GDF SUEZ

CONSOLIDATED FINANCIAL STATEMENTS **2012**

BY PEOPLE FOR PEOPLE

I

Management report

In a tough economic and regulatory environment, especially in mature markets, the GDF SUEZ Group reported strong results for 2012.

Revenues increased by 7.0% on a reported basis to €97.0 billion compared with 2011 (organic growth of 5.8%). This growth was due to an increase in gas and electricity sales in France due to more favorable weather conditions than in 2011 and a tariff catch-up, to an improvement in the Global Gas & LNG business line's sales, both in Exploration & Production and within the LNG businesses, and the Group's continued expansion overseas, particularly in Latin America and Asia.

EBITDA, which amounted to €17.0 billion, was up 3.0% on a reported basis (organic growth of 3.6%). Reported EBITDA growth was driven by the return to normal climatic conditions in 2012, the impact of the tariff catch-up related to 2011 in France, the impact of new facilities commissioned across all the Group's businesses, and the effect of the Group's performance plan, as well as by a greater contribution from exploration & production and LNG. These growth factors offset the decrease in EBITDA from the companies sold as part of the Group "portfolio optimization" program, the adverse impact of the changes in gas/electricity spreads on the utilization of the Group's gas-fired power plants, the unavailability of the Doel 3 and Tihange 2 nuclear power plants in Belgium, as well as the continuing impact of the tough economic and regulatory conditions in the Group's mature markets.

Current operating income (COI) increased by 6.0% (organic growth of 8.8%) to €9.5 billion. This improvement is explained by the rise in EBITDA, combined with stable depreciation, amortization, and provision charges.

Net income Group share was dented by impairments, primarily on European assets, and amounted to €1.6 billion, a decrease compared with the figure reported at December 31, 2011 which was boosted by the results of disposals and revaluations, including those of the inter-municipal companies in Belgium, and of the interests in GDF SUEZ LNG Liquefaction and EFOG.

Net recurring income Group share amounted to €3.8 billion, an increase of 10.9% compared with 2011. This improvement is explained by the increase in current operating income, which was partly offset by a higher tax charge than in the previous year. Recurring financial income, recurring income from associates, and income from non controlling interests remained stable compared with the previous year.

Cash generated from operations before income tax and working capital requirements which amounted to €16.6 billion, was up slightly compared with December 31, 2011, in line with the growth in EBITDA.

Net debt, which amounted to €43.9 billion at the end of December 2012, included the results of the transaction to buy out the minority interests in International Power (IPR). This was partly offset by the asset optimization program, which led to partial or full disposals, like those of the Maestrale wind farms in Italy and of the Canadian wind power assets. Taking into account the cash received early 2013 related to the disposal of SPP, adjusted net debt amounted to €42.8 billion.

I.1. REVENUES AND EARNINGS TRENDS

In millions of euros	Dec. 31, 2012	Dec. 31, 2011	% change (reported basis)
Revenues	97,038	90,673	+7.0%
EBITDA	17,026	16,525	+3.0%
Depreciation, amortization and provisions	(7,113)	(7,115)	
Net disbursements under concession contracts	(275)	(294)	
Share-based payments	(118)	(138)	
CURRENT OPERATING INCOME	**9,520**	**8,978**	**+6.0%**

Consolidated **revenues** at December 31, 2012 amounted to €97.0 billion, an increase of 7.0% compared with 2011. On an organic basis (excluding the impact of changes in the scope of consolidation and exchange rates), revenues moved up by 5.8%.

Changes in the scope of consolidation had a negative €154 million impact.

- Additions to the scope of consolidation added €786 million to revenues, resulting mainly from the contribution in January of International Power assets acquired at the beginning of February 2011, the increase in the Group's interest in the Njord Field in Norway, the full-year impact of the purchase by Infrastructures of natural gas storage sites in Germany, as well as various small acquisitions made by both the Energy Services business line and SUEZ Environnement.
- The disposals amounted to -€940 million and mainly included EFOG (Exploration & Production), Eurawasser, and Bristol Water within SUEZ Environnement, the G6 Rete Gas entity in Italy within the Energy Europe business line, as well as changes in the consolidation method for Senoko in Singapore and Al Hidd in Bahrain (Energy International business line) following a change of control.

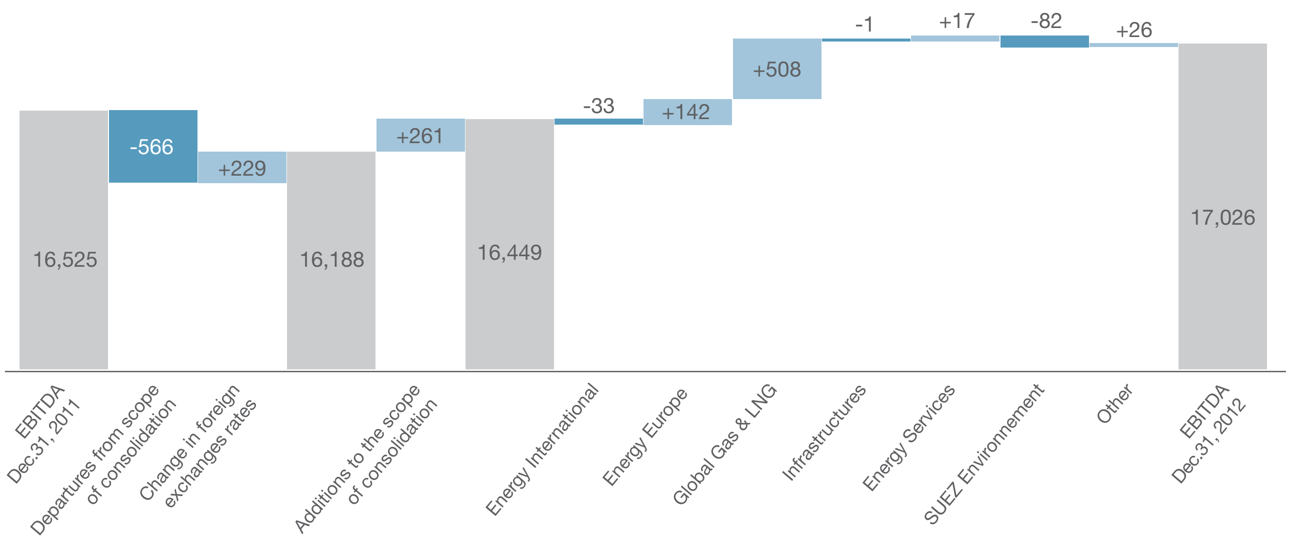
Exchange rates had a €1,208 million impact on Group revenues, due mainly to fluctuations in the US dollar and pounds sterling exchange rates.

Organic revenue performance varied across the Group's business lines: there was a sharp increase in growth at the Global Gas & LNG, Infrastructures and Energy Europe business lines, a slight increase at the Energy Services business line and at SUEZ Environnement, and a small decrease at the Energy International business line.

EBITDA rose by 3.0% to €17.0 billion and by 3.6% on an organic basis.

EBITDA TRENDS

In millions of euros



Changes in the scope of consolidation had a negative impact of €305 million.

- Additions to the scope of consolidation added €261 million to EBITDA and mainly concerned the events described above.
- Departures from the scope of consolidation represented -€566 million and primarily concerned the transactions stated above.

The impact of changes in exchange rates amounted to €229 million.

The organic increase in EBITDA amounted to €577 million (+3.6%), and is explained as follows:

- the EBITDA for Energy International, which amounted to €4,327 million, suffered an organic decline of -0.8%. The positive contribution of commissioned facilities, particularly in Brazil and Thailand, and growth in emerging markets did not manage to offset the end of exceptional commercial conditions in Chile, and tightening margins in North America and Europe due to particularly adverse market conditions. The business line is actually adjusting its industrial capacity in these markets, which includes planned power plant shutdowns in the United Kingdom, for instance;
- EBITDA for Energy Europe, which amounted to €4,180 million, posted organic growth of 3.5% due to a return to normal climatic conditions, better gas supply conditions and the tariff catch-up related to 2011 in France, which was partly offset by competitive pressures, the unavailability of the Belgian Doel 3 and Tihange 2 nuclear power plants, a fall in electricity market prices, and an increase in electricity grid access tariffs in Belgium;
- Global Gas & LNG reported a strong organic increase in its EBITDA, which amounted to €2,377 million, i.e. a rise of 27.8%. This was driven by the exploration & production businesses (favorable volume and price effects), and by a substantial increase in LNG cargo rerouting operations, particularly towards Asia;
- EBITDA for infrastructures, which amounted to €3,049 million, remained stable on an organic basis, thanks to the return to average climatic conditions, although it was penalized by lower storage capacity sales in France and by an increase in operating costs which is taken into account into the distribution infrastructure access tariff which came into force in July 2012;
- EBITDA for Energy Services, which amounted to €1,018 million, slightly increased (+1.7%), demonstrating its ability to withstand tough economic conditions in most of its European markets;
- SUEZ Environnement, which posted EBITDA of €2,426 million, saw a -3.3% decline in its organic growth rate, due to a fall in business activity which significantly impacted volumes handled and the market price of secondary materials for waste services provided in Europe. However, the strong resilience of the Water Europe businesses, the growth of the International segment, and the contribution of the performance plan helped to mitigate this trend.

Current operating income increased on a reported basis by 6.0% compared with December 31, 2011, to €9.5 billion. Net depreciation, amortization, and provision charges remained virtually unchanged, the impact of facilities commissioned over the past twelve months was offset by the impact of disposals and accounting adjustments booked on non-recurring items related to International Power assets acquired in 2011. Excluding changes in the scope of consolidation and exchange rates, the organic growth rate for this indicator was 8.8%, which was mainly explained by the increase in EBITDA.

I.2. BUSINESS TRENDS

I.2.1 ENERGY INTERNATIONAL

In millions of euros	Dec. 31, 2012 Total *	Latin America	North America	UK and other Europe	Middle East, Turkey & Africa	Asia	Australia	Dec. 31, 2011 Total *	Latin America	North America	UK and other Europe	Middle East, Turkey & Africa	Asia	Australia	% change (reported basis)
Revenues	16,044	3,827	4,412	3,382	1,217	2,045	1,160	15,754	3,694	4,830	3,410	1,175	1,764	877	+1.8%
EBITDA	4,327	1,690	1,092	625	247	401	387	4,225	1,736	1,015	600	304	332	347	+2.4%
Depreciation, amortization and provisions	(1,391)	(462)	(444)	(216)	(30)	(123)	(112)	(1,470)	(404)	(445)	(310)	(59)	(94)	(156)	
Share-based payments	(6)	-	-	-	-	-	-	(1)	-	-	-	-	-	-	
CURRENT OPERATING INCOME	**2,931**	**1,228**	**649**	**409**	**217**	**278**	**275**	**2,754**	**1,332**	**570**	**290**	**245**	**238**	**191**	**+6.4%**

** The Energy International business line also has a "headquarters" function, the costs for which are not broken down in the table above.*

Branch Energy International's **revenues** for 2012 came in at €16,044 million, up 1.8% on a reported basis (down -3.0% on an organic basis) mainly driven by:

- a negative -€67 million impact of changes in the scope of consolidation mainly as a result of the contribution in January 2012 of the International Power assets acquired at the beginning of February 2011, offset by the change in consolidation method of Senoko in Singapore following a change in control, and Al Hidd in Bahrain, following the partial disposal in May;
- +3.3% organic evolution in Latin America due mainly to higher revenues in Brazil following commissioning of new power plants;
- strong organic growth of 28.0% in Asia, resulting from a combination of new plant commissioning in Thailand (Gheco One in August 2012 and Glow Phase 5 in late 2011) and positive performance from Glow Energy's hydro power plant in Laos;
- lower performance in North America, due mainly to a decrease in natural gas prices which pushed down electricity prices and reduced income from gas sales.

During the period, reported **EBITDA** was up 2.4% at €4,327 million, including a positive €136 million impact of changes in scope of consolidation and favorable foreign exchange rates. On an organic basis, EBITDA was down -0.8%, following a number of favorable one-off items in 2011 and challenging environments in mature markets offsetting achieved growth in emerging markets.

Reported **current operating income** came in at €2,931 million, up 5.9% on a organic basis, mainly due to accounting adjustments booked on non-recurring items related to the acquisition of International Power in 2011.

Latin America

Revenues for the Latin America region totaled €3,827 million during 2012, up €132 million on a reported basis or €121 million (up 3.3%) higher on an organic basis compared to 2011. This evolution is partially a result of higher revenues in Brazil, thanks to the progressive commissioning of units at Estreito hydro power plant (436 MW) combined with an increase in the average sales price primarily due to mechanical inflation-driven price increases in sales contracts. In Chile, a positive contribution from the commissioning of the CTA and CTH power plants in mid-2011 with a capacity of 264 MW, was more than offset by lower LNG revenues in line with the progressive expiration of high margin initial gas supply agreements. Peru delivered a positive evolution in line with new PPAs (Power Purchase Agreement) and favorable pricing conditions.

Electricity sales rose 3.7 TWh to 52.8 TWh, while gas sales fell 2.3 GWh, mainly in Chile, coming in at 14.7 TWh.

EBITDA totaled €1,690 million, organically in line with 2011 mainly reflecting:

- the progressive commissioning of the units of the Estreito hydro power plant and the increase in average prices in Brazil offset by;
- the end of exceptional conditions under certain agreements in Chile in 2011; and
- the positive impact of compensation recorded in the previous period for delays in the commissioning of the coal power plants in Chile (CTA / CTH) and Panama (Bahia Las Minas).

Current operating income amounted to €1,228 million, down -€58 million or -4.5% on an organic basis. This decrease reflects the EBITDA evolution and an increase in amortization expense following the commissioning of the Estreito hydro power plant (Brazil) and CTA and CTH (Chile) power plants.

North America

Revenues for the North America region came in at €4,412 million, down -€812 million (or -15.7%) on an organic basis, due mainly to the significant drop in NYMEX natural gas prices which pushed down electricity prices and reduced income from gas sales.

Electricity sales for 2012 in the North America region fell by 0.4 TWh to 78.8 TWh, whilst natural gas sales, excluding intragroup transactions, fell by 12.8 TWh to 50.6 TWh [(1)].

EBITDA came in at €1,092 million, flat on an organic basis. The strong performance from the non-US gas business (up €37 million) benefited from compensation received following the termination of an agreement in Mexico and the slightly improved generation performance, were enough to offset:

- lower prices for LNG sales (down -€21 million or -10.2% on an organic basis);
- lower performance of the retail energy sales business (down -€39 million), which delivered slightly lower volumes (down -2.6%) at lower margins.

Current operating income came in at €649 million, up by €47 million or 7.7% on an organic basis, due mainly to the ending of the amortization of an expired power purchase agreement and the reduction in depreciation on the Choctaw and Hot Spring plants after their recognition as assets held for sale. The Choctaw plant was sold in February and the Hot Spring plant was sold in September.

UK-other Europe [(2)]

Revenues for the UK–Europe region totaled €3,382 million in 2012, a reduction of -€409 million or -11.4% on an organic basis.

Electricity sales for the period were 35.4 TWh (up 0.5 TWh) with lower volumes in the continental generation assets offset by higher volumes in the retail business (up 1.8 TWh). Gas sales were 23.0 TWh, down 0.5 TWh, following lower volumes in the UK.

In the United Kingdom, the generation sector suffered from lower electricity prices. However, the UK also benefitted from higher retail prices and increase retail volumes.

EBITDA amounted to €625 million, falling -7.7% or -€48 million on an organic basis. Power production assets in the United Kingdom faced challenging market conditions, although these were partially offset by the strong contribution from ancillary services at First Hydro. In light of these difficult conditions, the Group closed the Shotton (210 MW) and Derwent (210 MW) power plants at the end of 2012.

In continental Europe, wind capacity benefited from favorable weather conditions, notably in Italy, whereas the hydro power plants in Spain suffered from a lack of rain in the first half of the year.

Current operating income amounted to €409 million, increasing €83 million or 27.8% on an organic basis. The decrease in EBITDA was offset by accounting adjustments booked on non-recurring items related to the acquisition of International Power in 2011.

Middle East, Turkey & Africa

Revenues for the Middle East, Turkey and Africa region came in at €1,217 million gaining 6.6% or €75 millions on an organic basis. This increase was driven by an upturn in power sales in Turkey, although no effect on margins, as well as higher revenues from operation and maintenance activities.

EBITDA came in at €247 million, down -€21 million or -8.1% on organic basis. The decrease is mainly attributable to a lower contribution of development activities.

Current operating income totalled €217 million, gaining 3.6% or €7 million on an organic basis, the EBITDA decrease being offset by the reduction of the depreciation charges of Al Hidd (Bahrain) and Sohar (Oman) power plants following their classification as assets held for sale. The participation in Al Hidd power plant is now accounted for under the equity method following its partial disposal in May.

Asia

The Asia region maintained strong growth, with **revenues** increasing 28.0% on an organic basis to €2,045 million. Electricity sales rose 1.5 TWh to 23.3TWh.

This growth resulted partly from sustained activity in Thailand with a full year contribution from Glow Phase 5 (342 MW, commissioned in October 2011), the commissioning of Gheco One (660 MW) in August 2012 and the recovery in volumes at the gas distribution activities, PTT NGD. Following the declared drought year in 2011, the Laos hydro plant was highly dispatched in 2012. The increase also reflects better performance at Senoko in Singapore during the first half of the year. From July 1, 2012 Senoko has been equity consolidated.

EBITDA amounted to €401 million and grew 23.7% or €74 million on an organic basis. This growth was attributable to the first-time contribution of Gheco One and optimization of Glow SPP operations improving the performance of the thermal power plants. This increase

(1) *It should be noted that the sales of natural gas, including intra-group sales were 73.7 TWh with an organic decrease of 11.2 TWh.*

(2) *GDF SUEZ Energy UK-other Europe includes assets that were formerly part of International Power's UK-other Europe region but does not include GDF SUEZ's other generation assets or activities across Europe.*

was strengthened by a positive performance from operating and maintenance activities in Pakistan and Indonesia.

Current operating income came in at €278 million, up €46 million or 20.5% on an organic basis, reflecting the evolution of EBITDA and the start of the amortization of the recently commissioned plant (Gheco One).

Australia

Revenues in Australia came in at €1,160 million, up 11.2% on an organic basis. This increase is mainly attributable to increased wholesale electricity prices in Victoria and South Australia due to the introduction of the greenhouse gas scheme on July 1, 2012.

Electricity sales remained flat at 24.1 TWh, while natural gas sales rose by 0.1 TWh to 2.4 TWh.

EBITDA came in at €387 million, down -€28 million (-7.4%) compared to 2011 on an organic basis mainly attributable to mild weather, reduced energy consumption and positive non-recurring items recognized in the first half of 2011 (proceeds from insurance).

Current operating income came in at €275 million, rising by 20.4% or €42 million on an organic basis. The increase is mainly explained by accounting adjustments booked on non-recurring items related to the acquisition of International Power in 2011.

I.2.2 ENERGY EUROPE

	Dec. 31, 2012			Dec. 31, 2011			
In millions of euros	Total *	Central Western Europe	Other Europe	Total	Central Western Europe	Other Europe	% change (reported basis)
Revenues	44,418	35,804	8,614	41,269	33,444	7,824	+7.6%
EBITDA	4,180	3,427	880	4,078	3,126	1,066	+2.5%
Depreciation, amortization and provisions	(1,670)	(1,200)	(467)	(1,690)	(1,229)	(459)	
Share-based payments	(16)	(13)	-	(18)	(14)	-	
CURRENT OPERATING INCOME	**2,494**	**2,214**	**413**	**2,370**	**1,883**	**606**	**+5.2%**

(*) Of which business line corporate function costs.

The revenues of the new Energy Europe business line include all the businesses that were previously managed by the Energy France business line, the European businesses of the Energy Europe & International business line (except for the new Energy International business line), and the Global Gas & LNG business line's key account supply and sales businesses.

Volumes sold by the business line

In TWh	Dec. 31, 2012	Dec. 31, 2011	% change (reported basis)
Gas sales	658	638	+3.1%
Electricity sales	193	198	-2.2%

The contribution of the Energy Europe business line to Group **revenues** amounted to €44,418 million, an increase of 7.6%. Gas sales amounted to 658 TWh, including 141 TWh to key accounts. Electricity sales amounted to 193 TWh. As at the end of December, the business line was supplying gas to some 16 million retail customers, and electricity to more than 5 million retail customers.

The business line's **EBITDA** rose by 2.5% to €4,180 million. The year 2012, which was characterized by a return to normal climatic conditions, benefited from an improvement in the Group's gas supply conditions and from the tariff catch-up related to the fourth quarter of 2011 despite increased competitive and regulatory pressure, a fall in electricity market prices, the unavailability of the Doel 3 and Tihange 2 nuclear power plants, and an unfavorable change in consolidation scope impact in Italy (disposal of G6 Rete Gas in the second half of 2011).

The **current operating income** trend was slightly more favorable than that of EBITDA due to lower depreciation, amortization and provision charges.

Central Western Europe (CWE)

The contribution of CWE to Group **revenues** amounted to €35,804 million, an increase of 7,1%, as the strong performance in France, Germany and the Netherlands more than offset lower sales in Belgium.

CWE's **EBITDA** increased by 9.6% (on a reported basis), primarily due to the return to normal climatic conditions, the tariff catch-up related to 2011 in France, an improvement in gas supply conditions and an increase in LNG cargoes to Asia [(1)], which were partly offset by an increase in electricity transmission system access tariffs in Belgium, an overall fall in electricity market prices in Europe, and by the unavailability of two nuclear power plants in Belgium.

Current operating income followed the same favorable trend as EBITDA.

CWE France

In millions of euros	Dec. 31, 2012	Dec. 31, 2011 (*)	% change (reported basis)
REVENUES	17,183	14,922	+15.2%
EBITDA	1,175	543	+116.3%
Depreciation, amortization and provisions	(470)	(413)	
Share-based payments	(5)	(5)	
CURRENT OPERATING INCOME	**700**	**125**	**+461.4%**

(*) Pro forma data, specifically including sales to key gas accounts in France, which were recognized in the Global Gas and LNG business line in the 2011 results presentation.

Volumes sold in France

In TWh	Dec. 31, 2012	Dec. 31, 2011 (*)	% change (reported basis)
Gas sales (**)	288	280	+2.9%
Electricity sales	50	41	+22.3%

(*) Pro forma data, specifically including sales to key gas accounts in France, which were recognized in the Global Gas and LNG business line in the 2011 results presentation.

(**) Business line contribution data.

France climate adjustment

In TWh	Dec. 31, 2012	Dec. 31, 2011	Total change in TWh
Climate adjustment volumes (negative figure = warm climate, positive figure = cold climate)	(0.9)	(30.4)	+29.5

The CWE France contribution to Group **revenues** amounted to €17,183 million as at the end of December 2012. This figure was €2,261 million higher than the one reported in 2011.

Natural **gas sales** rose by 8 TWh, as the difference in climatic conditions between both periods more than offset any customer losses. GDF SUEZ maintained a share of around 86% of the retail market and of around 58% of the business market.

Electricity sales increased by 9.2 TWh thanks to a rise in sales to direct customers, and to sales on the market, as a result of the increase in electricity production. The electricity production amounted to 31.5 TWh (30.2 TWh in 2011) thanks to the commissioning of wind farms, and to a higher level of hydropower than in 2011 (the first half of 2011 had been particularly dry), which were partly offset by a fall in production from gas-fired power plants (unfavorable market conditions).

EBITDA increased by €632 million due mainly to the fact that climatic conditions in 2012 were more favorable than in 2011 (positive impact on gas sales and hydropower), a lower tariff shortfall related to 2012 than the one seen in 2011, and to the impact of the tariff catch-up in the fourth quarter of 2011, which had a near €210 million impact on the 2012 financial statements. These various favorable factors were partly offset by a fall in prices on the electricity market.

Current operating income improved by €575 million due to the increase in EBITDA, minus the increase in depreciation and amortization charges (commissioning of the new wind farms) and the impact of provision reversals in 2011.

(1) Activity for which the margin is split between the Energy Europe and Global Gas & LNG business lines.

CWE Benelux & Germany

In millions of euros	Dec. 31, 2012	Dec. 31, 2011	% change (reported basis)
REVENUES	14,210	15,319	-7.2%
EBITDA	1,883	2,165	-13.0%
Depreciation, amortization and provisions	(665)	(735)	
Share-based payments	(6)	(9)	
CURRENT OPERATING INCOME	1,212	1,421	-14.6%

Revenues from Benelux & Germany amounted to €14,210 million, a fall of -7.2% compared with 2011. Electricity volumes sold amounted to 103 TWh, which was down -14% due to the slowdown of sales in Belgium. Electricity production amounted to 66 TWh, a fall of around -13 TWh, due mainly to the unavailability of two nuclear power plants and a fall in production in the Netherlands, as a result of unfavorable spreads for the gas units.

- Electricity sales in Belgium and Luxembourg decreased, and volumes were down -17% to 84.7 TWh, due mainly to a fall in sales on the market and to the loss of business customers.
- Electricity sales in the Netherlands were stable at 9.2 TWh.
- Electricity sales in Germany rose by 3% to 9.4 TWh due to the impact of better plant availability.

The gas volumes sold decreased by 14 TWh (-10%) due to the loss of customers primarily in the Business and Key Account segment in Belgium, and lower sales on the market, which were partially offset by colder climatic conditions.

EBITDA for Benelux & Germany was down 13%, due to the unavailability of the Doel 3 and Tihange 2 nuclear power plants for 24 and 14 weeks respectively, an increase in electricity transmission system access tariffs, and a fall in sales in Belgium, which was partly offset by improved profitability in Germany.

Current operating income followed the same trend as EBITDA.

Other Europe

In millions of euros	Dec. 31, 2012	Dec. 31, 2011	% change (reported basis)
REVENUES	8,614	7,824	+10.1%
EBITDA	880	1,066	-17.4%
Depreciation, amortization and provisions	(467)	(460)	
Share-based payments	-	-	
CURRENT OPERATING INCOME	**413**	**606**	**-31.8%**

The Other Europe region saw its **revenues** increase by 10.1%, driven by strong business volumes in Italy.

EBITDA for Other Europe fell by 17.4%, as it was impacted by an unfavorable change in the scope of consolidation in Italy (disposal of G6 Rete Gas in the second half of 2011) and by a worse performance in Slovakia and Hungary, primarily due to an unfavorable regulatory environment.

Current operating income followed a similar trend as EBITDA, net depreciation, amortization and provision being stable.

I.2.3 GLOBAL GAS & LNG

In millions of euros	Dec. 31, 2012	Dec. 31, 2011	% change (reported basis)
Revenues	4,759	3,135	+51.8%
Total revenues *(incl. intra-group transactions)*	7,945	6,824	+16.4%
EBITDA	2,377	2,074	+14.6%
Depreciation, amortization and provisions	(1,255)	(1,154)	
Share-based payments	(3)	(3)	
CURRENT OPERATING INCOME	**1,119**	**917**	**+22.1%**

The Global Gas & LNG business line now comprises the Exploration & Production activity and the LNG sales business. The Gas supplies and Key account sales activities have been transferred to Energy Europe.

The contribution to Group **revenues** amounted to €4,759 million, a gross increase of €1,624 million, up 51.8% compared with 2011, of which €1,651 million was organic growth (1) (+54.3%).

The contribution to Group revenues was boosted by the increase in the Exploration & Production activity, as well as by the strength of the LNG activity, with:

- an increase in the level of the Exploration & Production hydrocarbon production contribution, bolstered by production in the Gjøa field in Norway, and by the impact of higher commodity prices. The hydrocarbon production contribution to Group at the end of December 2012 rose by 6.0 Mboe (2) to 43.6 Mboe compared with 37.6 Mboe at the end of December 2011;
- a 19 TWh increase in external LNG sales, with volumes amounting to 60 TWh, representing 66 cargo loads in total, of which 39 to Asia at the end of December 2012, compared with volumes amounting to 41 TWh, representing 45 cargo loads in total, of which 25 to Asia, at the end of December 2011.

The **EBITDA** of the Global Gas & LNG business line amounted to €2,377 million at December 31, 2012 compared with €2,074 million at the end of December 2011, a gross increase of €303 million (+14.6%), of which €508 million was organic growth (1) (+27.8%). This growth was boosted by the Exploration & Production activity, thanks to the favorable trend in commodity prices recorded over the period and to the increase in production from the Gjøa field in Norway, as well as by a better LNG arbitrage performance, primarily in Asia.

Current operating income amounted to €1,119 million at the end of December 2012, a gross increase of €202 million (+22.1%).

I.2.4 INFRASTRUCTURES

In millions of euros	Dec. 31, 2012	Dec. 31, 2011	% change (reported basis)
Revenues	2,031	1,491	+36.2%
Total revenues *(incl. intra-group transactions)*	6,216	5,703	+9.0%
EBITDA	3,049	2,991	+1.9%
Depreciation, amortization and provisions	(1,239)	(1,189)	
Share-based payments	(5)	(10)	
CURRENT OPERATING INCOME	**1,805**	**1,793**	**+0.7%**

(1) The impact of the disposal of EFOG in December 2011 was partly offset by the acquisition of a 20% interest in Njord in July 2011; the disposal of GDF SUEZ LNG Liquefaction in December 2011 had no impact on revenues.

(2) A 2.9 Mboe fall in total production, which amounted to 54.9 Mboe at the end of December 2012 compared with 57.8 Mboe at the end of December 2011 (fewer internal sales due mainly to the disposal of EFOG).

Total **revenues** for the Infrastructures business line, including intra-group services, amounted to €6,216 million, an increase of 9.0% compared with 2011. This was primarily due to the impact of an increase in gas purchase-sale transactions carried out to maintain the technical and physical performance of the storage facilities, in an environment marked by lower storage capacity sales in France and by colder weather conditions (as compared to warmer weather in 2011).

Revenues trends also reflect:

- an increase in the volumes transported by GrDF due to colder weather conditions in 2012 than in 2011 (+33.5 TWh);
- the annual review of the distribution infrastructure access tariff (1.85% decrease at July 1, 2011, and 8.0% increase at July 1, 2012);
- the annual review of the transport infrastructure access tariff at April 1, 2011 (2.9% increase) and at April 1, 2012 (6% increase);
- the acquisition of gas storage facilities in Germany by Storengy on August 31, 2011. GDF SUEZ became the market leader in Europe in terms of storage capacity sales.

The business line's contribution to Group revenues amounted to €2,031 million, up 36.2% compared with December 2011. This increased contribution, due to weather condition and regulatory environment, reflects also:

- the acquisition of gas storage facilities in Germany by Storengy on August 31, 2011;
- the growth of transportation, storage, and terminal services on behalf of third parties, due to an increasingly deregulated market;
- the ramp-up of gas purchase-sale transactions to maintain technical storage performance.

The **EBITDA** for the Infrastructures business line amounted to €3,049 million over the period, up 1.9% compared with December 2011, thanks to the return to average climatic conditions, although it was penalized by lower storage capacity sales in France and by an increase in operating costs which is taken into account in the distribution infrastructure access tariff which came into force in July 2012.

Current operating income amounted to €1,805 million for the period, i.e. a 0.7% increase compared with December 2011.

I.2.5 ENERGY SERVICES

In millions of euros	Dec. 31, 2012	Dec. 31, 2011	% change (reported basis)
Revenues	14,693	14,206	+3.4%
EBITDA	1,018	1,005	+1.2%
Depreciation, amortization and provisions	(317)	(308)	
Net disbursements under concession contracts	(30)	(28)	
Share-based payments	(11)	(14)	
CURRENT OPERATING INCOME	**660**	**655**	**+0.7%**

Revenues for Energy Services business line rose by 3.4% to €14,693 million at December 31, 2012, i.e. an increase of €487 million on a reported basis.

Organic growth amounted to 2.7%, and was explained by:

- the growth in the networks activity in France (+9.7%), which was primarily due to the positive impact of rate increases and to the return to colder weather conditions over the first and last quarters;
- growth in installation activities in France (+2.4%) and in Benelux (+4.7%), and, to a lesser extent, in services activities in France (+1.0%);
- the stability of the International business unit (+0.9%) with contrasting results across all geographic areas (growth in Northern Europe and International activities outside Europe, decrease in Southern Europe);
- a decline in the engineering business (-0.7%), which still managed to partially offset the impact of the downturn in energy investments in Europe by expanding its international activities outside Europe.

EBITDA rose by +1.2% to €1,018 million in 2012, i.e. an increase of €12 million. Organic growth amounted to €17 million (+1.7%) despite the following adverse impacts:

- the non-recurring impact, related to a €17 million compensation, which positively impacted the EBITDA of the Italian cogeneration activities in the first-half of 2011;
- the end of gas cogeneration contracts in France, and the price scissors effect in relation to the cogeneration and heating network rates in France;
- narrower margins, especially in engineering.

Those items were offset by:

- the return of colder weather conditions;
- cost reduction measures, primarily in terms of overheads;

- the positive impact of the commissioning of the SWIFT drilling rig in May 2011, operated on behalf of Shell, the strong performance of the oil & gas business in the United Kingdom, and the resilience of the installation and services activities in Belgium, and to a lesser extent, in France.

Current operating income amounted to €660 million compared with €655 million in 2011. Its trend followed the evolution of EBITDA, while it was also affected by additional provisions due to the unfavorable macro-economic environment in Europe.

I.2.6 SUEZ ENVIRONNEMENT

In millions of euros	Dec. 31, 2012	Dec. 31, 2011	% change (reported basis)
Revenues	15,093	14,819	+1.8%
EBITDA	2,426	2,513	-3.5%
Depreciation, amortization and provisions	(1,036)	(1,179)	
Net disbursements under concession contracts	(245)	(265)	
Share-based payments	(24)	(29)	
CURRENT OPERATING INCOME	**1,121**	**1,039**	**+7.9%**

Revenues amounted to €15,093 million in 2012, an increase of 1.8% compared with 2011, of which 0.3% was organic growth. The Water Europe segment, where revenues were up 3.3%, benefited from positive price impacts, the expansion of service offers (France and Spain) and increased volumes in Chile, which offset a slight fall in consumption in Spain and a net downturn in services in that country. The Waste Europe segment remained stable (+0.1%), due to the impact of resilient waste treatment prices in France, the revenues generated by the construction of recovery units (France and United Kingdom) and an increase in taxes (France and UK), at a time when the volumes processed (down 2.5%) and the price of secondary materials declined against a particularly unfavorable economic backdrop. The International segment benefited from positive business volumes in most regions and businesses, especially in the Asia-Pacific region (Water and Waste in China and Waste in Australia) but was still down 2.3% due to the end of the construction of the Melbourne plant, which was successfully commissioned on December 17 last year.

EBITDA amounted to €2,426 million, down 3.3% on an organic basis compared with 2011, due to a significant downturn at Waste Europe (-10.9%) where the volumes processed, business mix and price of secondary materials all weighed over the past year. Water Europe (+0.6%) benefited from the implementation of tariff increases in the three main countries and from an improvement in the margins on the new offers that are currently being marketed, which offset the fall in construction works in Spain. The International segment expanded by 3.3% due to the impact of tariff increases in several North American States, favorable volumes in Waste (Australia, China and Poland) and Water (China and North Africa). The COMPASS performance plan, including the exceptional measures taken to adjust to the economic environment in the waste business, contributed gains of €150 million compared with 2011.

Current operating income rose by 7.9% compared with 2011, and amounted to €1,121 million, which represented organic growth of 10.7%. This significant improvement in results reflects the end of the Melbourne construction site, where most of the expected cost overruns had been provisioned in 2011, and slightly increased in the first half of 2012. The trends in the other geographical regions and businesses were in line with those recorded at the EBITDA level.

