	Number of options	Average exercise price *(in euros)*
Balance at December 31, 2010	**42,338,337**	**28.6**
Options granted		
Options exercised	(2,340,451)	15.0
Options canceled	(5,989,893)	30.2
Balance at December 31, 2011	**34,007,993**	**29.2**

23.1.3 Accounting impact

Based on a staff turnover assumption of 5%, the expense recorded during the period in relation to the Group's stock option plans was as follows:

			Expense for the year *(in millions of euros)*	
Grant date	**Issuer**	**Fair value per share*** *(in euros)*	**Dec. 31, 2011**	**Dec. 31, 2010**
January 17, 2007	GDF SUEZ	12,3	1	17
November 14, 2007	GDF SUEZ	15,0	14	16
November 12, 2008	GDF SUEZ	9,3	14	14
November 10, 2009	GDF SUEZ	6,0	8	8
December 17, 2009	SUEZ Environnement Company	3,3	3	3
December 16, 2010	SUEZ Environnement Company	2,9	2	0
TOTAL			**41**	**57**

* * *Weighted average (where applicable) between plans with and without a performance condition.*

23.1.4 Share Appreciation Rights

The award of Share Appreciation Rights (SARs) to US employees in 2007, 2008 and 2009 (as replacement for stock options) does not have a material impact on the consolidated financial statements.

23.2 Employee share issues

23.2.1 Description of available plans granted by GDF SUEZ

In 2010, Group employees were entitled to subscribe to employee share issues as part of the Link 2010 worldwide employee share ownership plan. They could subscribe to either:

- the Link Classique plan: this plan allows employees to subscribe to shares either directly or *via* an employee investment fund at lower-than-market price; or
- the Link Multiple plan: under this plan, employees may subscribe to shares, either directly or *via* an employee investment fund, and also benefit from any appreciation in the Group share price (leverage effect) at the end of the mandatory lock-up period; or
- Share Appreciation Rights (SARs): this leveraged plan entitles beneficiaries to receive a cash bonus equal to the appreciation in the Company's stock after a period of five years. The resulting employee liability is covered by warrants.

23.2.2 Accounting impact

GDF SUEZ did not issue any new shares to employees in 2011. The only impacts of employee share issues on 2011 income relate to SARs, for which the Group recognized an expense of €5 million in the year (including shares covered by warrants).

In 2010, the Group recognized an expense of €34 million in respect of the 24.2 million shares subscribed and the 0.5 million shares

contributed by GDF SUEZ under the Link 2010 plan. The impact of SARs (including shares covered by warrants) awarded under the Link 2010 plan was a gain of €7 million.

23.2.3 SUEZ Environnement employee share issues

In 2011, SUEZ Environnement launched “Sharing”, its first employee shareholding plan. Employees could subscribe to either:

- the “Sharing Classique” plan, offering shares at a lower-than-market price plus an employer contribution. Participants of this plan are exposed to the risk of share price fluctuations. In France, employees received an employer contribution as part of the share savings plan. Outside France, the employer contribution took the form of a bonus share award. As an alternative in the UK, a Share Incentive Plan (“SIP”) was set up allowing employees to subscribe at a price equal to the lower of the share price at October 3 and at December 7, 2011, as well as an employer contribution;
- the “Sharing Multiple” plan, providing a leverage effect allowing employees to round out their personal contributions as well as a lower-than-market share price. Under an exchange agreement with the structuring bank, employees receive at least the equivalent of their personal contributions, plus a guaranteed rate of return. In the United States and Sweden, the Sharing Multiple plan has been adapted in line with local laws and regulations and operates through an alternative mechanism known as Share Appreciation Rights.

The employer contribution under the Sharing Classique plan was calculated as follows:

- for the first 15 shares subscribed, one bonus share was granted for every one share subscribed;
- from the 16th share subscribed, one bonus share was granted for every two shares subscribed;
- the total matching contribution was capped at a maximum of 30 bonus shares for 45 shares subscribed.

The expense recognized in respect of the Sharing plan amounts to €2 million.

23.3 Bonus shares and Performance Shares

23.3.1 New awards in 2011

GDF SUEZ 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 EBITDA 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 GDF SUEZ’s total share return 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 to a market performance condition regarding the performance of the GDF SUEZ share compared to the Euro Stoxx Utilities index.

GDF SUEZ bonus share plan of June 22, 2011

On June 22, 2011, the Board of Directors decided to award a new bonus share plan to employees for 2011. This plan provides for the award of 4,2 million bonus GDF SUEZ shares to Group employees, subject to the following conditions:

- continuing employment with the Group at April 30, 2013 (except in the case of retirement, death or disability);
- two- or four-year vesting periods, depending on each country;
- a mandatory lock-in period of two or three years after the final vesting date (June 23, 2013) in certain countries.

GDF SUEZ Performance Share plan of December 6, 2011

On January 6, 2011, the Board of Directors approved the allocation of 2,996,920 Performance Shares to members of the Group’s executive and senior management in two tranches:

- Performance Shares vesting on March 14, 2015, subject to a further two-year non-transferability period; and
- Performance Shares vesting on March 14, 2016.

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 EBITDA in 2014;
- instruments with two conditions: Performance Shares subject to an internal performance condition relating to Group EBITDA in 2014, and a market performance condition relating to GDF SUEZ’s total share return compared to that of the Euro Stoxx Utilities index.

23.3.2 Fair value of bonus shares and Performance Shares

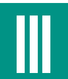
The fair value of GDF SUEZ Performance Shares was calculated using the method described in Note 1 to the consolidated financial statements for the year ended December 31, 2011 (see Note 1.5.14.2). The following assumptions were used to calculate the fair value of new plans granted in 2011:

Grant date	Vesting date	End of the non-transferability period	Share price at grant date	Expected dividend rate	Employee financing costs	Non-transferability *restriction (€/share)*	Stock market-related performance condition	Fair value per share
January 13, 2011	March 14, 2014	March 15, 2016	€28.2	5.5%	5.8%	(1.0)	No	€22.7
January 13, 2011	March 14, 2014	March 15, 2016	€28.2	5.5%	5.8%	(1.0)	Yes	€17.6
January 13, 2011	March 14, 2015	March 14, 2015	€28.2	5.5%	5.8%	0.0	No	€22.4
January 13, 2011	March 14, 2015	March 14, 2015	€28.2	5.5%	5.8%	0.0	Yes	€17.3
Weighted average fair value of the January 13, 2011 plan								**€18.1**
March 2, 2011	March 14, 2013	March 14, 2015	€28.2	5.5%	5.8%	(1.3)	No	€23.9
March 2, 2011	March 14, 2014	March 14, 2016	€28.2	5.5%	5.8%	(1.0)	No	€23.0
Weighted average fair value of the March 2, 2011 plan								**€23.3**
June 22, 2011	June 23, 2013	June 23, 2015	€24.6	6.0%	5.8%	(1.2)	No	€20.6
June 22, 2011	June 23, 2013	June 23, 2016	€24.6	6.0%	5.8%	(2.5)	No	€19.3
June 22, 2011	June 23, 2013	December 31, 2015	€24.6	6.0%	5.8%	(3.0)	No	€18.8
June 22, 2011	June 23, 2015	June 23, 2015	€24.6	6.0%	5.8%	0.0	No	€19.3
Weighted average fair value of the June 22, 2011 plan								**€20.0**
December 6, 2011	March 15, 2016	March 15, 2016	€21.0	6.0%	7.6%	0.0	No	€16.3
December 6, 2011	March 15, 2016	March 15, 2016	€21.0	6.0%	7.6%	0.0	Yes	€9.9
December 6, 2011	March 15, 2015	March 15, 2017	€21.0	6.0%	7.6%	(1.4)	No	€15.9
December 6, 2011	March 15, 2015	March 15, 2017	€21.0	6.0%	7.6%	(1.4)	Yes	€9.6
Weighted average fair value of the December 6, 2011 plan								**€11.3**

23.3.3 Review of internal performance conditions applicable to the plans

Eligibility for certain bonus share and Performance Share plans is subject to an internal performance condition. When this condition is not fully met, the number of bonus shares granted to employees is reduced in accordance with the plans' regulations, leading to a decrease in the total expense recognized in relation to the plans in accordance with IFRS 2.

Performance conditions are reviewed at each reporting date. Reductions in volumes of shares awarded in 2011 due to a failure to meet performance criteria were not material.



23.3.4 Plans in force at December 31, 2011 and impact on income

The expense recorded during the period in relation to the plans in force is as follows:

Grant date	Number of shares awarded [1]	Fair value per share [2] *(in euros)*	Expense for the year *(in millions of euros)*	
			Dec. 31, 2011	Dec. 31, 2010
GDF SUEZ share plans				
Bonus share plans				
June 2007 plan (GDF)	1,539,009	33.4		
July 2007 plan (SUEZ)	2,175,000	37.8	5	9
August 2007 plan (Spring)	193,686	32.1	1	1
May 2008 plan (GDF)	1,586,906	40.3	-	(8)
June 2008 plan (SUEZ)	2,372,941	39.0	6	(4)
July 2009 plan (GDF SUEZ)	3,297,014	19.7	15	26
August 2010 plan (Link)	207,947	19.4	1	0
June 2011 plan (GDF SUEZ)	4,173,448	20.0	16	
Performance Share plans				
February 2007 plan (SUEZ)	989,559	36.0		
November 2007 plan (SUEZ)	1,244,979	42.4	-	(14)
November 2008 plan (GDF SUEZ)	1,812,548	28.5	(1)	(3)
November 2009 plan (GDF SUEZ)	1,693,840	24.8	12	15
January 2010 plan (ExCom)	348,660	18.5	3	3
March 2010 plan (Uni-T)	51,112	21.5	0	0
January 2011 plan (GDF SUEZ)	3,426,186	18.1	17	
March 2011 plan (Uni-T)	57,337	23.3	0	
December 2011 plan (GDF SUEZ)	2,996,920	11.3	1	
SUEZ Environnement Company share plans				
July 2009 plan (SUEZ Environnement Company)	2,040,810	9.6	5	7
December 2009 plan (SUEZ Environnement Company)	173,852	12.3	1	1
December 2010 plan (SUEZ Environnement Company)	829,080	10.8	3	0
			86	34

(1) Number of shares awarded after adjustments relating to the merger with Gaz de France in 2008.