Details of the 2012 operating performance are provided in the SUEZ Environnement Management Report.

I.2.7 OTHER

In millions of euros	Dec. 31, 2012	Dec. 31, 2011	% change (reported basis)
Revenues			
EBITDA	(351)	(360)	+2.6%
Depreciation, amortization and provisions	(205)	(127)	
Share-based payments	(54)	(63)	
CURRENT OPERATING INCOME	**(610)**	**(550)**	**-10.9%**

At December 31, 2012, **EBITDA** (-€351 million) improved slightly compared with the previous year, due primarily to the performance efforts made by Group corporate functions.

Nevertheless, **current operating income** deteriorated compared with December 31, 2011, due mainly to an increase in provisions.

I.3. OTHER INCOME STATEMENT ITEMS

In millions of euros	Dec. 31, 2012	Dec. 31, 2011	% change (reported basis)
Current operating income	**9,520**	**8,978**	**+6.0%**
Mark-to-market on commodity contracts other than trading instruments	109	(105)	
Impairment losses	(2,474)	(532)	
Restructuring costs	(342)	(189)	
Changes in scope of consolidation	155	1,514	
Other non-recurring assets	165	18	
Income from operating activities	**7,133**	**9,684**	**-26.3%**
Net financial loss	(2,756)	(2,606)	
Income tax expense	(2,054)	(2,119)	
Share in net income of associates	433	462	
NET INCOME	**2,755**	**5,420**	**-49.2%**
Net income Group share	1,550	4,003	-61.3%
Non controlling interests	1,205	1,418	

Income from operating activities amounted to €7,133 million, representing a 26.3% decrease compared with 2011, due primarily to the significant impairments recorded in 2012 and to positive non-recurring items relating to business combinations in 2011 (results on disposals or on revaluations).

Changes in the fair value of commodity instruments had a positive impact of €109 million on income from operating activities (reflecting the impact of transactions not eligible for hedge accounting) compared with a negative impact of €105 million at December 31, 2011. The impact for the period was primarily due to the positive impact of the unwinding of positions with a negative market value at December 31, 2011, which was partially offset by a negative price effect relating to changes in forward commodity prices over the period.

Impairments amounted to €2,474 million and were mainly divided between Energy Europe (€1,523 million) and Energy International (€409 million). In addition to the impairment of goodwill (€294 million, of which €176 million related to the goodwill on the interest in SPP that is currently being sold), impairments related mainly to European assets, which are suffering from deteriorating economic conditions, and included €513 million on a thermal power plant in the Netherlands, €294 million on thermal assets in Italy, €152 million on various power plants in the United Kingdom, €90 million on a coal power plant in Germany related to the replacement of defective parts, and €42 million on power generation assets in Greece, as a result of the country's current economic environment and of technical problems at a combined-cycle power plant.

In addition, the Group recorded an impairment of €144 million on its interest in the GASAG gas operator, and an impairment of €84 million on its listed Acea securities.

Furthermore, income from operating activities was also affected by:

- restructuring costs of €342 million, including the costs of adapting to the economic climate at Energy Europe (€136 million), which primarily consisted of the costs relating to the shutdown of generation units in Belgium, the Netherlands and Hungary, as well as the costs arising from the definitive shutdown of the Photovoltech activity. At SUEZ Environnement (€78 million), this item primarily included the costs relating to the restructuring programs decided on by Agbar in its Spanish activities and by Degrémont (primarily in France) as well as the costs of the adapting programs relating to the slowdown in activity in the Waste Europe segment. Restructuring costs also included the costs of adapting to the climate environment at Energy Services (€53 million).
- "Changes in the scope of consolidation" (gains and losses on the disposal of consolidated equity interests or on the revaluations of previously-held interests in accordance with IFRS 3) which amounted to €155 million, and primarily corresponding to the capital gains on the disposals of 60% of the Canadian renewable energy activities (€136 million) and of the shares of the Brussels inter-municipal company Sibelga (€105 million), which were partly offset by the impact of transactions relating to the disposal of Breeze II (-€35 million);
- "Other non-recurring items", which amounts to a +€165 million at December 31, 2012, mainly corresponding to income relating to the reduction of a penalty (+€233 million) within the scope of the "MEGAL" proceedings, after the decision of the Court of European Union on June 29, 2012.

Net financial loss at December 31, 2012 amounted to -€2,756 million, compared with -€2,606 million at December 31, 2011. This change was mainly the result of a volume effect on net debt (increase in average net debt), which was offset by lower interest rates, and by non-recurring effects, primarily relating to debt restructuring.

The effective recurring tax rate is flat (32.9% in 2012, 33.2% in 2011).

Income from associates decreased by €29 million compared with December 31, 2011. This change was primarily explained by impairments recorded by associates in 2012 and by the transactions involving the Walloon and Flemish inter-municipal companies in 2011.

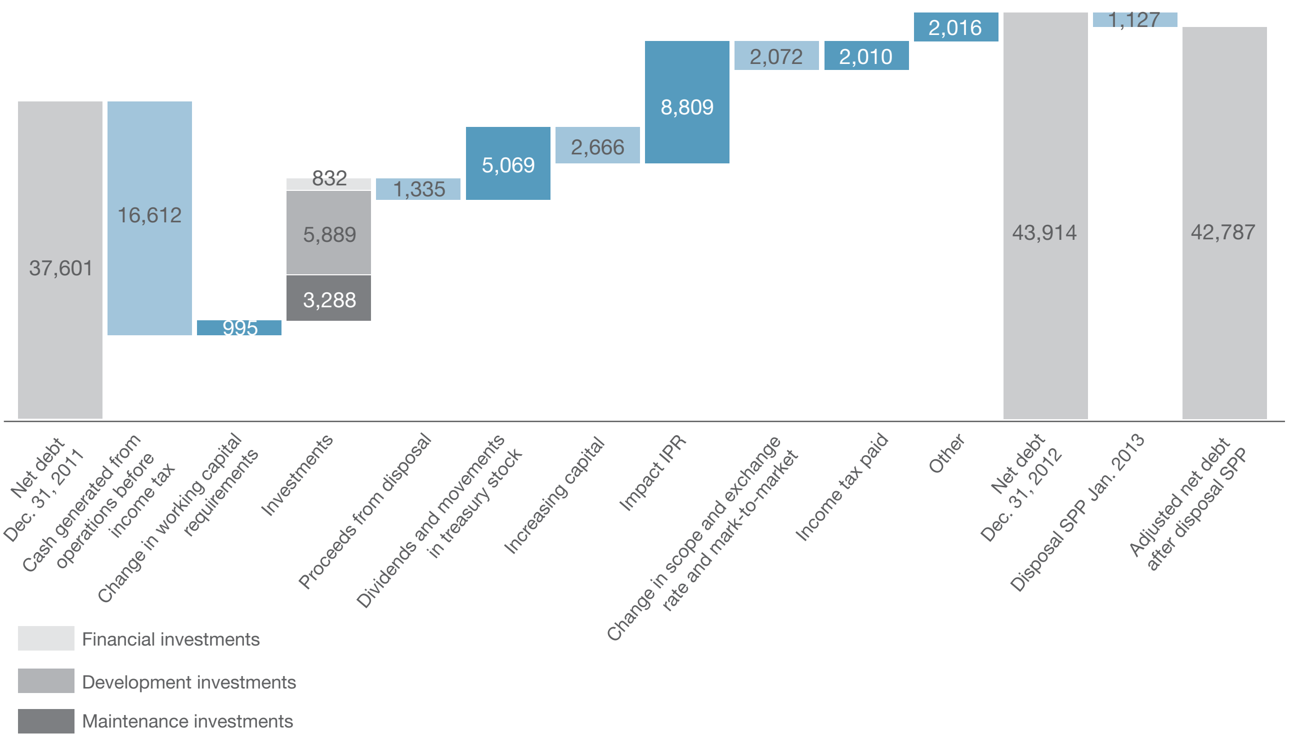
Net income from non-controlling interests amounted to €1,205 million, a decrease compared with 2011, as a result of the buyout of International Power and of the deterioration in SUEZ Environnement's net income.

I.4. CHANGES IN NET DEBT

Net debt including the cash received early 2013 following the disposal of SPP amounted to €42.8 billion at the end of December 2012, and increased by €5.2 billion compared with the level of net debt at the end of December 2011 (€37.6 billion). This change was mainly due to the acquisition of the non-controlling interests in International Power plc (€8.8 billion).

The changes relating to net debt were as follows:

In millions of euros



The adjusted net debt to EBITDA ratio amounted to 2.51 at December 31, 2012. The ratio is calculated as follows:

In millions of euros	Dec. 31,2012	Dec. 31, 2011
Net debt	43,914	37,601
Payment received after SPP disposal *	(1,127)	-
Adjusted net debt	**42,787**	**37,601**
EBITDA	**17,026**	**16,525**
Adjusted net debt /EBITDA ratio	**2.51**	**2.28**

* *Payment received on January 23, 2013.*

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 amounted to €16,612 million at December 31, 2012, an increase of €495 million compared with 2011. The change (+3.0%) was in line with the change in EBITDA, as the positive effect on EBITDA of the reversal of provisions for long-term benefits obligations (payment of €260 million in one-off premiums) offset the positive effect of the MEGAL agreement on cash generated from operations before income tax and working capital requirements.

I.4.2 CHANGE IN WORKING CAPITAL REQUIREMENTS

The change in working capital requirements (WCR) represented a cash outflow of €995 million mainly due to the evolution of margin calls (€449 million) and to commodity instruments (€363 million).

I.4.3 NET INVESTMENTS

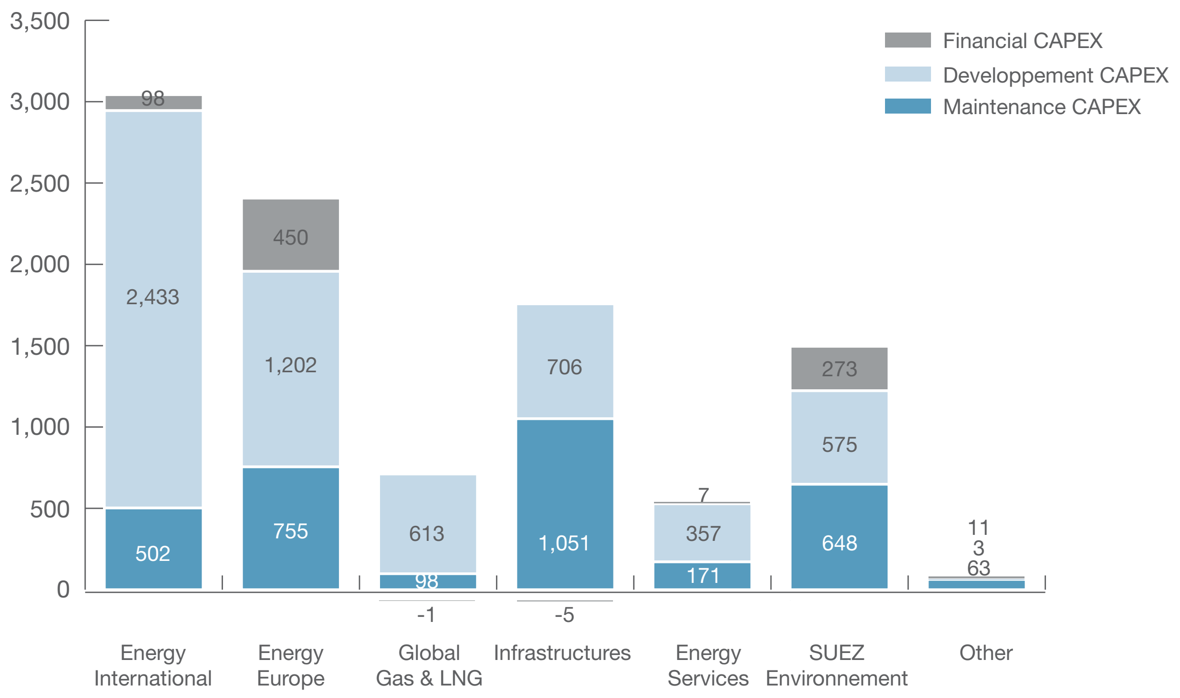
Excluding the impact of the buyout of the minority interests in International Power plc (€8.8 billion), investments amounted to €10,009 million in 2012, and included:

- €832 million in financial investments, including the acquisition of the non-controlling interests in AES and the purchase of additional securities in the company owning the Jirau project. A significant portion of the other financial investments related to loans to associates or non consolidated companies;
- development investments totalling €5,889 million. Most of this amount was invested by the Energy International business line to build power plants in Brazil (Jirau) and in Peru (Chilca and Quitarasca), as well as wind farms in Canada, and by the Energy Europe business line to build two coal-fired power plants in Wilhelmshaven and Maasvlakte, and wind farms in Poland;
- and maintenance investments of €3,288 million.

Disposals amounted to €1,335 million and primarily involved the sale of 60% of the Canadian wind power assets for €351 million, the sale of Electrabel's shareholding in Sibelga at a price of €211 million, the sale of Eurawasser by SUEZ Environnement for €95 million, and the sale of 40% of Hidd Power Company for €87 million, as well as the disposals of the Hot Spring and Choctaw power plants for €196 million and €74 million respectively (payment of the balance of the sale price has occurred in January 2013).

Capital expenditure breaks down as follows by business lines:

In millions of euros



I.4.4 SHARE BUYBACKS, DIVIDENDS AND CAPITAL INCREASE

Total dividends paid by GDF SUEZ SA to its shareholders amounted to €3,360 million. This amount corresponds to the balance of the 2011 dividend, i.e. €0.67 per share, for a total amount of €1,474 million, and to the interim dividend, i.e. €0.83 per share, for a total amount of €1,887 million. €767 million were paid in cash and €2,594 million by the creation of new shares (to remunerate the shareholders having chosen payment in shares).

The balance of the capital increases, i.e. €73 million, relates to the exercise of stock options.

The dividends paid by various subsidiaries to non-controlling interest totaled €1,352 million.

The Group also bought back its own shares for an amount of €359 million.

I.4.5 NET DEBT AT DECEMBER 31, 2012

Excluding amortized cost but including the currency impact of derivatives, at December 31,2012, 65% of net debt was denominated in euros, 16% in US dollar, and 6% in Brazilian real.

Including the impact of financial instrument, 78% of net debt is at fixed rates.

The average maturity for the net debt is 9.8 years.

At December 31, 2012, the Group had total undrawn confirmed credit lines (which may be used as back up lines for Commercial Paper programs) of €15.6 billion.

I.5. OTHER ITEMS IN THE STATEMENT OF FINANCIAL POSITION

Property, plant and equipment and intangible assets amounted to €99.6 billion, a decrease of €3.7 billion compared with December 31, 2011. This change was primarily the result of depreciation, amortization and impairments (- €8.9 billion), disposals (-€0.5 billion), changes in the scope of consolidation (-€1.3 billion) and transfers to assets classified as held for sale (-€2.5 billion), which were partly offset by investments (+€9.1 billion).

Goodwill decreased by €1.3 billion to €30.0 billion, primarily as the result of changes in the scope of consolidation (-€0.6 billion), the transfer of SPP to assets classified as held for sale (-€0.3 billion), and the finalization of the allocation of goodwill concerning the acquisition of storage facilities in Germany in August 2011.

Available-for-sale securities were unchanged at €3.4 billion.

Investments in associates amounted to €3.0 billion, an increase of €0.3 billion mainly due to Energy International (Asia).

Total equity amounted to €71.2 billion, down €9.1 billion compared to December 31, 2011 (€80.3 billion), essentially reflecting the acquisition of the non-controlling interests in International Power (-€8.1 billion), net income for the year (+€2.8 billion), the payment of dividends in cash (-€2.1 billion), other comprehensive income items (translation differences and others amounting to -€1.1 billion), and the purchases of treasury stock (-€0.4 billion).

Provisions increased by €1.5 billion to €17.7 billion mainly resulting from the impact of actuarial gains and losses and the unwinding of discounting adjustments to provisions.

I.6. PRO FORMA FINANCIAL STATEMENTS INCLUDING THE SUEZ ENVIRONNEMENT COMPANY GROUP AS AN ASSOCIATE

The Group announced on December 5, 2012, in mutual agreement with the other members, its intention not to renew the shareholders' agreement in SUEZ Environnement Company which is due to expire in July 2013.

In line with this announcement and given the various notices of termination received from the parties concerned, the Board of Directors of January 22, 2013, confirmed that the SUEZ Environnement shareholders' agreement will not be renewed and will therefore expire on July 22, 2013 for all the parties involved.

As a consequence of the end of the shareholders' agreement, GDF SUEZ will lose control over SUEZ Environnement Company, which will be accounted for under the equity method as from that date in the GDF SUEZ's consolidated financial statements.

For information purpose, the Group prepared pro forma financial statements including the SUEZ Environnement Company Group as an associate as from January 1, 2012.

INCOME STATEMENT

In millions of euros	Dec. 31, 2012	Exclusion of SUEZ Environnement Group contribution and presentation as an associate	Intra-group and others	Pro foma GDF SUEZ: SUEZ Environnement as investment in associates
Revenues	97,038	(15,093)	15	81,960
Purchases	(52,177)	3,481	(9)	(48,704)
Personnel costs	(13,234)	3,767	-	(9,467)
Depreciation, amortization and provisions	(7,113)	1,036	-	(6,077)
Other operating expenses	(17,188)	5,925	(24)	(11,288)
Other operating income	2,194	(238)	18	1,974
CURRENT OPERATING INCOME	**9,520**	**(1,121)**	**-**	**8,399**
Mark-to-market on commodity contracts other than trading instruments	109	(4)	-	105
Impairment losses	(2,474)	87	-	(2,387)
Restructuring costs	(342)	78	-	(263)
Changes in scope of consolidation	155	(45)	-	110
Other non-recurring items	165	(4)	-	161
INCOME FROM OPERATING ACTIVITIES	**7,133**	**(1,009)**	**-**	**6,124**
Financial expenses	(3,652)	544	(7)	(3,116)
Financial income	896	(119)	7	784
NET FINANCIAL LOSS	**(2,756)**	**424**	**-**	**(2,332)**
Income tax expense	(2,054)	180	(12)	(1,885)
Share in net income of associates	433	45	4	482
NET INCOME	**2,755**	**(359)**	**(7)**	**2,389**
Net income Group share	1,550	-	-	1,550
Non-controlling interest	1,205	(359)	(7)	839
EBITDA	**17,026**	**(2,426)**	**-**	**14,600**

STATEMENT OF FINANCIAL POSITION

ASSETS

In millions of euros	Dec. 31, 2012	Exclusion of SUEZ Environnement Group assets contribution and presentation as an associate	Intra-group and others	Pro foma GDF SUEZ: SUEZ Environnement as investment in associates
Non-current assets				
Intangible assets, net	13,020	(4,056)	-	8,965
Goodwill	30,035	(3,257)	-	26,778
Property, plant and equipment, net	86,597	(8,867)	-	77,730
Available-for-sale securities	3,398	(393)	-	3,005
Loans and receivables at amortized cost	3,541	(703)	128	2,966
Derivative instruments	3,108	(257)	-	2,851
Investments in associates	2,961	962	10	3,933
Other non-current assets	962	(80)	-	881
Deferred tax assets	1,537	(761)	(24)	752
TOTAL NON-CURRENT ASSETS	**145,159**	**(17,413)**	**113**	**127,860**
Current assets				
Loans and receivables at amortized cost	1,630	(215)	-	1,416
Derivative instruments	4,280	(5)	-	4,274
Trade and other receivables, net	25,034	(3,763)	34	21,305
Inventories	5,423	(291)	-	5,131
Other current assets	9,012	(1,111)	(6)	7,896
Financial assets at fair value through income	432	(24)	-	408
Cash and cash equivalents	11,383	(2,233)	-	9,149
Assets classified as held for sale	3,145	-	-	3,145
TOTAL CURRENT ASSETS	**60,339**	**(7,643)**	**29**	**52,725**
TOTAL ASSETS	**205,498**	**(25,055)**	**142**	**180,585**

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.

LIABILITIES

In millions of euros	Dec. 31, 2012	Exclusion of SUEZ Environnement Group liabilities contribution and presentation as an associate	Intra-group and others	Pro foma GDF SUEZ: SUEZ Environnement as investment in associates
Shareholders' equity	59,745	-	-	59,745
Non-controlling interests	11,462	(5,389)	(17)	6,056
TOTAL EQUITY	**71,207**	**(5,389)**	**(17)**	**65,801**
Non-current liabilities				
Provisions	15,626	(1,406)	-	14,221
Long term borrowings	45,247	(8,392)	-	36,855
Derivative instruments	2,751	(91)	-	2,660
Other financial liabilities	343	(3)	-	340
Other non-current liabilities	2,063	(640)	(5)	1,418
Deferred tax liabilities	11,959	(578)	-	11,381
TOTAL NON-CURRENT LIABILITIES	**77,989**	**(11,109)**	**(5)**	**66,875**
Current liabilities				
Provisions	2,071	(560)	-	1,511
Short term borrowings	11,962	(1,488)	143	10,617
Derivative instruments	4,092	(9)	-	4,083
Trade and other payables	19,481	(2,834)	31	16,679
Other current liabilities	16,820	(3,666)	(10)	13,144
Liabilities directly related with assets classified as held for sale	1,875	-	-	1,875
TOTAL CURRENT LIABILITIES	**56,302**	**(8,557)**	**164**	**47,909**
TOTAL EQUITY AND LIABILITIES	**205,498**	**(25,055)**	**142**	**180,585**

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.

STATEMENT OF CASH FLOWS

In millions of euros	Dec. 31, 2012	Exclusion of SUEZ Environnement Group contribution and presentation as an associate	Intra-group and others	Pro foma GDF SUEZ: SUEZ Environnement as investment in associates
NET INCOME	2,755	(359)	(7)	2,389
'- Share in consolidated net income of associates	(433)	(45)	(4)	(482)
+ Dividends received from associates	315	79	-	394
'- Net provisions, depreciation and amortization & impairment charges	9,246	(1,121)	-	8,125
- Impact of changes in scope of consolidation, other non-recurring items	(87)	50	-	(37)
'- Mark-to-market of operating financial instruments	(109)	4	-	(105)
'- Other items with no cash impact	114	(24)	-	90
- Income tax expense	2,054	(180)	12	1,885
'- Net financial loss	2,756	(424)	-	2,332
Cash generated form operations before income tax and working capital requirements	**16,612**	**(2,022)**	**-**	**14,590**
+ Tax paid	(2,010)	113	-	(1,898)
Change in working capital requirements	**(995)**	**(328)**	**(2)**	**(1,325)**
CASH FLOW FROM OPERATING ACTIVITIES	13,607	(2,238)	(2)	11,367
Acquisitions of property, plant and equipment and intangible assets	(9,177)	1,222	-	(7,955)
Acquisitions of control over subsidiaries net of cash and cash equivalent acquired	(103)	5	-	(98)
Acquisitions of investments in associates and joint ventures	(306)	65	-	(241)
Acquisitions of available-for-sale securities	(142)	21	-	(121)
Disposals of property, plant and equipment and intangible assets	185	(35)	-	151
Loss of control over subsidiaires net of cash and cash equivalents sold	537	(74)	-	462
Disposals of investments of associates and joint ventures	300	(3)	-	297
Disposals of available-for-sale securities	93	(32)	-	61
Interest received on non-current financial assets	54	(1)	7	60
Dividendes received on non-current financial assets	129	(19)	-	110
Change in loans and receivables originated by the Group and other	(21)	145	8	132
CASH FLOW USED IN INVESTING ACTIVITIES	(8,451)	1,295	14	(7,142)
Dividends paid	(2,117)	483	-	(1,634)
Repayment of borrowings and debt	(7,558)	1,485	-	(6,073)
Change in financial assets at fair value through income	2,473	9	-	2,482
Interest paid	(1,915)	417	(7)	(1,504)
Interest received on cash and cash equivalents	185	(45)	-	139
Cash flow on derivatives qualified as net investment hedges and cash payments on derivatives	(721)	68	-	(653)
Increase in borrowings and debt	11,587	(1,146)	(6)	10,435
Increase/decrease in capital	229	-	-	229
Purchases and/or sales of treasury stock	(358)	-	-	(358)
Changes in ownership interest in controlled entities	(10,125)	(21)	-	(10,147)
CASH FLOW USED IN FINANCING ACTIVITIES	(8,322)	1,250	(13)	(7,085)
Effect of change in exchange rates and other	(126)	(2,541)	-	(2,667)
TOTAL CASH FLOW FOR THE PERIOD	**(3,293)**	**(2,234)**	**-**	**(5,526)**
OPENING CASH AND CASH EQUIVALENTS POSITION	**14,675**	**-**	**-**	**14,675**
CLOSING CASH AND CASH EQUIVALENTS POSITION	**11,383**	**(2,234)**	**-**	**9,149**

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.

I.7. 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 €27,915 million in 2012, up 15.7% on 2011 due mainly to better weather conditions versus last year.

The Company posted a net operating loss of -€267 million versus -€1,075 million in 2011. The increase is due primarily to the impact of weather conditions on volumes and the gas tariff shortfall impact recorded in 2012.

The Company reported net financial income of €749 million, compared with €3,161 million one year earlier. This includes mainly dividends received from subsidiaries for €1,734 million compared to €4,087 million dividend received in 2012 (which included significant exceptional payments), and the cost of debt amounting to -€844 million. At December 31,2012, net debt (including irredeemable and non voting securities) came out at €28,019 million. At the same date, cash and cash equivalents totaled €9,118 million.

The company posted net non-recurring loss of €134 million buoyed by the decrease of the fine paid related to the MEGAL legal proceeding (+€233 million) compensated by shares and loans depreciation of -€344 million.

Tax consolidation resulted in a net benefit of €365 million (€295 million in 2011), shown within "Income tax".

Net result amounted up to €890 million.

Equity amounted to €46,976 million at end-2012, versus €46,838 million at end-2011, 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, 2012			Dec. 31, 2011		
In millions of euros	External	Group	Total	External	Group	Total
Past due	2	43	45	1	53	54
30 days	476	27	503	520	98	618
45 days	17	8	25	20	13	34
More than 45 days	3	-	3	3	27	30
TOTAL	**498**	**78**	**576**	**544**	**192**	**736**

I.8. OUTLOOK

Confirmation of strategic priorities for the Group's development

GDF SUEZ confirms its strategic development priorities focused on the following objectives:

- accelerate its international development through its electricity production and LNG activities
- optimize its positions on mature markets leveraging the Group's competitive advantage in energy efficiency and its expertise in renewable energy and
- strengthen activities that generate recurring income

Confirmation of 2013 and 2014 financial targets

For 2013, the Group reaffirms its financial targets (1), with the following assumptions:

- positive impact from the January 30, 2013 "Conseil d'Etat" decision on natural gas tariffs in France
- restarting of the Doel 3 and Tihange 2 Belgian power plants during 2nd quarter 2013 and
- update on commodity prices as of January 2013

Based on these assumptions, the Group anticipates:

- **net recurring income Group share** (2) between €3.1 and €3.5 billion, assuming average weather conditions and stable regulation. This target is based on an estimated EBITDA between €13 and €14 billion, after pro forma equity consolidation of SUEZ Environnement
- **gross capex** between €7 and €8 billion and
- a **net debt/EBITDA ratio** below or equal to 2.5x and an "A" category rating

Net recurring income Group share performance for 2014 is expected to be in the same range as in 2013.

Implementation of ambitious Perform 2015 action plan

In response to the deteriorating European environment, GDF SUEZ launched an ambitious ***Perform 2015*** action plan with the following targets:

- a gross P&L contribution of €3.5 billion in 2015, with an impact of +€0.2 billion on net recurring income Group share each year starting in 2013
- an additional gross contribution of €1 billion in 2015 thanks to capex and working capital optimization
- a reduction in net debt to approximately €30 billion by year-end 2014 and
- an asset optimization program with a €11 billion impact on net debt over 2013-2014, mainly concentrated on mature markets

Pursuit of social and environmental goals

GDF SUEZ is also well on the way to achieving its extra financial targets by the year 2015, with its training target already met with 69% of employees trained in 2012:

- renewable energy: a 50% increase in installed capacity compared with 2009
- health and safety: achieve an accident frequency rate below 6
- biodiversity: implementation of an action plan for each sensitive site within the European Union
- diversity: 25% of women in managerial staff
- annual training of at least two-thirds of Group employees
- employee shareholding: 3% of the Group's capital held by Group employees

Furthermore, the Group is reshaping its organization in conjunction with its *Perform 2015* action plan, producing a dynamic that will lead to maintaining an ambitious job program involving 18,000 permanent hires in France over the next three years. GDF SUEZ is one of the largest employers in France with more than 100,000 employees.

(1) These targets assume average weather conditions, restarting Doel 3 and Tihange 2 in Q2 2013, no substantial regulatory or macro-economic changes, pro forma equity consolidation of SUEZ Environnement effective 01/01/2013, commodity price assumptions based on market conditions as of the end of January 2013 for the non-hedged portion of production, and average foreign exchange rates for 2013 as follows: €/\$1.27, €/BRL 2.42. These targets include the positive impact of the January 30, 2013 "Conseil d'Etat" decision on gas tariffs.

(2) Excluding restructuring costs, MtM, impairments, disposal, other non-recurring items and nuclear contribution in Belgium.

II

Consolidated financial statements

INCOME STATEMENT

In millions of euros	Notes	Dec. 31, 2012	Dec. 31, 2011
Revenues	4	97,038	90,673
Purchases		(52,177)	(46,695)
Personnel costs	4	(13,234)	(12,775)
Depreciation, amortization and provisions	4	(7,113)	(7,115)
Other operating expenses		(17,188)	(17,226)
Other operating income		2,194	2,116
CURRENT OPERATING INCOME		**9,520**	**8,978**
Mark-to-market on commodity contracts other than trading instruments		109	(105)
Impairment losses		(2,474)	(532)
Restructuring costs		(342)	(189)
Changes in scope of consolidation		155	1,514
Other non-recurring items		165	18
INCOME FROM OPERATING ACTIVITIES	5	**7,133**	**9,684**
Financial expense		(3,652)	(3,383)
Financial income		896	778
NET FINANCIAL LOSS	6	**(2,756)**	**(2,606)**
Income tax expense	7	(2,054)	(2,119)
Share in net income of associates	13	433	462
NET INCOME		**2,755**	**5,420**
Net income Group share		1,550	4,003
Non-controlling interests		1,205	1,418
BASIC EARNINGS PER SHARE *(EUROS)*(*)	9	**0.68**	**1.79**
DILUTED EARNINGS PER SHARE *(EUROS)*(*)	9	**0.67**	**1.77**

(*) *Earnings per share at December 31, 2011 have been adjusted in order to factor in the impact of the share-based dividend paid in May 2012 and of the share-based interim dividend paid in October 2012. The earnings per share published in the consolidated financial statements at December 31, 2011 amounted to €1.80 and €1.78 respectively for basic earnings per share and diluted earnings per share.*

STATEMENT OF FINANCIAL POSITION

ASSETS

In millions of euros	Notes	Dec. 31, 2012	Dec. 31, 2011
Non-current assets			
Intangible assets, net	11	13,020	13,226
Goodwill	10	30,035	31,362
Property, plant and equipment, net	12	86,597	90,120
Available-for-sale securities	15	3,398	3,299
Loans and receivables at amortized cost	15	3,541	3,813
Derivative instruments	15	3,108	2,911
Investments in associates	13	2,961	2,619
Other non-current assets		962	1,173
Deferred tax assets	7	1,537	1,379
TOTAL NON-CURRENT ASSETS		**145,159**	**149,902**
Current assets			
Loans and receivables at amortized cost	15	1,630	1,311
Derivative instruments	15	4,280	5,312
Trade and other receivables, net	15	25,034	23,135
Inventories		5,423	5,435
Other current assets		9,012	9,455
Financial assets at fair value through income	15	432	2,885
Cash and cash equivalents	15	11,383	14,675
Assets classified as held for sale	2	3,145	1,298
TOTAL CURRENT ASSETS		**60,339**	**63,508**
TOTAL ASSETS		**205,498**	**213,410**

NB: The amounts shown in the tables are expressed in millions of euros. In some cases, rounding may lead to a non-material difference in the totals.

LIABILITIES

In millions of euros	Notes	Dec. 31, 2012	Dec. 31, 2011
Shareholders' equity		59,745	62,930
Non-controlling interests		11,462	17,340
TOTAL EQUITY	17	71,207	80,270
Non-current liabilities			
Provisions	18	15,626	14,431
Long term borrowings	15	45,247	43,375
Derivative instruments	15	2,751	3,310
Other financial liabilities	15	343	684
Other non-current liabilities		2,063	2,202
Deferred tax liabilities	7	11,959	13,038
TOTAL NON-CURRENT LIABILITIES		77,989	77,040
Current liabilities			
Provisions	18	2,071	1,751
Short term borrowings	15	11,962	13,213
Derivative instruments	15	4,092	5,185
Trade and other payables	15	19,481	18,387
Other current liabilities		16,820	16,738
Liabilities directly associated with assets classified as held for sale	2	1,875	827
TOTAL CURRENT LIABILITIES		56,302	56,100
TOTAL EQUITY AND LIABILITIES		**205,498**	**213,410**

NB: The amounts shown in the tables are expressed in millions of euros. In some cases, rounding may lead to a non-material difference in the totals.

STATEMENT OF CHANGES IN EQUITY

In millions of euros	Number of shares	Share capital	Additional paid-in capital	Consolidated reserves	Changes in fair value and other	Translation adjustments	Treasury stock	Shareholders' equity	Non-controlling interests	Total
EQUITY AT DECEMBER 31, 2010	**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 items				(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)				302	28	(175)		155	6,303	6,458
Transactions between owners (GRTgaz transaction)				167				167	923	1,090
Transactions between owners (sale of 30% of Exploration & Production to CIC)				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)				(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**

In millions of euros	Number of shares	Share capital	Additional paid-in capital	Consolidated reserves	Changes in fair value and other	Translation adjustments	Treasury stock	Shareholders' equity	Non-controlling interests	Total
EQUITY AT DECEMBER 31, 2011	**2,252,636,208**	**2,253**	**29,716**	**31,205**	**240**	**447**	**(930)**	**62,931**	**17,340**	**80,270**
Net income				1,550				1,550	1,205	2,755
Other comprehensive income items				(387)	(325)	(452)		(1,164)	62	(1,102)
TOTAL COMPREHENSIVE INCOME				**1,163**	**(325)**	**(452)**		**386**	**1,267**	**1,654**
Employee share issues and share-based payment	4,604,700	5	68	102				175	8	183
Dividends paid in shares	155,583,181	156	2,438	(2,593)						
Cash dividends paid				(767)				(767)	(1,352)	(2,119)
Acquisitions/disposals of treasury stock				(83)			(276)	(359)		(359)
Transactions between owners (International Power transaction - see Note 2.1)				(2,304)	(157)	240		(2,221)	(5,841)	(8,062)
Conversion of International Power convertible bonds (see Note 2.1)				(288)				(288)		(288)
Other transactions between owners				(102)				(102)	(175)	(277)
Share capital increases subscribed by non-controlling interests									156	156
Other changes			(15)	6				(10)	59	49
EQUITY AT DECEMBER 31, 2012	**2,412,824,089**	**2,413**	**32,207**	**26,337**	**(242)**	**235**	**(1,206)**	**59,745**	**11,462**	**71,207**

STATEMENT OF COMPREHENSIVE INCOME

In millions of euros	Notes	Dec. 31, 2012	Dec. 31, 2012 Group share	Dec 31, 2012 Share attributable to non-controlling interests	Dec. 31, 2011	Dec. 31, 2011 Group share	Dec. 31, 2011 Share attributable to non-controlling interests
NET INCOME		**2,755**	**1,550**	**1,205**	**5,420**	**4,003**	**1,418**
Available-for-sale financial assets	15	309	273	36	(495)	(448)	(47)
Net investment hedges		(76)	(66)	(10)	(70)	(58)	(12)
Cash flow hedges (excl. commodity instruments)	16	(304)	(326)	22	(214)	(139)	(75)
Commodity cash flow hedges	16	(445)	(469)	25	317	327	(10)
Deferred tax on the above items	7	276	272	4	(68)	(87)	19
Share of associates of recyclable items, net of tax		(28)	(8)	(20)	(281)	(185)	(96)
Translation adjustments		(372)	(452)	80	115	100	15
TOTAL RECYCLABLE ITEMS		(640)	(777)	137	(697)	(491)	(207)
Actuarial gains and losses		(695)	(592)	(103)	(755)	(639)	(116)
Deferred tax on actuarial gains and losses	7	234	205	29	248	207	41
Share of associates of non-recyclable items from actuarial gains and losses, net of tax		(1)	-	(1)	46	46	-
TOTAL NON-RECYCLABLE ITEMS		(462)	(387)	(75)	(461)	(386)	(75)
TOTAL COMPREHENSIVE INCOME		**1,654**	**386**	**1,267**	**4,262**	**3,126**	**1,136**

STATEMENT OF CASH FLOWS

In millions of euros	Notes	Dec. 31, 2012	Dec. 31, 2011
NET INCOME		2,755	5,420
- Share in consolidated net income of associates		(433)	(462)
+ Dividends received from associates		315	265
- Net provisions, depreciation and amortization & impairment charges		9,246	7,431
- Impact of changes in scope of consolidation and other non-recurring items		(87)	(1,497)
- Mark-to-market of operating financial instruments		(109)	105
- Other items with no cash impact		114	130
- Income tax expense		2,054	2,119
- Net financial loss		2,756	2,606
Cash generated from operations before income tax and working capital requirements		**16,612**	**16,117**
+ Tax paid		(2,010)	(1,853)
Change in working capital requirements		**(995)**	**(426)**
CASH FLOW FROM OPERATING ACTIVITIES		**13,607**	**13,838**
Acquisitions of property, plant and equipment and intangible assets	3.4.3	(9,177)	(8,898)
Acquisition of control over subsidiaries net of the cash and cash equivalents acquired	3.4.3	(103)	(1,745)
Acquisitions of investments in associates and joint ventures	3.4.3	(306)	(119)
Acquisitions of available-for-sale securities	3.4.3	(142)	(258)
Disposals of property, plant and equipment and intangible assets		185	167
Loss of control over subsidiaries net of cash and cash equivalents sold		537	1,024
Disposals of investments in associates and joint ventures		300	1,570
Disposals of available-for-sale securities		93	76
Interest received on non-current financial assets		54	81
Dividends received on non-current financial assets		129	138
Change in loans and receivables originated by the Group and other	3.4.3	(21)	60
CASH FLOW USED IN INVESTING ACTIVITIES		**(8,451)**	**(7,905)**
Dividends paid		(2,117)	(4,363)
Repayment of borrowings and debt		(7,558)	(6,517)
Change in financial assets at fair value through income		2,473	(1,146)
Interest paid		(1,915)	(1,977)
Interest received on cash and cash equivalents		185	212
Cash flow on derivatives qualified as net investment hedges and cash payments on derivatives [(1)]		(721)	-
Increase in borrowings and debt		11,587	8,114
Increase/decrease in capital		229	569
Purchases and/or sales of treasury stock		(358)	(362)
Changes in ownership interests in controlled entities	3.4.3	(10,125)	2,974
CASH FLOW USED IN FINANCING ACTIVITIES		**(8,322)**	**(2,496)**
Effect of changes in exchange rates and other		(126)	(58)
TOTAL CASH FLOWS FOR THE PERIOD		**(3,293)**	**3,379**
OPENING CASH AND CASH EQUIVALENTS POSITION		**14,675**	**11,296**
CLOSING CASH AND CASH EQUIVALENTS POSITION		**11,383**	**14,675**

(1) The cash flows relating to derivatives designated as net investment hedges and the cash payments made and/or received on the early unwinding of derivative instruments are now shown on a specific line in the cash flow statement called "Cash flows on derivatives qualified as net investment hedges and cash payments on derivatives. The comparable information for fiscal year 2011 has not been restated, as the cash flows relating to these transactions were not material in 2011.

III

Notes to the consolidated financial statements

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 27, 2013, the Group's Board of Directors approved and authorized for issue the consolidated financial statements of the Group for the year ended December 31, 2012.

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, 2011 and 2012). 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, 2012 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, 2012 are consistent with the policies used to prepare the consolidated financial statements for the year ended December 31, 2011, except for those described in section 1.1.1 below.

1.1.1 IFRS standards, amendments and IFRIC interpretations applicable in 2012

- Amendments to IAS 12 – *Income Taxes - Deferred tax: Recovery of Underlying Assets.* The Group is not concerned by these amendments.
- Amendments to IFRS 7 – *Disclosures: Transfers of Financial Assets*. These amendments have no material impact on the Group's consolidated financial statements for the year ended December 31, 2012.

1.1.2 Amendment effective in 2013 that the Group has elected to early adopt in 2011

- Amendment to IAS 1 – *Presentation of items of Other Comprehensive Income*

1.1.3 IFRS standards, amendments and IFRIC interpretations applicable in 2013

- IFRS 13 – *Fair Value Measurement*;
- Amendments to IAS 19 – *Employee Benefits*;
- Amendments to IFRS 7 – *Disclosures - Offsetting Financial Assets and Financial Liabilities*;
- Improvements to IFRSs 2009-2011 [(2)];
- IFRIC 20 - *Stripping Costs in the Production Phase of a Surface Mine.* The Group is not affected by this interpretation.

The analyses of the new standards and amendments show that they are not expected to have a material impact on the Group as of January 1, 2013.

1.1.4 Standards and amendments applicable after 2013

Standards and amendments applicable in 2014

- IFRS 10 – *Consolidated Financial Statements*;
- IFRS 11 – *Joint Arrangements*;
- IFRS 12 – *Disclosure of Interests in Other Entities*;
- Amendment to IAS 28 – *Investments in Associates and Joint Ventures*;
- Amendments to IAS 32 – Presentation - *Offsetting financial assets and financial liabilities.*

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

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

(2) These standards and amendments have not yet been adopted by the European Union.

Standard applicable in 2015

- IFRS 9 – *Financial Instruments: Classification and Measurement* [1]

The impact resulting from the application of this standard is currently being assessed.

1.1.5 Reminder of IFRS 1 transition options

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

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

1.2 Measurement 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. To assess whether a sale is highly probable, the Group takes into consideration among other items, indications of interest and offers received from potential buyers and specific risks to the execution of certain transactions.

1.3 Use of estimates and judgment

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

1.3.1 Estimates

The preparation of consolidated financial statements requires the use of estimates and assumptions to determine the value of assets and liabilities, and contingent assets and liabilities at the reporting date, as well as revenues and expenses reported during the period.

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

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

- measurement of the fair value of assets acquired and liabilities assumed in a business combination;
- measurement of the recoverable amount of goodwill, property, plant and equipment and intangible assets (see sections 1.4.4 and 1.4.5);
- measurement of provisions, particularly for nuclear waste processing and storage, dismantling obligations, disputes, pensions and other employee benefits (see section 1.4.15);
- financial instruments (see section 1.4.11);
- measurement of revenues not yet metered, so called un-metered revenues;
- measurement of recognized tax loss carry-forwards.

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

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

These assumptions reflect management's best estimates.

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

The recoverable amount of goodwill, intangible assets and property, plant and equipment is based on estimates and assumptions regarding in particular the expected market outlook – whose sensitivity varies depending on the activity – which are used for the measurement of cash flows, and the determination of the 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 losses to be recognised.

The key assumptions made in the impairment tests of material goodwill CGUs (see Note 10.3 "Impairment tests on goodwill CGU") are as follows:

- Energy – Central Western Europe ("CWE") CGU

The projections of cash flows for the electricity and gas activities in the CWE region are based on a high number of key assumptions, such as the long-term prices for the various fuel and CO2, the trend in electricity and gas demand, the future outlook for the markets, forecasts for new generation capacity requirements, and changes to the regulatory framework (especially concerning the nuclear capacities in Belgium) and to price regulation on European energy markets. Lastly, the discount rates also represent one of the key assumptions for calculating the value-in-use of this goodwill CGU.

- Distribution CGU (GDF SUEZ Infrastructures business line)

The projections of cash flow are drawn up based on the tariff for public natural gas distribution networks, known as the "ATRD 4", which entered into effect for a period of four years on July 1, 2012, and on the overall level of investments agreed by the French Energy Regulatory Commission (CRE) as part of its decision on the ATRD 4 tariff. The terminal value calculated at the end of the medium-term business plan corresponds to the expected Regulated Asset Base

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

(RAB) with no premium at the end of 2018. The RAB is the value assigned by the regulator to the assets operated by the distributor.

- Global Gas & LNG CGU

The main assumptions and key estimates primarily include the discount rates, the estimated hydrocarbon prices, changes in the euro/US dollar exchange rate, and the market outlook.

- Storage CGU (GDF SUEZ Infrastructures business line)

The key assumptions notably include capacity reservation forecasts, the expected period required for the realignment of oil and gas prices, the market outlook, and especially the medium-term gas demand trend in Europe, as well as the discount rates to apply.

1.3.1.3 Estimates of provisions

Parameters having a significant influence on the amount of provisions, and particularly, but not solely, those relating to the 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 nuclear fuel consumed 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.

1.3.1.4 Pensions and other employee benefit obligations

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

1.3.1.5 Financial instruments

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

1.3.1.6 Revenues

Revenues generated from types of customers whose energy consumption is metered during the accounting period, particularly customers supplied with low-voltage electricity or low-pressure gas, are estimated at the 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.

1.3.1.7 Measurement of tax loss carry-forward assets

Deferred tax assets are recognized on tax loss carry-forwards when it is probable that taxable profit will be available against which the tax loss carry-forwards can be utilized. The probability that taxable profit will be available against which the unused tax losses can be utilized, is based on taxable temporary differences relating to the same taxation authority and the same taxable entity and estimates future taxable profits. These estimates 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.

1.3.2 Judgment

As well as relying on estimates, Group management also makes judgments to define the appropriate accounting policies to apply to certain activities and transactions, particularly when the effective IFRS standards and interpretations do not specifically deal with 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 statements 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.

1.4 Significant accounting policies

1.4.1 Scope and methods of consolidation

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

- subsidiaries (companies over which the Group exercises exclusive control) are fully consolidated;
- companies over which the Group exercises joint control are consolidated by the proportionate method, based on the Group's percentage interest;

- the equity method is used for all associate companies over which the Group exercises significant influence. In accordance with this method, the Group recognizes its proportionate share of the investee's net income or loss on a separate line of the consolidated income statement under "Share in net income of associates".

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

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

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

1.4.2 Foreign currency translation methods

1.4.2.1 Presentation currency of the consolidated financial statements

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

1.4.2.2 Functional currency

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

1.4.2.3 Foreign currency transactions

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

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

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

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

1.4.3 Business combinations

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.

1.4.4 Intangible assets

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

1.4.4.1 Goodwill

Recognition of goodwill

Due to the application of IFRS 3 revised at January 1, 2010, the Group is required to separately identify business combinations carried out before 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 1.4.8 "Impairment of property, plant and equipment and intangible assets".

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

1.4.4.2 Other intangible assets

Development costs

Research costs are expensed as incurred.

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

Other internally-generated or acquired intangible assets

Other intangible assets include mainly:

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

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

	Useful life	
Main depreciation periods (years)	**Minimum**	**Maximum**
Concession rights	10	65
Customer portfolios	10	40
Other intangible assets	1	40

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

1.4.5 Property, plant and equipment

1.4.5.1 Initial recognition and subsequent measurement

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

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

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

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

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

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

Cushion gas

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

1.4.5.2 Depreciation

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

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

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

* *Excluding cushion gas.*

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

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

1.4.6 Assets relating to the exploration and production of mineral resources

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

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

Exploration costs (other than geological and geophysical studies) are temporarily capitalized in "pre-capitalized exploration costs" before the confirmation of the technical feasibility and commercial viability of extracting resources. These exploration drilling costs are temporarily capitalized when the following two conditions are met:

- 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.

1.4.7 Concession arrangements

SIC 29 – *Service Concession Arrangements: Disclosures* prescribes the information that should be disclosed in the Notes to the financial statement 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.

1.4.8 Impairment of property, plant and equipment and intangible assets

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

Impairment indicators

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

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

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

Impairment

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

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

Measurement of recoverable amount

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

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

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

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

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

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

1.4.9 Leases

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

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

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

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

1.4.9.1 Accounting for finance leases

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

1.4.9.2 Accounting for operating leases

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

1.4.9.3 Accounting for arrangements that contain a lease

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

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

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

1.4.10 Inventories

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

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

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

Gas inventories

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

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

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

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

Greenhouse gas emissions rights

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

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

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

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

1.4.11 Financial instruments

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

1.4.11.1 Financial assets

Financial assets comprise available-for-sale securities, loans and receivables carried at amortized cost including trade and other receivables, and financial assets measured at fair value through income, including derivative financial instruments. Financial assets are broken down into current and non-current 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 1.4.12). The financial assets are measured at fair value at the statement of financial position date and changes in fair value are recorded in the consolidated income statement.

1.4.11.2 Financial liabilities

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

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

- financial liabilities with a settlement or maturity date within 12 months 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.

1.4.11.3 Derivatives and hedge accounting

The Group uses financial instruments to manage and reduce its exposure to market risks arising from fluctuations in interest rates, foreign currency exchange rates and commodity prices, mainly for gas and electricity. 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.

1.4.12 Cash and cash equivalents

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

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

1.4.13 Treasury shares

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

1.4.14 Share-based payment

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

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

Equity-settled instruments

1.4.14.1 Stock option plans

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

1.4.14.2 Shares 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.

1.4.14.3 Employee share purchase plans

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

Cash-settled instruments

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

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

1.4.15 Provisions

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

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

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

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

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

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

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

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

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

1.4.15.2 Other provisions

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

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

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

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

1.4.16 Revenues

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

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

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

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

1.4.16.1 Energy sales

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

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

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

1.4.16.2 Rendering of services

Environment

Water

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

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

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

Waste services

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

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

Energy services

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

1.4.16.3 Lease and construction contracts

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

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

1.4.17 Current operating income

Current operating income is an indicator used by the Group to present "a level of operational performance that can be used as part of an approach to forecast recurring performance". (This complies with CNC

Recommendation 2009-R03 on the format of financial statements of entities applying IFRSs.) Current operating income is a sub-total which helps management to better understand the Group's performance because it excludes elements which are inherently difficult to predict due to their unusual, irregular or non-recurring nature. For GDF SUEZ, such elements relate to mark-to-market on commodity contracts other than trading instruments, impairment losses, 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 goodwill, tangible and intangible assets, associate companies and available-for-sale securities;
- 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.

1.4.18 Consolidated statement of cash flows

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

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

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

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

1.4.19 Income tax expense

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

In accordance with IAS 12, deferred taxes are recognized according to the liability method on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and their tax bases, using tax rates that have been enacted or substantively enacted by the 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.

1.4.20 Earnings per share

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

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

NOTE 2 MAIN CHANGES IN GROUP STRUCTURE

2.1 International Power

2.1.1 Acquisition of non-controlling interests

On June 29, 2012, the Group completed the acquisition of 30.26% of non-controlling interests in International Power following the approval of the transaction by the qualified British authorities. GDF SUEZ now holds 100% of the voting rights of the International Power Group. On July 2, 2012, the International Power plc shares were delisted from the London Stock Exchange.

The purchase offer was carried out as part of a scheme of arrangement at 418 pence per ordinary International Power plc share, in compliance with British legislation and approved by more than 99% of International Power's minority shareholders at its Shareholders' Meeting on June 7, 2012.

The purchase price of the 1,542 million ordinary International Power plc shares which were not yet held by the Group amounted to €7,974 million (£6,445 million). On July 12, 2012, a cash payment of €7,875 million was made and loan notes with a nominal value of €99 million were issued. These non-subordinated loan notes pay annual interest of 0.25%.

2.1.2 Purchase of the International Power plc shares arising from the conversion of the bonds convertible into International Power plc shares

During the third quarter, the Group purchased 346 million International Power plc shares that had been created following the conversions carried out between July 1 and August 28, 2012 by the holders of bonds convertible into International Power plc shares. In accordance with the terms of the scheme of arrangement, bondholders who exercised their conversion option were paid 418 pence per International Power plc share. The total consideration paid by the Group in connection with these purchases amounted to €1,828 million.

The Group repaid the bonds convertible into International Power plc shares that remained outstanding following these transactions at par at a cost of €25 million on September 27, 2012.

2.1.3 Impact on the consolidated financial statements at December 31, 2012

The table below summarizes the individual and aggregate impact of the transactions described in sections 2.1.1 and 2.1.2 on the cash flows for the period, the level of net debt, and the equity.

In millions of euros	Disbursement made	Increase in net debt	Impact recognized in shareholders' equity	Impact recognized in non-controlling interests	Impact on total equity
Acquisition of 30.26% of non-controlling interests in International Power	7,875	7,974	(2,133)	(5,841)	(7,974)
Transaction fees	112	112	(88)	-	(88)
Purchase of the International Power plc shares issued following the conversion of the bonds convertible into International Power plc shares	1,828	723	(288)	-	(288)
Repayment at par of the balance of the bonds convertible into International Power shares plc	25	-	-	-	-
TOTAL	**9,840**	**8,809**	**(2,509)**	**(5,841)**	**(8,350)**

The disbursement of €9,840 million is shown on the "Changes in ownership interests in controlled entities" (€9,815 million) and "Repayment of borrowings and debt" (€25 million) lines in the statement of cash flows.

Acquisition of 30.26% of non-controlling interests in International Power

As the transaction was carried out between owners, the €2,133 million difference between the purchase price of €7,974 million and the carrying amount of the 30.26% non-controlling interests was deducted from shareholders' equity.

Including the transaction fees of €112 million recognized by deduction from shareholders' equity, this transaction led to a decrease in total equity by €8,062 million at December 31, 2012.

Purchase of the International Power plc shares arising from the conversion of the convertible bonds, and repayment of the balance of the convertible bonds

The transactions involving the purchase of International Power plc shares for an amount of €1,828 million, and the repayment of the balance of the convertible bonds for €25 million increased net debt by €723 million, given the derecognition of the €1,130 million in borrowings and debt corresponding to the bonds that were converted or repaid.

The purchase of the bonds converted into shares had a negative impact of €288 million on shareholders' equity. This impact corresponds to the difference between the €1,828 million purchase price and the carrying amount of the corresponding convertible bonds (€1,635 million), and of the related deferred tax assets (€95 million) in the statement of financial position prior to the completion of these transactions. The total carrying amount of these convertible bonds in the statement of financial position comprised the following items: a financial debt of €1,105 million, a derivative liability of €505 million, corresponding to the equity component of the US-dollar denominated International Power plc convertible bonds, and to the equity component of the euro-denominated convertible bonds, which was accounted for under non-controlling interests for an amount of €25 million.

Finally, these acquisitions of non-controlling interests had no significant impact on the International Power option plans (see Note 24.3.5 "International Power - Performance share plans").

2.2 Announcement of the non-renewal of the SUEZ Environnement Company Shareholder Agreement

As part of the merger with Gaz de France in 2008, SUEZ distributed 65% of the shares composing the share capital of SUEZ Environnement Company to its shareholders. Consequently, GDF SUEZ held a 35% interest in SUEZ Environnement Company, a percentage later increased to 35.8%, and retained control over the company through a shareholders' agreement including GDF SUEZ and the major shareholders of the former SUEZ Group.

On December 5, 2012, the GDF SUEZ Group announced by mutual agreement with the other members its intention not to renew the agreement when it expires in July 2013. At the end of the shareholders' agreement, GDF SUEZ will lose the control of SUEZ Environnement Company in July 2013. As a consequence, SUEZ Environnement Company will be accounted for under the equity method as from that date in the GDF SUEZ's consolidated financial statements. In accordance with IAS 27 - *Consolidated and separate financial statements*, a fair value revaluation gain [(1)] of the 35,8% interest will be accounted for at that date. Given the specific nature of this transaction, namely the loss of de facto control due to the end of the shareholders' agreement, and the Group's intention to retain its 35,8% interests in SUEZ Environnement Company, the Group has considered that this transaction did not fall under the scope of IFRS 5 - *Non-current assets held for sale and discontinued operations*. GDF SUEZ's interests in SUEZ Environnement Company will be accounted for under the equity method as from July 2013, while the corresponding share in net income will be included in income from continued operations. Pro forma information is provided in the Management Report in order to materialize the impacts on the GDF SUEZ Group's financial statements. Furthermore, SUEZ Environnement's contribution to the Group's key financial indicators at December 31, 2012 is presented in Note 3 "Segment information".

2.3 Disposals carried out in 2012

During 2012, the Group continued to roll out its "portfolio optimization" program, aimed at reducing consolidated net debt.

The disposals carried out in 2012 within the scope of this program led to a €2,026 million decrease in net debt compared with December 31, 2011.

The table below shows the cumulative impact of these disposals on the Group's consolidated financial statements at December 31, 2012:

In millions of euros	Disposal price	Decrease in net debt	Net gain (loss) on disposals, and changes in scope recognized in income
Disposal of 60% of the Canadian renewable energy activities	351	(952)	136
Disposal of thermal power plants in the United States			
of which disposal of the Choctaw power plant	*200*	*(74)*	*4*
of which disposal of the Hot Spring power plant	*200*	*(196)*	*(3)*
of which disposal of other assets	*45*	*(41)*	*(5)*
Disposal of the interest in Sibelga – electricity and gas distribution in Belgium	211	(209)	105
Disposal of 40% in Hidd Power Company (Bahrain)	87	(87)	-
Disposal of Eurawasser (Germany)	95	(89)	34
Disposal of Breeze II (Germany/France)	30	(283)	(35)
Disposal of the 17.44% interest in HUBCO (Pakistan)	52	(52)	(9)
Other	48	(42)	(3)
TOTAL		**(2,026)**	**222**

(1) *Using as stock quote as at December 31, 2012, the revaluation gain would amount to €178 million.*

Hidd Power Company, the Choctaw and Hot Spring power plants, and the Group's interests in the T-Power project were classified as "Assets held for sale" at December 31, 2011. This classification had already resulted in a €580 million decrease in net debt at December 31, 2011. In total, taking into consideration the disposal prices of €399 million received in 2012, these four operations have therefore led to a decrease in the Group's net debt by €979 million.

Moreover, the Group has recognized operations which are highly probable to be sold within a reasonable timeframe at December 31, 2012 as "Assets classified as held for sale" and "Liabilities directly associated with assets classified as held for sale". The related operations are detailed in Note 2.4 "Assets held for sale". This classification in the statement of financial position led to a €946 million decrease in net debt.

2.3.1 Disposal of 60% of the Canadian renewable energy activities

On December 14, 2012, GDF SUEZ sold 60% of its Canadian renewable energy portfolio to Mitsui & Co. Ltd. and a consortium headed by Fiera Axium Infrastructure Inc. for 451 million Canadian dollars (€351 million).

The Group's residual 40% interest in the Canadian renewable energy activities has been accounted for under the equity method. Pursuant to IAS 27, the retained interest was revalued at fair value at the transaction date. After taking the transaction fees into consideration, this transaction generated a total gain of 174 million Canadian dollars (€136 million), including 67 million Canadian dollars (€52 million) in respect of the revaluation of the retained interest (see Note 5.4 "Changes in scope of consolidation").

This transaction also led to a €952 million decrease in the Group's net debt at December 31, 2012 (including the consideration paid of €351 million and the net debt derecognition impact of €601 million presented in the statement of financial position of the activities covered by the agreement before their disposal).

The contribution of the Canadian renewable energy activities to "Net income Group share" amounted to €6 million in 2012 (before taking the disposal proceeds into consideration) and to -€4 million in 2011.

2.3.2 Disposal of thermal power plants in the United States

2.3.2.1 Disposal of the Choctaw plant

On February 7, 2012, the Group finalized the sale of the 746 MW Choctaw combined cycle plant in Mississippi for a total of $259 million (€200 million).

An initial payment of $96 million (€74 million) was made in February 2012. The remaining amount was paid in January 2013.

The gain on disposal amounted to €4 million.

2.3.2.2 Disposal of the Hot Spring plant

On September 10, 2012, the Group finalized the sale of the 746 MW Hot Spring combined cycle plant in Arkansas for a total of $257 million (€200 million).

The loss on disposal amounted to -€3 million.

2.3.2.3 Other disposals

The Group also sold various energy assets for a total amount of $58 million (€45 million) during the second half of 2012. The individual and aggregate impacts of these disposals on the Group's financial statements were not material.

2.3.3 Disposal of the interest in Sibelga – (Belgian electricity and gas distribution)

On December 31, 2012, Electrabel sold its 30% interest in Sibelga, Brussels gas and electricity distribution network operator, to the public inter-municipal company Interfin for €211 million. The gain on disposal amounted to €105 million (see Note 5.4 "Changes in scope of consolidation").

This transaction was in continuity with the agreements previously entered into by the Group and the public sector as part of the deregulation of the energy markets, and with the European Union and the Belgian Government's desire to boost the independence of transportation and distribution network operators.

2.3.4 Disposal of 40% interest in Hidd Power Company (Bahrain)

On May 10, 2012, the Group sold 40% of the share capital of its subsidiary Hidd Power Company to Malakoff International Ltd for $113 million (€87 million).

The Group's residual 30% interest in Hidd Power Company is accounted for under the equity method. The carrying amount of this associate amounted to €33 million at December 31, 2012.

The transaction had no material impact on the income statement at December 31, 2012.

2.3.5 Disposal of Eurawasser (Germany)

On February 13, 2012, the Group sold its subsidiary Eurawasser, which specializes in water distribution and treatment services, to the Remondis Group, for €95 million. The gain on disposal amounted to €34 million (see Note 5.4 "Changes in scope of consolidation").

2.3.6 Disposal of Breeze II (Germany/France)

In December 2012, the Group entered into an agreement with Christofferson Robb & Company ("CRC") covering the financing and governance of its subsidiary Breeze II, which owns a portfolio of wind power assets with a capacity of 338 MW under development in France and Germany. Pursuant to this agreement, the Group sold 70% of the subordinated bonds issued by Breeze II, together with the related rights pertaining to the control over Breeze II's strategic and operational decisions. Following this transaction, the Group surrendered control over Breeze II to CRC, and now accounts for the 30% share of the subordinated bonds as a financial asset in the statement of financial position. This transaction led to a loss on disposal of -€35 million in the Group's financial statements (see Note 5.4 "Changes in scope of consolidation") as well as to a €283 million decrease in net debt.

2.3.7 Disposal of HUBCO (Pakistan)

On June 13, 2012, the Group sold all of its 17.44% interest in The Hub Power Company Ltd ("HUBCO"), an independent power producer in Pakistan, for 6.3 billion Pakistani rupees (€52 million). The loss on disposal amounted to -€9 million.

2.4 Assets held for sale

Total "Assets classified as held for sale" and total "Liabilities directly associated with assets classified as held for sale" amounted to €3,145 million and €1,875 million respectively at December 31, 2012.

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

In millions of euros	Dec. 31, 2012	Dec. 31, 2011
Property, plant and equipment, net	2,282	1,125
Other assets	864	173
TOTAL ASSETS CLASSIFIED AS HELD FOR SALE	**3,145**	**1,298**
Borrowings and debt	1,259	596
Other liabilities	616	231
TOTAL LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	**1,875**	**827**

At December 31, 2012, assets held for sale included the IP Maestrale and Sohar Power Company subsidiaries (GDF SUEZ Energy International), and the interest in SPP (GDF SUEZ Energy Europe). The Group had already finalized two of these transactions (SPP and IP Maestrale) in January and February 2013 and expects to finalize the disposal of part of its interest in Sohar Power Company during the first half of 2013.

All the assets classified as assets held for sale at December 31, 2011 have been sold (Choctaw and Hot Spring in the United States, together with the interest in the T-Power project in Belgium) or have been the subject of a partial disposal resulting in a loss of control in 2012 (Hidd Power Company).

Slovenský Plynárenský Priemysel a.s.- "SPP" (Slovakia)

At December 31, 2012, the Group considered that the disposal of its 24.5% interest in Slovenský Plynárenský Priemysel a.s. ("SPP"), the Slovak gas operator, through the disposal of its 50% interest in Slovak Gas Holding ("SGH") was highly probable, given the advanced state of negotiations with the various parties, and therefore classified these entities, consolidated under the proportionate method, as "Assets held for sale".

As the carrying amount of this group held for sale is higher than the expected disposal price, the Group has recognized an impairment loss of -€176 million. This loss was fully deducted from the goodwill allocated to this group of assets held for sale.

The classification as "Assets held for sale" resulted in a €35 million increase in net debt as at December 31, 2012, given the positive net cash held by this group held for sale.

SPP's contribution to "Net income Group share" amounted to €81 million in 2012 (before the impairment loss relating to its classification as assets held for sale) and to €128 million in 2011.

The sale was finalized on January 23, 2013: the Group and E.ON sold to Energetický a Průmyslový Holding ("EPH") their interests in SGH (in which the Group and E.ON held an equal interest), the holding company that owns a 49% interest in SPP.

This disposal valued the 24.5% interest in SPP at €1,301 million. The Group received a payment of €1,127 million on January 23, 2013 which corresponds to the disposal price of €1,301 million less the €59 million dividend paid in December 2012 and a guaranteed deferred payment of €115 million to be received in 2015.

At the date when the 2012 consolidated financial statements are authorised for issue, this transaction resulted in a €1,092 million reduction in the Group's net debt (i.e. the payment of €1,127 million less the net cash and cash equivalents sold of €35 million). This transaction also brings the arbitration proceedings that GDF SUEZ and E.ON had launched against the Slovak State before the ICSID to an end (see Note 27.1 "Legal and anti-trust proceedings").

IP Maestrale (Italy and Germany)

On December 5, 2012, the Group announced that it had reached an agreement with the ERG Group regarding the disposal of 80% of IP Maestrale's share capital, a transaction that will result in the loss of control over this subsidiary. IP Maestrale operates a portfolio of wind power generation assets in Italy (550 MW) and Germany (86 MW) within the GDF SUEZ Energy International business line. The agreement also specifies that GDF SUEZ will retain a 20% non-controlling interest in IP Maestrale.

At December 31, 2012, as conditions precedent to the execution of the transaction (authorization from the competition authorities and from Maestrale's banking pool) had not yet been formally completed, IP Maestrale's assets and liabilities were classified as "Assets held for sale". This classification led to a decrease in the Group's net debt by €737 million at December 31, 2012.

IP Maestrale's contribution to "Net income Group share" amounted to €51 million in 2012 and to €9 million in 2011.

This disposal became effective on February 13, 2013. The Group received a payment of €28 million, which corresponds to the disposal price of its 80% controlling interest. The gain on disposal is not material. As at the date when the 2012 consolidated financial statements are authorised for issue, this transaction therefore led to a €765 million decrease in the Group's net debt (including the IP Maestrale's net debt derecognition impact of €737 million and the payment of the €28 million disposal price).

Sohar Power Company SAOG (Oman)

During the 2012 financial year, the Group initiated the disposal of part of its interest in Sohar Power Company SAOG, a transaction that will result in the loss of control over this subsidiary. The Group expects to complete this partial disposal during the first half of 2013.

2.5 Other transactions and changes in consolidation methods for 2012

2.5.1 Acquisition of an additional 9.9% interest in Energia Sustentavel Do Brasil (Jirau)

During the second half of 2012, the Group acquired a 9.9% interest held by Camargo Correa in Energia Sustentavel Do Brasil ("ESBR") for a consideration amount of 539 million Brazilian real (€215 million). The Group now holds a 60% interest in ESBR, a company established in order to build, own, and operate the Jirau hydroelectric plant (3,750 MW).

As this acquisition does not alter the joint control exercised on ESBR by the Group, the €31 million difference between the €215 million purchase price and the carrying amount of the 9.9% interest acquired was recognized as a goodwill in the Group's financial statements.

At December 31, 2012, 60% of ESBR was consolidated under the proportionate method in the Group's financial statements (see Note 14 "Investments in joint ventures").

2.5.2 Change in consolidation method in Senoko

On June 29, 2012, an amendment to the Senoko shareholders' agreement, implying the loss of joint control over this company, was approved by the partners and lenders. The 30% interest held by the Group in Senoko, which was previously accounted for under the proportionate method, is now accounted for under the equity method [(1)]. The carrying amount of this associate amounted to €311 million at December 31, 2012 (see Note 13 "Investments in associates"). The remeasurement of the previously held interest in this company pursuant to the change in consolidation method is not material.

2.5.3 Other transactions carried out in 2012

Furthermore, several acquisitions, equity transactions and disposals took place in 2012, including the acquisition of controlling interests in UCH Power (PvT) in Pakistan and the acquisition of a non-controlling interest in AES Energia Cartagena.

The individual and aggregate impacts of these transactions on the Group financial statements are not material.

2.6 Finalization of the purchase price allocation of German storage facilities acquired in 2011

On August 31, 2011, the Group acquired BEB Speicher GmbH ("BEB") and ExxonMobil Gasspeicher Deutschland GmbH ("EMGSG") which operate underground natural gas storage sites in Germany for €915 million.

The accounting for this business combination was provisional at December 31, 2011. Provisional goodwill amounted to €566 million.

During 2012, the Group finalized its review to determine the fair value of the identifiable acquired assets and liabilities assumed at the acquisition date, and accounted for adjustments in comparison to the provisional fair value recognized in 2011. The main adjustments relate to industrial storage facilities, whose fair value was increased by €153 million compared with provisional values in 2011 and the related deferred tax liabilities increased by €44 million. Consequently to the recognition of these adjustments, the goodwill on this acquisition amounted to €436 million.

The accounting for this business combination is finalized at December 31, 2012.

2.7 Main transactions in 2011

2.7.1 Acquisition of International Power Group

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

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 plc shares issued on February 3, 2011. As a result of this combination, GDF SUEZ held 69.78% of the voting rights of the International Power Group.

International Power has been fully consolidated in GDF SUEZ's financial statements since February 3, 2011.

The fair value of the consideration transferred to acquire 69.78% of International Power was calculated based on International Power plc share price 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 plc shares acquired (i.e. 69.78% of existing International Power plc shares prior to the transaction) multiplied by February 3 share price of £4.08 per share (at an exchange rate of £1 = €1.17).

(1) This change of consolidation method led in particular to a €526 million decrease in the Group's net debt.