(2) Weighted average (where applicable).

23.3.5 International Power Performance Share plans

International Power modified its Performance Share plan prior to the date of its acquisition by GDF SUEZ. The 2008, 2009 and 2010 plans were canceled ahead of maturity. As consideration, beneficiaries received a cash payment representing a total of €24 million, settled after the acquisition date. As a liability for €24 million had been recognized in International Power's statement of financial position at the acquisition date, no expense was recognized in respect of these Performance Share plans in the Group's 2011 income statement.

The impact of the Performance Shares awarded to International Power's executive and senior management in March 2011 is not material.

NOTE 24 RELATED PARTY TRANSACTIONS

This note describes material transactions between the Group and its related parties.

Compensation payable to key management personnel is disclosed in Note 25, “Executive compensation”.

The Group’s main subsidiaries (fully consolidated companies) are listed in Note 28, “List of the main consolidated companies at December 31, 2011”. The Group’s main associates and joint ventures are listed in Note 12, “Investments in associates” and Note 13, “Investments in joint ventures”, respectively. Only material transactions are described below.

24.1 Relations with the French State and with entities owned or partly owned by the French State

24.1.1 Relations with the French State

Further to the merger between Gaz de France and SUEZ on July 22, 2008, the French State owns 36.0% of GDF SUEZ and appoints 6 representatives to the Group’s 22-member Board of Directors.

The French State holds a golden share aimed at protecting France’s critical interests and ensuring the continuity and safeguarding of supplies in the energy sector. The golden share is granted to the French State indefinitely and entitles it to veto decisions taken by GDF SUEZ if it considers they could harm France’s interests.

Public service engagements in the energy sector are defined by the law of January 3, 2003.

They are implemented by means of a new public service contract dated December 23, 2009, which sets out the Group’s public service obligations and the conditions for rate regulation in France:

- as part of its public service obligations, the Group is reinforcing its commitments in terms of the protection of goods and individuals, solidarity and assistance to low-income customers, sustainable development and research;
- regarding the conditions for rate regulation in France, a decree was published in connection with the contract redefining the overall regulatory framework for setting and changing natural gas rates in France. The mechanism as a whole provides clearer direction on the conditions for changing regulated rates, notably through rate change forecasts based on costs incurred. It also establishes rules and responsibilities for the various players over the period 2010-2013.

Transmission rates on the GRT Gaz transportation network and the gas distribution network in France, as well as rates for accessing the French LNG terminals, are all regulated. Rates are set by ministerial decrees.

24.1.2 Relations with EDF

Following the creation on July 1, 2004 of the French gas and electricity distribution network operator (EDF Gaz de France Distribution), Gaz de France SA and EDF entered into an agreement on April 18, 2005 setting out their relationship as regards the distribution business. The December 7, 2006 law on the energy sector reorganized the natural gas and electricity distribution networks. ERDF SA, a subsidiary of EDF SA, and GrDF SA, a subsidiary of GDF SUEZ SA, were created on January 1, 2007 and January 1, 2008, respectively, and act in accordance with the agreement previously signed by the two incumbent operators.

24.2 Relations with the CNIEG (Caisse Nationale des Industries Electriques et Gazières)

The Group’s relations with the CNIEG, which manages all old-age, death and disability benefits for active and retired employees of the Group who belong to the special EGI pension plan, employees of EDF and Non-Nationalized Companies (*Entreprises Non Nationalisées* – ENN), are described in Note 18, “Post-employment benefits and other long-term benefits”.

24.3 Transactions with joint-ventures and associates

24.3.1 Joint-ventures

In millions of euros	Purchases of goods and services	Sales of goods and services	Net financial income/ (loss) (excl. dividends)	Trade and other receivables	Loans and receivables at amortized cost	Trade and other payables	Borrowings and debt	Commitments and guarantees given
SPP group	125	133				2		
Eco Electrica		107						
Tirreno Power	269	74		38		55		
WSW Energie und Wasser	105	92		5	6	6		
EFOG	381		1					
Energia Sustentavel Do Brasil							348	1,366
Other	443	446	(19)	207	722	72	83	693
TOTAL	**1,323**	**852**	**(18)**	**250**	**728**	**135**	**431**	**2,059**

EFOG (United Kingdom)

The Group sold its 22.5% interest in EFOG on December 31, 2011 (see Note 2, “Main changes in Group structure”).

In 2011, the Group purchased gas from EFOG for €381 million (€257 million in 2010).

As part of its policy of pooling surplus cash, the Group received cash advances from EFOG. The outstanding amount of these advances totaled €115 million at December 31, 2010. At December 31, 2011, the Group’s liability in respect of EFOG was taken over by Total within the scope of the Group’s sale of its interest in EFOG.

AceaElectrabel group (Italy)

In the first quarter of 2011, GDF SUEZ and Acea terminated their partnership concerning energy activities in Italy. As indicated in Note 2, “Main changes in Group structure”, the Group acquired a controlling interest in certain entities and sold the marketing company AceaElectrabel Elettricita along with a number of production assets to Acea. Only Tirreno Power, jointly owned with GDF SUEZ Energia Italiana, continues to be proportionately consolidated.

Sales of electricity between GDF SUEZ and Tirreno Power amounted to €269 million in 2011.

Loans granted by the Group to Acea amounted to €349 million at December 31, 2010, while sales of gas and electricity to AceaElectrabel totaled €100 million.

SPP group (Slovakia)

GDF SUEZ holds a 24.5% interest in the SPP group.

Natural gas sales and other services billed to the SPP group amounted to €133 million in 2011 and €125 million in 2010.

Purchases of natural gas and other services provided by the SPP group amounted to €125 million in 2011 and €124 million in 2010.

At end-2011, the Group’s accounts receivable and payable with SPP were not material (€22 million and €25 million, respectively, at December 31, 2010).

Eco Electrica (Puerto Rico)

GDF SUEZ holds 24.4% of the share capital of Eco Electrica, and 50% of its voting rights.

Sales of natural gas billed to Eco Electrica totaled €107 million 2011.

WSW Energie und Wasser (Germany)

GDF SUEZ owns 33.1% of the share capital of WSW Energie und Wasser and 33.1% of its voting rights. Sales and purchases of electricity between the Group and WSW Energie und Wasser amounted to €92 million and €105 million, respectively, in 2011.

Energia Sustentavel Do Brasil (Brazil)

GDF SUEZ holds 34.9% of the share capital of Energia Sustentavel do Brasil, and 50.1% of its voting rights.

This consortium was set up in 2008 to build, own and operate the 3,450 MW hydroelectric Jirau power plant.

Energia Sustentavel Do Brasil carried out a capital increase in 2011. The total amount of subscribed capital to be paid by the Group was €348 million at December 31, 2011.

In 2009, the Brazilian development bank (Banco Nacional de Desenvolvimento Econômico e social) granted a BRL 7 billion loan (around €3 billion) to Energia Sustentavel do Brasil. Each partner stands as guarantor for this debt to the extent of its ownership interest in the consortium.

24.3.2 Associates

In millions of euros	Purchases of goods and services	Sales of goods and services	Trade and other receivables	Loans and receivables at amortized cost	Commitments and guarantees given
Inter-municipal companies	1,427	47	7	111	406
Contassur			128		
International Power ventures in the Middle East		400	23	124	657
Paiton		19	9	136	

Inter-municipal companies

The mixed inter-municipal companies in Brussels, Flanders and Walloon manage the electricity and gas distribution network in Belgium.

Following various transactions and events which occurred during the first half of 2011 (see Note 2, "Main changes in Group structure"), as from June 30, 2011 the Group no longer had significant influence over the Flemish inter-municipal companies and has accounted for its interest in those companies within "Available-for-sale securities". Consequently as of this date, any transactions with mixed inter-municipal companies referred to in this note no longer include transactions with the inter-municipal companies based in Flanders.

At December 31, 2011, Electrabel had granted cash advances to the inter-municipal companies totaling €111 million (€123 million at December 31, 2010).

Electrabel Customer Solutions (ECS) purchased gas and electricity network distribution rights from the inter-municipal companies in an amount of €1,394 million in 2011, compared with €2,012 million in 2010. Trade receivables and payables relating to gas and electricity supply services between the Group and the mixed inter-municipal companies are not material.

Electrabel stands as guarantor for €406 million of the loans contracted by mixed inter-municipal companies in the Walloon region in connection with the financing for capital decreases.

Contassur

Contassur is a life insurance company accounted for under the equity method. It is 15%-owned by Electrabel.

Contassur offers insurance contracts, chiefly with pension funds that cover post-employment benefit obligations for Group employees and also employees of other companies mainly engaged in regulated activities in the electricity and gas sector in Belgium.