The final accounting for the business combination had been completed at December 31, 2011. The table below shows the fair values assigned to the identifiable assets and liabilities of International Power at the acquisition date (in millions of euros):

In millions of euros	Total
Non-current assets	
Property, plant and equipment, net	10,941
Other non-current assets	3,189
TOTAL NON-CURRENT ASSETS	**14,129**
Current assets	
Trade and other receivables	1,081
Other current assets	473
Cash and cash equivalents	1,232
TOTAL CURRENT ASSETS	**2,787**
TOTAL ASSETS	**16,916**
Non-current liabilities	
Long-term borrowings	7,451
Other non-current liabilities	1,434
TOTAL NON-CURRENT LIABILITIES	**8,885**
Current liabilities	
Short-term borrowings	669
Trade and other payables	1,228
Other current liabilities	838
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**

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 corresponds to the impact of the 30% dilution of the Group's interests 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 follows:

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

2.7.2 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 terminating the partnership and shareholder agreement between the Group and Acea concerning energy activities in Italy came into effect during the first quarter of 2011. The overall agreement entered into with Acea concerning the unwinding of cross holdings resulted in for the Group to:

- an increase in the interest in the power generation company Tirreno Power from 35% to 50% for €108 million;
- the full takeover of the activities of AceaElectrabel Trading ("AET") and AceaElectrabel Produzione ("AEP") for €20 million and €76 million respectively; the acquisition of AEP took place following a "spin off" transaction that involved the transfer of power generation assets to Acea for €130 million;
- the sale of the Group's 40.59% interest in AceaElectrabel Elettricita ("AEE"), a company that markets gas and electricity, to Acea for €57 million.

2.7.3 Other changes in Group structure during 2011

In millions of euros	Disposal price	Decrease in net debt	Net gain (loss) on disposals, and changes in scope recognized in income	Impact recognized in shareholders' equity
Disposal of the 22.5% 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**

2.7.3.1 Sale 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%, operator), which itself held 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.

2.7.3.2 Entry of a 30% non-controlling shareholder in the Group's Exploration & Production activities, 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"), the Group and CIC entered into an agreement regarding the acquisition by CIC of a non-controlling interest in the Group's Exploration & Production activities ("GDF SUEZ E&P") on October 31, 2011. CIC's acquisition of a 30% interest in GDF SUEZ E&P for a price of $3,257 million (€2,491 million) became effective on December 20, 2011. The Group retains exclusive control of GDF SUEZ E&P.

Under the terms of the same agreement the Group also sold its interest in GDF SUEZ LNG Liquefaction, which owns a 10% interest in the Atlantic LNG liquefaction plant in Trinidad & Tobago, to CIC for $879 million (€672 million) on December 20, 2011.

2.7.3.3 Entry of a 25% non-controlling shareholder in GRTgaz

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 in France, for €1,110 million. The Group retains exclusive control of GRTgaz.

2.7.3.4 Investments in electricity and gas distribution in Belgium

Following various transactions carried out on the Flemish mixed inter-municipal companies' share capital and the measures taken regarding their governance, the Group ceased to exercise a significant influence over the Flemish mixed inter-municipal companies as from June 30, 2011, and has recognized its interest in these mixed inter-municipal companies as "Available-for-sale securities" from that date. 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.

Furthermore, the various disposals of Walloon mixed inter-municipal companies performed in 2011 generated a €108 million gain on disposal.

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 Group's Management Committee is the Group's "chief operating decision maker" within the meaning of IFRS 8.

On January 1, 2012, the Group reorganized its Energy businesses by creating two business lines, GDF SUEZ Energy International and GDF SUEZ Energy Europe, and redefining the scope of the GDF SUEZ Global Gas & LNG business line.

The Group is now organized around the following six operating segments: GDF SUEZ Energy International, GDF SUEZ Energy Europe, GDF SUEZ Global Gas & LNG, GDF SUEZ Infrastructures, GDF SUEZ Energy Services and SUEZ Environnement business lines.

- **GDF SUEZ Energy International business line** corresponds to the International Power group until December 31, 2011. 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. GDF SUEZ Energy International is active in LNG import and regasification in North America and Chile and seawater desalination in the Arabian peninsula.
- **GDF SUEZ Energy Europe business line** includes the following former operating segments: the Energy France business line; the Energy Benelux & Germany and Energy Europe business areas of the Energy Europe & International business line; and the "Gas Supply" and "Key Account Sales" activities within the GDF SUEZ Global Gas & LNG business line. GDF SUEZ Energy Europe carries out activities involving electricity production and energy sales in continental Europe. It operates the Group's assets in continental Europe in the fields of gas (excluding infrastructures managed by the GDF SUEZ Infrastructures business line) and electricity (excluding certain assets historically operated by GDF SUEZ Energy International in Italy, Germany, the Netherlands, Spain and Portugal).
- Following the transfer of the "Gas Supply" and "Key Account Sales" activities to GDF SUEZ Energy Europe, **GDF SUEZ Global Gas & LNG business line** now carries out upstream activities of the natural gas value chain. In the area of exploration and production, the business line engages in the exploration, development and operation of oil and gas fields. On the LNG chain, the business line manages a long-term gas supply contract portfolio and interests in liquefaction facilities, operates a LNG fleet, and owns regasification capacities in LNG terminals. Global Gas & LNG is selling a portion of its LNG supply contracts to other Group entities and, in particular, the "Gas Supply" activity of the GDF SUEZ Energy Europe business line.
- **GDF SUEZ 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.
- **GDF SUEZ 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, industrial capital employed and capital expenditure (CAPEX) are reconciled with the consolidated financial statements.

The main relationships between operating segments other than the GDF SUEZ Global Gas & LNG supply contracts to GDF SUEZ Energy Europe concern GDF SUEZ Infrastructures business line and GDF SUEZ Energy Europe.

Services relating to the use of the Group's gas infrastructures in France are billed based on regulated fees 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.

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.

Comparative segment information for 2011 has been restated to reflect the Group's new organization at December 31, 2012.

3.2 Key indicators by operating segment

REVENUES

In millions of euros	Dec. 31, 2012 External Revenues	Dec. 31, 2012 Intra-Group Revenues	Dec. 31, 2012 Total	Dec. 31, 2011 External Revenues	Dec. 31, 2011 Intra-Group Revenues	Dec. 31, 2011 Total
Energy International	16,044	435	16,480	15,754	413	16,167
Energy Europe	44,418	1,666	46,084	41,270	1,517	42,787
Global Gas & LNG	4,759	3,186	7,945	3,135	3,689	6,824
Infrastructures	2,031	4,184	6,216	1,491	4,212	5,703
Energy Services	14,693	230	14,923	14,206	204	14,409
SUEZ Environnement	15,093	10	15,103	14,819	10	14,829
Other	-	-	-	-	-	-
Elimination of internal transactions	-	(9,712)	(9,712)	-	(10,044)	(10,044)
TOTAL REVENUES	**97,038**	**-**	**97,038**	**90,673**	**-**	**90,673**

EBITDA

In millions of euros	Dec. 31, 2012	Dec. 31, 2011
Energy International	4,327	4,225
Energy Europe	4,180	4,078
Global Gas & LNG	2,377	2,074
Infrastructures	3,049	2,991
Energy Services	1,018	1,005
SUEZ Environnement	2,426	2,513
Other	(351)	(360)
TOTAL EBITDA	**17,026**	**16,525**

CURRENT OPERATING INCOME

In millions of euros	Dec. 31, 2012	Dec. 31, 2011
Energy International	2,931	2,754
Energy Europe	2,494	2,370
Global Gas & LNG	1,119	917
Infrastructures	1,805	1,793
Energy Services	660	655
SUEZ Environnement	1,121	1,039
Other	(610)	(550)
TOTAL CURRENT OPERATING INCOME	**9,520**	**8,978**

DEPRECIATION AND AMORTIZATION

In millions of euros	Dec. 31, 2012	Dec. 31, 2011
Energy International	(1,391)	(1,484)
Energy Europe	(1,567)	(1,649)
Global Gas & LNG	(1,202)	(1,113)
Infrastructures	(1,233)	(1,178)
Energy Services	(335)	(334)
SUEZ Environnement	(1,101)	(1,039)
Other	(111)	(89)
TOTAL DEPRECIATION AND AMORTIZATION	**(6,941)**	**(6,886)**

INDUSTRIAL CAPITAL EMPLOYED

In millions of euros	Dec. 31, 2012	Dec. 31, 2011
Energy International	27,823	30,263
Energy Europe	24,028	25,460
Global Gas & LNG	4,967	5,639
Infrastructures	20,877	20,581
Energy Services	3,141	3,030
SUEZ Environnement	13,683	13,628
Other	884	938
TOTAL INDUSTRIAL CAPITAL EMPLOYED	**95,404**	**99,539**

CAPITAL EXPENDITURE (CAPEX)

In millions of euros	Dec. 31, 2012	Dec. 31, 2011
Energy International	12,947	2,513
Energy Europe	2,408	2,326
Global Gas & LNG	710	656
Infrastructures	1,752	2,672
Energy Services	535	551
SUEZ Environnement	1,495	1,916
Other	77	114
TOTAL CAPITAL EXPENDITURE	**19,923**	**10,748**

In 2012, GDF SUEZ Energy International capital expenditure include a €9,815 million outflow related to the acquisition of non-controlling interests in International Power (see Note 2.1 “International Power”).

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, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011
France	35,914	31,156	33,914	34,302
Belgium	11,110	11,817	3,943	4,010
Other EU countries	28,978	27,640	27,537	29,789
Other European countries	1,040	1,676	1,426	1,691
North America	5,469	5,745	9,118	9,947
Asia, Middle East & Oceania	8,633	7,011	9,155	10,285
South America	4,951	4,673	10,091	9,297
Africa	941	957	219	216
TOTAL	**97,038**	**90,673**	**95,404**	**99,539**

3.4 Reconciliation of indicators with consolidated financial statements

3.4.1 Reconciliation of EBITDA with current operating income

The bridge between EBITDA and current operating income is explained as follows:

In millions of euros	Dec. 31, 2012	Dec. 31, 2011
Current operating income	**9,520**	**8,978**
Net depreciation, amortization and provisions	7,113	7,115
Share-based payments (IFRS 2) and other	118	138
Net disbursements under concession contracts	275	294
EBITDA	**17,026**	**16,525**

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

In millions of euros	Dec. 31, 2012	Dec. 31, 2011
(+) Property, plant and equipment and intangible assets, net	99,617	103,346
(+) Goodwill	30,035	31,362
(-) Goodwill arising on the Gaz de France - SUEZ merger (1)	*(11,592)*	*(11,832)*
(-) Goodwill arising on International Power combination (1)	*(2,750)*	*(2,894)*
(+) IFRIC 4 and IFRIC 12 receivables	2,682	2,483
(+) Investments in associates	2,961	2,619
(+) Trade and other receivables	25,034	23,135
(-) Margin calls (1)(2)	*(800)*	*(567)*
(+) Inventories	5,423	5,435
(+) Other current and non-current assets	9,974	10,628
(+) Deferred tax	(10,421)	(11,659)
(-) Provisions	(17,698)	(16,183)
(+) Actuarial gains and losses in shareholders' equity (net of deferred tax) (1)	*1,336*	*1,156*
(-) Trade and other payables	(19,481)	(18,387)
(+) Margin calls (1)(2)	*302*	*518*
(-) Other liabilities	(19,219)	(19,623)
INDUSTRIAL CAPITAL EMPLOYED	**95,404**	**99,539**

(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" headings correspond to advances received or paid as part of the collateralization agreements set up by the Group to reduce its exposure to counterparty risk relating to commodities transactions.

3.4.3 Reconciliation of capital expenditure (CAPEX) with items in the statement of cash flows

In millions of euros	Dec. 31, 2012	Dec. 31, 2011
Acquisitions of property, plant and equipment and intangible assets	9,177	8,898
Acquisition of control over subsidiaries net of the cash and cash equivalents acquired	103	1,745
(+) Cash and cash equivalents acquired	*60*	*1,327*
(-) Payment of the exceptional International Power plc dividend	*-*	*(1,659)*
Acquisitions of investments in associates and joint ventures	306	119
(+) Cash and cash equivalents acquired	*12*	*3*
Acquisitions of available-for-sale securities	142	258
Change in loans and receivables originated by the Group and other	21	(60)
(+) Other	*1*	*(6)*
Change in ownership interests in controlled entities	10,125	(2,974)
(+) Payments received in respect of the disposal of non-controlling interests	*(24)*	*3,097*
TOTAL CAPITAL EXPENDITURE	**19,923**	**10,748**

NOTE 4 CURRENT OPERATING INCOME

4.1 Revenues

Group revenues break down as follows:

In millions of euros	Dec. 31, 2012	Dec. 31, 2011
Energy sales	65,241	59,499
Rendering of services	29,750	28,953
Lease and construction contracts	2,047	2,221
REVENUES	**97,038**	**90,673**

In 2012, revenues from lease and construction contracts amounted to €1,128 million and €919 million, respectively (€1,056 million and €1,165 million in 2011).

4.2 Personnel costs

In millions of euros	Dec. 31, 2012	Dec. 31, 2011
Short-term benefits	(12,627)	(12,174)
Share-based payments (see Note 24)	(114)	(145)
Costs related to defined benefit plans (see Note 19.3.4)	(340)	(333)
Costs related to defined contribution plans (see Note 19.4)	(153)	(122)
PERSONNEL COSTS	**(13,234)**	**(12,775)**

4.3 Depreciation, amortization and provisions

In millions of euros	Dec. 31, 2012	Dec. 31, 2011
Depreciation and amortization (see Notes 11 and 12)	(6,941)	(6,886)
Net change in write-downs of inventories, trade receivables and other assets	(194)	(67)
Net change in provisions (see Note 18)	22	(163)
DEPRECIATION, AMORTIZATION AND PROVISIONS	**(7,113)**	**(7,115)**

Depreciation and amortization break down as €1,175 million for intangible assets and €5,807 million for property, plant and equipment. A breakdown by type of asset is provided in Notes 11 "Intangible assets" and 12 "Property, plant and equipment" respectively.

NOTE 5 INCOME FROM OPERATING ACTIVITIES

In millions of euros	Dec. 31, 2012	Dec. 31, 2011
CURRENT OPERATING INCOME	**9,520**	**8,978**
Mark-to-market on commodity contracts other than trading instruments	109	(105)
Impairment losses	(2,474)	(532)
Restructuring costs	(342)	(189)
Changes in scope of consolidation	155	1,514
Other non-recurring items	165	18
INCOME FROM OPERATING ACTIVITIES	**7,133**	**9,684**

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

In 2012, this item represents a net gain of €109 million, compared with a net loss of €105 million in 2011, mainly reflecting:

- changes in the fair value of the 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 gain of €138 million (compared with a net loss of €125 million in 2011). This gain is mainly due to the positive impact of the settlement of positions with a negative market value at December 31, 2011. This net positive impact is partly offset by a negative price effect related to changes in the forward prices of the underlying commodities during the period;
- the ineffective portion of cash flow hedges representing a loss of €29 million (compared to a gain of €20 million in 2011).

5.2 Impairment losses

In millions of euros	Dec. 31, 2012	Dec. 31, 2011
Impairment losses:		
Goodwill	(294)	(61)
Property, plant and equipment and other intangible assets	(1,899)	(332)
Financial assets	(212)	(212)
Investments in associates	(144)	-
TOTAL IMPAIRMENT LOSSES	**(2,549)**	**(605)**
Reversals of impairment losses:		
Property, plant and equipment and other intangible assets	67	45
Financial assets	8	28
TOTAL REVERSALS AND IMPAIRMENT LOSSES	**75**	**73**
TOTAL	**(2,474)**	**(532)**

Impairment losses of €2,474 million primarily break down between the GDF SUEZ Energy Europe (€1,639 million) and GDF SUEZ Energy International (€409 million) business lines, the "Other" business line (€155 million) and the Global Gas and LNG business line (€107 million).

After taking into account the related income tax effects, the after tax impact of these 2012 impairment losses amounts to €1,973 million.

5.2.1 Impairment losses of goodwill

In 2012, the Group recognized in accordance with IFRS 5 a €176 million impairment loss relating to its interest in SPP, which was classified under "Assets held for sale". This impairment was fully recognized against the goodwill allocated to this disposal group (see Note 2.4 "Assets held for sale"). No other impairment loss was material taken individually in 2012.

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

5.2.2 Impairment losses of property, plant and equipment and intangible assets

The €1,899 million impairment losses recognized in 2012 mainly related to thermal power generation assets from the GDF SUEZ Energy Europe and the GDF SUEZ Energy International business lines.

In Europe, the Group is currently facing a particularly tough economic environment, which is affecting the competitiveness and profitability of its thermal power plant portfolio, and especially its gas-fired power plants. The combined effects of a flat power demand, of the development of renewable energies, and of competition from coal-fired power plants are resulting in a decrease in electricity prices and in the margin levels captured by gas-fired power plants.

The impairment tests performed in this difficult economic environment led the Group to recognize impairment losses on the following assets:

In millions of euros	Location	Impairment losses	Valuation method	Discount rate
Impairment losses on the power generation assets relating to the European economic environment:		**(1,268)**		
Thermal power plant	The Netherlands	(513)	Value-in-use - DCF	8.8%
Thermal power plants	Italy	(294)	Value-in-use - DCF	7.8%
Thermal power plants	United Kingdom	(152)		
Pumped-storage plant	Germany	(56)	Value-in-use - DCF	8.1%
Thermal power plant	Greece	(42)	Value-in-use - DCF	11.1%
Other thermal power plants		(211)	Value-in-use - DCF	11.3%
Other impairment losses:		**(631)**		
French civil nuclear project	France	(100)		
Power plant under construction	Germany	(90)		
Office building	France	(60)	Fair value less costs to sell	
Coal-fired plant	United States	(45)	Value-in-use - DCF	6.8%
Thermal power plant	Panama	(44)	Value-in-use - DCF	8.6%
Exploration & Production licenses	Egypt & Libya	(46)	Value-in-use - DCF	14.2%/17%
Other		(246)		
TOTAL IMPAIRMENT LOSSES RECOGNIZED ON PROPERTY PLANT AND EQUIPMENT AND OTHER INTANGIBLE ASSETS		**(1,899)**		

In the Netherlands, an impairment loss of €513 million was recognized on a gas-fired power plant. The value in use of this generation asset was calculated based on 2013-2016 projections of cash flows, approved by the Group's Management Committee, and beyond that period, on projections of cash flows until the end of the asset's useful life. The forecasts for the electricity sale prices that will be captured during peak periods were determined based on the Group methodology described in Note 10.3 "Impairment testing of goodwill CGUs".

A one year delay in the time frame for reaching equilibrium electricity prices would lead to the recognition of an additional impairment loss of €31 million on this power plant.

In Italy, an impairment loss of €294 million was recognized on a part of the thermal assets portfolio. The value in use of these assets was calculated based on projections of cash flows included in the 2013 budget and in the 2014-2018 medium-term business plan, approved by the Group's Management Committee, and beyond that period on projections of cash flows until the end of the assets' useful life. The method applied by the Group in order to determine medium and long-term prices for electricity, and the marginal cost of these thermal assets is described in Note 10.3 "Impairment testing of goodwill CGUs".

A change in the following key assumptions, namely an increase of 0.5% in the discount rate combined with a one-year delay in the time frame for reaching equilibrium electricity prices would lead to the recognition of an additional impairment loss of €74 million on these thermal assets.

Due to the current market conditions in the United Kingdom, the Group has decided to shut down some thermal power plants.

In Germany, an impairment loss of €56 million was recognized on a pumped-storage plant. The value in use of this asset was calculated using projections of cash flows included in the 2013 budget and in the 2014-2018 medium-term business plan approved by the Group Management Committee, and beyond this period, using the projections of cash flows until the end of the asset's useful life. The post-2018 projections of cash flows have been calculated by applying a 2% annual growth rate to the 2018 cash flow up until the end of the asset useful life. A negative 10% change in the margins generated on energy sales would not have a material impact on the plant's recoverable amount.

The Group has taken notice of the French Government's decision not to launch any new nuclear civil project in France during the current five-year term, and has therefore recognized a total impairment loss of €100 million on certain related assets.

Furthermore in Germany, technical problems forced the Group to recognize an impairment loss of €90 million on a coal power plant under construction.

The Group recognized a €60 million impairment loss on an office building in France, based on a valuation performed by an independent appraiser.

The impairment losses recognized in 2011 chiefly related to the following assets:

- a power production asset in Spain (impairment loss of €120 million) in the GDF SUEZ Energy Europe business line, given the persistent nature of difficult market conditions in Spain;
- a power production asset in the United States (impairment loss of €86 million) in the GDF SUEZ Energy International business line, following a succession of technical problems resulting in lower availability of this asset.

5.2.3 Impairment losses of financial assets

Impairment losses recognized in 2012, net of reversals of impairment losses, amounted to €204 million. This amount included an impairment loss of €84 million recognized by the Group against its listed Acea shares based on the closing share price at December 31, 2012 (see Note 15.1.1."Available-for-sale securities"). No other impairment loss was material taken individually.

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

The analysis on available-for-sale securities is presented in Note 15 "Financial instruments".

5.2.4 Impairment losses of investments in associates

The impairment test performed on the GASAG (Berliner Gaswerke) associate valued the Group's 31.6% interest in the gas operator at €300 million at December 31, 2012. An impairment loss of €144 million was therefore recognized in order to bring the book value in line with the recoverable amount.

This impairment loss was mainly due to GASAG's deteriorating market share of gas distribution activities, due to competitive pressure from alternative suppliers. The value in use of this investment was calculated using projections of cash flows included in the medium-term business plan covering a period of four years and approved by GASAG's Executive Board, and beyond this period, using a terminal value calculated by applying a 2% growth rate to the normative cash flow of the last year of the medium-term business plan. A discount rate of 6.3% was applied to these projections.

5.3 Restructuring costs

In 2012, the €342 million restructuring costs mainly include in the GDF SUEZ Energy Europe business line the costs incurred to adapt to economic conditions (€136 million) which primarily consist of the costs relating to the shutdown of generation units in Belgium, in the Netherlands and in Hungary, as well as the costs arising from the definitive shutdown of the Photovoltech activity. In SUEZ Environnement business line (€78 million), this item mainly includes the costs relating to the restructuring programs decided on by Agbar in its Spanish activities and by Degrémont (primarily in France) as well as the cost of the adjustment programs relating to the slowdown in activity in the Waste Europe segment. Restructuring costs also include the costs incurred to adapt to economic conditions in the GDF SUEZ Energy Services business line (€53 million).

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

5.4 Changes in scope of consolidation

In 2012, this item mainly includes capital gains on the disposal of a 60% interest in the Canadian renewable energy activities (€136 million), disposal of the shares in the Brussels inter-municipal company Sibelga (€105 million) and in Eurawasser (€34 million) and a capital loss on the transactions relating to Breeze II (-€35 million) (see Note 2 "Main changes in Group structure").

In 2011, this item included 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 included 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".

5.5 Other non-recurring items

In 2012, this item mainly includes a €233 million gain which corresponds to the decrease in the fine paid related to the "MEGAL" legal proceedings following the judgment handed down by the General Court of the European Union on June 29, 2012 (see Note 27 "Legal and anti-trust proceedings"). No other item was material taken individually.

In 2011, this item mainly included €33 million in capital gains on the disposal of property, plant and equipment in SUEZ Environnement business line.

NOTE 6 NET FINANCIAL INCOME/(LOSS)

	Dec. 31, 2012			Dec. 31, 2011		
In millions of euros	Expense	Income	Total	Expense	Income	Total
Cost of net debt	(2,137)	191	(1,945)	(2,188)	243	(1,945)
Income from debt restructuring transactions and from early unwinding of derivative financial instruments	(299)	210	(89)	-	-	-
Other financial income and expenses	(1,217)	494	(723)	(1,195)	535	(661)
NET FINANCIAL INCOME/LOSS	**(3,652)**	**896**	**(2,756)**	**(3,383)**	**778**	**(2,606)**

To ensure better comparability of the “Cost of net debt”, the Group now presents separately the non-recurring effects of “Income from debt restructuring transactions and from early unwinding of derivative financial instruments” which represent the non recurring impacts relating to debt restructuring transactions (early repayments) and to early unwinding of derivative financial instruments. These items are excluded from the “Net recurring income Group share” indicator (see Note 8 “Net recurring income Group share”).

Last year’s net financial income/(loss) was not restated as the impact of these debt restructuring transactions was not material in 2011.

6.1 Cost of net debt

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

In millions of euros	Expense	Income	Total December 31, 2012	December 31, 2011
Interest expense on gross debt and hedges	(2,464)	-	(2,464)	(2,511)
Foreign exchange gains/losses on borrowings and hedges	(38)	-	(38)	(57)
Ineffective portion of derivatives qualified as fair value hedges (1)	-	-	-	5
Gains and losses on cash and cash equivalents and financial assets at fair value through income	-	191	191	238
Capitalized borrowing costs	365	-	365	379
COST OF NET DEBT	**(2,137)**	**191**	**(1,945)**	**(1,945)**

(1) Items excluded from net recurring income (see Note 8 “Net recurring income Group share”).

The cost of net debt remains stable between 2011 and 2012. The impact of the rise in average debt outstanding (see Note 15.3 “Net debt”) compared to 2011 is offset by a decrease of interest rates.

6.2 Income from debt restructuring transactions and from early unwinding of derivative financial instruments

The main effects of debt restructuring break down as follows:

In millions of euros	Expense	Income	Total Dec. 31, 2012	Dec. 31, 2011
Impact of early unwinding of derivative financial instruments on income statement	**(234)**	**210**	**(24)**	**-**
of which cash payments made on the unwinding of swaps	(234)	-	(234)	-
of which reversal of the negative fair value of these derivatives at December 31, 2011	-	210	210	-
Impact of debt restructuring transactions on the income statement	**(65)**	**-**	**(65)**	**-**
of which early refinancing transactions expenses	(65)	-	(65)	-
GAINS AND LOSSES ON DEBT RESTRUCTURING TRANSACTIONS AND ON THE EARLY UNWINDING OF DERIVATIVE FINANCIAL INSTRUMENTS (1)	**(299)**	**210**	**(89)**	**-**

(1) Items excluded from net recurring income (see Note 8 "Net recurring income Group share").

During the period, the Group settled a number of US dollar interest rate swaps. The compensation payments amount to -€213 million with a negative impact of -€25 million on the income statement, taking into account the reversal of €188 million negative value of the related derivative instruments at December 31, 2011. This cash outflow of €213 million is part of the "Cash flow on derivatives qualified as net investment hedges and cash payments on derivatives" line in the statement of cash flow.

Furthermore, the "Early refinancing transactions expenses" item includes a -€39 million expense relating to the redemption of the "High Yield Bond" held by International Power Finance Ltd (see Note 15.3.2 "Main events of the period").

6.3 Other financial income and expenses

In millions of euros	Dec. 31, 2012	Dec. 31, 2011
Other financial expenses		
Change in fair value of derivatives not qualified as hedges (1)	(214)	(189)
Gains and losses on the dequalification and inefficiency of economic hedges on other financial items	(16)	(68)
Unwinding of discounting adjustments to provisions	(866)	(845)
Interest on trade and other payables	(92)	(83)
Other financial expenses	(29)	(10)
TOTAL	**(1,217)**	**(1,195)**
Other financial income		
Expected return on pension plan assets	238	248
Income from available-for-sale securities	123	140
Interest income on trade and other receivables	58	69
Interest income on loans and receivables at amortized cost	47	51
Other financial income	30	28
TOTAL	**494**	**535**
OTHER FINANCIAL INCOME AND EXPENSES, NET	**(723)**	**(661)**

(1) Items excluded from net recurring income (see Note 8 "Net recurring income Group share").

The "Change in fair value of derivatives not qualified as hedges" line (derivatives excluded from net debt at December 31, 2012) includes a €160 million expense in respect of the change in fair value of the derivative corresponding to the optional component of bonds convertible into International Power plc shares denominated in US dollars (against a non-material change in 2011). The increase in fair value of this derivative is primarily due to the terms and conditions of the tender offer for the non-controlling interests in International Power plc (see Note 2.1 "International Power"). This derivative was derecognized during the third quarter of 2012 and has been taken to equity following the conversion of these bonds into International Power plc shares (see Note 2.1 "International Power").

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 2012 amounts to €2,054 million (€2,119 million in 2011), breaking down as:

In millions of euros	Dec. 31, 2012	Dec. 31, 2011
Current income taxes	(2,530)	(1,647)
Deferred taxes	475	(473)
TOTAL INCOME TAX EXPENSE RECOGNIZED IN INCOME	**(2,054)**	**(2,119)**

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, 2012	Dec. 31, 2011
Net income	**2,755**	**5,420**
• Share in net income of associates	433	462
• Income tax expense	(2,054)	(2,119)
Income before income tax expense and share in net income of associates (A)	**4,377**	**7,078**
Of which French companies	*1,278*	*640*
Of which companies outside France	*3,099*	*6,438*
Statutory income tax rate of the parent company (B)	36.1%	36.1%
THEORETICAL INCOME TAX EXPENSE (C) = (A) X (B)	**(1,580)**	**(2,555)**
Reconciling items between theorical and 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 [(a)]	(215)	94
Permanent differences [(b)]	(255)	(80)
Income taxed at a reduced rate or tax-exempt [(c)]	603	758
Additional tax expense [(d)]	(771)	(491)
Effect of unrecognized deferred tax assets on tax loss carry-forwards and other tax-deductible temporary differences	(317)	(320)
Recognition or utilization of tax income on previously unrecognized tax loss carry-forwards and other tax-deductible temporary differences	223	80
Impact of changes in tax rates [(e)]	(18)	(45)
Tax credits and other tax reductions [(f)]	237	435
Other	39	7
ACTUAL INCOME TAX EXPENSE	**(2,054)**	**(2,119)**

(a) This effect is due to a significant increase in the profits generated in countries with a high tax rate (including the profits of the Exploration & Production entities) and in the losses generated in countries with a lower tax rate.

(b) Includes the effects relating to the thin cap on borrowings interest in France, in accordance with the Loi de Finances rectificative 2012 and the increase in tax disallowable impairments on goodwill.

(c) Reflects mainly capital gains on disposals of securities exempt from tax or taxed at a reduced rate in Luxembourg, Belgium and in other countries, the impact of the specific tax regimes used by some entities in Luxembourg, Belgium, Thailand and Brazil, and the impact of the untaxed income from remeasuring previously-held equity interests in connection with acquisitions and changes in consolidation methods described in Note 5.4 "Changes in scope of consolidation".

(d) Includes mainly tax on dividends resulting from the parent company tax regime and the withholding tax on dividends and interest levied in several tax jurisdictions, the contribution on nuclear activities payable by nuclear-sourced electricity utilities in Belgium (€212 million in 2011 and €489 million in 2012), allocations to provisions for income tax, and regional corporate taxes.

(e) Includes mainly the impact of the increase in the tax rate for exploration-production activities in the United Kingdom in 2011 (increase from 50% to 62%), the impact of the reduction in the tax rate for other activities in the United Kingdom (decrease from 27% to 25% in 2011, and then from 25% to 23% in 2012), as well as the impact of changes in the tax rate in France (amount of the exceptional 5% contribution for the reversal of timing differences occurring in 2013 and 2014), in Chile (increase from 17% to 20%) and in Slovakia (increase from 19% to 23%).

(f) Includes mainly the impact of deductible notional interest in Belgium and of tax credits in Norway, the United Kingdom and France.

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). This new tax rate resulted from the introduction of an exceptional 5% contribution payable in respect of 2011 and 2012. This measure was extended in December 2012 for two further financial years, i.e. until 2014.

For French companies, the timing differences expected to reverse after 2014 continue to be measured at the rate of 34.43%.

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

	Impact in the income statement	
In millions of euros	**Dec. 31, 2012**	**Dec. 31, 2011**
Deferred tax assets:		
Tax loss carry-forwards and tax credits	639	156
Pension obligations	42	(60)
Non-deductible provisions	41	177
Difference between the carrying amount of PP&E and intangible assets and their tax bases	(9)	(45)
Measurement of financial instruments at fair value (IAS 32/39)	(308)	127
Other	64	(547)
TOTAL	**469**	**(192)**
Deferred tax liabilities:		
Difference between the carrying amount of PP&E and intangible assets and their tax bases	(28)	(282)
Tax-driven provisions	50	(75)
Measurement of financial assets and liabilities at fair value (IAS 32/39)	82	(151)
Other	(98)	227
TOTAL	**6**	**(281)**
DEFERRED TAX INCOME / (EXPENSE)	**475**	**(473)**

7.2 Deferred tax income (expense) recognized in "Other comprehensive income"

Deferred tax income (expense) recognized in "Other comprehensive income" is broken down by component as follows:

In millions of euros	**Dec. 31, 2012**	**Dec. 31, 2011**
Available-for-sale financial assets	(26)	(9)
Actuarial gain and losses	234	247
Net investment hedges	30	37
Cash flow hedges	273	(97)
TOTAL EXCLUDING SHARE OF ASSOCIATES	**510**	**178**
Share of associates	8	30
TOTAL	**518**	**208**

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, 2011	1,379	(13,038)	(11,659)
Impact on net income for the year	469	6	475
Impact on other comprehensive income items	393	156	548
Impact of changes in scope of consolidation	(30)	53	23
Impact of translation adjustments	(17)	(80)	(97)
Transfers to assets and liabilities classified as held for sale	(51)	369	318
Other	(435)	406	(29)
Impact of netting by tax entity	(170)	170	-
AT DECEMBER 31, 2012	**1,537**	**(11,959)**	**(10,421)**

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, 2012	Dec. 31, 2011
Deferred tax assets:		
Tax loss carry-forwards and tax credits	2,464	1,835
Pension obligations	1,660	1,404
Non-deductible provisions	668	956
Difference between the carrying amount of PP&E and intangible assets and their tax bases	1,007	1,321
Measurement of financial instruments at fair value (IAS 32/39)	1,299	1,283
Other	876	849
TOTAL	7,974	7,648
Deferred tax liabilities:		
Difference between the carrying amount of PP&E and intangible assets and their tax bases	(16,388)	(16,714)
Tax-driven provisions	(249)	(334)
Measurement of financial assets and liabilities at fair value (IAS 32/39)	(1,114)	(1,194)
Other	(644)	(1,065)
TOTAL	(18,395)	(19,307)
NET DEFERRED TAX ASSETS/(LIABILITIES)	**(10,421)**	**(11,659)**

A total of €2,464 million in deferred tax assets were recognized in respect of tax losses and tax credits carried forward at December 31, 2012 (€1,835 million at end-2011). As in 2011, this amount includes all tax loss carry-forwards relating to the GDF SUEZ SA and SUEZ Environnement tax consolidation groups.

In the case of:

- the “International Power North America” tax consolidation group, the Group believes that all the tax-loss carry-forwards will be utilized over a period of ten years;
- the SUEZ Environnement tax consolidation group, the management considers that the tax consolidation group will use all the deferred tax assets recognized on tax-loss carry-forwards over the period covered by the medium-term plan (up to around 45%) or beyond that time frame.

Aside from these two tax entities, the deferred tax assets recognized in respect of tax-loss carry-forwards are justified by the existence of adequate taxable timing differences and/or by expectations that these loss carry-forwards will be used over the period covered by the medium-term plan (2013-2018), as approved by the management.

7.4 Unrecognized deferred taxes

7.4.1 Unrecognized deductible temporary differences

At December 31, 2012, 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 €1,245 million (€1,112 million at December 31, 2011). Most of these unrecognized tax losses relate to companies based in countries which allow losses to be carried forward indefinitely (mainly Belgium, France, Luxembourg and Australia). These tax-loss carry-forwards did not give rise to the recognition of deferred tax due to the absence of sufficient profit forecasts in the medium term.

The tax effect of other tax-deductible temporary differences not recorded in the statement of financial position was €230 million at end-December 2012 versus €238 million at end-December 2011.

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 NET RECURRING INCOME GROUP SHARE

Net recurring income Group share is a financial indicator used by the Group in its financial reporting to present net income Group share adjusted for unusual or non-recurring items.