Insurance contracts entered into by Contassur represent reimbursement rights recorded within "Other assets" in the statement of financial position. These reimbursement rights totaled €128 million at December 31, 2011 (€142 million at December 31, 2010).

International Power ventures in the Middle East

International Power's ventures in the Middle East own and operate electricity production plants and seawater desalination facilities.

The Group sold €400 million of electricity, gas and services to these companies in 2011.

Loans granted by the Group to these ventures in the Middle East totaled €124 million at December 31, 2011.

Guarantees given by the Group to these entities totaled €657 million at December 31, 2011.

Paiton

GDF SUEZ holds 28.2% of the share capital of Paiton, and 44.7% of its voting rights.

Loans granted by the Group to Paiton totaled €136 million at December 31,2011.

NOTE 25 EXECUTIVE COMPENSATION

The Group's key management personnel comprise the members of the Executive Committee and Board of Directors. The number of members on the Executive Committee was extended from 18 to 27 in 2011.

Their compensation breaks down as follows:

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Short-term benefits	39	33
Post-employment benefits	6	4
Share-based payment	12	17
Termination benefits	3	2
TOTAL	**60**	**56**

NOTE 26 LEGAL AND ANTI-TRUST PROCEEDINGS

The Group is party to a number of legal and anti-trust proceedings with third parties or with the tax authorities of certain countries in the normal course of its business.

These legal and arbitration proceedings presented hereafter are recognized as liabilities or give rise to contingent assets or liabilities.

Provisions recorded in respect of these proceedings totaled €763 million as of December 31, 2011 (€638 million as of December 31, 2010).

26.1 Legal and arbitration proceedings

26.1.1 Electrabel – Hungarian State

Electrabel, GDF SUEZ Group, filed international arbitration proceedings against the Hungarian State before the International Centre for Settlement of Investment Disputes (ICSID), for breach of obligations pursuant to the Energy Charter Treaty. Initially, the dispute mainly pertained to (i) electricity prices set in the context of a long-term power purchase agreement (PPA) entered into between the power plant operator Dunamenti (in which Electrabel owns a 74.82% interest) and MVM (a company controlled by the Hungarian State) on October 10, 1995, and (ii) allocations of CO_2 emission allowances in Hungary. The arbitration hearing took place in February 2010 and the arbitrators will hand down their verdict on the question of liability.

Following (i) the decision taken by the European Commission on June 4, 2008, according to which the long-term PPAs in force at the time of Hungary's accession to the EU (including the agreement between Dunamenti and MVM) have been deemed illegal State aid incompatible with the EU Treaty, and (ii) Hungary's subsequent decision to terminate these agreements, Electrabel extended its request in order to obtain compensation for the damage suffered as a consequence of such termination. In April 2010, the European Commission approved the method developed by the Hungarian authorities to calculate the amount of State aid and stranded costs. Following this approval, at the end of April 2010, the Hungarian authorities adopted a decree implementing this method and its principles (refer also to Note 26.2.4 "Competition and concentration/ Long-term Power Purchase Agreements in Hungary").

Furthermore, the European Commission petitioned the arbitration tribunal for *amicus curiae* participation on August 13, 2008. This request was accepted and was limited to a brief filing.

26.1.2 Slovak Gas Holding

Slovak Gas Holding ("SGH") is held with equal stakes by GDF SUEZ and E.ON Ruhrgas AG and holds a 49% interest in Slovenský Plynárenský Priemysel, a.s. ("SPP"), the remaining 51% being held by the Slovak Republic through the National Property Fund.

In November 2008, SGH sent a notice of dispute to the Slovak Republic under (i) the Energy Charter Treaty and (ii) the Bilateral Treaty, entered into by the Slovak Republic with the Czech Republic on the one hand and the Netherlands on the other hand. This notice of dispute is a precondition to international arbitration proceedings under the above-mentioned treaties. Its purpose is to initiate an informal negotiation period to enable the parties to reach an amicable settlement. In view of the results of the negotiations, the notice of dispute was reviewed and completed on December 28, 2010. Now it mainly concerns the losses incurred by SPP between 2008 to 2011 as a result of the regulator's refusal to set prices based on actual costs incurred plus a reasonable profit margin.

The negotiations resulted in the withdrawal of the legal framework which limited the possibility to request price increases to cover gas selling costs plus a reasonable profit margin (law referred to as Lex SPP). Negotiations on other issues are now underway.

26.1.3 Squeeze-out bid for Electrabel shares

On July 10, 2007, Deminor and two other funds initiated proceedings before the Brussels Court of Appeal against SUEZ and Electrabel under which they sought additional consideration following the squeeze-out bid launched by SUEZ in June 2007 on Electrabel shares that it did not already own. By decision dated December 1, 2008, the Court of Appeal ruled the claim unfounded.

On June 27, 2011, the Court of Cassation overturned the appeal brought by Deminor and others on May 22, 2009. It is for Deminor and others to bring an action against the Belgian financial services and markets authority (*Autorité belge des services et marchés financiers* - FSMA), formerly the Belgian Banking, Financial and Insurance Commission, and GDF SUEZ before the Brussels Court of Appeal, sitting in a different formation.

MM. Geenen and others initiated similar proceedings before the Brussels Court of Appeal, which were rejected on the grounds that the application (*acte introductif d'instance*) was void. A new application was filed, without involving Electrabel and the FSMA. By a ruling issued on December 24, 2009, the Court dismissed Geenen's appeal on procedural grounds.

Mr. Geenen appealed this decision before the Court of Cassation on June 2, 2010. The proceeding is pending.

26.1.4 AES Energia Cartagena

GDF SUEZ is involved in arbitration proceedings lodged by AES Energia Cartagena before the ICC International Court of Arbitration in September 2009 in connection with the Energy Agreement dated April 5, 2002. The Energy Agreement governs the conversion by AES Energia Cartagena of gas supplied by GDF SUEZ into electricity at the combined cycle power plant located in Cartagena, Spain.

The proceedings relate to the question as to which of the parties should bear past and future costs and expenditures arising in connection with the power plant and in particular those relating to CO_2, emissions permits, property taxes and social subsidies. The arbitration proceedings were held in London. When brought to a conclusion, on October 21, 2011, the parties were informed that the arbitrators had made a draft award which must now be submitted to ICC internal review, mainly as to its form.

On October 20, 2011, the parties signed a settlement agreement. This agreement is subject to certain conditions precedent including the initial completion date of December 31, 2011, which was eventually extended to February 17, 2012. The conditions precedent were met on January 31, 2012 and the closing date was set for February 9, 2012. In the meantime, the arbitration proceedings have been suspended.

26.1.5 Argentina

In Argentina, concession contract tariffs were frozen by a Public Emergency and Exchange Regime Reform Act (Emergency Act) enacted in January 2002, preventing the application of tariff indexation clauses in the event of a loss in value of the Argentine peso against the US dollar.

In 2003, SUEZ (now GDF SUEZ) and its joint shareholders, water distribution concession operators in Buenos Aires and Santa Fe, launched arbitration proceedings against the Argentine State in its capacity as concession grantor before the ICSID. The purpose of these proceedings is to enforce concession contract clauses in accordance with the Franco-Argentine Bilateral Investment Protection Treaties.

These ICSID arbitration proceedings aim to obtain compensation for the loss of value of investments made since the start of the concession, as a consequence of measures taken by the Argentine State following the adoption of the above-mentioned Emergency Act. In 2006, the ICSID recognized its jurisdiction over the two disputes. The hearings for both proceedings took place in 2007. Alongside the ICSID proceedings, the concession operators Aguas Argentinas and Aguas Provinciales de Santa Fe were forced to launch proceedings to terminate their concession contracts before the local administrative courts.

However, due to a decline in the financial position of the concession-holding companies since the Emergency Act, Aguas Provinciales de Santa Fe announced at its Shareholders' Meeting of January 13, 2006 that it was filing for bankruptcy.

At the same time, Aguas Argentinas filed for "Concurso Preventivo" (similar to the French bankruptcy procedure). As part of this procedure, a settlement proposal involving the novation of Aguas Argentinas's admissible liabilities was approved by creditors and confirmed by the bankruptcy court on April 11, 2008. The settlement of these liabilities is underway. The proposal provides for an initial payment of 20% of these liabilities (approximately USD 40 million) upon approval, and a second payment of 20% in the event that compensation is obtained from the Argentine State. As controlling shareholders, GDF SUEZ and Agbar decided to financially support Aguas Argentinas in making this initial payment and paid sums of USD 6.1 million and USD 3.8 million respectively, at the time of confirmation.

As a reminder, prior to the merger of SUEZ and Gaz de France and the stock market listing of SUEZ Environnement Company, SUEZ and SUEZ Environnement entered into an agreement providing for the economic transfer to SUEZ Environnement of the rights and obligations relating to the ownership interest held by SUEZ in Aguas Argentinas and Aguas Provinciales de Santa Fe.

By two decisions dated July 30, 2010, ICSID recognized the liability of the Argentine State in the termination of water distribution and treatment concession contracts in Buenos Aires and Santa Fe. Following these two decisions, the arbitration tribunal will set the final amount of the award to be paid in compensation of the losses sustained in the coming months.

The expert's report is expected in 2012.

26.1.6 United Water – Lake DeForest

In March 2008, some of the local residents of the Hackensack River area in Rockland County (NY) filed a claim before the Supreme Court of the State of New York for a total of USD 66 million (later increased to USD 130 million) against United Water (SUEZ Environnement Group) owing to flooding caused by torrential rain.

Those residents point out the negligence of United Water in the maintenance of the Lake DeForest dam and reservoir adjoining the Lake DeForest reservoir which, following the torrential rain, allegedly ceased to function correctly preventing the draining-off of water into the Hackensack River on which it is built, ultimately resulting in the flooding of the residents' homes. As a result of the rainwater drainage system operated by United Water overflowing upstream of the dam, the residents, despite living in a flood-prone area, have filed a compensatory damages claim for USD 65 million and for punitive damages of the same amount against United Water for alleged negligence in the maintenance of the Lake DeForest dam and reservoir.

United Water does not consider itself responsible for the flooding or for the maintenance of the dam and reservoir and believes these allegations should be dismissed. United Water filed a motion to dismiss these claims in July 2009 on the ground that it was not obliged to operate the dam as a means of flood prevention. This motion was denied on August 27, 2009, and this rejection was confirmed on June 1, 2010. United Water has appealed this decision. A decision on the merits is expected towards the end of the first half of 2012.

The claim for punitive damages introduced by the residents against United Water was definitely dismissed on May 31, 2011.

26.1.7 Novergie

Novergie Centre Est (SUEZ Environnement Group) used to operate a household waste incineration plant in Gilly-sur-Isère near Albertville (in the Savoie region in France), which was built in 1984 and is owned by the semi-public corporation, SIMIGEDA (an intercommunal semi-public waste management company in the Albertville district). In 2001, high levels of dioxin were detected near the incineration plant and the Prefect of the Savoie region ordered the closure of the plant in October 2001.

Complaints and claims for damages were filed in March 2002 against, among others, the President of SIMIGEDA, the Prefect of the Savoie region and Novergie Centre Est for poisoning, endangering the lives of others, and non-intentional assault and battery, with respect to dioxin pollution allegedly caused by the incineration plant. In the first half of 2009, the French Court of Cassation upheld the decision of the examining chamber of the Lyon Court of Appeal rejecting the claim for damages (*constitution de partie civile*).

Novergie Centre Est was indicted on December 22, 2005 on counts of endangering the lives of others and breaching administrative regulations.

As part of these proceedings, investigations ordered by the court showed that there had been no increase in the number of cases of cancer among the neighboring populations.

On October 26, 2007, the judge in charge of investigating the case dismissed the charges against natural persons indicted for endangering the lives of others. However, the judge ordered that SIMIGEDA and Novergie Centre Est be sent for trial before the criminal court of Albertville for having operated the incinerator "without prior authorization, due to the expiration of the initial authorization as a result of significant changes in operating conditions". On September 9, 2009, the examining chamber of the Chambéry Court of Appeal upheld the decision to dismiss charges of endangering the lives of others made against the Novergie employees.

Having noticed that those primarily responsible for the offenses in question would not be present at the criminal court hearing on September 28, 2010, Novergie Centre Est brought an action against unknown persons for contempt of court and fraudulently organizing insolvency.

The hearing before the criminal court was held on November 29, 2010. 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.

26.1.8 Société des Eaux du Nord

Negotiations have been initiated since 2008/2009 between Lille Métropole metropolitan district (Lille Métropole Communauté Urbaine - LMCU) and Société des Eaux du Nord (SEN), a subsidiary of Lyonnaise des Eaux France, within the five-yearly review of the drinking water distribution concession contract. In particular, these negotiations pertained to the inferences to be drawn from the addenda signed in 1996 and 1998 as regards SEN's renewal obligations.

As LMCU and SEN failed to reach an agreement as to the provisions governing the review of the contract, at the end of 2009 they decided to refer the matter to the arbitration commission in accordance with the contract. The commission, chaired by Michel Camdessus, made recommendations.

On June 25, 2010, without following the Commission's recommendations, the LMCU Community Council unilaterally approved the signature of an addendum to the contract which provides for the issuing of a demand for payment of an amount of €115 million to SEN corresponding to the immediate repayment of the unused portion of the outstanding provisions for renewal costs plus interest as estimated by LMCU.

Two appeals seeking annulment of the LMCU Community Council's decision of June 25, 2010, as well as decisions adopted in implementation thereof, were submitted to the Administrative Court of Lille on September 6, 2010 by SEN, as well as by Lyonnaise des Eaux France in its capacity as a shareholder of SEN.

26.1.9 Melbourne – AquaSure

In 2009, following a call for tenders, the State of Victoria awarded a contract to AquaSure (21% owned by SUEZ Environnement) to finance, design, construct and operate a seawater desalination plant supplying water to the Melbourne region for a 30-year period. AquaSure entrusted the plant's design and construction to a joint venture ("JV") between Thiess (65%), a subsidiary of the Leighton Group and Degrémont (35%), a subsidiary of SUEZ Environnement. The operation was entrusted to a joint venture between Degrémont (60%) and Thiess (40%). The targeted completion date for the construction of the plant was June 30, 2012. The construction work started in September 2009.

The project was delayed due to unfavorable weather and labor conditions. By the end of December 2011, 88% of the plant was complete, resulting in a delay of several months in delivery and production.

The JV considered that it was not fully responsible for the delay and its financial consequences and sought a deadline extension and financial compensation. Two claims were filed requesting (i) a deadline extension of 80 days until the end of October 2011 related to the cyclonic weather conditions and compensation for additional costs incurred and (ii) a deadline extension of 194 days related to the labor issues and for which compensation is currently being calculated.

On December 15, 2011, AquaSure and the JV reached a standstill, enabling the parties to enter into contractual negotiations until March 31, 2012.

26.1.10 Togo Électricité

In February 2006, the Togolese State took possession of all of the assets of Togo Électricité, without any indemnification. It instituted several proceedings, one of them being against Togo Électricité, a GDF SUEZ (Energy Services) company and then subsequently against GDF SUEZ, seeking an order for payment by the two companies of compensation of between FCFA 27 billion and FCFA 33 billion (between €41 million and €50 million) for breach of contract.

In March 2006, Togo Électricité instituted arbitration proceedings, which were joined by GDF SUEZ, before the ICSID against the Togolese State, following the adoption of governmental decrees which terminated the concession contract held by Togo Électricité since December 2000 for the management of Togo's public power supply service.

On August 10, 2010, the ICSID rendered its award ordering the Republic of Togo to pay Togo Électricité €60 million plus interest at a yearly rate of 6.589% as from 2006. The Congolese State brought an action seeking the annulment of the arbitration award. An *ad hoc* committee of the ICSID was set up to review the Togolese State's request. Its decision was rendered on September 6, 2011. The committee dismissed the application for the annulment of the award and confirmed the award rendered on August 10, 2010 in its entirety.

26.1.11 Fos Cavaou – Operation

By order dated December 15, 2003 in respect of facilities subject to environmental protection (ICPE) the Prefect of the Bouches-du-Rhône department authorized Gaz de France to operate an LNG terminal in Fos Cavaou. The building permit for the terminal was issued the same day by a second prefectural order. These two orders have been challenged in court.

Two actions for annulment of the building permit were filed with the Administrative Court of Marseille, one by the Fos-sur-Mer authorities and the other by the Syndicat d'agglomération nouvelle (SAN). These actions were dismissed by the Court on October 18, 2007. The Fos-sur-Mer municipality appealed this decision on December 20, 2007 but later withdrew from the proceedings on January 11, 2010.

The order authorizing the operation of the terminal is subject to two actions for annulment before the Administrative Court of Marseille, one filed by the Association de Défense et de Protection du Littoral du Golfe de Fos-sur-Mer (ADPLGF) and the other by a private individual.

By a judgment of June 29, 2009, the Administrative Court of Marseille canceled the prefectural order authorizing the operation of the Fos Cavaou terminal. Elengy, which represents the rights of GDF SUEZ in these proceedings and the Minister of Ecology, Energy, Sustainable Development and Sea, filed an appeal on July 9, 2009 and on September 28, 2009, respectively. By a judgment of October 8, 2011, the Administrative Court of Marseille confirmed the cancellation of the order authorizing the operation of December 15, 2003.

On October 6, 2009, the Prefect of the Bouches-du-Rhône department issued an order requiring Elengy to apply for an operating permit for the terminal by June 30, 2010 at the latest in order to comply with administrative regulations. The order enables the building work to be continued and the terminal to be partially operated, subject to specific regulations.

On January 19, 2010, ADPLGF filed an appeal with the Administrative Court of Marseille for the annulment of this prefectural order. ADPLGF withdrew its claim before this court on January 4, 2011.

On August 25, 2010, the Prefect of the Bouches-du-Rhône department issued a new order modifying the order of October 6, 2009 and allowing for the unrestricted temporary operation of the terminal pending the fulfillment of all administrative formalities.

In compliance with the order dated October 6, 2009, Elengy applied for an operating permit with the Prefect on June 30, 2010. The public inquiry provided for by law was held from June 1 to July 18, 2011. The commission of inquiry delivered a favorable opinion on August 25, 2011.

A request for an operating permit was presented to the Departmental Council for the Environment and Health and Technological Risks (*Comité départemental de l'environnement et des risques sanitaires et technologiques* – CODERST) on January 9, 2012.

26.1.12 Fos Cavaou - Construction

On January 17, 2012, Société du Terminal Méthanier de Fos Cavaou (STMFC), 72.4%-owned by Elengy and 27.6%-owned by Total, submitted a request for arbitration to the ICC International Court of Arbitration against a consortium consisting of three companies; SOFREGAZ, TECNIMONT SpA and SAIPEM SA (hereinafter STS).