This financial indicator therefore excludes:

- all items presented between the lines "Current operating income" and "Income from operating activities", i.e., "Mark-to-market on commodity contracts other than trading instruments", "Impairment losses ", "Restructuring costs", "Changes in scope of consolidation" and "Other non-recurring items". These items are defined in Note 1.4.17 "Current operating income" of the consolidated financial statements as at December 31, 2012;
- the following components of net financial expense: the impact of debt restructuring, the compensation payments on the unwinding of derivative instruments, changes in the fair value of derivative instruments which, in accordance with IAS 39, do not qualify as hedges, as well as the ineffective portion of derivative instruments that qualify as hedges;
- the tax impact of the items described above and determined using the statutory income tax rate applicable to the relevant tax entity;
- the net expense relating to the nuclear contribution in Belgium of which the legality is contested by the Group;
- net non-recurring items included in "Share in net income of associates". The excluded items correspond to non-recurring items as defined above.

The reconciliation of net recurring income Group share with net income is as follows:

In millions of euros	Note	Dec. 31, 2012	Dec. 31, 2011
NET INCOME GROUP SHARE		**1,550**	**4,003**
Non-controlling interests' share of net income		1,205	1,418
NET INCOME		2,755	5,420
Reconciliation between current operating income and income from operating activities		2,387	(706)
Mark-to-market on commodity contracts other than trading instruments	*5.1*	*(109)*	*105*
Impairment losses	*5.2*	*2,474*	*532*
Restructuring costs	*5.3*	*342*	*189*
Changes in scope of consolidation	*5.4*	*(155)*	*(1,514)*
Other non-recurring items	*5.5*	*(165)*	*(18)*
Other adjusted items (not included in income from operating activities)		65	144
Gains (losses) on debt restructuring and early settlement of derivative instruments	*6.2*	*89*	*-*
Changes in the fair value of derivative instruments not qualifying for hedge accounting	*6.3*	*214*	*184*
Tax on non-recurring items		*(544)*	*(176)*
Net expense relating to the nuclear contribution in Belgium		*274*	*118*
Non-recurring income included in share of net income of associates	*13.1*	*32*	*18*
NET RECURRING INCOME		5,208	4,858
Net recurring income of non-controlling interests		1,377	1,403
NET RECURRING INCOME GROUP SHARE		**3,831**	**3,455**

NOTE 9 EARNINGS PER SHARE

	Dec. 31, 2012	Dec. 31, 2011
Numerator *(in millions of euros)*		
Net income Group share	1,550	4,003
Impact of dilutive instruments:		
• International Power convertible bonds	(21)	(19)
Diluted net income Group share	1,529	3,984
Denominator *(in millions of shares)*		
Average number of shares outstanding	2,271	2,235
Impact of dilutive instruments		
• Bonus share plans reserved for employees	12	9
• Employee stock subscription and purchase plans	-	3
DILUTED AVERAGE NUMBER OF SHARES OUTSTANDING	**2,284**	**2,247**
Earnings per share *(in euros)*		
Basic earnings per share	0.68	1.79
Diluted earnings per share	0.67	1.77

In accordance with IAS 33, earnings per share for the 2011 financial year have been restated in order to take into account the impact of shares created in the framework of dividends paid in shares in May and October 2012.

The Group's dilutive instruments included in the calculation of diluted earnings per share include the bonds convertible into International Power plc shares, and the bonus shares and performance shares granted in the form of GDF SUEZ securities described in Note 24.3 "Bonus shares and Performance shares", together with the stock option plans described in Note 24.1 "Stock option plans" where the exercise price is lower than the average annual GDF SUEZ share price (the average annual GDF SUEZ share price amounted to €18.3 in 2012 and to €24.2 in 2011).

Diluted earnings per share do not take into account the stock subscription options granted to employees at an exercise price higher than the average annual GDF SUEZ share price.

As far as the 2012 financial year is concerned, the stock option plans awarded in 2005, 2007, 2008 and 2009 were excluded from the diluted earnings per share calculation due to their accretive effect. The stock option plans awarded in 2007, 2008 and 2009 were also excluded from the 2011 diluted earnings per share calculation due to their accretive effect.

Instruments that were accretive at December 31, 2012 may become dilutive in subsequent periods due to changes in the average annual share price.

NOTE 10 GOODWILL

10.1 Movements in the carrying amount of goodwill

In millions of euros	Gross amount	Impairment losses	Net amount
At December 31, 2010	**28,332**	**(399)**	**27,933**
Impairment losses	-	(61)	
Changes in scope of consolidation and other	3,343	23	
Translation adjustments	107	17	
At December 31, 2011	**31,782**	**(420)**	**31,362**
Impairment losses	-	(118)	
Changes in scope of consolidation	(594)	-	
Other	(336)	-	
Transfer to Assets classified as held for sale	(263)	-	
Translation adjustments	(12)	(4)	
AT DECEMBER 31, 2012	**30,577**	**(542)**	**30,035**

The impact of the changes in scope in the statement of financial position at December 31, 2012 relates primarily to the derecognition of goodwill following the change in the consolidation method for Senoko (€406 million), the partial disposal of the Canadian renewable energy activities (€140 million), and the disposal of Sibelga, the Brussels inter-municipal company (€62 million). These transactions and changes in consolidation method are described in Note 2 "Main changes in Group structure".

The €336 million decrease in the carrying amount of the goodwill shown on the "Other" line was primarily due to:

- the finalization of the purchase accounting relating to the gas storage activities in Germany that were acquired in 2011 (see Note 2 "Main changes in Group structure");
- the reduction in the fair value of the financial liability relating to the put option granted by the Group to the non-controlling interests in La Compagnie du Vent, for which the offsetting entry is recognized in goodwill, in accordance with Group accounting policies (see Note 15.2.4 "Other financial liabilities" and Note 1.4.11.2 "Financial liabilities").

The "Transfer to Assets classified as held for sale" line includes the goodwill allocated to the SPP activities classified as held for sale (see Note 2 "Main changes in Group structure").

The impairment losses of €118 million recorded at December 31, 2012 do not include any material amount on an individual basis.

The increase in the goodwill amount in the statement of financial position at December 31, 2011 was essentially due to the €2,822 million in goodwill arising from the acquisition of International Power, the provisional goodwill amount of €566 million arising from the acquisition of gas storage activities in Germany, and from the acquisition of Ne Varietur (GDF SUEZ Energy Services) for €129 million. These increases were partly offset by the derecognition of €209 million in goodwill resulting from the partial disposal of Walloon inter-municipal companies, and the loss of significant influence over Flemish inter-municipal companies.

As a result of the 2011 annual impairment tests on the goodwill CGUs', the Group had recognized an impairment loss of €61 million on the goodwill of the Energy-Southern Europe CGU.

10.2 Main goodwill CGUs

10.2.1 Adaptation of the goodwill CGUs to the Group's new operating organizational structure

Following the implementation of the new operating organization for the energy businesses in Europe on January 1, 2012, and the redefinition of the scope of GDF SUEZ Global Gas & LNG (see Note 3.1 "Operating segments"), the Group reviewed the definition and scope of the groups of cash generating units (goodwill CGUs) to which the goodwill of the Energy Europe and Global Gas & LNG activities must be allocated.

In the Central Western Europe (CWE) region, which consists of France, Benelux and Germany, the business line has set up a new operating organizational and managerial structure that enables it to address the challenges entailed by the unification of energy markets in this region, where the networks are now heavily interconnected. This new organizational structure is reflected in the centralized and pooled operational management of the gas and electricity activities in this region.

As a result, the Group decided to set up an Energy – Central Western Europe CGU, which brings together the activities included in the following CGUs until December 31, 2011:

- Energy – France CGU for the power generation, the sale of gas and electricity and related services, as well as for eco-friendly solutions for housing;
- Energy – Benelux & Germany CGU for the power generation, the sale of gas and electricity, distribution activities, in Belgium, the Netherlands, Luxembourg and Germany;
- Midstream/Downstream CGU for the Group's trading and gas supply activities under supply contracts and using organized markets (excluding the LNG value chain), and for the activities that market energy offers and related energy services to the Group's largest customers in Europe.

Following this reorganization, the total amount of goodwill at December 31, 2011 carried by the former Energy – France and Energy – Benelux & Germany CGUs (which is €2,906 million and €7,536 million respectively) and a €2,196 million share of the goodwill carried by the former Midstream/Downstream CGU were allocated to the Energy – Central Western Europe CGU.

At December 31, 2012, the amount of goodwill carried by this new "Central Western Europe" CGU therefore amounted to €12,352 million.

The GDF SUEZ Energy Europe activities outside the "Central Western Europe" region were tested within the same goodwill CGUs as in 2011, namely:

- the Energy – Eastern Europe CGU for the power generation, the sale of gas and electricity and distribution activities in Poland, Romania, and Hungary;
- the Energy – Southern Europe CGU for the power generation, the sale of gas and electricity and distribution activities in Italy and Greece;
- the Energy – Iberia CGU for the power generation, the sale of gas and electricity and distribution activities in Spain and Portugal.

Until December 31, 2011, GDF SUEZ Global Gas & LNG was organized in two CGUs: the Exploration-Production CGU, which included the oil and gas field exploration, development and operation activities; and the Midstream/Downstream CGU, which included the "gas supply" and "key account sales" activities, as well as the "LNG value chain" activities.

The transfer of the "gas supply" and " key account sales" activities to GDF SUEZ Energy Europe led the Group to redefine GDF SUEZ Global Gas & LNG's role and business model. Since January 1, 2012, the business line has therefore refocused on a single business, i.e. upstream activities of the natural gas value chain which includes the exploration & production activities and the LNG activities. This refocusing, together with the global monitoring of the performance of "upstream gas activities" have led the Group to combine the "exploration & production" activities and the "LNG value chain" within a single goodwill CGU, namely "GDF SUEZ Global Gas & LNG" which corresponds to the IFRS 8 operating segment. The total amount of goodwill at December 31, 2011 carried by the former Exploration – Production CGU (i.e. €62 million), together with the former Midstream/Downstream CGU goodwill attributable to the LNG activities (€2,100 million) have been allocated to this new CGU.

The impairment tests performed in 2012 on these new goodwill CGUs resulted in a recoverable amount that exceeds their respective carrying amount.

10.2.2 Presentation of the main goodwill CGUs

The table below provides a breakdown of goodwill by CGU:

In millions of euros	Operating segment	December 31, 2012	December 31, 2011
MATERIAL CGUs (1)			
Energy - Central Western Europe (2)	Energy Europe	12,352	12,638
Distribution	Infrastructures	4,009	4,009
Global Gas & LNG (2)	Global Gas & LNG	2,162	2,162
Storage	Infrastructures	1,794	1,359
OTHER SIGNIFICANT CGUs			
Energy - North America	Energy International	1,450	1,627
Energy - United Kingdom & Other Europe	Energy International	678	663
Transmission France	Infrastructures	614	614
Energy - Asia	Energy International	423	820
OTHER CGUs *(INDIVIDUALLY LESS THAN €600 MILLION)*		**6,553**	**7,470**
TOTAL		**30,035**	**31,362**

(1) Material CGUs correspond to CGUs that represent over 5% of the Group's total goodwill.
(2) The goodwill at December 31, 2011 has been restated according to the new goodwill CGU scope at December 31, 2012.

10.3 Impairment testing of goodwill CGUs

All the goodwill Cash Generating Units (goodwill CGUs) are tested for impairment on data as of end-June, supplemented by a review of events in the second half of the year. In most cases, the recoverable amount of the goodwill CGUs is determined by reference to a value-in-use that is calculated based on projections of cash flows drawn from the 2013 budget and from the medium-term 2014-2018 business plan, as approved by the Group Management Committee, and on extrapolated cash flows beyond that time frame.

The projections of cash flows for the period covered by the medium-term business plan, together with the extrapolations beyond that time frame are drawn up on the basis of macro-economic assumptions (inflation, exchange rates, and growth rates) and, for the energy businesses, on the basis of the following parameters:

- the market prices within a liquid time frame ("forward prices") for fuel (coal, oil and gas) prices, the CO_2 price, and the price of electricity on the various markets;
- beyond that liquid time frame, on the basis of medium and long-term assumptions concerning the changes in the price of these fuels, the gas and electricity demand and electricity prices. The electricity price forecasts are based on a forward-looking economic analysis of the equilibrium between electricity supply and demand.

The medium and long-term assumptions used by the Group are consistent with the data and research provided by external studies.

The discount rates used correspond to the weighted average cost of capital, which is adjusted in order to reflect the business, country, and currency risk relating to each goodwill CGU reviewed. These discount rates applied comprise a risk-free market rate and a country risk premium component. The discount rates used are consistent with available external information sources. The post-tax rates used in 2012 to measure the value-in-use of the goodwill CGUs ranged between 4.8% and 17% compared with a range of between 5.2% and 13.6% in 2011. The discount rates used for each of the eight main goodwill CGUs are shown in Notes 10.3.1 "Material CGUs" and 10.3.2 "Other significant CGUs" below.

10.3.1 Material CGUs

This section presents the method for determining value-in-use, the key assumptions underlying the valuation, and the sensitivity analyses for the impairment tests on CGUs where the amount of goodwill represents more than 5% of the Group's total goodwill at December 31, 2012.

Goodwill allocated to the Energy - Central Western Europe ("CWE") CGU

The total amount of goodwill allocated to this CGU amounted to €12,352 million at December 31, 2012. The Central Western Europe CGU is composed of natural gas supply and trading, power generation and sale of energy in France, Belgium, the Netherlands, Luxembourg and Germany.

The value-in-use was calculated based on the projections of cash flows drawn up using the 2013 budget and the medium-term 2014-2018 business plan, as approved by the Group Management Committee, and on discount rates ranging between 6.5% and 9%, depending on the risk profile assigned to each type of generation asset (wind farm, hydroelectricity power plants, nuclear power stations and thermal power stations). A terminal value was determined by extrapolating the cash flows beyond that period.

The projections of cash flows for the electricity and gas activities in the CWE region are based on a high number of key assumptions, such as the long-term prices for the various fuel and CO2, the trend in electricity and gas demand, the future outlook for the markets, forecasts for new generation capacity requirements, and changes to the regulatory framework (especially concerning the nuclear capacities in Belgium) and to price regulation on European energy markets. Lastly, the discount rates also represent one of the key assumptions for calculating the value-in-use of this goodwill CGU.

The terminal values for the main contributing activities were determined as follows:

Activities	Terminal value assumptions
Electricity generation in France	Projection of cash flows on the residual useful life of generation assets and underlying contracts
Gas supply and trading activities	Exit value extrapolated on the basis of the last cash flow (2018) of the medium term plan using a growth rate equal to 2%
Electricity generation in Benelux and Germany	Projection of cash flows until 2025 and an exit value in 2025

The electricity sale price projections used over the medium-term business plan time frame (beyond the liquid time frame) and for extrapolating cash flows beyond 2018 (the last year of the business plan) are based on fundamental long-term electricity supply and demand equilibrium models for the CWE region, and on the assumed gradual convergence towards a price level that enables the new entrant's investment costs and marginal costs to be covered. The resulting medium and long-term electricity price forecasts are consistent with the trends shown in external studies.

Concerning the electricity generation portfolio, the reactors of the Doel 3 and Tihange 2 units were shut down in 2012, following the indications found in the vessels of these reactors. In December 2012, Electrabel has submitted to the Belgian Federal Agency for Nuclear Control (FANC) a technical dossier executed by a multidisciplinary team assisted by national and international experts. This technical report demonstrates that the vessels' structural integrity meets, within significant margins, all safety criteria for each of the detected indications. On January 15 and February 1, 2013, the FANC has communicated on the justification file provided by Electrabel. The FANC considers that a restart of the nuclear power plants can be contemplated but has asked for additional information from Electrabel. In this context, the Group is planning to restart the two units in 2013.

Assumptions on the regulatory frameworks and the gas prices

- In France, the cash flows forecasts for the sales of natural gas takes into account the full application of the provisions of the public service contract dated December 23, 2009 regarding the regulated natural gas prices in France (see Note 25.1.1 "Relations with the French State").
- In Belgium, following its meetings on July 4 and 20, 2012, the Council of Ministers has announced a series of decisions regarding the electricity market. In particular, the Belgian Government has confirmed the following schedule, while removing the possibility provided for by Article 9 of the Act of 2003 Law on the phase-out of nuclear power, to derogate from the phase-out schedule by ordinary Royal Decree:
  - the Doel 1 and Doel 2 reactors will be closed in 2015, while the operating lifetime for Tihange 1 will be extended by 10 years until 2025. The conditions concerning the nuclear capacities offered to the market are still to be detailed,
  - the Doel 3, Tihange 2 and Tihange 3/Doel 4 reactors will be closed in 2022, 2023 and 2025 respectively.

At this stage, the content and consequences of most of these announcements remain unclear, both in terms of the energy landscape as a whole and the conditions in which the measures announced are to be implemented and applied. Accordingly, the Group has not modified its position with respect to its vision of the power industry and, in particular, considers that a nuclear power production will still be necessary to ensure the security of supply in Belgium beyond 2025. The terminal value calculated in 2025 for the Belgian generation activities therefore includes a nuclear power generation for a total capacity equivalent to the aggregated capacities of the four reactors of Doel 3, Doel 4, Tihange 2 and Tihange 3.

Regarding the Doel 1 and 2 reactors, the Group considers that as a result of these decisions, the Belgian Government is not complying with the Memorandum of Understanding entered into in October 2009, which contains firm and reciprocal commitments that are binding on the parties, especially as regards the ten year extension of the lifespans of the Doel 1, Doel 2 and Tihange 1 nuclear power plants. However, while disputing this measure, the Group has determined the value-in-use of the goodwill CGU by considering a shutdown of the Doel 1 and 2 units in 2015, as well as a principle of "profit sharing" for the nuclear units benefiting from a life time extension granted by the Government.

Sensitivity analyses

An increase of 0.5% in the discount rate used would have a negative impact of 70% 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 56% impact on this calculation.

A decrease of €1/MWh in electricity sale price would have a negative impact of 14% 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 electricity sale price would have a positive 14% impact on this calculation.

Lastly, various transformational scenarios have been considered concerning nuclear generation in Belgium:

- the ten year extension of the lifespans of the Doel 3, Doel 4, Tihange 2 and Tihange 3 reactors, followed by the disappearance of any nuclear component in the portfolio, would have a negative impact of 64% on the excess of the recoverable amount over the carrying amount. However, the recoverable value would remain above the carrying amount;
- the disappearance of any nuclear component from the portfolio after a period of 40 years operating the current plants, would have a sharply negative impact on the recoverable amount. The resulting recoverable amount would be lower than the carrying amount of the CGU. In that scenario, the risk of impairment loss would amount to approximately €1,200 million at December 31, 2012 assuming that the other impairment test assumptions remained unchanged.

Goodwill allocated to the Distribution CGU

The total amount of goodwill allocated to this CGU amounted to €4,009 million at December 31, 2012. The Distribution CGU brings together the French gas distribution activities.

The value-in-use of the Distribution CGU was calculated using the projections of cash flow drawn up on the basis of the 2013 budget and of the medium-term 2014-2018 business plan, as approved by the Group Management Committee. The discount rate applied to these projections was 5.2%. The terminal value calculated at the end of the medium-term business plan corresponds to the expected Regulated Asset Base (RAB) with no premium at the end of 2018. The RAB is the value assigned by the regulator to the assets operated by the distributor. It is the sum of the future pre-tax cash flows, discounted at a rate that equals to the pre-tax rate of return guaranteed by the regulator.

The projections of cash flows are drawn up based on the tariff for public natural gas distribution networks, known as the “ATRD 4 tariff”, which entered into effect for a period of four years on July 1, 2012, and on the overall level of investments agreed by the French Energy Regulatory Commission (CRE) as part of its decision on the ATRD 4 tariff.

Given the regulated nature of the businesses grouped within the Distribution CGU, a reasonable change in any of the valuation parameters would not result in the recoverable amount becoming lower than the carrying amount.

Goodwill allocated to the Global Gas & LNG CGU

The total amount of goodwill allocated to this CGU amounted to €2,162 million at December 31, 2012. The Global Gas & LNG CGU brings together the upstream activities of the natural gas value chain.

The value-in-use was calculated using the projections of cash flow drawn up on the basis of the 2013 budget and of the medium-term 2014-2018 business plan, as approved by the Group Management Committee. A terminal value was determined by extrapolating the cash flows beyond that period.

In the case of the LNG activities, the terminal value corresponds to an exit value determined by applying a long-term growth rate of 2.5% to the cash flows of the last year of the medium-term business plan approved by the Group Management Committee. This 2.5% growth rate includes the effect of inflation at 2% and the effect of an expected long-term increase in LNG volumes of 0.5%. This long-term growth assumption is widely corroborated by external studies and by other market players’ forecasts. The discount rate applied to these projections was 9.3%.

The value-in-use of the Exploration-Production activities in the development or production phase is determined based on a projection time frame that corresponds to the useful life of the underlying developed proven reserves.

The main assumptions and key estimates primarily include the discount rates, changes in hydrocarbon prices, changes in the euro/US dollar exchange rate, as well as the market outlook. The values assigned reflect our best estimates for market prices and the expected future trend for these markets. The projections used for oil and natural gas prices are in line with the consensus drawn up on the basis of several external studies. The discount rates applied range between 9% and 17%, and differ primarily in accordance with the risk premiums assigned to the countries in which the Group operates.

An increase of 0.5% in the discount rate used would have a negative impact of 14.9% on the excess of the recoverable amount of goodwill CGU over the carrying amount. However, the recoverable value would remain above the carrying amount. A reduction of 0.5% in the discount rate used would have a positive 16% impact on this calculation.

A decrease of 10% in the hydrocarbon prices used would have a negative impact of 23% on the excess of the recoverable amount over the carrying amount. However, the recoverable amount would remain above the carrying amount. An increase of 10% in the hydrocarbon prices used would have a positive 20% impact on this calculation.

A decrease of 0.5% in the long-term growth rate used to determine the terminal value of the LNG activities would have a negative impact of 7% on the excess of the recoverable amount over the carrying amount. However, the recoverable amount would remain above the carrying amount. An increase of 0.5% of the long term growth rate used would have a positive 9% impact on this calculation.

Goodwill allocated to the Storage CGU

The total amount of goodwill allocated to this CGU amounted to €1,794 million at December 31, 2012. The Storage CGU brings together the entities that own, operate, and market underground natural gas storage capacities in France, Germany, and the United Kingdom.

The value-in-use of the Storage CGU was calculated using projections of cash flows drawn up on the basis of the 2013 budget and of the medium-term 2014-2018 business plan, as approved by the Group Management Committee. The terminal value for the period beyond this six-year time frame was determined by applying a 1.8% growth rate to the normalized cash flows for the last year of the medium-term business plan. The discount rates applied to these projections ranged between 6.6% and 6.9%.

The key assumptions notably include capacity reservation forecasts, the expected period required for the realignment of oil and gas prices, the market outlook, and especially the medium-term gas demand trend in Europe, as well as the discount rates to apply. The values assigned to these assumptions reflect our best estimates for market prices and for the expected future trend for these markets.

The impact of a decrease of 5% in storage capacity sales over the time frame of the medium-term business plan, and on the normalized cash flows used in the terminal value would have a negative impact of 81% on the excess of the recoverable amount over the carrying amount. However, the recoverable amount would remain above the carrying amount. An increase of 5% in storage capacity sales over the time frame of the medium-term business plan would have a positive 81% impact on this calculation.

An increase of 0.5% in the discount rate used would have a negative impact of 99% 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 121% impact on this calculation.

10.3.2 Other significant CGUs

The table below sets out the assumptions used to determine the recoverable amount of the other main CGUs.

CGU	Operating segment	Measurement	Discount rate
Energy - North America	Energy International	DCF	5.2% - 9.3%
Energy - United Kingdom & Other Europe	Energy International	DCF + DDM	5.5% - 9.2%
Transmission France	Infrastructures	DCF	5.5%
Energy - Asia	Energy International	DCF + DDM	7.4% - 15.1%

The "DDM" method refers to the method known as the discounted dividend model (DDM).

10.4 Goodwill segment information

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

In millions of euros	Dec. 31, 2012	Dec. 31, 2011
Energy International	3,653	4,281
Energy Europe	13,030	13,642
Global Gas & LNG	2,162	2,162
Infrastructures	6,574	6,705
Energy Services	1,357	1,325
SUEZ Environment	3,257	3,246
TOTAL	**30,035**	**31,362**

NOTE 11 INTANGIBLE ASSETS

11.1 Movements in intangible assets

In millions of euros	Intangible rights arising on concession contracts	Capacity entitlements	Other	Total
GROSS AMOUNT				
At December 31, 2010	**5,304**	**2,424**	**11,251**	**18,979**
Acquisitions	369	-	606	975
Disposals	(16)	-	(75)	(91)
Translation adjustments	61	-	50	111
Changes in scope of consolidation	(8)	-	491	483
Other	51	(70)	41	23
At December 31, 2011	**5,762**	**2,354**	**12,363**	**20,480**
Acquisitions	439	-	606	1,045
Disposals	(31)	-	(348)	(379)
Translation adjustments	1	-	(11)	(10)
Changes in scope of consolidation	4	-	57	61
Transfer to Assets classified as held for sale	-	-	(327)	(327)
Other	59	24	140	223
AT DECEMBER 31, 2012	**6,235**	**2,379**	**12,480**	**21,094**
ACCUMULATED AMORTIZATION AND IMPAIRMENT				
At December 31, 2010	**(1,789)**	**(753)**	**(3,657)**	**(6,199)**
Amortization and impairment losses	(260)	(85)	(815)	(1,160)
Disposals	14	-	61	75
Translation adjustments	(9)	-	(20)	(29)
Changes in scope of consolidation	22	-	53	75
Other	(77)	69	(8)	(16)
At December 31, 2011	**(2,099)**	**(769)**	**(4,387)**	**(7,254)**
Amortization and impairment losses	(290)	(88)	(890)	(1,268)
Disposals	27	-	310	338
Translation adjustments	3	-	8	11
Changes in scope of consolidation	-	-	3	3
Transfer to Assets classified as held for sale	-	-	158	158
Other	129	-	(190)	(61)
AT DECEMBER 31, 2012	**(2,229)**	**(857)**	**(4,988)**	**(8,073)**
CARRYING AMOUNT				
At December 31, 2011	**3,664**	**1,586**	**7,977**	**13,226**
AT DECEMBER 31, 2012	**4,006**	**1,522**	**7,492**	**13,020**

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 GDF SUEZ Energy Services.

As Slovenský Plynárenský Priemysel a.s. ("SPP"), IP Maestrale and Sohar Power Company SAOG were classified as "Assets held for sale" (see Note 2.4 "Assets held for sale"), the carrying amount of the corresponding intangible assets has been transferred to the "Assets held for sale" line in the statement of financial position at December 31, 2012.

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).

11.1.1 Intangible rights arising on concession contracts

This item primarily includes the rights to bill users recognized in accordance with the intangible asset model as set out in IFRIC 12 (see Note 23 "Service concession arrangements").

11.1.2 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.

11.1.3 Other

At end-2012, 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 20, "Exploration - Production activities".

The carrying amount of intangible assets that are not amortized because they have an indefinite useful life was €1,012 million at December 31, 2012 (€936 million at December 31, 2011). 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.

11.2 Information regarding 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 €236 million in 2012 and €231 million in 2011. Expenses related to in-house projects in the development phase that meet the criteria for recognition as an intangible asset are not material.

NOTE 12 PROPERTY, PLANT AND EQUIPMENT

12.1 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, 2010	2,937	5,813	87,568	1,791	1,648	10,618	1,175	111,551
Acquisitions	44	93	1,273	131	-	6,549	91	8,182
Disposals	(45)	(88)	(402)	(85)	-	-	(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
Transfer to Assets classified as held for sale	-	-	(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
Acquisitions	77	99	1,049	117	-	6,576	122	8,041
Disposals	(34)	(68)	(657)	(134)	(3)	(28)	(41)	(965)
Translation adjustments	20	101	(276)	9	18	(280)	(1)	(410)
Changes in scope of consolidation	(12)	(10)	(1,354)	-	4	(149)	(3)	(1,524)
Transfer to Assets classified as held for sale	(4)	(154)	(3,116)	(3)	(23)	(52)	1	(3,351)
Other	(41)	245	5,138	(10)	226	(5,206)	3	354
AT DECEMBER 31, 2012	**3,215**	**7,313**	**102,033**	**1,895**	**1,973**	**12,214**	**1,372**	**130,015**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES								
At December 31, 2010	(1,029)	(2,273)	(26,616)	(1,158)	(832)	(139)	(802)	(32,848)
Depreciation and impairment losses	(76)	(358)	(5,018)	(154)	(122)	(70)	(134)	(5,933)
Disposals	23	67	356	81	-	8	27	562
Translation adjustments	(13)	16	149	1	(4)	(1)	2	151
Changes in scope of consolidation	-	-	(50)	4	2	-	-	(43)
Transfer to Assets classified as held for sale	-	-	455	-	1	-	1	458
Other	-	(8)	(105)	(2)	(6)	(5)	32	(95)
At December 31, 2011	(1,094)	(2,555)	(30,828)	(1,229)	(960)	(208)	(874)	(37,749)
Depreciation	(87)	(379)	(4,917)	(173)	(130)	-	(122)	(5,807)
Impairment losses	(46)	(35)	(1,440)	-	(1)	(284)	(1)	(1,806)
Disposals	17	61	466	121	1	67	39	772
Translation adjustments	(5)	(15)	89	(6)	(8)	8	-	63
Changes in scope of consolidation	3	(4)	114	2	(5)	-	2	111
Transfer to Assets classified as held for sale	1	67	927	1	11	9	1	1,017
Other	(12)	66	(214)	25	(8)	103	21	(19)
AT DECEMBER 31, 2012	**(1,224)**	**(2,794)**	**(35,803)**	**(1,258)**	**(1,100)**	**(304)**	**(934)**	**(43,418)**
CARRYING AMOUNT								
At December 31, 2011	2,115	4,544	70,420	687	791	11,146	417	90,120
AT DECEMBER 31, 2012	**1,991**	**4,519**	**66,230**	**637**	**873**	**11,910**	**438**	**86,597**

Changes in scope of consolidation had a net impact of -€1,413 million on property, plant and equipment. These changes mainly result from the loss of control of the renewable energy activities in Canada -€1,150 million), the disposal of Breeze II in Germany (-€332 million), the change in the consolidation method for Senoko (-€442 million) and the increase of the contribution of Energia Sustentavel Do Brasil (Jirau) in the Group's statement of financial position (€565 million) (see Note 2 "Main changes in Group structure").

As Slovenský Plynárenský Priemysel a.s. ("SPP"), IP Maestrale, and Sohar Power Company SAOG were classified as held for sale (see Note 2.4 "Assets held for sale"), the carrying amount of the corresponding property, plant and equipment has been transferred to the "Assets held for sale" line in the statement of financial position at December 31,2012.

Impairment losses recognized against property, plant and equipment in 2012, detailed in Note 5.2.2 "Impairment of property, plant and equipment and intangible assets (excluding goodwill)", amounted to €1,806 million. They mainly concern European thermal power plant portfolio, including a thermal power plant in the Netherlands (-€513 million), thermal power plants in Italy (-€294 million), thermal power plants in the United Kingdom (-€152 million), as well as a pumped-storage plant in Germany (-€56 million).

The main impacts of exchange rate fluctuations on the net value of property, plant and equipment at December 31, 2012 chiefly consist of translation losses on the Brazilian real (-€678 million), the US dollar (-€258 million), and translation gains on the Chilean peso (€205 million), the Norwegian krone (€169 million), and the British pound (€86 million).

In 2011, changes in the scope of consolidation had a net impact of €10,555 million on property, plant and equipment. These mainly resulted from the consolidation of the 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 resulted from the disposal of G6 Rete Gas (-€624 million), EFOG (-€336 million), and the loss of control of Bristol Water (-€380 million) (see Note 2.7 "Main transactions in 2011").

Further to the classification of the Hidd Power company, Choctaw, and Hot Springs power plants in 2011 as "Assets held for sale" (see Note 2.4 "Assets held for sale"), the carrying amount of the corresponding property, plant and equipment was transferred to "Assets held for sale" in the statement of financial position.

Assets relating to the exploration and production of mineral resources included in the table above are detailed in Note 20, "Exploration & Production activities". Fields under development are shown under "Assets in progress", while fields in production are included in "Plant and equipment".

12.2 Pledged and mortgaged assets

Items of property, plant and equipment pledged by the Group to guarantee borrowings and debt amounted to €6,748 million at December 2012 versus €9,383 million a year earlier. This decrease results primarily from debt refinancing transactions, and changes in scope of consolidation that occurred during 2012.

12.3 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 for equipment, vehicles, and material required for the construction of energy production units (power plants and fields under development of the Exploration & Production activities), and for service agreements.

Investment commitments made by the Group to purchase property, plant and equipment totaled €6,486 million at December 31, 2012 versus €6,459 million at December 31, 2011.

12.4 Other information

Borrowing costs for 2012 included in the cost of property, plant and equipment amounted to €365 million at December 31, 2012 and €379 million at December 31, 2011.

NOTE 13 INVESTMENTS IN ASSOCIATES

13.1 Breakdown of investments in associates

	Carrying amount of investments in associates		Share in income (loss) of associates	
In millions of euros	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011
Paiton (BEI, Indonesia)	604	614	66	65
GASAG (BEE, Germany)	300	471	(14)	16
Senoko (BEI, Singapore)	311	-	27	-
Canadian renewable energy activities (BEI, Canada)	225	-	-	-
ISAB Energy (BEI, Italy)	191	153	34	4
Umm Al Nar (BEI, United Arab Emirates)	101	101	17	14
GTT (B3G, France)	86	88	4	(8)
Belgian inter-municipal companies (BEE, Belgium)	7	39	60	187
Interests in SUEZ Environnement's equity associates	490	497	22	37
Other	647	656	217	147
TOTAL	**2,961**	**2,619**	**433**	**462**

The increase in the carrying amount of investments in associates is mainly explained by the following items:

- Senoko is consolidated under the equity method since June 29, 2012, following the change in consolidation method detailed in Note 2.5 "Other transactions and changes in consolidation methods for 2012";
- the Canadian renewable energy activities are consolidated under the equity method since their partial disposal in December 2012 (see Note 2.3. "Disposals carried out during the 2012 year");
- following the impairment test performed on the Group's investment in GASAG, a €300 million impairment was recorded on this investment in order to bring its carrying amount in line with its recoverable value (see Note 5.2.4 "Impairment losses of investments in associates").

During the last two years, changes in scope on the Belgian inter-municipal companies resulted from:

- the sale of the 30% interest in Sibelga, the operator of the Brussels gas and electricity distribution network, on December 31, 2012 (see Note 2.3 "Disposals carried out during the 2012 year");
- the classification of the investment in the Flemish inter-municipal companies as available-for-sale securities as of June 30, 2011, as the Group had no longer significant influence on these companies.

The share in income/(loss) of associates includes non-recurring income/(loss) for a total amount of -€32 million (-€18 million in 2011), mainly including impairments, fair value variations on derivative instruments, and gains/(losses) on disposals, net of taxes (see Note 8 "Net recurring income Group share").

Total amount of unrecognized losses of associates (corresponding to the cumulative amount of the losses exceeding the carrying amount of investments in associates concerned) including other comprehensive income, amounted to €361 million at December 31, 2012 (€412 million at December 31, 2011). These unrecognized losses mainly correspond to the negative fair value of financial instruments designated as interest rate hedges ("Other comprehensive income") arranged by associates in the Middle East in connection with the financing for the construction of power and seawater desalination plants.