The dispute relates to the construction of the LNG terminal belonging to STMFC to be used for LNG unloading, storage, regasification and injection in the gas transportation network.

The terminal was constructed by STS under a fixed lump-sum turnkey contract entered into on May 17, 2004, which included construction work and supplies. The deadline for the completion of the work was September 15, 2008, subject to late payment penalties.

The performance of the contract was marked by a series of difficulties. In view of the fact that STS refused to complete part of the works and delivered an incomplete terminal with an 18-month delay, STMFC contracted other companies to complete the construction of that part of the works in 2010.

STMFC instituted arbitration proceedings under the aegis of the ICC, seeking compensation for the losses sustained.

26.1.13 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 Chairman and Chief Executive Officer of Compagnie du Vent. In 2009, GDF SUEZ 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. However, 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 decisions. On October 13, 2011, the Court of Appeal of Montpellier overturned the order of June 15, 2011, by holding that the decisions taken by the Shareholders' Meeting of Compagnie du Vent on May 27, 2011 were invalid. Consequently, Jean-Michel Germa was reinstated as Chairman and Chief Executive Officer of Compagnie du Vent. Another Shareholders' Meeting was held on November 3, 2011 during which Jean-Michel Germa was removed and replaced by a senior executive chosen by GDF SUEZ.

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 between Compagnie du Vent and GDF SUEZ related to the Deux Côtes off-shore wind power project. 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. On September 8, 2011, it upheld the lower court's decision and ordered SOPER to pay costs of €6,000. SOPER and Jean-Michel Germa appealed the decision before the French Court of Cassation.

On August 23, 2011, Compagnie du Vent summoned SOPER to appear before the Commercial Court of Montpellier seeking an order against it to pay compensation for non-material damage suffered by Compagnie du Vent, amounting to €500,000.

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.

26.1.14 Freeze of regulated natural gas prices in France as of October 1, 2011

The ministerial decree of September 29, 2011 relating to regulated prices for natural gas provided from GDF SUEZ distribution networks resulted in a freeze of regulated natural gas prices. GDF SUEZ considers that this decree does not comply with (i) the law according to which regulated prices must cover all costs, (ii) competitive market rules and (iii) the public service contract signed between the Company and the State. GDF SUEZ finds the decree to be contrary to the Company's and its competitors' interests as well as the State's financial and ownership interests. The price freeze represented a loss of approximately €300 million in the last quarter of 2011.

On September 22, 2011, the French Energy Regulatory Commission (CRE), which is the competent and independent authority in this field, delivered an unfavorable opinion regarding the ministerial decree.

As a result, on October 13, 2011 GDF SUEZ appealed the decree before the *Conseil d'État* (France's highest administrative court) on the ground of abuse of authority. The action seeks (i) the annulment of the decree on the ground of abuse of authority as it has not set price increases at the level calculated by the CRE which are necessary to cover GDF SUEZ average full costs and (ii) a court order requiring the relevant ministers to issue a decree setting price increases retroactively as of October 1, 2011, in compliance with Article L. 445-3 of the French Energy Code (*Code de l'énergie*), within two months, subject to a penalty of €100,000 per day of delay.

On November 28, 2011, the French national association of energy retail operators (*Association nationale des opérateurs détaillants en énergie* – ANODE) obtained the suspension of the decree of September 29, 2011 from the President of the *Conseil d'État*.

26.1.15 Claims by the Belgian tax authorities

The Belgian tax authorities' Special Tax Inspectorate is claiming €188 million from SUEZ-Tractebel, GDF SUEZ Group, concerning past investments in Kazakhstan. SUEZ-Tractebel has filed an appeal against this claim. As the Belgian tax authorities decision is still pending after 10 years, an appeal was lodged with the Brussels Court of First Instance in December 2009.

The Belgian tax authorities taxed the financial income generated in Luxembourg by the Luxembourg-based cash management branches of Electrabel and SUEZ-Tractebel. This financial income, which was already taxed in Luxembourg, is exempt of taxes in Belgium in accordance with the Belgium-Luxembourg Convention for the prevention of double taxation. The Special Tax Inspectorate refuses this exemption on the basis of an alleged abuse of rights. The tax assessed in Belgium amounts to €245 million for the period 2003 to 2007. The Group has challenged the Special Tax Inspectorate's decision before the Brussels Court of First Instance. Electrabel SA and SUEZ-Tractebel SA are expecting tax assessments in respect of 2008 bringing the amount of tax assessed to €285 million. An initial ruling on a peripheral question and not on the main issue, was handed down on May 25, 2011 in favor of Electrabel. In the meantime, this ruling resulted in a reduction in the amount of tax assessed, amounting to €48 million in 2005 to 2007.

26.1.16 Objection to a provision of Belgian tax law

On March 23, 2009, Electrabel (GDF SUEZ Group) filed an appeal with the Belgian Constitutional Court seeking the annulment of the December 22, 2008 framework act (*loi-programme*) provisions imposing a €250 million tax on nuclear power generators (including €222 million paid by Electrabel). The Constitutional Court rejected this claim by a decision dated March 30, 2010. The December 23, 2009 act has imposed the same tax in respect of 2009 and the December 29, 2010 act in respect of 2010. In compliance with this statute, the Group has paid €213 million for 2009 and €212 million for 2010. Pursuant to a Memorandum of Understanding signed on October 22, 2009 between the Belgium State and the Group, this tax should not have been renewed but should have been replaced by a contribution related to the extension and period over which certain power facilities are operated. On September 9, 2011, Electrabel brought an action to recover the amounts paid.

26.1.17 Claim by the French tax authorities

In their tax deficiency notice dated December 22, 2008, the French tax authorities questioned the tax treatment of the sale by SUEZ of a tax receivable in 2005 for an amount of €995 million. On July 7, 2009, they informed GDF SUEZ that they maintained their position, which was confirmed on December 7, 2011. GDF SUEZ is waiting for the tax assessment notice.

26.1.18 Claim by the Brazilian tax authorities

On December 30, 2010, Tractebel Energia received a tax assessment notice in the amount of BRL 322 million (€134 million) for the period 2005 to 2007. The Brazilian tax authorities mainly disallow deductions related to tax incentives (consideration for intangible assets), in particular assets relating to the Jacui project. Tractebel Energia has contested the tax assessment notice as it believes that the Brazilian tax authorities' arguments are not justified.

26.2 Competition and concentration

26.2.1 "Accès France" proceeding

On May 22, 2008, the European Commission announced its decision to initiate formal proceedings against Gaz de France for a suspected breach of EU rules pertaining to abuse of dominant position and restrictive business practices. The proceedings relate to a combination of long-term transport capacity reservation and a network of import agreements, as well as potential underinvestment in transport and import infrastructure capacity.

On June 22, 2009, the Commission sent GDF SUEZ, GRTgaz and Elengy a preliminary assessment in which it alleged that GDF SUEZ might have abused its dominant position in the gas sector by foreclosing access to gas import capacity in France. On June 24, 2009, GDF SUEZ, GRTgaz and Elengy offered commitments in response to the preliminary assessment, while expressing their disagreement with the conclusions it contained.

These commitments were submitted to a market test on July 9, 2009, following which the Commission informed GDF SUEZ, GRTgaz and Elengy of how third parties had responded. On October 21, 2009, GDF SUEZ, GRTgaz and Elengy filed amended commitments aimed at facilitating access to and competition on the French natural gas market. The Commission adopted on December 3, 2009 a decision that renders these commitments legally binding. This decision by the Commission put an end to the proceedings initiated in May 2008. GDF SUEZ, GRTgaz and Elengy are continuing to fulfill the commitments under the supervision of a trustee (Société Advolis) approved by the European Commission.

26.2.2 Megal

On June 11, 2008, Gaz de France received a statement of objections from the European Commission in which it voices its suspicions of concerted practice with E.ON resulting in the restriction of competition on their respective markets regarding, in particular, natural gas supplies transported *via* the Megal pipeline. GDF SUEZ filed observations in reply on September 8, 2008 and a hearing took place on October 14, 2008. On July 8, 2009, the Commission fined GDF SUEZ and E.ON €553 million each for agreeing not to compete against each other in their respective gas markets. GDF SUEZ has paid the fine. The Commission considered that these restrictive business practices, which ended in 2005, had begun in 1975 when the agreements relating to the Megal pipeline were signed and GDF SUEZ and E.ON had agreed not to supply gas transported *via* the Megal pipeline to customers in their respective markets.

GDF SUEZ brought an action for annulment before the General Court of the European Union on September 18, 2009. The appeal is pending. The written phase of the proceedings before the Court continued throughout 2010. The next step is the oral phase of the proceedings which will begin with a date being set for the hearing and any potential preparatory questions the Court may have.

The hearing before the General Court of the European Union was held on September 21, 2011. A judgment will be delivered at a later date.

26.2.3 Compagnie Nationale du Rhône

On June 10, 2009, the European Commission decided to impose a fine of €20 million on Electrabel for (i) having acquired control of Compagnie Nationale du Rhône (CNR) at the end of 2003, without its prior approval (ii) and for having carried out this control acquisition before its authorization by the European Commission. The decision was handed down further to a statement of objections sent by the Commission on December 17, 2008, to which Electrabel responded in its observations in reply filed on February 16, 2009. On August 20, 2009 Electrabel brought an action for annulment of the Commission's decision before the General Court of the European Union. The appeal is pending. The written phase of the proceedings before the Court continued throughout 2010. The hearing before the General Court of the European Union was held on November 30, 2011. A judgment will be delivered at a later date.

26.2.4 Long-term Power Purchase Agreements in Hungary

The European Commission handed down a decision on June 4, 2008, according to which the long-term Power Purchase Agreements entered into between power generators and the Hungarian State, which were in force at the time of Hungary's accession to the European Union, constituted illegal State aid, incompatible with the Treaty on the Functioning of the European Union. It asked the Hungarian State to review these contracts, recover the related State aid from the power generators and, when necessary, to indemnify the parties to the agreements *via* a compensation mechanism for stranded costs. The Group is directly involved as its subsidiary Dunamenti is a party to a long-term Power Purchase Agreement entered into with MVM, Hungary's state-owned power company, on October 10, 1995. Following the Commission's decision, the Hungarian government passed a law providing for the termination of the Power Purchase Agreements with effect from December 31, 2008 and the recovery of the related State aid. Dunamenti brought an action before the General Court of the European Union on April 28, 2009 for annulment of the Commission's decision. The proceedings are still ongoing. The Parties filed their statements (the European Commission filed a statement of defense on October 19, 2009, and GDF SUEZ filed a reply on December 4, 2009, to which the Commission replied with a rejoinder on February 16, 2010). The next step is the oral phase of the proceedings which will begin with a date being set for the hearing and any potential preparatory questions the Court may have.

On April 27, 2010, the European Commission rendered a decision approving the State aid payable by Dunamenti and the amount of its stranded costs and allowing Dunamenti to offset the State aid deemed illegal and the stranded costs. The compensation mechanism enabled Dunamenti to escape from the obligation to pay back the State aid deemed illegal. In 2015, at the initial expiration date of Dunamenti's long-term Power Purchase Agreement, Hungary will recalculate the amount of stranded costs, which could result in Dunamenti having to reimburse aid at that time. (Refer also to Note 26.1.1 "Legal proceedings/Electrabel – Hungarian State").

26.2.5 Inquiry on the term of power supply contracts in Belgium

In July 2007, the European Commission started an investigation into power supply contracts entered into by the Group with industrial customers in Belgium. The investigation took place and Electrabel, GDF SUEZ Group, cooperated with the Directorate-General for Competition. The last questionnaire received from the European Commission dates back to July 31, 2009. It was returned on November 9, 2009. In view of the results of its in-depth inquiry, on January 28, 2011 the European Commission decided to close the proceedings.

26.2.6 Inquiry into the Belgian electricity wholesale market

In September 2009, June 2010 and October 2011, the Belgian competition authority (*Autorité belge de concurrence*) organized raids on several companies operating in Belgium's electricity wholesale market, including Electrabel, GDF SUEZ Group. The inquiry, to which Electrabel is providing its support, is still ongoing.

26.2.7 Inquiry into the water distribution and treatment sector in France

In April 2010, the European Commission conducted inspections in the offices of different French companies working in the water and water treatment sector with respect to their possible involvement in practices which fail to comply with Articles 101 and 102 of the Treaty on the Functioning of the European Union. Inspections were conducted within SUEZ Environnement Company and Lyonnaise des Eaux France.

A door seal was accidentally dislodged during the inspection in Lyonnaise des Eaux France's offices.

On May 21, 2010, in accordance with chapter VI of EU Regulation No. 1/2003, the Commission decided to launch proceedings against SUEZ Environnement Company with regard to this incident. Within the framework of this proceeding, SUEZ Environnement Company submitted information relating to this incident to the Commission. On October 20, 2010, the Commission sent a statement of objections on this issue to SUEZ Environnement Company and Lyonnaise des Eaux France. SUEZ Environnement Company and Lyonnaise des Eaux France replied to the statement of objections on December 8, 2010.

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.

On January 13, 2012, the European Commission notified SUEZ Environnement Company and Lyonnaise des Eaux of its decision to initiate a formal investigation procedure to determine whether the three companies, SAUR, SUEZ Environnement Company, VEOLIA and the French water companies trade association (*Féderation professionnelle des entreprises de l'eau*) were engaged in anti-trust practices affecting the markets of delegated management services in relation to water and water treatment in France.

NOTE 27 SUBSEQUENT EVENTS

Reorganization of Group operating structure: creation of the Energy Europe and Energy International business lines

On January 1, 2012, the Group reorganized its Energy businesses through the creation of two business lines: Energy Europe and Energy International. The scope of the Energy International business line corresponds to the International Power group (see Note 3.1, “Operating segments”).

Energy Europe carries out activities involving energy management, distribution of natural gas, electricity production and energy sales for all segments in continental Europe. It operates all of the Group’s physical and commercial assets in continental Europe in the fields of gas (excluding infrastructure managed by the Infrastructures business line) and electricity (excluding certain assets traditionally operated by International Power in Italy, Germany, Spain and Portugal). Up until December 31, 2011, the activities grouped within the new Energy Europe business line were conducted by the following operating segments, as described in Note 3, “Segment information”: the Energy France business line; the Energy Benelux & Germany and the Energy Europe business areas (Energy Europe & International business line); and the “gas supply” and “key account sales” activities within the Global Gas & LNG business line.

The purpose of this reorganization is to adapt to the Group’s European markets within the context of:

- increasingly consolidated electricity and gas markets in Europe, in physical (expanding inter-country networks), economical (liberalization of electricity markets), and regulatory terms;
- ongoing convergence between electricity and gas, with gas playing an increasingly prominent role in electricity production.

Following the transfer of the “gas supply” and “key account sales” activities to Energy Europe, Global Gas LNG now comprises activities relating to the exploration and production of oil and gas, natural gas liquefaction and transportation in the form of LNG.

Accordingly, since January 1, 2012, the Group has been reorganized around the following six business lines: Energy Europe, Energy International, Global Gas & LNG, Infrastructures, Energy Services and Environment.

NOTE 28 LIST OF THE MAIN CONSOLIDATED COMPANIES AT DECEMBER 31, 2011

The table below is provided for indicative purposes only and only includes the main fully and proportionately consolidated companies in the GDF SUEZ Group. The aim is to present the list of entities which comprise 80% of the following indicators: revenues, EBITDA and net debt.

The following abbreviations are used to indicate the consolidation method applied in each case:

- FC: Full consolidation (subsidiaries);
- PC: Proportionate consolidation (joint ventures);
- EM: Equity method (associates);
- NC: Not consolidated.

Entities marked with an asterisk (*) form part of the legal entity GDF SUEZ SA.

		% interest		% control		Consolidation method	
Company name	**Corporate headquarters**	**Dec. 2011**	**Dec. 2010**	**Dec. 2011**	**Dec. 2010**	**Dec. 2011**	**Dec. 2010**
Energy France (BEF)							
COMPAGNIE NATIONALE DU RHONE (CNR)	2, rue André Bonin - 69004 Lyon - France	49.9	49.9	49.9	49.9	FC	FC
GDF SUEZ SA - BEF	1, place Samuel de Champlain - 92930 Paris La Défense - France	100.0	100.0	100.0	100.0	FC	FC
GDF SUEZ Thermique France	2, Place Samuel de Champlain - Faubourg de l'Arche - 92930 Paris La Défense Cedex - France	100.0	100.0	100.0	100.0	FC	FC
SAVELYS group	5, rue François 1er - 75418 Paris - France	100.0	100.0	100.0	100.0	FC	FC

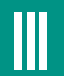
		% interest		% control		Consolidation method	
Company name	**Corporate headquarters**	**Dec. 2011**	**Dec. 2010**	**Dec. 2011**	**Dec. 2010**	**Dec. 2011**	**Dec. 2010**
Energy Benelux & Germany (BEEI)							
ELECTRABEL NEDERLAND NV	Grote Voort 291, 8041 BL Zwolle - Postbus 10087, 8000 GB Zwolle - Netherlands	100.0	100.0	100.0	100.0	FC	FC
ELECTRABEL	Boulevard Simon Bolivar - 1000 Brussels - Belgium	100.0	100.0	100.0	100.0	FC	FC
ELECTRABEL CUSTOMER SOLUTIONS	Boulevard du Regent, 8 - 1000 Brussels - Belgium	95.8	95.8	95.8	95.8	FC	FC
SYNATOM	Avenue Ariane 7 - 1200 Brussels - Belgium	100.0	100.0	100.0	100.0	FC	FC

Company name	Corporate headquarters	% interest Dec. 2011	% interest Dec. 2010	% control Dec. 2011	% control Dec. 2010	Consolidation method Dec. 2011	Consolidation method Dec. 2010
Energy Europe (BEEI)							
DUNAMENTI	Erömü ut 2 - 2442 Szazhalombatta - Hungary	74.8	74.8	74.8	74.8	FC	FC
GDF SUEZ ENERGIA POLSKA SA	Zawada 26 - 28-230 Polaniec - Poland	100.0	100.0	100.0	100.0	FC	FC
ROSIGNANO ENERGIA SPA	Via Piave No. 6 - Rosignano Maritimo - Italy	99.5	99.5	99.5	99.5	FC	FC
GDF SUEZ PRODUZIONE	Lungotevere Arnaldo da Brescia, 12 - 00196 Rome - Italy	100.0	40.6	100.0	40.6	FC	PC
TIRRENO POWER SPA	47, Via Barberini - 00187 Rome - Italy	50.0	35.0	50.0	35.0	PC	PC
SC GDF SUEZ ENERGY ROMÂNIA SA	Bld Marasesti, 4-6, sector 4 - Bucharest - Romania	51.0	40.8	51.0	51.0	FC	FC
GSEM	Pulcz u. 44 - H 6724 - Szeged - Hungary	99.9	99.7	99.9	99.7	FC	FC
SLOVENSKY PLYNARENSKY PRIEMYSEL (SPP)	Mlynské Nivy 44/b - 825 11 - Bratislava 26 - Slovakia	24.5	24.5	24.5	24.5	PC	PC
AES ENERGIA CARTAGENA S.R.L.	Ctra Nacional 343, P.K. 10 - El Fangal, Valle de Escombreras - 30350 Cartagena - Spain	26.0	26.0	26.0	26.0	FC	FC
GDF SUEZ ENERGIA ITALIA SPA	Lungotevere Arnaldo da Brescia, 12 - 00196 Rome - Italy	100.0	100.0	100.0	100.0	FC	FC
GDF SUEZ ENERGIE	Via Spadolini, 7 - 20141 Milan - Italy	100.0	100.0	100.0	100.0	FC	FC

International Power (BEEI)

On February 3, 2011, the Group acquired International Power following the contribution of its international businesses. Since this date, GDF SUEZ has held a 69.78% interest in International Power.