13.2 Key figures of associates

In millions of euros	% Control	% Interest	Total Assets (1)	Total Liabilities (1)	Equity (1)	Revenues (1)	Net income/ (loss) (1)
At December 31, 2012							
Paiton (BEI, Indonesia)	40.5	40.5	3,928	2,427	1,501	816	161
GASAG (BEE, Germany)	31.6	31.6	2,575	1,861	714	1,371	(38)
Senoko (BEI, Singapore) (2)	30.0	30.0	3,515	2,477	1,038	1,366	89
ISAB Energy (BEI, Italy)	49.0	34.3	763	382	381	608	69
Umm Al Nar (BEI, United Arab Emirates)	20.0	20.0	1,251	814	436	206	91
GTT (B3G, France)	40.0	40.0	150	101	48	90	12
Canadian renewable energy activities (BEI, Canada)	40.0	40.0	1,246	931	315	10	2
Walloon inter-municipal companies (BEE, Belgium) (3)	25.0	25.0	3,496	2,167	1,329	926	232
At December 31, 2011							
Paiton (BEI, Indonesia)	44.7	28.3	3,658	2,285	1,373	558	145
GASAG (BEE, Germany)	31.6	31.6	2,770	2,054	716	1,165	52
ISAB Energy (BEI, Italy)	49.0	23.9	652	340	312	430	7
Umm Al Nar (BEI, United Arab Emirates)	20.0	14.0	1,285	872	414	289	65
GTT (B3G, France)	40.0	40.0	102	78	24	53	10
Walloon and Brussels inter-municipal companies (BEE, Belgium) (3)			4,685	2,816	1,869	1,227	266

(1) The key figures for associates are presented at a 100% basis.
(2) Senoko's revenues and net income are related to the second half of 2012.
(3) Based on the combined financial data for the previous financial year, which have been restated in accordance with IFRS.

NOTE 14 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	% Control	% Interest	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenues	Net income
At December 31, 2012								
Energia Sustentavel Do Brasil (BEI, Brazil)	60.0	60.0	197	3,036	209	1,717	-	(95)
SPP Group (BEE, Slovakia) - "Assets classified as held for sale"	24.5	24.5	1,675	-	516	-	658	(82)
WSW Energie und Wasser (BEE, Germany)	33.1	33.1	43	300	54	75	189	20
Senoko (BEI, Singapore)			-	-	-	-	387	12
Eco Electrica Project (BEI, Puerto Rico)	50.0	35.0	82	384	49	108	158	26
Other			1,591	3,665	2,092	1,797	1,910	(204)
TOTAL			**3,588**	**7,386**	**2,920**	**3,696**	**3,301**	**(323)**
At December 31, 2011								
Energia Sustentavel Do Brasil (BEI, Brazil)	50.1	35.0	177	1,936	125	1,035	-	15
SPP Group (BEE, Slovakia)	24.5	24.5	308	1,655	95	342	752	140
WSW Energie und Wasser (BEE, Germany)	33.1	33.1	43	304	57	75	190	11
Senoko (BEI, Singapore)	30.0	20.9	123	864	217	470	603	28
Eco Electrica Project (BEI, Puerto Rico)	50.0	24.4	77	416	48	134	136	19
Other			1,686	4,079	2,165	1,899	2,269	(108)
TOTAL			**2,415**	**9,255**	**2,707**	**3,954**	**3,950**	**104**

During the second half of 2012, the Group acquired a 9.9% interest held by Camargo Correa in Energia Sustentavel Do Brasil ("Jirau") increasing its percentage of joint-control from 50.1% to 60% (see Note 2 "Main changes in Group structure").

SPP's contribution to the statement of financial position is classified as "Assets held for sale" at December 31, 2012 (see Note 2 "Main changes in Group structure"). SPP's contribution to the Net income amounted to €94 million in 2012 excluding an impairment loss of -€176 million related to this group of assets held for sale (see Note 5.2.1 "Impairment of goodwill").

Due to the change in consolidation method as of June 29, 2012 (see Note 2 "Main changes in Group structure"), Senoko's contribution to the income statement is classified as "Share in net income of associates" as of July 1, 2012 (see Note 13 "Investments in associates"). Revenues and Net income, displayed in the table above, are the contributions of Senoko during the first half of the year 2012.

NOTE 15 FINANCIAL INSTRUMENTS

15.1 Financial assets

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

	Dec. 31, 2012			Dec. 31, 2011		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total
Available-for-sale securities	3,398		3,398	3,299		3,299
Loans and receivables at amortized cost	3,541	26,664	30,206	3,813	24,446	28,259
Loans and receivables at amortized cost (excluding trade and other receivables)	*3,541*	*1,630*	*5,171*	*3,813*	*1,311*	*5,124*
Trade and other receivables		*25,034*	*25,034*		*23,135*	*23,135*
Other financial assets at fair value	3,108	4,711	7,819	2,911	8,197	11,108
Derivative instruments	*3,108*	*4,280*	*7,387*	*2,911*	*5,312*	*8,223*
Financial assets at fair value through income		*432*	*432*		*2,885*	*2,885*
Cash and cash equivalents		11,383	11,383		14,675	14,675
TOTAL	**10,047**	**42,758**	**52,805**	**10,023**	**47,319**	**57,342**

15.1.1 Available-for-sale securities

In millions of euros	
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**
Acquisitions	142
Disposals - carrying amount excluding changes in fair value recorded in "Other comprehensive income"	(55)
Disposals - "Other comprehensive income" derecognized	(1)
Other changes in fair value recorded in equity	310
Changes in fair value recorded in income	(191)
Changes in scope of consolidation, foreign currency translation and other changes	(106)
AT DECEMBER 31, 2012	**3,398**

The Group's available-for-sale securities amounted to €3,398 million at December 31, 2012, breaking down as €1,309 million of listed securities and €2,089 million of unlisted securities (respectively, €1,243 million and €2,056 million at December 31, 2011).

The Group recognized impairment losses of €84 million on Acea's listed securities at December 31, 2012, as a result of the prolonged decline of the market price below its historical cost (see Note 5.2.3 "Impairment losses of financial assets").

The main transactions performed in 2011 corresponded to the recognition of the Group's interests in the Flemish mixed inter-municipal companies as available-for-sale securities (€587 million), and to the disposal of GDF SUEZ LNG Liquefaction which held a stake in Atlantic LNG whose historical value amounted to €97 million.

15.1.1.1 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:

		Post-acquisition measurement				
In millions of euros	Dividends	Change in fair value	Foreign currency translation	Impairment	Reclassified to income	Net gain (loss) on disposals
Equity *	-	310	-	-	(1)	-
Income	122			(191)	1	(5)
TOTAL AT DECEMBER 31, 2012	**122**	**310**		**(191)**		**(5)**
Equity *	-	(70)	14	-	(425)	-
Income	139			(130)	425	33
TOTAL AT DECEMBER 31, 2011	**139**	**(70)**	**14**	**(130)**		**33**

* *Excluding tax impact.*

In 2011, gains recognized in equity within "Other comprehensive income" and reclassified to income following the disposal of Atlantic LNG shares amounted to €421 million.

15.1.1.2 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 any impairment losses should be recognized in light of the current market environment.

Among factors taken into account, 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 €191 million. It included a €92 million impairment loss on listed securities (of which €84 million related to Acea securities).

Based on its analyses, the Group did not recognize any other impairment losses on available-for-sale securities at December 31, 2012. Moreover, the Group has not identified any evidence of material unrealized capital losses as at December 31, 2012 on other securities.

15.1.2 Loans and receivables at amortized cost

	Dec. 31, 2012			Dec. 31, 2011		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total
Loans and receivables at amortized cost (excluding trade and other receivables)	3,541	1,630	5,171	3,813	1,311	5,124
Loans granted to affiliated companies	*805*	*543*	*1,348*	*875*	*555*	*1,430*
Other receivables at amortized cost	*847*	*297*	*1,144*	*1,056*	*159*	*1,215*
Amounts receivable under concession contracts	*421*	*628*	*1,049*	*418*	*466*	*884*
Amounts receivable under finance leases	*1,468*	*162*	*1,630*	*1,464*	*132*	*1,596*
Trade and other receivables		25,034	25,034		23,135	23,135
TOTAL	**3,541**	**26,664**	**30,206**	**3,813**	**24,446**	**28,259**

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

	Dec. 31, 2012			Dec. 31, 2011		
In millions of euros	Gross	Allowances and impairment	Net	Gross	Allowances and impairment	Net
Loans and receivables at amortized cost (excluding trade and other receivables)	5,556	(385)	5,171	5,504	(380)	5,124
Trade and other receivables	26,079	(1,044)	25,034	24,133	(997)	23,135
TOTAL	**31,635**	**(1,430)**	**30,206**	**29,637**	**(1,377)**	**28,259**

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 16.2 "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:

		Post-acquisition measurement	
In millions of euros	Interest income	Foreign currency translation	Impairment
At December 31, 2011	142	15	17
At December 31, 2012	**155**	**(6)**	**(134)**

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

At December 31, 2012 and December 31, 2011, 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 the fair value.

Impairment losses recognized against trade and other receivables amounted to €1,044 million at end-2012 and €977 million at end-2011.

15.1.3 Other financial assets at fair value through income

	Dec. 31, 2012			Dec. 31, 2011		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total
Derivative instruments	3,108	4,280	7,387	2,911	5,312	8,223
Derivatives hedging borrowings	*1,363*	*102*	*1,464*	*1,187*	*314*	*1,502*
Derivatives hedging commodities	*737*	*4,155*	*4,893*	*969*	*4,916*	*5,885*
Derivatives hedging other items	*1,008*	*23*	*1,030*	*755*	*81*	*836*
Financial assets at fair value through income (excluding margin calls)	-	255	255	-	2,572	2,572
Financial assets qualifying as at fair value through income	*-*	*255*	*255*	*-*	*2,527*	*2,527*
Financial assets designated as at fair value through income	*-*	*-*	*-*	*-*	*45*	*45*
Margin calls on derivatives hedging borrowings - assets	-	177	177	-	314	314
TOTAL	**3,108**	**4,711**	**7,819**	**2,911**	**8,197**	**11,108**

Financial assets qualifying as at fair value through income (excluding derivatives) are mainly money market funds held for trading purposes and held to be sold in the near term. They are included in the calculation of the Group's net debt (see Note 15.3 "Net debt").

Gains on financial assets at fair value through income (excluding derivatives) held for trading purposes totaled €7 million in 2012 versus €26 million in 2011.

Gains and losses on financial assets designated as at fair value through income in 2012 and 2011 were not material.

15.1.4 Cash and cash equivalents

Cash and cash equivalents totaled €11,383 million at December 31, 2012 (€14,675 million at December 31, 2011).

At end-2012, this amount included €270 million in cash and cash equivalents subject to restrictions (€600 million at December 31, 2011). Cash and cash equivalents subject to restrictions include chiefly €182 million of 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" amounted to €177 million in 2012 compared to €206 million in 2011.

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

As indicated in Note 18.2 "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, 2012	Dec. 31, 2011
Loans to third parties	**696**	**534**
Loan to Eso/Elia	454	454
Loan to Eandis	80	80
Loan to Ores	80	-
Loan to Sibelga	82	-
Other cash investments	**733**	**727**
Bond portfolio	213	207
Money market funds	520	520
TOTAL	**1,429**	**1,261**

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

15.1.6 Transfer of financial assets

At December 31, 2012, the outstanding amount of transferred financial assets (as well as the risks to which the Group remains exposed following the transfer of those financial assets) as part of transactions leading to either (i) all or part of those assets being retained in the statement of financial position, or (ii) to their full deconsolidation while retaining a continuing involvement in these financial assets, were not material at Group level.

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

In millions of euros	Dec. 31, 2012	Dec. 31, 2011
Financial assets and equity instruments pledged as collateral	5,821	4,789

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

15.2 Financial liabilities

Financial liabilities are recognized either:

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

The following table presents the Group's different financial liabilities at December 31, 2012, broken down into current and non-current items:

	Dec. 31, 2012			Dec. 31, 2011		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total
Borrowings and debt	45,247	11,962	57,209	43,375	13,213	56,588
Derivative instruments	2,751	4,092	6,844	3,310	5,185	8,495
Trade and other payables	-	19,481	19,481	-	18,387	18,387
Other financial liabilities	343	-	343	684	-	684
TOTAL	**48,341**	**35,536**	**83,877**	**47,369**	**36,784**	**84,153**

15.2.1 Borrowings and debt

In millions of euros	Dec. 31, 2012 Non-current	Dec. 31, 2012 Current	Dec. 31, 2012 Total	Dec. 31, 2011 Non-current	Dec. 31, 2011 Current	Dec. 31, 2011 Total
Bond issues	30,309	1,099	31,407	26,197	2,522	28,719
Commercial paper		5,378	5,378		4,116	4,116
Drawdowns on credit facilities	1,582	319	1,902	1,537	506	2,043
Liabilities under finance leases	913	447	1,360	1,250	139	1,389
Other bank borrowings	10,595	1,565	12,161	12,478	2,935	15,413
Other borrowings	982	143	1,125	942	636	1,578
TOTAL BORROWINGS	44,381	8,951	53,332	42,404	10,853	53,257
Bank overdrafts and current accounts		1,326	1,326		1,310	1,310
OUTSTANDING BORROWINGS AND DEBT	44,381	10,277	54,658	42,404	12,163	54,568
Impact of measurement at amortized cost	331	692	1,023	689	243	932
Impact of fair value hedges	535	89	624	281	77	358
Margin calls on derivatives hedging borrowings - liabilities		904	904		730	730
BORROWINGS AND DEBT	**45,247**	**11,962**	**57,209**	**43,375**	**13,213**	**56,588**

The fair value of gross borrowings and debt amounted to €62,828 million at December 31, 2012, compared with a carrying amount of €57,209 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 15.3 "Net debt".

15.2.2 Derivative instruments

Derivative instruments recorded in liabilities are evaluated at fair value and broken down as follows:

In millions of euros	Dec. 31, 2012 Non-current	Dec. 31, 2012 Current	Dec. 31, 2012 Total	Dec. 31, 2011 Non-current	Dec. 31, 2011 Current	Dec. 31, 2011 Total
Derivatives hedging borrowings	225	54	279	76	331	407
Derivatives hedging commodities	724	3,960	4,684	994	4,699	5,693
Derivatives hedging other items	1,803	78	1,881	2,241	155	2,396
TOTAL	**2,751**	**4,092**	**6,844**	**3,310**	**5,185**	**8,495**

15.2.3 Trade and other payables

In millions of euros	Dec. 31, 2012	Dec. 31, 2011
Trade payables	17,981	16,780
Payable on fixed assets	1,500	1,608
TOTAL	**19,481**	**18,387**

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

15.2.4 Other financial liabilities

Other financial liabilities break down as follows:

In millions of euros	Dec. 31, 2012	Dec. 31, 2011
Payables related to acquisitions of securities	207	548
Other	136	136
TOTAL	**343**	**684**

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 been recognized under financial liabilities (see Note 1.4.11.2 “Financial liabilities”) and concern:

- 33.20% of the capital of Compagnie Nationale du Rhône (CNR);
- 41.01% of the capital of La Compagnie du Vent.

The change over the period corresponds mainly to the decrease in the fair value of the put option granted by the Group on the La Compagnie du Vent securities.

The exercise of the options on CNR is conditional on the abolition of the French “Murcef” law, while the exercise of the options on La Compagnie du Vent may now take place in several phases (see Note 27 “Legal and anti-trust proceedings”).

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

15.3 Net debt

15.3.1 Net debt by type

	Dec. 31, 2012			Dec. 31, 2011		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total
Borrowings and debt outstanding	44,381	10,277	54,658	42,404	12,163	54,568
Impact of measurement at amortized cost	331	692	1,023	689	243	932
Impact of fair value hedge (a)	535	89	624	281	77	358
Margin calls on derivatives hedging borrowings - liabilities		904	904		730	730
BORROWINGS AND DEBT	**45,247**	**11,962**	**57,209**	**43,375**	**13,213**	**56,588**
Derivatives hedging borrowings - carried in liabilities (b)	225	54	279	76	331	407
GROSS DEBT	**45,472**	**12,017**	**57,489**	**43,451**	**13,543**	**56,994**
Assets related to financing	(59)	(237)	(295)	(311)	(20)	(331)
ASSETS RELATED TO FINANCING	**(59)**	**(237)**	**(295)**	**(311)**	**(20)**	**(331)**
Financial assets at fair value through income (excluding margin calls)	-	(255)	(255)	-	(2,572)	(2,572)
Margin calls on derivatives hedging borrowings - assets		(177)	(177)		(314)	(314)
Cash and cash equivalents	-	(11,383)	(11,383)	-	(14,675)	(14,675)
Derivatives hedging borrowings - carried in assets (b)	(1,363)	(102)	(1,464)	(1,187)	(314)	(1,502)
NET CASH	**(1,363)**	**(11,916)**	**(13,279)**	**(1,187)**	**(17,875)**	**(19,063)**
NET DEBT	**44,050**	**(136)**	**43,914**	**41,952**	**(4,352)**	**37,601**
Borrowings and debt outstanding	44,381	10,277	54,658	42,404	12,163	54,568
Assets related to financing	(59)	(237)	(295)	(311)	(20)	(331)
Financial assets at fair value through income (excluding margin calls)	-	(255)	(255)	-	(2,572)	(2,572)
Cash and cash equivalents	-	(11,383)	(11,383)	-	(14,675)	(14,675)
NET DEBT EXCLUDING THE IMPACT OF DERIVATIVE INSTRUMENTS, CASH COLLATERAL AND AMORTIZED COST	**44,323**	**(1,598)**	**42,725**	**42,093**	**(5,103)**	**36,990**

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

15.3.2 Main events of the period

a. Impact of changes in the scope of consolidation and in the exchange rates on the changes in net debt

In 2012, changes in the scope of consolidation led to a €5,564 million increase in net debt. This increase results from:

- Purchase of 30% of non-controlling interests in International Power

  The purchase of non-controlling interests in International Power (see Note 2.1 "International Power") led to a €8,086 million increase in net debt. Details regarding the financing of this transaction are provided in Note 15.3.2.b "Financing set-up as part of the acquisition of non-controlling interests in International Power" below.

- Purchase of International Power plc shares created following the conversion of a portion of convertible bonds into International Power plc shares (see Note 2.1 "International Power")

  The Group purchased 346 million International Power plc shares that resulted from the conversions carried out between July 1 and August 28, 2012, by the holders of bonds convertible into International Power plc shares. The disbursements made by the Group for these converted bonds amounted to €1,828 million.

  Following these transactions, the outstanding amount of bonds convertible into International Power plc shares was repaid at par at a cost of €25 million.

  Taking into account the derecognition of borrowings and debt corresponding to the convertible bonds (€1,130 million), these transactions led to an increase in net debt by €723 million.

- The disposals carried out as part of the "portfolio optimization" program (see Note 2.3 "Disposals carried out during the 2012 year") which reduced the net debt by €2,026 million.

- The classification of IP Maestrale, Sohar and SPP as "Assets held for sale" (see Note 2.4 "Assets held for sale") resulted in a €946 million decrease in net debt at December 31, 2012.
- Other changes in the scope of consolidation reduced net debt by €273 million.

Changes in exchange rates in 2012 resulted in a €149 million decrease in net debt (including -€285 million on the Brazilian real and +€115 million on the Chilean peso).

b. Financing set-up as part of the acquisition of non-controlling interests in International Power

In order to comply with British regulatory requirements, the Group put in place a €6,000 million dedicated syndicated credit facility on May 4, 2012. The amount of this facility was gradually reduced as it was refinanced by the following bond issues:

Date of issue	Par value *(millions)*	Currency	Interest rate	Maturity
May 22, 2012	1,000	EUR	1.50%	Feb. 2016
	1,000	EUR	2.25%	June 2018
	1,000	EUR	3.00%	Feb. 2023
July 10, 2012	750	EUR	1.50%	July 2017
	750	EUR	2.63%	July 2022
October 2, 2012	750	USD	1.63%	Oct. 2017
	750	USD	2.88%	Oct. 2022

This dedicated syndicated credit facility was cancelled when the final repayment was made on December 17, 2012.

Swaps were arranged on these borrowings, as part of the interest rate risk management policy defined in Note 16 "Risks arising from financial instruments".

c. Other financing and refinancing transactions

The Group carried out the following transactions in 2012 as part of its current financing transactions:

Issuance and redemption of bond issues by GDF SUEZ SA and GIE GDF SUEZ Alliance:

GDF SUEZ SA redeemed the remaining €1,140 million of the €1,750 million bond issue paying interest of 4.375% which matured on January 16, 2012. In 2010, an amount of €610 million of this bond was repaid in advance.

The €300 million bond issue paying interest of 5.5% issued by GIE GDF SUEZ Alliance was redeemed at expiration date on November 26, 2012.

GDF SUEZ SA redeemed a 975 million Swiss francs (€802 million) bond paying interest at fixed rate of 3.5% at its expiration date on December 19, 2012.

Furthermore, GDF SUEZ proceeded to the following issues:

Date of issue	Par value *(millions)*	Currency	Interest rate	Maturity
July 2, 2012	400	EUR	2.50%	January 2020
July 6, 2012	10,000	YEN	1.26%	July 2022
October 9, 2012	275	CHF	1.13%	October 2020
	175	CHF	1.63%	October 2024

Swaps were arranged on these borrowings, as part of the interest rate risk management policy defined in Note 16 "Risks arising from financial instruments".

Issuance and redemption of borrowings by SUEZ Environnement Company

On May 31, 2012, SUEZ Environnement Company carried out a drawdown of €250 million on a "Club Deal" syndicated credit line.

On June 11, 2012, SUEZ Environnement Company launched an intermediated redemption offer on the bonds maturing in 2014, issued in 2009 and paying interest of 4.875%. At the close of the transaction, €191 million in bonds had been redeemed. On the same day, SUEZ Environnement Company launched an additional €250 million 10-year bond issue, maturing on June 24, 2022 and paying interest of 4.125%.

Financing transactions performed by the GDF SUEZ Energy International business line

The Group paid off in advance of term the external debt of entities of the GDF SUEZ Energy International business line in North America for an amount of $514 million (€400 million).

Bank debts expiring at the end of June 2012 of Australian based entities of the GDF SUEZ Energy International business line were refinanced as follows:

- Hazelwood's debt totaling 652 million Australian dollars (€526 million) was internally refinanced on June 29, 2012 by the Group;
- Loy Yang B's debt amounting to 1,107 million Australian dollars (€892 million) was refinanced through a new syndicated bank loan of 1,062 million Australian dollars (€856 million) expiring on June 30, 2017.

The Group redeemed the €250 million High Yield Bond, maturing in 2017 issued by International Power Finance Ltd. This bond paid interest of 7.25%. Following the tender periods opened in September and October 2012, 95.9% of the bonds were brought and redeemed for an amount of €300 million.

The £234 million project finance debt, expiring in July 2014, relating to the financing of the Rugeley Power Limited coal-fired plant, was paid off in advance in December 2012 (€288 million) and was refinanced internally.

Lastly, on October 1, 2012, BNDES, the Brazilian Development Bank, confirmed the grant of an additional 2,300 million Brazilian real loan (€900 million) to the Jirau hydroelectric power plant project in Brazil (the project entity is consolidated under the proportionate method with a 60% interest). This loan enabled the total available net debt for this project to be increased to 9,500 million Brazilian real (€3,600 million).

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

15.4.1 Financial assets

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

	Dec. 31, 2012				Dec. 31, 2011			
In millions of euros	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Available-for-sale securities	3,398	1,309	-	2,089	3,299	1,243	-	2,057
Loans and receivables at amortized cost used in designated fair value hedges	416	-	416	-	290	-	290	-
Loans and receivables at amortized cost (excluding trade and other receivables)	*416*	-	*416*	-	*290*	-	*290*	-
Derivative instruments	7,387	108	7,192	88	8,223	200	7,926	97
Derivatives hedging borrowings	*1,464*	-	*1,464*	-	*1,502*	-	*1,502*	-
Derivatives hedging commodities - relating to portfolio management activities	*2,282*	*101*	*2,105*	*77*	*3,622*	*180*	*3,359*	*83*
Derivatives hedging commodities - relating to trading activities	*2,610*	*7*	*2,592*	*11*	*2,263*	*20*	*2,229*	*14*
Derivatives hedging other items	*1,030*	-	*1,030*	-	*836*	-	*836*	-
Financial assets at fair value through income (excluding margin calls)	255	125	129	-	2,572	2,371	200	-
Financial assets qualifying as at fair value through income	*255*	*125*	*129*	-	*2,527*	*2,371*	*156*	-
Financial assets designated as at fair value through income	-	-	-	-	*45*	-	*45*	-
TOTAL	**11,456**	**1,542**	**7,738**	**2,177**	**14,384**	**3,814**	**8,417**	**2,153**

A definition of these three levels is provided in Note 1.4.11.3 "Derivatives and hedge accounting".

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, 2012, changes in level 3 available-for-sale securities can be analyzed as follows:

In millions of euros	Available-for-sale securities
At December 31, 2011	**2,057**
Acquisitions	73
Disposals - carrying amount excluding changes in fair value recorded in “Other comprehensive income”	(55)
Disposals - “Other comprehensive income” derecognized	(1)
Other changes in fair value recorded in equity	187
Changes in fair value recorded in income	(100)
Changes in scope of consolidation, foreign currency translation and other changes	(72)
At December 31, 2012	**2,089**
Gains and losses recorded in income relating to instruments held at the end of the period	(3)

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

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

Derivative instruments

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

The measurement at fair value of derivative instruments included in level 3 is based on non-observable inputs and internal assumptions, usually because the maturity of the instruments exceeds the observable period of the underlying forward price, 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.

15.4.2 Financial liabilities

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

	Dec. 31, 2012				Dec. 31, 2011			
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	11,027	-	11,027	-	9,458	-	9,458	-
Derivative instruments	6,844	67	6,600	176	8,495	89	8,049	357
Derivatives hedging borrowings	*279*	*-*	*279*	*-*	*407*	*-*	*407*	*-*
Derivatives hedging commodities - relating to portfolio management activities	*2,271*	*48*	*2,115*	*108*	*3,291*	*81*	*2,917*	*293*
Derivatives hedging commodities - relating to trading activities	*2,412*	*19*	*2,385*	*8*	*2,402*	*9*	*2,389*	*4*
Derivatives hedging other items	*1,881*	*-*	*1,821*	*60*	*2,396*	*-*	*2,335*	*60*
TOTAL	**17,870**	**67**	**17,627**	**176**	**17,953**	**89**	**17,507**	**357**

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 15.4.1 “Financial assets”.

NOTE 16 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 2, “Risk factors” of the Reference Document.

16.1 Market risks

16.1.1 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.

16.1.1.1 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.

Sensitivities of the commodity-related financial derivatives portfolio used as part of the portfolio management activities as at December 31, 2012 are detailed in the table below. They are not representative of future changes in consolidated earnings and equity, insofar as they do not include the sensitivities relating to the purchase and sale contracts for the underlying commodities.

SENSITIVITY ANALYSIS (1)

		Dec. 31, 2012		Dec. 31, 2011	
In millions of euros	Changes in price	Pre-tax impact on income	Pre-tax impact on equity	Pre-tax impact on income	Pre-tax impact on equity
Oil-based products	+US$10/bbl	200	(6)	(159)	123
Natural gas	+€3/MWh	13	(186)	267	(77)
Electricity	+€5/MWh	(333)	45	(394)	17
Coal	+ US$10/ton	60	69	9	48
Greenhouse gas emission rights	+€2/ton	169	(4)	33	(2)
EUR/USD	+10%	(315)	(13)	(1)	(209)
EUR/GBP	+10%	80	22	(33)	(3)
GBP/USD	+10%	21	-	39	-

(1) The sensitivities shown above apply solely to financial commodity derivatives used for hedging purposes as part of the portfolio management activities.

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

16.1.1.2 Trading activities

The Group’s trading activities are primarily conducted within 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 €258 million for the year ended December 31, 2012 (€227 million in 2011).

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 USED

In millions of euros	Dec. 31, 2012	2012 average (1)	2012 maximum (2)	2012 minimum (2)	2011 average (1)
Trading *activities*	2	4	8	2	4

(1) Average daily VaR.
(2) Maximum and minimum daily VAR observed in 2012.

16.1.2 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, 2012 and December 31, 2011 are indicated in the table below:

	Dec. 31, 2012				Dec. 31, 2011			
	Assets		Liabilities		Assets		Liabilities	
In millions of euros	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
Derivative instruments relating to portfolio management activities	737	1,545	(724)	(1,548)	969	2,653	(994)	(2,297)
Cash flow hedges	*273*	*614*	*(256)*	*(551)*	*349*	*1,227*	*(208)*	*(710)*
Other derivative instruments	*464*	*931*	*(467)*	*(996)*	*620*	*1,426*	*(786)*	*(1,587)*
Derivative instruments relating to trading activities	-	2,610	-	(2,412)	-	2,263	-	(2,402)
TOTAL	**737**	**4,155**	**(724)**	**(3,960)**	**969**	**4,916**	**(994)**	**(4,699)**

See also Notes 15.1.3 "Other financial assets at fair value through income" and 15.2.2 "Derivative instruments".

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.

16.1.2.1 Cash flow hedges

The fair values of cash flow hedges by type of commodity are as follows:

	Dec. 31, 2012				Dec. 31, 2011			
	Assets		Liabilities		Assets		Liabilities	
In millions of euros	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
Natural gas	33	157	(30)	(144)	101	268	(41)	(248)
Electricity	165	266	(129)	(217)	93	258	(85)	(220)
Coal	6	17	(42)	(75)	18	22	(27)	(33)
Oil	20	158	(19)	(76)	52	546	(26)	(179)
Other	49	16	(36)	(39)	85	133	(29)	(30)
TOTAL	**273**	**614**	**(256)**	**(551)**	**349**	**1,227**	**(208)**	**(710)**

Notional amounts and maturities of cash flow hedges are as follows:

NOTIONAL AMOUNTS (NET) *

In GWh	Total at Dec. 31, 2012	2013	2014	2015	2016	2017	Beyond 5 years
Natural gas, electricity and coal	19,479	(9,368)	16,919	10,961	456	248	263
Oil-based products	64,935	50,558	14,007	743	(373)	-	-
Other	-	-	-	-	-	-	-
TOTAL	**84,414**	**41,190**	**30,926**	**11,704**	**83**	**248**	**263**

* *Long/(short) position.*

NOTIONAL AMOUNTS (NET) *

In thousands of tons	Total at Dec. 31, 2012	2013	2014	2015	2016	2017	Beyond 5 years
Greenhouse gas emission rights	24	19	5	-	-	-	-
TOTAL	**24**	**19**	**5**	**-**	**-**	**-**	**-**

* *Long/(short) position.*

At December 31, 2012, a loss of €127 million was recognized in equity in respect of cash flow hedges, versus a gain of €430 million at end-2011. A gain of €393 million was reclassified from equity to income in 2012, compared with a gain of €71 million reclassified in 2011.

Gains and losses arising from the ineffective portion of hedges are taken to income. A loss of €29 million was recognized in income in 2012, compared with a gain of €20 million in 2011.

16.1.2.2 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.

16.1.3 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 Brazil, Thailand, Norway, the United Kingdom, Australia, the United States and the assets considered to be dollar based.

16.1.3.1 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, 2012		Dec. 31, 2011	
	Before hedging	After hedging	Before hedging	After hedging
EUR	63%	66%	61%	60%
USD	12%	14%	12%	16%
GBP	8%	3%	8%	4%
Other currencies	17%	17%	19%	20%
TOTAL	**100%**	**100%**	**100%**	**100%**

NET DEBT

	Dec. 31, 2012		Dec. 31, 2011	
	Before hedging	After hedging	Before hedging	After hedging
EUR	62%	65%	53%	52%
USD	13%	16%	14%	21%
GBP	8%	3%	9%	2%
Other currencies	17%	16%	24%	25%
TOTAL	**100%**	**100%**	**100%**	**100%**

16.1.3.2 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) and financial instruments qualified as net investment hedges 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 €30 million.

Impact on equity

For financial instruments (debt and derivatives) qualified as net investment hedges, a uniform adverse change of 10% in foreign currencies against the euro would have a positive impact of €629 million on equity. This impact is countered by the offsetting change in the net investment hedged.

16.1.4 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, 2012, 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.

16.1.4.1 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, 2012		Dec. 31, 2011	
	Before hedging	After hedging	Before hedging	After hedging
Floating rate	38%	39%	42%	41%
Fixed rate	62%	61%	58%	59%
TOTAL	**100%**	**100%**	**100%**	**100%**

NET DEBT

	Dec. 31, 2012		Dec. 31, 2011	
	Before hedging	After hedging	Before hedging	After hedging
Floating rate	21%	22%	15%	12%
Fixed rate	79%	78%	85%	88%
TOTAL	**100%**	**100%**	**100%**	**100%**

16.1.4.2 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 relating to net debt) 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 €96 million. A fall of 1% in short-term interest rates would reduce net interest expense by €6 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) on derivative instruments not qualifying for hedge accounting would result in a gain of €193 million attributable to changes in the fair value of derivatives. However, a fall of 1% in interest rates would generate a loss of €351 million. The asymmetrical impacts are attributable to the interest rate options portfolio.

Impact on equity

A uniform rise of 1% in interest rates (across all currencies) would have a positive impact of €312 million on equity, attributable to changes in the interest rate impact of the fair value of derivative instruments qualified as cash flow and net investment hedges recognized in the statement of financial position. However, a fall of 1% in interest rates would have a negative impact of €356 million.

16.1.4.3 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 DERIVATIVES

	Dec. 31, 2012		Dec. 31, 2011	
In millions of euros	Fair value	Nominal amount	Fair value	Nominal amount
Fair-value hedges	64	1,953	404	2,221
Cash-flow hedges	(36)	4,101	155	6,089
Net investment hedges	65	6,288	(130)	6,918
Derivative instruments not qualifying for hedge accounting	(38)	13,881	(21)	11,196
TOTAL	**55**	**26,222**	**408**	**26,424**

INTEREST-RATE DERIVATIVES

	Dec. 31, 2012		Dec. 31, 2011	
In millions of euros	Fair value	Nominal amount	Fair value	Nominal amount
Fair-value hedges	804	6,546	563	8,490
Cash-flow hedges	(460)	4,568	(694)	7,261
Derivative instruments not qualifying for hedge accounting	(66)	28,239	(636)	20,782
TOTAL	**279**	**39,353**	**(766)**	**36,532**

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.

Fair value hedges

At December 31, 2012, the net impact of fair value hedges recognized in the income statement is a loss of €12 million.

Cash flow hedges

Foreign currency and interest rate derivatives qualified as cash flow hedges can be analyzed as follows by maturity:

AT DECEMBER 31, 2012

In millions of euros	Total	2013	2014	2015	2016	2017	Beyond 5 years
Breakdown of the fair value of the derivatives by maturity date	(496)	(51)	(74)	(51)	(43)	(28)	(249)

AT DECEMBER 31, 2011

In millions of euros	Total	2012	2013	2014	2015	2016	Beyond 5 years
Breakdown of the fair value of the derivatives by maturity date	(539)	(30)	(156)	(108)	(76)	(52)	(117)

At December 31, 2012, the loss of €340 million was recognized in equity.

The amount reclassified from equity to income in the period was a gain of €4 million.

The ineffective portion of cash flow hedges recognized in income was not material.

Net investment hedges

The ineffective portion of net investment hedges recognized in income represented a loss of €10 million.

16.2 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).

16.2.1 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.

Under the Group's policy, each business line is responsible for managing counterparty risk, although the Group continues to manage the biggest counterparty exposures.

The credit quality of large- and mid-sized counterparties with which the Group has exposures above a certain threshold is measured based on a specific ratings process, while a simplified credit scoring process is used for commercial customers with which the Group has fairly low exposures. 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).