Company name	Corporate headquarters	% interest Dec. 2011	% interest Dec. 2010	% control Dec. 2011	% control Dec. 2010	Consolidation method Dec. 2011	Consolidation method Dec. 2010
North America (BEEI)							
GDF SUEZ ENERGY GENERATION NORTH AMERICA GROUP	1990 Post Oak Boulevard, Suite 1900 Houston, TX 77056-4499 - United States	69.8	100.0	100.0	100.0	FC	FC
GDF SUEZ GAS NA LLC GROUP	One Liberty Square, Boston, MA 02109 - United States	69.8	100.0	100.0	100.0	FC	FC
GDF SUEZ ENERGY MARKETING NORTH AMERICA GROUP	1990 Post Oak Boulevard, Suite 1900 Houston, TX 77056-4499 - United States	69.8	100.0	100.0	100.0	FC	FC
GDF SUEZ ENERGY RESOURCES NORTH AMERICA GROUP	1990 Post Oak Boulevard, Suite 1900 Houston, TX 77056-4499 - United States	69.8	100.0	100.0	100.0	FC	FC



Company name	Corporate headquarters	% interest Dec. 2011	% interest Dec. 2010	% control Dec. 2011	% control Dec. 2010	Consolidation method Dec. 2011	Consolidation method Dec. 2010
Latin America (BEEI)							
In Brazil, GDF SUEZ Group holds 50.1% of the voting rights of Energia Sustentavel Do Brasil (EBSR), a company created to develop the Jirau project. Considering the contractual arrangements in place, a large number of strategic management decisions are subject to a 75% majority vote. EBSR therefore qualifies as being a jointly controlled entity. Accordingly, and even though it holds more than 50% of the voting rights, Energia Sustentavel do Brasil has been proportionately consolidated by the Group.							
E-CL SA GROUP	Jr. César López Rojas # 201 Urb. Maranga San Miguel - Chile	36.8	52.4	52.8	52.4	FC	FC
TRACTEBEL ENERGIA GROUP	Rua Paschoal Apóstolo Pítsica, 5064, Agronômica Florianopolis, Santa Catarina - Brazil	48.0	68.7	68.7	68.7	FC	FC
ENERSUR	Av. República de Panamá 3490, San Isidro, Lima 27 - Peru	43.1	61.7	61.7	61.7	FC	FC
ENERGIA SUSTENTAVEL DO BRASIL SA	Avenida Almirante Barroso, No. 52, sala 2802, CEP 20031-000 Rio de Janeiro - Brazil	35.0	50.1	50.1	50.1	PC	PC

Company name	Corporate headquarters	% interest Dec. 2011	% interest Dec. 2010	% control Dec. 2011	% control Dec. 2010	Consolidation method Dec. 2011	Consolidation method Dec. 2010
Asia (BEEI)							
GLOW ENERGY PUBLIC CO LTD	195 Empire Tower, 38th Floor - Park Wing, South Sathorn Road, Yannawa, Sathorn, Bangkok 10120 - Thailand	48.2	69.1	69.1	69.1	FC	FC
GHECO - ONE COMPANY LTD	11, I-5 Road, Tambon Map Ta Phut, Muang District. Rayong Province 21150. Thailand	31.3	44.9	65.0	65.0	FC	FC
SENOKO POWER LIMITED GROUP	111 Somerset Road - #05-06, Tripleone Somerset Building - 238164 Singapore	20.9	30.0	30.0	30.0	PC	PC

		% interest		% control		Consolidation method	
Company name	**Corporate headquarters**	**Dec. 2011**	**Dec. 2010**	**Dec. 2011**	**Dec. 2010**	**Dec. 2011**	**Dec. 2010**
Europe (BEEI)							
GDF SUEZ ENERGY UK RETAIL	1 City Walk - LS11 9DX - Leeds - United Kingdom	69.8	100.0	100.0	100.0	FC	FC
FHH (Guernsey) LTD	Glategney Court, PO Box 140 - Glategney Esplanade, GY13HQ - Guernsey	52.3	0.0	100.0	0.0	FC	NC
SALTEND	Senator House - 85 Queen Victoria Street - London - United Kingdom	52.3	0.0	100.0	0.0	FC	NC

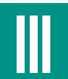
		% interest		% control		Consolidation method	
Company name	**Corporate headquarters**	**Dec. 2011**	**Dec. 2010**	**Dec. 2011**	**Dec. 2010**	**Dec. 2011**	**Dec. 2010**
Middle East, Turkey and Africa (BEEI)							
BAYMINA ENERJI AS	Ankara Dogal Gaz Santrali, Ankara Eskisehir Yolu 40.Km, Maliöy Mevkii, 06900 Polatki/ Ankara - Turkey	66.3	95.0	95.0	95.0	FC	FC
HIDD POWER COMPANY*	Bldg 303, Road 13 - Area 115 - HIDD Bahrain	48.9	30.0	100.0	30.0	FC	EM

* Hidd Power Company is classified as “Assets held for sale” as at December 31, 2011.

		% interest		% control		Consolidation method	
Company name	**Corporate headquarters**	**Dec. 2011**	**Dec. 2010**	**Dec. 2011**	**Dec. 2010**	**Dec. 2011**	**Dec. 2010**
Australia (BEEI)							
HAZELWOOD POWER PARTNERSHIP	PO Box 195, Brodribb Road - Morwell Victoria 3840 - Australia	64.1	0.0	91.8	0.0	FC	NC
LOY YANG B CONSOLIDATED	Level 37 - Rialto North Tower - 525 Collins Street - Melbourne Vic 3000 - Australia	48.9	0.0	100.0	0.0	FC	NC

Company name	Corporate headquarters	% interest		% control		Consolidation method	
		Dec. 2011	Dec. 2010	Dec. 2011	Dec. 2010	Dec. 2011	Dec. 2010
Corporate (BEEI)							
INTERNATIONAL POWER PLC (IPR)	Senator House, 85 Queen Victoria Street - London - United Kingdom	69.8	0.0	69.8	0.0	FC	NC
INTERNATIONAL POWER CONSOLIDATED HOLDINGS LIMITED	Senator House, 85 Queen Victoria Street - London - United Kingdom	69.8	0.0	100.0	0.0	FC	NC
SUEZ TRACTEBEL	Place du Trône, 1 - 1000 Brussels - Belgium	69.8	0.0	100.0	0.0	FC	NC
INTERNATIONAL POWER FINANCE (JERSEY) III LIMITED	47 Esplanade, St Helier, Jersey Channel Islands JE1 OBD, Jersey	69.8	0.0	100.0	0.0	FC	NC
INTERNATIONAL POWER AUSTRALIA FINANCE	Senator House, 85 Queen Victoria Street - London - EC4V 4DP - United Kingdom	69.8	0.0	100.0	0.0	FC	NC

Company name	Corporate headquarters	% interest		% control		Consolidation method	
		Dec. 2011	Dec. 2010	Dec. 2011	Dec. 2010	Dec. 2011	Dec. 2010
Global GAS & LNG (B3G)							
E.F. OIL AND GAS LIMITED	33 Cavendish Square - W1G OPW - London - United Kingdom	0.0	22.5	0.0	22.5	NC	PC
GDF SUEZ E&P INTERNATIONAL	1, Place Samuel de Champlain - 92400 Courbevoie - France	70.0	100.0	70.0	100.0	FC	FC
GDF SUEZ E&P UK LTD	60, Gray Inn Road - WC1X 8LU - London - United Kingdom	70.0	100.0	100.0	100.0	FC	FC
GDF SUEZ E&P NORGE AS	Forusbeen 78 - Postboks 242 - 4066 Stavanger - Norway	70.0	100.0	100.0	100.0	FC	FC
GDF PRODUCTION NEDERLAND B.V.	Einsteinlaan 10 - 2719 EP Zoetermeer - Netherlands	70.0	100.0	100.0	100.0	FC	FC
GDF SUEZ E&P DEUTSCHLAND GMBH	Waldstrasse 39 - 49808 Linden - Germany	70.0	100.0	100.0	100.0	FC	FC
GDF SUEZ SA - B3G*	1, place Samuel de Champlain - 92930 Paris La Défense - France	100.0	100.0	100.0	100.0	FC	FC
GDF INTERNATIONAL TRADING	1, place Samuel de Champlain - 92930 Paris La Défense - France	100.0	100.0	100.0	100.0	FC	FC
GAZ DE FRANCE ENERGY DEUTSCHLAND GMBH	Friedrichstrasse 60 - 10117 Berlin - Germany	100.0	100.0	100.0	100.0	FC	FC
GDF SUEZ GAS SUPPLY & SALES NEDERLAND BV	Einsteinlaan 10 - 2719 EP Zoetermeer - Netherlands	100.0	100.0	100.0	100.0	FC	FC
GDF SUEZ GLOBAL LNG SUPPLY SA	65, Avenue de la Gare - L-1611 Luxembourg	100.0	100.0	100.0	100.0	FC	FC
GDF SUEZ GAS & SUPPLY S.P.A.	Via Spadolini, 7 - 20141 Milan - Italy	100.0	100.0	100.0	100.0	FC	FC