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

	Past due unimpaired assets at the reporting date				Impaired assets	Assets neither impaired nor past due	
In millions of euros	0-6 months	6-12 months	Beyond 1 year	Total	Total	Total	Total
At December 31, 2012	1,273	373	335	1,981	1,452	22,646	26,079
At December 31, 2011	1,324	285	512	2,121	1,464	20,547	24,132

The age of receivables that are past due but not impaired may vary significantly depending on the type of customer with which the Group does business (private corporations, individuals or public authorities). The Group decides whether or not to recognize impairment on a case-by-case basis according to the characteristics of the customer concerned. The Group does not consider that it is exposed to any material concentration of risk in respect of receivables.

In the case of commodity derivatives, counterparty risk arises from positive fair value. Counterparty risk is taken into account when calculating the fair value of these derivative instruments.

COUNTERPARTY RISK

	Dec. 31, 2012		Dec. 31, 2011	
In millions of euros	Investment Grade (2)	Total	Investment Grade (2)	Total
Gross exposure (1)	4,617	4,893	5,079	5,885
Net exposure (3)	1,418	1,575	2,428	2,620
% of credit exposure to "Investment Grade" counterparties	90.0%		92.7%	

(1) Corresponds to the maximum exposure, i.e. the value of the derivatives shown under balance sheet assets (positive fair value).
(2) Investment Grade corresponds to transactions with counterparties that are rated at least BBB- by Standard & Poor's, Baa3 by Moody's, or equivalent by Dun & Bradstreet are included in the "Investment Grade" column. "Investment Grade" is also determined based on an internal rating tool that is currently being rolled out within the Group, and covers its main counterparties.
(3) After taking into account the liability positions with the same counterparties (negative fair value), collateral, netting agreements and other credit enhancement techniques.

16.2.2 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.

16.2.2.1 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 unimpaired assets at the reporting date				Impaired assets	Assets neither impaired nor past due	
In millions of euros	0-6 months	6-12 months	Beyond 1 year	Total	Total	Total	Total
At December 31, 2012	10	11	98	119	408	4,982	5,509
At December 31, 2011	6	10	24	40	412	4,891	5,343

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 -€385 million, -€2 million and €49 million, respectively, at December 31, 2012 (-€380 million, -€2 million, and €163 million, respectively, at December 31, 2011). Changes in these items are presented in Note 15.1.2, "Loans and receivables at amortized cost".

16.2.2.2 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, 2012, total outstandings exposed to credit risk amounted to €12,046 million.

	Dec. 31, 2012				Dec. 31, 2011			
In millions of euros	Total	Investment Grade (1)	Unrated (2)	Non Investment Grade (2)	Total	Investment Grade (1)	Unrated (2)	Non Investment Grade (2)
Exposure (3)	12,046	91%	8%	1%	19,755	94%	5%	1%

(1) Counterparties that are rated at least BBB- by Standard & Poor's, and Baa3 by Moody's.
(2) Most of these two exposures is carried by consolidated companies that include non-controlling interests, or by Group companies that operate in emerging countries, where cash cannot be pooled and is therefore invested locally.
(3) After taking collateralization agreements into account.

At December 31, 2012, no single counterparty represented more than 20% of cash investments.

16.3 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 calls put in place when commodity, interest rate and currency derivatives are negociated.

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 (95% of cash pooled at December 31, 2012 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, 2012, bank loans accounted for 31% of gross debt (excluding overdrafts and the impact of derivatives and amortized cost), while the remaining debt was raised on capital markets (including €31,407 million in bonds, or 59% of gross debt).

Outstanding short-term commercial paper issues represented 10% of gross debt, or €5,378 million at December 31, 2012. 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 and current accounts carried in liabilities, totaled €10,312 million at December 31, 2012, of which 72% was invested in the Euro zone.

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 €17,470 million at December 31, 2012, of which €15,568 million was available and undrawn. 78% of total credit lines and 73% of undrawn facilities are centralized. None of these centralized facilities contains a default clause linked to covenants or minimum credit ratings.

16.3.1 Undiscounted contractual payments relating to financial activities

At December 31, 2012, undiscounted contractual payments on net debt (excluding the impact of derivatives and amortized cost) break down as follows by maturity:

AT DECEMBER 31, 2012

In millions of euros	Total	2013	2014	2015	2016	2017	Beyond 5 years
Bond issues	31,407	1,099	2,868	2,128	2,619	3,275	19,419
Commercial paper	5,378	5,378	-	-	-	-	-
Drawdowns on credit facilities	1,902	319	119	130	673	11	650
Liabilities under finance leases	1,360	447	153	130	123	127	380
Other bank borrowings	12,161	1,565	1,718	1,016	958	1,383	5,520
Other borrowings	1,125	143	97	83	49	171	581
Bank overdrafts and current accounts	1,326	1,326	-	-	-	-	-
OUTSTANDING BORROWINGS AND DEBT	54,658	10,277	4,955	3,487	4,422	4,967	26,550
Assets related to financing	(295)	(237)	-	-	-	(1)	(58)
Financial assets qualifying or designated as at fair value through income	(255)	(255)	-	-	-	-	-
Cash and cash equivalents	(11,383)	(11,383)	-	-	-	-	-
NET DEBT EXCLUDING THE IMPACT OF DERIVATIVE INSTRUMENTS, CASH COLLATERAL AND AMORTIZED COST	**42,725**	**(1,598)**	**4,955**	**3,487**	**4,422**	**4,966**	**26,492**

AT DECEMBER 31, 2011

In millions of euros	Total	2012	2013	2014	2015	2016	Beyond 5 years
OUTSTANDING BORROWINGS AND DEBT	**54,568**	**12,163**	**3,362**	**5,890**	**4,104**	**3,105**	**25,943**
Assets related to financing, financial assets qualifying or designated as at fair value through income, and cash and cash equivalents	(17,578)	(17,267)	(193)	(11)	(32)	(11)	(63)
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, 2012, undiscounted contractual interest payments on outstanding borrowings and debt break down as follows by maturity:

AT DECEMBER 31, 2012

In millions of euros	Total	2013	2014	2015	2016	2017	Beyond 5 years
Undiscounted contractual interest flows on outstanding borrowings and debt	19,823	2,012	1,892	1,741	1,590	1,450	11,137

AT DECEMBER 31, 2011

In millions of euros	Total	2012	2013	2014	2015	2016	Beyond 5 years
Undiscounted contractual interest flows on outstanding borrowings and debt	20,882	2,277	1,959	1,827	1,628	1,476	11,716

At December 31, 2012, 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, 2012

In millions of euros	Total	2013	2014	2015	2016	2017	Beyond 5 years
Derivatives (excluding commodity instruments)	(1,139)	(229)	(282)	(114)	(58)	2	(458)

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)

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, 2012

In millions of euros	Total	2013	2014	2015	2016	2017	Beyond 5 years
Confirmed undrawn credit facility programs	15,568	1,949	2,149	5,142	1,106	4,556	666

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

Of these undrawn programs, an amount of €5,378 million is allocated to covering issues of commercial paper.

At December 31, 2012, no single counterparty represented more than 7% of the Group's confirmed undrawn credit lines.

16.3.2 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	2013	2014	2015	2016	2017	Beyond 5 years
Derivative instruments carried in liabilities							
relating to portfolio management activities	*(2,284)*	*(1,551)*	*(515)*	*(142)*	*(29)*	*(13)*	*(35)*
relating to trading activities	*(2,411)*	*(2,411)*					
Derivative instruments carried in assets							
relating to portfolio management activities	*2,308*	*1,557*	*510*	*171*	*2*	*41*	*27*
relating to trading activities	*2,609*	*2,609*					
TOTAL AT DECEMBER 31, 2012	**222**	**204**	**(5)**	**29**	**(27)**	**28**	**(8)**

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)**

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.

16.3.3 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 Europe and Energy International business lines (expressed in TWh):

In TWh	Total at Dec. 31, 2012	2013	2014-2017	Beyond 5 years	Total at Dec. 31, 2011
Firm purchases	(8,980)	(906)	(2,964)	(5,110)	(10,005)
Firm sales	1,993	451	640	903	2,099

16.3.4 Equity risk

At December 31, 2012, available-for-sale securities held by the Group amounted to €3,398 million (see Note 15.1.1 "Available-for-sale securities").

A fall of 10% in the market price of listed shares would have a negative impact (before tax) of around €131 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 17 EQUITY

17.1 Share capital

	Number of shares			Value (in millions of euros)		
	Total	Treasury stock	Outstanding	Share capital	Additional paid-in capital	Treasury stock
AT DECEMBER 31, 2010	**2,250,295,757**	**(25,854,164)**	**2,224,441,593**	**2,250**	**29,683**	**(665)**
Share issuance	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**	**29,716**	**(930)**
Share issuance	4,604,700		4,604,700	5	68	
Share-based dividend payments	155,583,181		155,583,181	156	2,438	
Transfer to the legal reserve					(15)	
Purchases and disposals of treasury stock		(16,650,339)	(16,650,339)			(276)
AT DECEMBER 31, 2012	**2,412,824,089**	**(55,533,833)**	**2,357,290,256**	**2,413**	**32,207**	**(1,206)**

Changes in the number of shares during 2012 result from:

- the exercise of stock subscription options amounting to 4.6 million shares (see Note 24.1 "Stock option plans");
- net acquisitions of shares amounting to 16.7 million shares, carried out under the Group's stock repurchase program (see Note 17.3 "Treasury stock"), as part of the implementation of new stock option purchase or bonus share plans;
- the payment in shares of a portion of the 2011 dividend balance. The dividend balance (i.e. €0.67 on the total dividend of €1.50 per share) was paid on May 24, 2012, in a cash amount of €340 million and €1,134 million in shares, which resulted in the issue of 69,002,807 new shares (see Note 17.5 "Dividends");
- the payment in shares of part of the 2012 interim dividend. The Board of Directors Meeting of September 19, 2012 approved the payment of an interim dividend of €0.83 per share for the 2012 financial year, with the option for shareholders to receive this interim dividend in shares. This interim dividend was paid on October 25, 2012, in an amount of €427 million in cash and €1,460 million in shares, which resulted in the issue of 86,580,374 new shares (see Note 17.5 "Dividends").

Changes in the number of shares during 2011 resulted from:

- the exercise of stock subscription options (2.3 million shares);
- net acquisitions of shares carried out under the Group's stock repurchase program, including 6.7 million shares purchased in connection with the liquidity agreement and 6.3 million as part of the implementation of new stock purchase or bonus share plans.

17.2 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, 2012 are described in Note 24.1.1 "Details of stock option plans in force". The maximum number of new shares that could be issued if these options were to be exercised amounted to 15.8 million at December 31, 2012.

Shares to be allocated under Bonus Share and Performance Share award plans (described in Note 24.3 "Bonus shares and Performance Shares") will be covered by existing GDF SUEZ SA shares.

17.3 Treasury stock

The Group has a stock repurchase program as a result of the authorization granted to the Board of Directors by the Ordinary and Extraordinary shareholders' Meeting of April 23, 2012. 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 €9 billion, and the purchase price must be less than €40 per share, excluding the acquisition costs.

At December 31, 2012, the Group held 55.5 million treasury shares, of which 48.6 million were held to cover the Group's share commitments to employees and corporate officers, and 6.9 million were held in connection with the liquidity agreement.

The liquidity agreement signed with an investment services provider assigns the role of operating on the market on a daily basis to the latter, in order to buy or sell GDF SUEZ SA shares, with a view to provide liquidity and to ensure an active market for the shares on the Paris and Brussels stock exchanges. The resources allocated to the implementation of this agreement amounted to €150 million. The number of shares that may be purchased in connection with this agreement may not exceed 24.1 million.

17.4 Other disclosures concerning additional paid-in capital and consolidated reserves

Total additional paid-in capital and consolidated reserves (including net income for the financial year), amounted to €58,543 million at December 31, 2012 and include the GDF SUEZ SA legal reserve, which amounted to €241 million. Under French law, 5% of the net income of French companies must be allocated to the legal reserve, until the legal reserve reaches 10% of share capital. This reserve can only be distributed to shareholders in the event of liquidation. Consolidated reserves also include cumulative actuarial differences, which represents losses of €2,015 million at December 31, 2012 (losses of €1,423 million at December 31, 2011) and deferred taxes on these actuarial differences, amounting to €651 million at December 31, 2012 (€449 million at December 31, 2011).

GDF SUEZ SA's distributable paid-in capital and reserves totaled €43,227 million at December 31, 2012 (compared with €43,602 million at December 31, 2011).

17.5 Dividends

The table below shows the dividends and interim dividends paid by GDF SUEZ SA in 2011 and 2012.

	Amount distributed *(in millions of euros)*	**Net dividend per share** *(in euros)*
In respect of 2011		
Interim dividend (paid November 15, 2011)	1,838	0.83
Remaining dividend for 2011 (paid either in cash or in shares on May 24, 2012)	1,474	0.67
paid in cash	*340*	
paid in shares	*1,134*	
In respect of 2012		
Interim dividend (paid either in cash or in shares on October 25, 2012)	1,887	0.83
paid in cash	*427*	
paid in shares	*1,460*	

Recommended dividend for 2012

Shareholders at the shareholders' Meeting convened to approve the Group's financial statements for the year ended December 31, 2012, will be asked to approve a dividend of €1.50 per share, representing a total payout of €3,466 million based on the number of shares outstanding at December 31, 2012. An interim dividend of €0.83 per share has already been paid on October 25, 2012, representing a total amount of €1,887 million.

Subject to approval by the Annual Shareholders' Meeting, this dividend, net of the interim dividend paid, will be distributed on April 30, 2013 and is not recognized as a liability in the financial statements at December 31, 2012, since the financial statements at the end of 2012 are presented before the appropriation of earnings.

The additional 3% contribution, set up by the *Loi de Finances 2012* and payable in accordance with the recommended 2012 dividend, would amount to €60 million, considering that dividend balance will be settled in cash. As for the dividend submitted to the approval of the Annual Shareholders' Meeting, no liability has been accounted for in respect of this contribution in the statement of financial position at December 31, 2012.

17.6 Total gains and losses recognized in equity (Group share)

In millions of euros	Dec. 31, 2012	Dec. 31, 2011
Available-for-sale financial assets	460	185
Net investment hedges	(82)	(27)
Cash flow hedges (excl. commodity instruments)	(690)	(283)
Commodity cash flow hedges	215	677
Deferred taxes on the items above	143	(153)
Share of associates of recyclable items, net of taxes	(288)	(159)
Translation adjustments	235	447
TOTAL RECYCLABLE ITEMS	(6)	687
Actuarial gains and losses	(1,983)	(1,393)
Deferred taxes on actuarial gains and losses	648	447
Share of associates in non-recyclable items on actuarial gains and losses, net of taxes	(29)	(29)
TOTAL NON-RECYCLABLE ITEMS	(1,363)	(974)
TOTAL	**(1,370)**	**(287)**

All the items shown in the table above can be classified to income in subsequent periods, except actuarial gains and losses which are shown within consolidated reserves attributable to the Group.

17.7 Non-controlling interests

In 2012, the Group completed the acquisition of 30.26% of non-controlling interest in International Power. The carrying amount of the non-controlling interest acquired as a result of this transaction amounted to €5,841 million. This transaction is described in further detail in Note 2 "Main changes in scope of consolidation".

Main 2011 transactions that have an impact on the carrying amount of non-controlling interests:

- 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.
- furthermore, China Investment Corporation ("CIC") acquired a non-controlling 30% interest 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 disposal date.
- lastly, the public consortium consisting of 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.

17.8 Capital management

GDF SUEZ looks to optimize its financial structure at all times by pursuing an optimal balance between its net debt and its EBITDA. The Group's key objective in managing its financial structure is to maximize value for shareholders, reduce the cost of capital, while at the same time ensuring the Group has the financial flexibility required to continue its expansion. 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 17.3 "Treasury stock"), issue new shares, launch share-based payment plans, recalibrate its investment budget, or sell assets in order to scale back its net financial debt.

The Group's policy is to maintain an "A" rating by the rating agencies. 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 ratio is the ratio where the numerator includes operating cash flows less net financial expense and taxes paid, and the denominator includes adjusted net financial debt. Net financial debt is mainly adjusted for nuclear provisions, provisions for unfunded pensions 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 18 PROVISIONS

In millions of euros	Dec. 31, 2011	Additions	Reversals (utilizations)	Reversals (surplus provisions)	Changes in scope of consolidation	Impact of unwinding discount adjustments	Translation adjustments	Other	Dec. 31, 2012
Post-employment and other long-term benefits	5,209	249	(580)	(19)	1	184	(8)	711	5,746
Nuclear fuel reprocessing and storage	4,218	116	(48)	-	-	210	-	-	4,496
Dismantling of plant and equipment [(a)]	2,941	10	(5)	(31)	(9)	146	9	27	3,088
Site rehabilitation	1,536	33	(87)	(4)	6	46	20	180	1,730
Litigations, claims, and tax risks	763	367	(163)	(62)	1	6	(16)	31	927
Other contingencies	1,516	719	(531)	(44)	(12)	17	10	37	1,711
TOTAL PROVISIONS	**16,183**	**1,494**	**(1,414)**	**(160)**	**(13)**	**609**	**14**	**985**	**17,698**

(a) Of which €2,681 million in provisions for dismantling nuclear facilities at December 31, 2012, versus €2,532 million at December 31, 2011.

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 2012 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, 2012 Net allocations
Income from operating activities	(221)
Other financial income and expenses	609
Income taxes	141
TOTAL	**529**

The different types of provisions and the calculation principles applied are described below.

18.1 Post-employment benefits and other long-term benefits

See Note 19 “Post-employment benefits and other long-term benefits”.

18.2 Nuclear dismantling liabilities

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.

18.2.1 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 for Nuclear Provisions completed its review during 2012 and suggested leaving the provisions unchanged compared with its 2010 opinion. As in 2011, changes in provisions in 2012 primarily relate to recurring items, namely passage of time (unwinding of the discount) and fuel used during the year.

The provisions set aside take into account all existing or planned environmental regulatory requirements on a European, national and regional level. If additional legislation were to be introduced in the future, the cost estimates used as a basis for the 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, 2012 were measured taking into account the prevailing contractual and legal framework, which sets the operating life of nuclear reactors at 40 years (as in 2011).

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).

Following the Government agreement in December 1, 2011, Energy Secretary of State presented on June 27, 2012 his plan to secure electricity supplies. After the meetings on July 4, 2012 and July 20, 2012, Council of Ministers announced its decision to extend by 10 years the lifespan of Tihange 1 and to offer this capacity back to the market. The Council of Ministers also announced its decision to rule by law the definitive phase-out schedule of nuclear power. However, no official measure has been taken by the Government or the Parliament since these announcements.

Any extension to the lifespan for one or more of the three nuclear reactors concerned by the 2009 agreement entered into with the previous government should not have a material impact on dismantling provisions. The postponed dismantling operations lead to a less-than-optimal coordination compared to the dismantling of all facilities as a whole. 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 in the lifespan for one or more 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.

18.2.2 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 used (actual rate of 3% plus 2% inflation rate) is based on an analysis of average, past and prospective changes in benchmark long-term rates;
- 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 plant;
- 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.

18.2.3 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 3 and 4 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.

18.2.4 Sensitivity

Based on currently applicable parameters in terms of estimated costs and the timing of payments, a change of 50 basis points in the discount rate could lead to an adjustment of around 10% in dismantling and nuclear fuel reprocessing 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 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.

18.3 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 estimates of proven and probable reserves using current production levels (another 250 years according to the International Energy Agency), dismantling provisions for gas infrastructures in France have a present value near zero.

18.4 Site rehabilitation

18.4.1 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 capping 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 recorded 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).

18.4.2 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.

18.5 Contingencies and tax risks

This caption includes essentially provisions for commercial contingencies, and claims and tax disputes.

NOTE 19 POST-EMPLOYMENT BENEFITS AND OTHER LONG-TERM BENEFITS

19.1 Description of the main pension plans

The Group's main pension plans are described below.

19.1.1 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, 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.

Pension benefit obligations and other "mutualized" obligations are assessed by the CNIEG.

At December 31, 2012, the projected benefit obligation in respect of the special pension scheme for EGI sector companies amounted to €2.8 billion (€2.3 billion at December 31, 2011).

19.1.2 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, 2012.

"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, 2012.

An expense of €18 million was recognized in 2012 in respect of these defined contribution plans (€16 million at December 31, 2011).

19.1.3 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 €87 million was recognized in 2012 in respect of multi-employer pension plans (€78 million at December 31, 2011).

19.1.4 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 and a defined contribution plan was set up for new entrants;
- 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.

19.2 Description of other post-employment benefit obligations and long-term benefits

19.2.1 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.

19.2.1.1 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 electricity to these same beneficiaries. 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 €1.9 billion.

19.2.1.2 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.

19.2.1.3 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.

19.2.2 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.

19.2.3 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.

19.3 Defined benefit plans

19.3.1 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, 2010	(4,362)	122	142
Exchange rate differences	(7)	-	-
Changes in scope of consolidation and other	(86)	(116)	-
Actuarial gains and losses	(752)	-	(17)
Periodic pension cost	(525)	2	6
Asset ceiling	-	-	-
Contributions/benefits paid	523	6	(4)
AT DECEMBER 31, 2011	(5,209)	13	128
Exchange rate differences	8	-	-
Changes in scope of consolidation and other	(25)	7	-
Actuarial gains and losses	(691)	(2)	15
Periodic pension cost	(528)	1	7
Asset ceiling	1	(4)	-
Contributions/benefits paid	698	4	9
AT DECEMBER 31, 2012	**(5,745)**	**18**	**159**

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 €527 million in 2012 (€523 million in 2011). The components of this defined benefit cost in the period are set out in Note 19.3.4 "Components of the net periodic pension cost".

Cumulative actuarial losses recognized in equity amounted to €2,318 million at December 31, 2012, compared to €1,615 million at December 31, 2011.

In millions of euros	2012	2011
Opening balance	1,615	892
Actuarial (gains)/losses generated during the fiscal year	703	723
CLOSING BALANCE	**2,318**	**1,615**

Actuarial gains and losses presented in the above table include translation adjustments and actuarial gains and losses recorded on equity-accounted associates, representing net actuarial losses of €46 million in 2012 and net actuarial losses of €39 million in 2011. 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 €693 million in 2012 and €752 million in 2011.

19.3.2 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, 2012 Pension benefit obligations (1)	Dec. 31, 2012 Other post-employment benefit obligations (2)	Dec. 31, 2012 Long-term benefit obligations (3)	Dec. 31, 2012 Total	Dec. 31, 2011 Pension benefit obligations (1)	Dec. 31, 2011 Other post-employment benefit obligations (2)	Dec. 31, 2011 Long-term benefit obligations (3)	Dec. 31, 2011 Total
A - CHANGE IN PROJECTED BENEFIT OBLIGATION									
Projected benefit obligation at January 1		(6,942)	(2,418)	(524)	(9,884)	(6,130)	(2,037)	(508)	(8,675)
Service cost		(269)	(38)	(42)	(349)	(249)	(59)	(51)	(359)
Interest cost		(307)	(97)	(21)	(425)	(318)	(96)	(23)	(437)
Contributions paid		(15)	-	-	(15)	(16)	-	-	(16)
Amendments		(7)	-	-	(7)	3	(1)	-	2
Acquisitions/disposals of subsidiaries		(9)	(8)	2	(16)	(349)	(43)	(2)	(394)
Curtailments/settlements		4	8	15	26	19	1	1	21
Non-recurring items		(4)	(1)	-	(5)	(3)	(3)	-	(6)
Actuarial gains and losses		(797)	(230)	(5)	(1,033)	(287)	(299)	3	(584)
Benefits paid		392	99	48	539	390	122	56	569
Other (translation adjustments)		68	-	(11)	57	(2)	(4)	1	(5)
Projected benefit obligation at December 31	A	(7,887)	(2,688)	(537)	(11,112)	(6,942)	(2,418)	(524)	(9,884)
B - CHANGE IN FAIR VALUE OF PLAN ASSETS									
Fair value of plan assets at January 1		4,648	44	-	4,691	4,399	47	-	4,447
Expected return on plan assets		234	3	-	238	243	3	-	247
Actuarial gains and losses		332	2	-	334	(157)	(9)	-	(166)
Contributions received		531	23	-	554	318	24	-	342
Acquisitions/disposals of subsidiaries		(5)	3	-	(2)	191	-	-	191
Settlements		(4)	1	-	(4)	(2)	-	-	(2)
Benefits paid		(353)	(24)	-	(376)	(343)	(24)	-	(367)
Other (translation adjustments)		(48)	(1)	-	(49)	(3)	1	-	(2)
Fair value of plan assets at December 31	B	5,335	51	-	5,386	4,648	44	-	4,691
C - FUNDED STATUS	A+B	(2,552)	(2,637)	(537)	(5,726)	(2,295)	(2,375)	(524)	(5,193)
Unrecognized past service cost		9	(6)	-	3	7	(8)	-	(1)
Asset ceiling		(3)	(1)	-	(4)	-	(1)	-	(1)
NET BENEFIT OBLIGATION		(2,546)	(2,644)	(537)	(5,727)	(2,288)	(2,384)	(524)	(5,195)
ACCRUED BENEFIT LIABILITY		**(2,564)**	**(2,644)**	**(537)**	**(5,745)**	**(2,301)**	**(2,384)**	**(524)**	**(5,209)**
PREPAID BENEFIT COST		**18**	-	-	**18**	**13**	-	-	**13**

(1) Pensions and retirement bonuses.
(2) Reduced energy prices, healthcare, gratuities and other post-employment benefits.
(3) 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).

19.3.3 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	2012	2011
Fair value at January 1	128	142
Expected return on plan assets	7	6
Actuarial gains and losses	15	(17)
Actual return	22	(11)
Employer contributions	28	14
Employee contributions	2	2
Benefits paid	(21)	(20)
FAIR VALUE AT DECEMBER 31	**159**	**128**

19.3.4 Components of the net periodic pension cost

The net periodic cost recognized in respect of defined benefit obligations for the years ended December 31, 2012 and 2011 breaks down as follows:

In millions of euros	Dec. 31, 2012	Dec. 31, 2011
Current service cost	349	359
Interest cost	425	437
Expected return on plan assets	(238)	(246)
Actuarial gains and losses *	5	(2)
Past service cost	3	(12)
Gains or losses on pension plan curtailments, terminations and settlements	(23)	(19)
Non-recurring items	5	6
TOTAL	**527**	**523**
o/w recorded in current operating income	340	333
o/w recorded in net financial income/(loss)	187	191

** On long-term benefit obligations*

19.3.5 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 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	(7,467)	5,157	(3)	-	(2,312)
Overfunded plans	(220)	229	-	(4)	5
Unfunded plans	(3,425)	-	5	-	(3,420)
AT DECEMBER 31, 2012	**(11,112)**	**5,386**	**3**	**(4)**	**(5,727)**
Underfunded plans	(6,373)	4,464	(5)	-	(1,914)
Overfunded plans	(215)	227	-	(1)	10
Unfunded plans	(3,297)	-	5	-	(3,292)
AT DECEMBER 31, 2011	(9,885)	4,691	(1)	(1)	(5,195)

The allocation of plan assets by principal asset category can be analyzed as follows:

	Dec. 31, 2012	Dec. 31, 2011
Equity investments	28%	29%
Bond investments	53%	50%
Real estate	4%	4%
Other (including money market securities)	16%	17%
TOTAL	**100%**	**100%**

19.3.6 Actuarial assumptions

Actuarial assumptions are determined individually by country and company in conjunction with independent actuaries. Weighted discount rates for main actuarial assumptions are presented below:

	Pension benefit obligations		Other post-employment benefit obligations		Long-term benefit obligations		Total benefit obligations	
	2012	2011	2012	2011	2012	2011	2012	2011
Discount rate	3.8%	4.5%	3.3%	4.1%	3.1%	4.0%	3.6%	4.4%
Estimated future increase in salaries	3.0%	3.0%	NA	NA	2.7%	2.7%	2.9%	2.8%
Expected return on plan assets	4.6%	5.1%	6.5%	7.2%	NA	NA	4.7%	5.2%
Average remaining working years of participating employees	14 years	14 years	15 years	15 years	16 years	15 years	15 years	14 years

19.3.6.1 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.

At December 31, 2012, the rates were determined for each monetary area (euro, US and UK) based on data for AA corporate bonds yields (Bloomberg and iBoxx), extrapolated on the basis of government bonds yields for long maturities. At December 31, 2011 the rates for the eurozone were determined solely on the basis of Bloomberg indexes.

According to the Group's estimates, a 1% increase or decrease in the discount rate would result in a change of approximately 12% in the projected benefit obligation.

19.3.6.2 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 table below shows the weighted average return on plan assets broken down by asset category:

	Dec. 31, 2012	Dec. 31, 2011
Equity investments	6.6%	6.7%
Bond investments	4.3%	5.0%
Real estate	6.4%	5.3%
Other (including money market securities)	2.5%	3.0%
TOTAL	**4.7%**	**5.2%**

The return on plan assets relating to Group companies in Belgium in 2012 was around 5% for assets managed by Group insurance companies and 10% for assets managed by pension funds.

The return on plan assets for companies eligible for the EGI pension scheme amounted to 11% in 2012.

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.

19.3.6.3 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	62	(47)

19.3.7 Experience adjustments

The breakdown of experience adjustments giving rise to actuarial gains and losses is as follows:

	Dec. 31, 2012		Dec. 31, 2011		Dec. 31, 2010		Dec. 31, 2009		Dec. 31, 2008	
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	(7,887)	(3,225)	(6,942)	(2,942)	(6,130)	(2,545)	(5,502)	(2,124)	(5,634)	(2,187)
Fair value of plan assets	5,335	51	4,648	44	4,399	47	3,934	39	3,831	40
Surplus / deficit	(2,552)	(3,174)	(2,295)	(2,899)	(1,730)	(2,498)	(1,568)	(2,085)	(1,803)	(2,147)
Experience adjustments to projected benefit obligation	(309)	(119)	(127)	(167)	236	115	(5)	(15)	(95)	12
as a% of the total	*+4%*	*+4%*	*+2%*	*+6%*	*-4%*	*-5%*	*0%*	*+1%*	*+2%*	*-1%*
Experience adjustments to fair value of plan assets	332	2	(157)	(9)	250	7	176	2	528	12
as a% of the total	*+6%*	*+5%*	*-3%*	*-20%*	*+5%*	*+15%*	*+4%*	*+6%*	*+14%*	*+29%*

19.3.8 Geographical breakdown of net obligations

In 2012, the geographical breakdown of the main obligations and actuarial assumptions (weighted average rates) was as follows:

	Eurozone			United Kingdom			United States			Rest of 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	Other post-employment benefit obligations
Net benefit obligations	(1,994)	(2,471)	(530)	(107)	-	(1)	(127)	(72)	-	(318)	(101)	(6)
Discount rate	3.3%	3.3%	3.1%	4.5%	-	4.7%	4.4%	4.5%	-	5.5%	3.6%	6.8%
Estimated future increase in salaries	2.7%	NA	2.7%	3.8%	-	5.0%	3.1%	NA	-	4.0%	NA	3.2%
Expected return on plan assets	4.1%	2.9%	NA	5.1%	-	NA	8.4%	7.8%	-	6.7%	4.8%	NA
Average remaining working years of partlclpatlng employees (years)	16	16	16	19	-	14	12	13	-	8	11	6

19.3.9 Estimated employer contributions payable in 2013 under defined benefit plans

The Group expects to pay around €288 million in contributions into its defined benefit plans in 2013, including €88 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.

19.4 Defined contribution plans

In 2012, the Group recorded a €153 million expense in respect of amounts paid into Group defined contribution plans (€122 million in 2011). These contributions are recorded under “Personnel costs” in the consolidated income statement.

NOTE 20 EXPLORATION-PRODUCTION ACTIVITIES

20.1 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, 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**
Changes in scope of consolidation	-	-	-	-
Acquisitions	3	564	137	705
Disposals	-	-	(62)	(62)
Translation adjustments	(8)	21	185	198
Other	(79)	(117)	239	43
AT DECEMBER 31, 2012	**1,066**	**1,125**	**7,845**	**10,036**
B. ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES				
At December 31, 2010	**(355)**	**-**	**(1,816)**	**(2,170)**
Change in scope of consolidation	-	-	165	165
Disposals	-	-	-	-
Accumulated amortization and impairment losses	(20)	-	(868)	(888)
Translation adjustments	(7)	-	(19)	(26)
Other	-	(3)	16	12
At December 31, 2011	**(382)**	**(3)**	**(2,522)**	**(2,907)**
Change in scope of consolidation	-	-	-	-
Disposals	-	-	58	58
Accumulated amortization and impairment losses	(43)	-	(1,008)	(1,051)
Translation adjustments	2	1	(47)	(44)
Other	44	(37)	(11)	(5)
AT DECEMBER 31, 2012	**(379)**	**(40)**	**(3,530)**	**(3,950)**
C. CARRYING AMOUNT				
At December 31, 2011	**767**	**655**	**4,823**	**6,244**
AT DECEMBER 31, 2012	**686**	**1,085**	**4,315**	**6,086**

Acquisitions in 2012 mainly include developments performed on the Gudrun field (€169 million) in Norway.

Acquisitions in 2011 mainly included an additional interest acquired in the Njord field (€112 million) and developments carried out in the year on the Gudrun field (€145 million) and the Gjøa platform (€96 million) in Norway.

In 2011, the "Changes in scope of consolidation" line corresponded to the sale of EFOG.

20.2 Pre-capitalized exploration costs

The following table provides a breakdown of the net change in pre-capitalized exploration costs:

In millions of euros	2012	2011
At January 1	400	272
Pre-capitalized exploration costs for the year	331	241
Amounts recognized in expenses for the period	(64)	(73)
Other	(58)	(40)
AT DECEMBER 31	**609**	**400**

Pre-capitalized exploration costs are reported in the statement of financial position within “Other assets”.

20.3 Investments during the period

Investments for the exploration-production business amounted to €700 million and €636 million, respectively, in 2012 and 2011. Investments are included in “Acquisitions of property, plant and equipment and intangible assets” in the statement of cash flows.

NOTE 21 FINANCE LEASES

21.1 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 GDF SUEZ Energy International power plants and Cofely’s cogeneration plants.

The present values of future minimum lease payments break down as follows:

	Future minimum lease payments at Dec. 31, 2012		Future minimum lease payments at Dec. 31, 2011	
In millions of euros	Undiscounted value	Present value	Undiscounted value	Present value
Year 1	499	473	206	191
Years 2 to 5 included	620	565	737	631
Beyond year 5	423	322	936	564
TOTAL FUTURE MINIMUM LEASE PAYMENTS	**1,542**	**1,360**	**1,879**	**1,386**

The following table provides a reconciliation of liabilities under finance leases as reported in the statement of financial position (see Note 15.2.1 “Borrowings and debt”) with undiscounted future minimum lease payments by maturity:

In millions of euros	Total	Year 1	Years 2 to 5 included	Beyond year 5
Liabilities under finance leases	1,360	447	533	380
Impact of discounting future repayments of principal and interest	182	53	86	43
UNDISCOUNTED FUTURE MINIMUM LEASE PAYMENTS	**1,542**	**499**	**620**	**423**

21.2 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 (Electrabel – Belgium), Lanxess (Electrabel – Belgium), Bowin (Glow – Thailand) and Saudi Aramco (Tihama – Saudi Arabia) cogeneration facilities and for certain GDF SUEZ Energy International power plants.