		% interest		% control		Consolidation method	
Company name	Corporate headquarters	Dec. 2011	Dec. 2010	Dec. 2011	Dec. 2010	Dec. 2011	Dec. 2010
Infrastructures							
STORENGY	Immeuble Djinn - 12 rue Raoul Nordling - 92270 Bois Colombes - France	100.0	100.0	100.0	100.0	FC	FC
ELENGY	Immeuble EOLE - 11 avenue Michel Ricard - 92270 Bois Colombes - France	100.0	100.0	100.0	100.0	FC	FC
GrDF	6, rue Condorcet - 75009 Paris - France	100.0	100.0	100.0	100.0	FC	FC
GRTGAZ	Immeuble BORA - 6 rue Raoul Nordling - 92270 Bois Colombes - France	75.0	100.0	75.0	100.0	FC	FC

		% interest		% control		Consolidation method	
Company name	Corporate headquarters	Dec. 2011	Dec. 2010	Dec. 2011	Dec. 2010	Dec. 2011	Dec. 2010
Energy Services (BSE)							
GSES SA	1, place des Degrés - 92059 Paris La Défense Cedex - France	100.0	100.0	100.0	100.0	FC	FC
AXIMA SEITHA	46, Boulevard de la Prairie du Duc - 44000 Nantes - France	100.0	100.0	100.0	100.0	FC	FC
COFELY AG	Thurgauerstrasse 56 - Postfach - 8050 Zurich - Switzerland	100.0	100.0	100.0	100.0	FC	FC
CPCU	185, rue de Bercy - 75012 Paris - France	64.4	64.4	64.4	64.4	FC	FC
FABRICOM SA	254, Rue de Gatti de Gamond - 1180 Brussels - Belgium	100.0	100.0	100.0	100.0	FC	FC
ENDEL GROUP	1, place des Degrés - 92059 Paris La Défense Cedex - France	100.0	100.0	100.0	100.0	FC	FC
COFELY NEDERLAND NV	Kosterijland 20 - 3981 AJ Bunnik - Netherlands	100.0	100.0	100.0	100.0	FC	FC
INEO	1, place des Degrés - 92059 Paris La Défense Cedex - France	100.0	100.0	100.0	100.0	FC	FC

Company name	Corporate headquarters	% interest		% control		Consolidation method	
		Dec. 2011	Dec. 2010	Dec. 2011	Dec. 2010	Dec. 2011	Dec. 2010
SUEZ Environnement							
GDF SUEZ holds 35.68% of SUEZ Environnement Company and exercises exclusive control through a shareholders' agreement. Accordingly, SUEZ Environnement Company is fully consolidated.							
SUEZ Environnement Company	Tour CB21 - 16 place de l'Iris - 92040 Paris La Défense Cedex - France	35.9	35.6	35.7	35.6	FC	FC
LYONNAISE DES EAUX FRANCE GROUP	Tour CB21 - 16 place de l'Iris - 92040 Paris La Défense Cedex - France	35.9	35.6	100.0	100.0	FC	FC
DEGREMONT GROUP	183, avenue du 18 juin 1940 - 92500 Rueil Malmaison - France	35.9	35.6	100.0	100.0	FC	FC
HISUSA	Torre Agbar - Avenida Diagonal 211 - 08018 Barcelona - Spain	27.2	23.9	75.7	67.1	FC	PC
AGBAR GROUP	Torre Agbar - Avenida Diagonal 211 - 08018 Barcelona - Spain	27.0	26.7	99.5	99.0	FC	PC
SITA HOLDINGS UK LTD GROUP	Grenfell Road - Maidenhead - Berkshire SL6 1ES - United Kingdom	35.9	35.6	100.0	100.0	FC	FC
SITA DEUTSCHLAND GMBH GROUP	Industriestrasse 161 D-50999 - Cologne - Germany	35.9	35.6	100.0	100.0	FC	FC
SITA NEDERLAND BV GROUP	Mr E.N. van Kleffensstraat 6 - Postbis 7009, NL - 6801 HA Amhem - Netherlands	35.9	35.6	100.0	100.0	FC	FC
SITA FRANCE GROUP	Tour CB21 - 16 place de l'Iris - 92040 Paris La Défense Cedex - France	35.9	35.5	99.9	99.9	FC	FC
LYDEC	20, boulevard Rachidi - Casablanca – Morocco	18.3	18.1	51.0	51.0	FC	FC
UNITED WATER GROUP	200 Old Hook Road - Harrington Park - New Jersey - United States	35.9	35.6	100.0	100.0	FC	FC

Company name	Corporate headquarters	% interest		% control		Consolidation method	
		Dec. 2011	Dec. 2010	Dec. 2011	Dec. 2010	Dec. 2011	Dec. 2010
Other							
GDF SUEZ SA*	1, place Samuel de Champlain - 92930 Paris La Défense - France	100.0	100.0	100.0	100.0	FC	FC
GDF SUEZ BELGIUM	Place du Trône, 1 - 1000 Brussels - Belgium	100.0	100.0	100.0	100.0	FC	FC
GIE - GDF SUEZ ALLIANCE	1, place Samuel de Champlain - 92930 Paris La Défense - France	100.0	100.0	100.0	100.0	FC	FC
GDF SUEZ Finance SA	1, place Samuel de Champlain - 92930 Paris La Défense - France	100.0	100.0	100.0	100.0	FC	FC
GDF SUEZ CC	Place du Trône, 1 - 1000 Brussels - Belgium	100.0	100.0	100.0	100.0	FC	FC
GENFINA	Place du Trône, 1 - 1000 Brussels - Belgium	100.0	100.0	100.0	100.0	FC	FC
CEF LUX	65, Avenue de la Gare - L-1611 Luxembourg	100.0	0.0	100.0	0.0	FC	FC

NOTE 29 FEES PAID TO STATUTORY AUDITORS AND MEMBERS OF THEIR NETWORKS

At December 31, 2011, the GDF SUEZ Group's Statutory Auditors were Deloitte, Ernst & Young, and Mazars. In accordance with French decree No. 2008-1487, fees paid to the Statutory Auditors and the members of their networks by the Group are disclosed in the table below.

	Ernst & Young				Deloitte				Mazars			
	Amount		%		Amount		%		Amount		%	
In millions of euros	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Audit												
Statutory audit, attest engagements and review of consolidated and parent company financial statements (1)												
• GDF SUEZ SA	2.4	3.0	12.1%	14.5%	1.6	5.1	8.4%	24.3%	1.4	1.6	18.4%	20.8%
• Fully- and proportionately-consolidated subsidiaries	13.5	14.3	69.0%	69.8%	14.5	13.6	74.4%	65.1%	5.5	5.3	73.1%	67.5%
Other audit-related procedures and services												
• GDF SUEZ SA	0.7	0.4	3.5%	2.0%	0.3	0.0	1.7%	0.0%	0.3	0.2	4.0%	2.1%
• Fully- and proportionately-consolidated subsidiaries	2.0	2.1	10.3%	10.3%	0.7	1.5	3.4%	7.0%	0.1	0.7	1.5%	9.1%
SUB-TOTAL	**18.6**	**19.8**	**94.9%**	**96.6%**	**17.2**	**20.1**	**87.9%**	**96.4%**	**7.3**	**7.8**	**97.0%**	**99.4%**
Other services												
• Tax	0.9	0.6	4.5%	3.1%	1.4	0.5	7.2%	2.6%	0.0	0.0	0.5%	0.4%
• Other	0.1	0.1	0.6%	0.3%	1.0	0.2	4.9%	1.0%	0.2	0.0	2.6%	0.2%
SUB-TOTAL	**1.0**	**0.7**	**5.1%**	**3.4%**	**2.4**	**0.7**	**12.1%**	**3.6%**	**0.2**	**0.0**	**3.0%**	**0.6%**
TOTAL (2)	**19.6**	**20.5**	**100%**	**100%**	**19.5**	**20.9**	**100%**	**100%**	**7.5**	**7.8**	**100%**	**100%**

(1) Fees incurred in 2011 in respect of proportionately consolidated entities, essentially as a result of statutory audit engagements, amounted to €0.23 million for Deloitte (€0.18 million in 2010), €0.34 million for Ernst & Young (€0.38 million in 2010) and €0.07 million for Mazars (€0.07 million in 2010).

(2) Fees paid to audit firms other than the Group's Statutory Auditors amounted to €4.5 million in 2011 (€3.6 million in 2010).

The 2011 GDF SUEZ Consolidated Financial Statements is also available on the Group's website (gdfsuez.com) where all Group publications can be downloaded.

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