In millions of euros	Dec. 31, 2012	Dec. 31, 2011
Undiscounted future minimum lease payments	2,399	2,358
Unguaranteed residual value accruing to the lessor	29	54
TOTAL GROSS INVESTMENT IN THE LEASE	2,428	2,412
Unearned financial income	798	816
NET INVESTMENT IN THE LEASE (STATEMENT OF FINANCIAL POSITION)	**1,630**	**1,596**
o/w present value of future minimum lease payments	*1,608*	*1,561*
o/w present value of unguaranteed residual value	*22*	*35*

Amounts recognized in the statement of financial position in connection with finance leases are detailed in Note 15.1.2, “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, 2012	Dec. 31, 2011
Year 1	183	202
Years 2 to 5 included	619	788
Beyond year 5	1,597	1,368
TOTAL	**2,399**	**2,358**

NOTE 22 OPERATING LEASES

22.1 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 2012 and 2011 can be analyzed as follows:

In millions of euros	Dec. 31, 2012	Dec. 31, 2011
Minimum lease payments	(1,107)	(1,047)
Contingent lease payments	(60)	(165)
Sub-letting income	95	58
Sub-letting expenses	(77)	(93)
Other operating lease expenses	(320)	(179)
TOTAL	**(1,468)**	**(1,425)**

Future minimum lease payments under non-cancelable operating leases can be analyzed as follows:

In millions of euros	Dec. 31, 2012	Dec. 31, 2011
Year 1	886	812
Years 2 to 5 included	1,923	1,950
Beyond year 5	1,868	1,867
TOTAL	**4,678**	**4,629**

22.2 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 GDF SUEZ Energy International.

Operating lease income for 2012 and 2011 can be analyzed as follows:

In millions of euros	Dec. 31, 2012	Dec. 31, 2011
Minimum lease payments	842	889
Contingent lease payments	111	18
TOTAL	**953**	**906**

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, 2012	Dec. 31, 2011
Year 1	895	724
Years 2 to 5 included	3,056	2,475
Beyond year 5	1,647	1,960
TOTAL	**5,598**	**5,159**

NOTE 23 SERVICE CONCESSION ARRANGEMENTS

SIC 29 – Service Concession Arrangements: Disclosures was published in May 2001 and prescribes the information that should be disclosed in the Notes to the financial statements of a concession grantor and concession operator.

IFRIC 12 was published in November 2006 and prescribes the accounting treatment applicable to concession arrangements meeting certain criteria in which the concession grantor is considered to control the related infrastructure (see Note 1.4.7 "Concession arrangements").

As described in SIC 29, a service concession arrangement generally involves the grantor conveying for the period of the concession to the operator:

(a) the right to provide services that give the public access to major economic and social facilities;

(b) and in some cases, the right to use specified tangible assets, intangible assets, and/or financial assets;

in exchange for the operator:

(c) committing to provide the services according to certain terms and conditions during the concession period; and

(d) when applicable, committing to return at the end of the concession period the rights received at the beginning of the concession period and/or acquired during the concession period.

The common characteristic of all service concession arrangements is that the operator both receives a right and incurs an obligation to provide public services.

The Group manages a large number of concessions as defined by SIC 29 covering drinking water distribution, water treatment, waste collection and treatment, and gas and electricity distribution.

These concession arrangements set out rights and obligations relative to the infrastructure and to the public service, in particular the obligation to provide users with access to the public service. In certain concessions, a schedule is defined specifying the period over which users should be provided access to the public service. The terms of the concession arrangements vary between 10 and 65 years, depending mainly on the level of capital expenditure to be made by the concession operator.

In consideration of these obligations, GDF SUEZ is entitled to bill either the local authority granting the concession (mainly incineration and BOT water treatment contracts) or the users (contracts for the distribution of drinking water or gas and electricity) for the services provided. This right to bill gives rise to an intangible asset, a tangible asset, or a financial asset, depending on the applicable accounting model (see Note 1.4.7 “Concession arrangements”).

The tangible asset model is used when the concession grantor does not control the infrastructure. For example, this is the case with water distribution concessions in the United States, which do not provide for the return of the infrastructure to the grantor of the concession at the end of the contract (and the infrastructure therefore remains the property of GDF SUEZ), and also natural gas distribution concessions in France, which fall within the scope of Law No. 46-628 of April 8, 1946.

A general obligation also exists to return the concession infrastructure to good working condition at the end of the concession. Where appropriate (see Note 1.4.7 “Concession arrangements”), 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 1.4.7 “Concession arrangements”).

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 24 SHARE-BASED PAYMENTS

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

		Expense for the year	
In millions of euros	**Note**	**Dec. 31, 2012**	**Dec. 31, 2011**
Stock option plans	24.1	25	41
Employee share issues	24.2	-	3
Share Appreciation Rights *	24.2	2	5
Bonus/Performance Share plans	24.3	84	86
Other Group plans	24.3.5	3	12
TOTAL		**114**	**145**

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

24.1 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 2012 or 2011.

The terms and conditions of plans set up prior to 2011 are described in previous Reference Documents prepared by SUEZ and subsequently GDF SUEZ.

SUEZ Environnement Company stock option plans

In 2012, 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.

24.1.1 Details of stock option plans in force

GDF SUEZ PLANS

Plan	Date of authorizing General Shareholders' Meeting	Vesting date	Adjusted exercise price (in euros)	Number of beneficiaries per plan	Number of options granted to members of the Executive Committee	Outstanding options at Dec. 31, 2011	Options exercised (2)	Options cancelled or expired	Outstanding opstions at Dec. 31, 2012	Expiration date	Residual life
11/20/2002	05/04/2001	11/20/2006	15.7	2,528	1,327,819	1,617,337	1,303,646	313,691	-	11/19/2012	
11/17/2004	04/27/2004	11/17/2008	16.8	2,229	1,302,000	5,062,400	3,301,054	1,761,346	-	11/16/2012	
12/09/2005 (1)	04/27/2004	12/09/2009	22.8	2,251	1,352,000	5,691,132	-	27,098	5,664,034	12/08/2013	0.9
01/17/2007 (1)	04/27/2004	01/17/2011	36.6	2,173	1,218,000	5,741,657	-	36,751	5,704,906	01/16/2015	2.0
11/14/2007 (1)	05/04/2007	11/14/2011	41.8	2,107	804,000	4,472,214	-	37,954	4,434,260	11/13/2015	2.9
11/12/2008 (1)	07/16/2008	11/12/2012	32.7	3,753	2,615,000	6,334,254	-	214,700	6,119,554	11/11/2016	3.9
11/10/2009	05/04/2009	11/10/2013	29.4	4,036	-	5,088,999	-	81,824	5,007,175	11/09/2017	4.9
TOTAL					**8,618,819**	**34,007,993**	**4,604,700**	**2,473,364**	**26,929,929**		
Of which:											
Stock option purchase plans						11,423,253	-	296,524	11,126,729		
Stock subscription plans						22,584,740	4,604,700	2,176,840	15,803,200		

(1) Plans exercisable at December 31, 2012.
(2) In certain specific circumstances such as retirement or death, outstanding options may be exercised in advance of the vesting date.

The average annual price for GDF SUEZ shares in 2012 was €18.3.

SUEZ ENVIRONNEMENT COMPANY PLANS

Plan	Date of authorizing General Shareholders' Meeting	Vesting date	Exercise price (in euros)	Outstanding options at Dec. 31, 2011	Options exercised *	Granted	Options cancelled or expired	Outstanding opstions at Dec. 31, 2012	Expiration date	Residual life
12/17/2009	05/26/2009	12/17/2013	15.5	3,415,890	-	-	42,106	3,373,784	12/16/2017	5.0
12/16/2010	05/26/2009	12/16/2014	14.2	2,920,500	-	-	20,200	2,900,300	12/15/2018	6.0
TOTAL				**6,336,390**	**-**	**-**	**62,306**	**6,274,084**		

* *In certain specific circumstances such as retirement or death, outstanding options may be exercised in advance of the vesting date.*

The average annual price for SUEZ Environnement Company shares in 2012 was €9.4.

24.1.2 Number of GDF SUEZ stock options

	Number of options	Average exercise price *(in euros)*
Balance at December 31, 2011	**34,007,993**	**29.2**
Options exercised	(4,604,700)	16.5
Options cancelled	(2,473,364)	19.2
Balance at December 31, 2012	**26,929,929**	**32.3**

24.1.3 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 period *(in millions of euros)*	
Award date	Issuer	Fair value per unit * *(in euros)*	Dec. 31, 2012	Dec. 31, 2011
01/17/2007	GDF SUEZ	12.3	-	1
11/14/2007	GDF SUEZ	15.0	-	14
11/12/2008	GDF SUEZ	9.3	13	14
11/10/2009	GDF SUEZ	6.0	8	8
12/17/2009	SUEZ Environnement Company	3.3	3	3
12/16/2010	SUEZ Environnement Company	2.9	2	2
TOTAL			**25**	**41**

* *Weighted average value of plans with or without performance conditions, where applicable.*

24.1.4 Share Appreciation Rights Plans

The award of Share Appreciation Rights (SARs) to US employees in 2008 and 2009 (as replacement for stock options) does not have a material impact on the consolidated financial statements.

24.2 Employee share issues

GDF SUEZ did not issue any new shares to employees in 2012. The only impacts of employee share issues on 2012 income relate to SARs, for which the Group recognized an expense of €2 million in the year (including shares covered by warrants).

24.3 Bonus shares and Performance shares

24.3.1 New awards in 2012

GDF SUEZ bonus share plan of October 30, 2012

On October 30, 2012, the Board of Directors decided to award a new bonus share plan (PAGA) to employees for 2012. This plan provides for the award of around 6 million bonus GDF SUEZ shares to Group employees, subject to the following conditions:

- three-year vesting period (France, Italy and Spain) or four-year vesting period (all other countries);
- continuing employment within the Group (except in the case of retirement, death or disability) at June 30, 2015 (France, Italy and Spain) or at June 30, 2016 (all other countries);
- a mandatory lock-in period of two years after the final vesting date (June 23, 2015) for employees in France, Italy and Spain.

GDF SUEZ Performance Share plan of December 5, 2012

On December 5, 2012, the Board of Directors approved the allocation of 3.6 million Performance Shares to members of the Group's executive and senior management in two tranches:

- Performance Shares vesting on March 14, 2016, subject to a further two-years non-transferability period; and
- Performance Shares vesting on March 14, 2017, without non-transferability period.

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

- instruments with a single condition: Performance Shares subject to a market performance condition relating to GDF SUEZ's total share return compared to that of the Eurostoxx Utilities Eurozone index, as assessed between November 2012 and February 2016;
- instruments with two conditions: Performance Shares subject to the market performance condition described above, and an internal performance condition relating to Group net recurring income Group share in 2014 and 2015.

SUEZ Environnement Company bonus share and Performance Share plans

The arrangements for the various plans established in 2012 are described in the Reference Document prepared by SUEZ Environnement Company.

24.3.2 Fair value of bonus share plans with or without performance conditions

The following assumptions were used to calculate the fair value of the new plans awarded in 2012:

Allocation date	Vesting date	End of the lock-up period	Price at the award date	Expected dividend	Financing cost for the employee	Non-transferability cost	Market-related performance condition	Fair value per unit
February 29, 2012	March 14, 2014	March 14, 2016	€19.5	€1.2	8.0%	€1.8	no	€15.5
February 29, 2012	March 14, 2015	March 14, 2017	€19.5	€1.2	8.0%	€1.5	no	€14.8
Weighted fair value of the February 29, 2012 plan								€15.1
October 30, 2012	November 1, 2015	November 1, 2017	€17.7	€1.5	8.4%	€1.5	no	€11.7
October 30, 2012	November 1, 2016	November 1, 2016	€17.7	€1.5	8.4%	-	no	€11.8
Weighted fair value of the October 30, 2012 plan								€11.7
December 5, 2012	March 14, 2016	March 14, 2018	€17.2	€1.5	8.4%	€1.0	yes	€7.2
December 5, 2012	March 14, 2016	March 14, 2018	€17.2	€1.5	8.4%	€1.3	yes	€9.2
December 5, 2012	March 14, 2017	March 14, 2017	€17.2	€1.5	8.4%	-	yes	€6.7
December 5, 2012	March 14, 2017	March 14, 2017	€17.2	€1.5	8.4%	-	yes	€9.0
Weighted fair value of the December 5, 2012 plan								€8.1

24.3.3 Review of internal performance conditions applicable to the plans

In addition to the condition of continuing employment within the Group, 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 2012 due to a failure to meet performance criteria were not material.

24.3.4 Free share plans with or without performance conditions in force at December 31, 2012, and impact on income

The expense recorded during the period on plans in effect was as follows:

Award date	Quantity awarded (1)	Fair value per unit (2) *(in euros)*	Expense for the period *(in millions of euros)* Dec. 31, 2012	Dec. 31, 2011
GDF SUEZ share plans				
Bonus share plans				
SUEZ July 2007 plan	2,175,000	37.8	-	5
Spring August 2007 plan	193,686	32.1	1	1
SUEZ June 2008 plan	2,372,941	39.0	3	6
GDF SUEZ July 2009 plan	3,297,014	19.7	5	15
Link August 2010 plan	207,947	19.4	1	1
GDF SUEZ June 2011 plan	4,173,448	20.0	31	16
GDF SUEZ October 2012 plan	6,100,000	11.7	3	-
Performance share plans				
GDF SUEZ November 2008 plan	1,812,548	28.5	1	(1)
GDF SUEZ November 2009 plan	1,693,840	24.8	4	12
January 2010 EXCOM plan	348,660	18.5	1	3
March 2010 Uni-T plan	51,112	21.5	-	-
GDF SUEZ January 2011 plan	3,426,186	18.1	18	17
March 2011 Uni-T plan	57,337	23.3	1	-
GDF SUEZ December 2011 plan	2,996,920	11.3	10	1
GDF SUEZ Trading February 2012 plan	70,778	15.1	-	-
GDF SUEZ December 2012 plan	3,556,095	8.1	1	-
SUEZ Environnement Company share plans				
SUEZ Environnement Company July 2009 plan	2,040,810	9.6	2	5
SUEZ Environnement Company December 2009 plan	173,852	12.3	-	1
SUEZ Environnement Company December 2010 plan	829,080	11.6	3	3
SUEZ Environnement Company March 2012 plan	828,710	8.8	2	-
			84	**86**

(1) Quantity awarded, after potential adjustments relating to the merger with Gaz de France in 2008.
(2) Weighted average value where applicable.

24.3.5 International Power Performance Share plans

International Power modified its Performance Share plans prior to the date of its acquisition by GDF SUEZ. The 2008, 2009 and 2010 plans were cancelled 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 plc'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 plc's executive and senior management since 2011 is not material.

NOTE 25 RELATED PARTY TRANSACTIONS

This Note describes material transactions between the Group and related parties.

Compensation payable to key management personnel is disclosed in Note 26 “Executive compensation”.

The Group’s main subsidiaries (fully-consolidated companies) are listed in Note 29 “List of the main companies consolidated at December 31, 2012”. The main associates and joint ventures are listed in Note 13 “Investments in associates” and Note 14 “Investments in joint ventures” respectively. Only material transactions are described below.

25.1 Relations with the French State and with entities owned or partly owned by the French State

25.1.1 Relations with the French State

Further to the merger between Gaz de France and SUEZ on July 22, 2008, the French State owns 36.7% of GDF SUEZ and appoints four representatives to the Group’s eighteen-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 GRTgaz transportation network and the gas distribution network in France, as well as rates for accessing the French LNG terminals, are all regulated. Rates are set by ministerial decree.

25.1.2 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.

25.2 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 19 “Post-employment benefits and other long-term benefits”.

25.3 Transactions with joint ventures and associates

Joint ventures

In millions of euros	Purchases of goods and services	Sales of goods and services	Net financial income (excluding dividends)	Trade and other receivables	Loans and receivables at amortized cost	Trade and other payables	Borrowings and debt	Commitments and guarantees given
Eco Electrica	-	58	-	4	-	-	-	-
Tirreno Power	226	113	-	2	-	26	-	-
WSW Energie und Wasser	4	43	-	11	-	16	-	-
Energia Sustentavel Do Brasil	-	-	-	-	-	-	-	2,027
Thiess Degrémont Joint Venture Design and Build (TD JV DB)	-	-	-	18	186	-	-	-
Inversiones Hornitos SA	-	6	2	8	58	2	-	-
Other	152	66	7	62	28	43	33	148
TOTAL	**382**	**286**	**9**	**105**	**272**	**87**	**33**	**2,175**

Except for the column “Commitments and guarantees given” which are off balance sheet data, the data above show the impact of transactions with joint ventures on our financial statements at December 31, 2012; this means that they correspond to the impact of these transactions after the elimination of internal transactions.

All the data below are also expressed on a contribution basis after the elimination of internal transactions.

Eco Electrica (Puerto Rico)

Natural gas sales to Eco Electrica amounted to €58 million in 2012.

Tirreno Power (Italy)

Electricity purchases and sales between the Group and Tirreno Power amounted to €226 million and €113 million respectively in 2012.

WSW Energie und Wasser (Germany)

Electricity sales and purchases between the Group and WSW Energie und Wasser amounted to €43 million and €4 million respectively in 2012.

Energia Sustentavel Do Brasil (Brazil)

GDF SUEZ holds a 60% interest in Energia Sustentavel Do Brasil. This consortium was set up in 2008 in order to build, own, and operate the 3,750 MW hydroelectric Jirau power plant.

At December 31, 2012, the amount of loans granted by Banco Nacional de Desenvolvimento Econômico e Social, the Brazilian Development Bank, to Energia Sustentavel do Brasil amounted to €3.6 billion. Each partner stands as guarantor for this debt to the extent of its ownership interest in the consortium.

Thiess Degrémont Joint Venture Design and Build (TD JV DB) (Australia)

This joint venture formed between Thiess (65%) and Degrémont (35%) is responsible for designing and building the seawater desalination plant that supplies the Melbourne urban area.

GDF SUEZ has a 12.5% interest in TD JV DB (SUEZ Environnement business line). The Group controls 35% of the company.

The amount of the joint venture’s current account totaled €186 million in the statement of financial position at December 31, 2012.

Inversiones Hornitos SA (Chile)

GDF SUEZ has a 31.6% interest in Inversiones Hornitos (GDF SUEZ Energy International business line). The Group controls 60% of the company.

The loans granted to Inversiones Hornitos by the Group amounted to €58 million in the statement of financial position at December 31, 2012.

Associates

In millions of euros	Purchases of goods and services	Sales of goods and services	Net financial income/(loss) (excluding dividends)	Trade and other receivables	Loans and receivables at amortized cost	Trade and other payables	Borrowings and debt	Commitments and guarantees given
Inter-municipal companies	883	88	2	1	-	2	-	363
Contassur	-	-	-	159	-	-	-	-
Energy International Business Line project management entities in the Middle East	-	277	36	-	54	-	4	617
Paiton	-	25	13	-	268	-	-	-
Gaz de Strasbourg	-	130	-	16	-	-	-	-
Canadian renewable energy activities	-	-	-	-	149	-	-	-
Other	33	46	-	3	-	3	1	202
TOTAL	**916**	**566**	**51**	**179**	**471**	**5**	**5**	**1,182**

Inter-municipal companies (Belgium)

The mixed inter-municipal companies in Brussels, Flanders and Walloon manage the electricity and gas distribution network in Belgium.

Following various transactions and events that occurred during the first half of 2011 and at December 31, 2012 (see Note 2 “Main changes in Group structure”), the Group no longer had a significant influence (i) over the Flemish mixed inter-municipal companies since June 30, 2011, and (ii) over the Brussels inter-municipal company since December 31, 2012. The above table lists the transactions with the inter-municipal companies in Walloon and Brussels (up until December 31, 2012 for the Brussels inter-municipal company).

The transportation costs incurred by Electrabel Customer Solutions (ECS) in connection with the inter-municipal companies’ gas and electricity distribution network amounted to €830 million at December 31, 2012 (€1,394 million at December 31, 2011). Trade payables between the Group and the mixed inter-municipal companies are not material at December 31, 2012.

Electrabel stands as guarantor for €363 million of the loans contracted by the Walloon mixed inter-municipal companies in connection with the financing for capital decreases.

Contassur (Belgium)

Contassur is a life insurance company accounted for under the equity method. It is 15%-owned by the Group.

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 €159 million at December 31, 2012 (€128 million at December 31, 2011).

Project management companies set up by the GDF SUEZ Energy International business line in the Middle-East

The project management companies in the Middle East own and operate electricity production plants and seawater desalination facilities.

The Group’s sales to these companies amounted to €277 million at December 31, 2012 (€400 million at December 31, 2011), and involved the sale of electricity and gas, and the provision of services.

The loans granted by the Group to the project management companies in the Middle East amounted to €54 million at December 31, 2012 (€124 million at December 31, 2011).

The guarantees granted by the Group to these entities amounted to €617 million at December 31, 2012 (€657 million at December 31, 2011).

Paiton (Indonesia)

The Group owns a 40.5% interest in Paiton. The loans granted to Paiton by the Group amounted to €268 million at December 31, 2012 (€136 million at December 31, 2011).

Gaz de Strasbourg (France)

The Group owns a 24.9% interest in Gaz de Strasbourg.

Gas sales to Gaz de Strasbourg amounted to €130 million at December 31, 2012.

Canadian renewable energy activities (Canada)

The Group has retained a 40% interest in the Canadian renewable energy activities following the partial disposal performed in December 2012 (see Note 2 “Main changes in Group structure”).

The Group has granted a €149 million loan to the Canadian renewable energy activities.

NOTE 26 EXECUTIVE COMPENSATION

The Group's key executives are the members of the Executive Committee and the Board of Directors.

The Executive Committee had 27 members in 2012.

Their compensation breaks down as follows:

In millions of euros	Dec. 31, 2012	Dec. 31, 2011
Short-term benefits	37	39
Post-employment benefits	6	6
Share-based payments	10	12
Termination benefits	5	3
TOTAL	**58**	**60**

NOTE 27 LEGAL AND ANTI-TRUST PROCEEDINGS

The Group is party to a number of legal and anti-trust proceedings with third parties or with legal and/or administrative authorities (including tax authorities) in the normal course of its business.

Provisions recorded in respect of these proceedings totaled €927 million at December 31, 2012 (€763 million at December 31, 2011).

The main legal and arbitration proceedings presented hereafter are recognized as liabilities or give rise to contingent assets or liabilities. The accounting treatment for individual legal proceedings is not shown to avoid disclosing any information that might be prejudicial to the Group in the course of their resolution.

27.1 Legal and arbitration proceedings

27.1.1 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. The dispute mainly pertains to (i) the respect of a long-term power purchase agreement (the "Dunamenti PPA") entered into between the power plant operator Dunamenti Erőmű (in which Electrabel owns a 74.82% interest) and MVM (a company controlled by the Hungarian State) on October 10, 1995, and (ii) the cancellation of the agreement, and (iii) the reintroduction of regulated electricity tariffs.

On November 30, 2012, the court of arbitration rejected the Group's claims, except for the claim based on the principle of fair and equitable treatment in relation to the stranded costs arising from the termination of the long-term agreement, which was approved by the European Commission in April 2010. The ruling on this claim has been deferred until 2015, in order to enable the court of arbitration to rule on the basis of a detailed assessment of said costs [(1)].

27.1.2 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% in SPP being indirectly held by the Slovak Republic through the National Property Fund.

In November 2008, SGH sent a notice of dispute to the Slovak Republic under the Energy Charter Treaty and the Bilateral Treaty, entered into by the Slovak and Czech Republics 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 on December 28, 2010.

In 2011, the negotiations between SGH and the Slovak State had resulted in the abolishment of the law which limited the possibility to request price increases to cover gas supply costs plus a reasonable profit margin (law referred to as Lex SPP).

SGH, GDF SUEZ, and E.ON have launched an arbitration appeal, which was filed with the ICSID on April 5, 2012, for breach of the Energy Charter by the Republic of Slovakia. On December 14, 2012, the State of Slovakia, SGH, GDF SUEZ and E.ON signed a transactional agreement, which was largely dependent on the effective sale of SGH to Energetický a Průmyslový Holding, which occurred on January 23, 2013 (see Note 2 "Main changes in Group structure"). As a result, SGH, GDF SUEZ and E.ON informed the ICSID that they were withdrawing their request on January 24, 2013.

27.1.3 Squeeze-out bid for Electrabel shares

On July 10, 2007, three shareholders, Deminor and two other funds initiated proceedings before the Brussels Court of Appeal ("CA") 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. The Appeal Court dismissed the application on December 1, 2008.

(1) See also Note 27.2.4 "Long-term Power Purchase Agreements in Hungary".

Following the appeal lodged by Deminor and its associates on May 22, 2009, the Court of Cassation overturned the ruling on June 27, 2011. In a subpoena dated December 28, 2012, Deminor and its associates launched proceedings against GDF SUEZ in the Brussels Appeal Court on a different basis, in order for the Court to rule on their request for a price increment. The initial hearing is scheduled for February 19, 2013.

A similar demand for a price increment, submitted to the Brussels Appeal Court by Messrs. Geenen and associates, but without naming Electrabel and the FSMA (*Autorité belge des services et marches financiers*, formerly the "*Commission bancaire, financière et des assurances*") as defendants, was dismissed on December 24, 2009 on procedural grounds. Mr Geenen lodged an appeal in cassation against the ruling of December 24, 2009 on June 2, 2010. The Court of Cassation delivered a ruling overturning the ruling of the Brussels Appeal Court on May 3, 2012. It is now up to Mr Geenen to launch proceedings against GDF SUEZ in the Brussels Appeal Court on a different basis.

27.1.4 Total Energie Gas

GDF SUEZ buys natural gas from Total Energie Gaz ("TEGAZ"), a subsidiary of the Total Group, under an Agreement entered into on October 17, 2004, and asked for a review of the contractual price with effect at May 1, 2011. As the negotiations with TEGAZ were not successful GDF SUEZ submitted the dispute involving the review of the contractual price to a panel of experts, in March 2012, in accordance with the Agreement. On June 5, 2012, TEGAZ gave notice of a dispute regarding the interpretation of certain clauses in the aforementioned Agreement, which is currently the subject of arbitration proceedings, in accordance with the regulations of the French Arbitration Association (AFA). TEGAZ has requested an emergency ruling to suspend the appraisal procedures during the arbitration process, the grounds for and necessity of which are opposed by GDF SUEZ. The arbitration procedure was suspended on July 27, 2012. On January 29, 2013, the arbitration Court declares itself competent to decide on all demands made by TEGAZ and it recognizes that 5 out of 8 demands made by TEGAZ are founded.

27.1.5 Compagnie du Vent

On November 27, 2007, GDF SUEZ 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.

GDF SUEZ has been involved in various disputes with Jean-Michel Germa and SOPER, regarding the latter's dismissal as Chief Executive, since 2011. Following the cancellation of La Compagnie du Vent's first General Meeting on May 27, 2011 by the Montpellier Appeal Court *("Cour d'Appel"),* a second General Meeting on November 3, 2011 finally appointed a new managing director, who was put forward by GDF SUEZ.

However, the following proceedings are still pending: (i) the legal proceedings launched against SOPER by the Compagnie du Vent in the Montpellier Commercial Court (*Tribunal de Commerce*) on August 23, 2011, which were aimed at ordering the latter to make good the non-material harm suffered by La Compagnie du Vent as a result of the undue use of minority influence through a payment of €500,000, (ii) the legal proceedings contractual responsibility and negligence proceedings launched against GDF SUEZ by Jean-Michel Germa, at the time when the latter was dismissed as Chairman and Chief Executive of La Compagnie du Vent, in the Paris Commercial Court on February 15, 2012, (iii) the proceedings launched against GDF SUEZ, La Compagnie du Vent and the current Chairman and Chief Executive by SOPER on May 21, 2012, which request a legal review of certain management decisions, in order to obtain compensation, and (iv) the proceedings launched by SOPER in the Paris Commercial Court on January 18, 2013, with a view to ordering GDF SUEZ to pay compensation of around €214 million to SOPER as a result of the alleged breach of the agreement and of the shareholders' agreement signed in 2007. Furthermore, SOPER has also informed GDF SUEZ of its intention to exercise its call option on the 5% interest in La Compagnie du Vent held by SOPER. The price of the shares was set by an expert following the contractually scheduled procedures.

27.1.6 Freeze of regulated natural gas prices in France as of October 1, 2011

Legal proceedings regarding regulated tariffs in the final quarter of 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 despite the fact that on September 22, 2011, the French Energy Regulatory Commission (CRE) delivered an unfavorable opinion regarding the ministerial decree. GDF SUEZ considers that this decree does not comply with the law according to which regulated prices must cover all costs nor with competitive market rules nor with the public service contract signed between the Group and the French State.

As a result, on October 13, 2011 GDF SUEZ appealed the decree before the *Conseil d'Etat* (France's highest administrative court) on the ground of abuse of authority.

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'Etat*. On July 10, 2012, the *Conseil d'Etat* cancelled the Decree of September 29, 2011 regarding regulated tariffs for the sale of natural gas issued by the Economy and Energy Ministries.

In its ruling, the *Conseil d'Etat* observed that the decree contained a legal flaw, in that it set the tariffs at a level that was lower than the one that would have resulted from the application of the tariff formula as determined by current regulations.

The *Conseil d'Etat* therefore pressed the Economy and Energy ministers concerned to issue a new decree setting a tariff change that is compliant with the regulations for the period between October 1, 2011 and December 31, 2011, which was achieved via the Decree of August 1, 2012. An estimated gain of €210 million has been recognized in the 2012 financial statements in respect of this tariff "catch-up" adjustment.

Legal proceedings regarding regulated tariffs as from July 2012

In addition, the Ministerial Decree of July 18, 2012 set the change in the regulated natural gas tariff in France at 2% as from July 20, 2012. The Group considers that this price change will not enable it to cover all of its natural gas supply costs and other costs.

As a consequence, GDF SUEZ contested the decree before the *Conseil d'Etat* on August 24, 2012, on the grounds of abuse of power. Lastly, the Ministerial Decree of September 26, 2012 set the change in the regulated natural gas tariff in France at 2% for the period from September 29, 2012 to December 31, 2012. The Group considers that this price change will not enable it to cover all of its natural gas supply costs and other costs.

As a consequence, GDF SUEZ contested the decree before the *Conseil d'Etat* on November 15, 2012, on the grounds of abuse of power. The *Conseil d'Etat* suspended the Decree of September 26, 2012 via an order issued on November 29, 2012, and also pressed the Ministers responsible for Energy and Finance to issue a new statement regarding regulated gas tariffs within one month, by applying the current legislation.

The *Conseil d'Etat* basically cancelled the Decrees of June 27, 2011, July 18, 2012 and September 26, 2012 via three decisions on January 30, 2013, on the grounds that they did not set the increase in the regulated natural gas tariff at the level required for GDF SUEZ to cover. The *Conseil d'Etat* urged the Government to issue new decrees to correct this unlawful position within one month. The positive impact of the *Conseil d'Etat*'s decision and of the new tariff decrees will be recognized in the 2013 income statement. The positive impact on 2013 EBITDA represents around €150 million.

27.1.7 Objection to the CREG's approval of Elia's injection tariffs

In December 2011, the Belgian Gas and Electricity Regulation Commission (*Commission de Régulation de l'Electricité et du Gaz* – CREG) approved the tariff proposal submitted by the electricity transmission grid operator, Elia System Operator, for the 2012-2015 period. Electrabel objects to two main aspects of this proposal, (i) namely the application of injection tariffs for use of the grid and (ii) the injection tariffs for ancillary services.

Electrabel launched proceedings before the Brussels Court of Appeal to cancel the CREG's decision. On February 6, 2013, the Brussels Court of Appeal cancelled the CREG's decision of December 22, 2011 in its totality.

27.1.8 NAM (Nederlandse Aardolie Maatschappij)

In June 2011, NAM filed a claim against GDF SUEZ E&P Nederland BV (GDF SUEZ Group) for the payment of a price adjustment, under the sale agreements entered into with GDF SUEZ for the sale of exploration and production assets in the Netherlands and of an interest in Nogat BV, in respect of an income tax expense of €50 million that NAM claimed to have paid on behalf of GDF SUEZ between the effective date and the completion date of the transaction. This claim had been always contested by GDF SUEZ as in breach of the agreements.

In response to this action, GDF SUEZ E&P Nederland BV filed a separate claim for €5.9 million against NAM.

On May 21, 2012, the District Court of The Hague dismissed GDF SUEZ E&P Nederland BV's claim and ordered it to pay the principal amount claimed by NAM, together with interest of 3.8% accrued since January 17, 2011.

As the decision was enforceable, this payment has already been made. However, GDF SUEZ E&P Nederland BV has appealed this decision. The result of this appeal should be known during the 2013-year.

27.1.9 Argentina

In Argentina, the Public Emergency and Exchange Regime Reform Act (Emergency Act), enacted in January 2002, froze concession contract tariffs increases by 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 two arbitration proceedings against the Argentinean 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 Argentinean State following the adoption of the above-mentioned Emergency Act. The hearings for both proceedings took place in 2007. Alongside the ICSID proceedings, the concession operators Aguas Argentinas ("AASA") and Aguas Provinciales de Santa Fe ("APSF") 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, APSF announced at its Shareholders' Meeting of January 13, 2006 that it was filing for bankruptcy.

At the same time, AASA filed for "Concurso Preventivo" (1). As part of this procedure, a settlement proposal involving the novation of AASA'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% (2) of these liabilities (upon approval), and a second payment of 20% in the event that compensation is obtained from the Argentinean State. As controlling shareholders, GDF SUEZ and Agbar decided to financially support AASA 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 AASA and APSF.

By two decisions dated July 30, 2010, ICSID recognized the liability of the Argentinean 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 amount of the award to be paid in compensation of the losses sustained in the coming months.

The expert is expected to submit his final conclusions in the first half of 2013.

27.1.10 United Water – Lake DeForest

In March 2008, residents of the Hackensack River area in Rockland County (NY) filed a claim before the Supreme Court of the State of New York for USD 66 million (later increased to USD 130 million) against United Water (a SUEZ Environnement subsidiary, hereinafter "UW")) owing to flooding caused by torrential rain.

Those residents point out that the negligence of UW 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 UW 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 UW for alleged negligence in the maintenance of the dam and reservoir. The second claim was dismissed on May 31, 2011.

UW does not consider itself responsible for the flooding or for the maintenance of the dam and reservoir and believes these allegations should be dismissed. UW 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. UW has appealed this decision.

(1) *Similar to the French bankruptcy procedure.*

(2) *Approximately USD 40 million.*

In a ruling issued on October 12, 2012, the court dismissed all the residents' claims. The residents have appealed.

27.1.11 Novergie

Novergie Centre-Est (a SUEZ Environnement Group company) used to operate a household waste incineration plant in Gilly-sur-Isère near Albertville (in the Savoie region, 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 action.

While SIMIGEDA was being investigated, Novergie Centre-Est was indicted on December 22, 2005 on counts of endangering the lives of others and unintentional grievous bodily harm, due to the pollution caused by the incineration plant.

As part of these proceedings, investigations ordered by the court showed that there had been no increase in the number of cases of cancer in neighboring populations.

On October 26, 2007, the judge in charge of investigating the case dismissed the charges against 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.

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. On February 21, 2012, the Appeal Court dismissed the original ruling, and discharged Novergie Centre-Est.

27.1.12 Société des Eaux du Nord

Negotiations have been initiated in 2008 between Lille Métropole metropolitan district (Lille Métropole Communauté Urbaine - LMCU) and Société des Eaux du Nord (SEN), a subsidiary of Lyonnaise des Eaux France, within the framework of the five-yearly review of the drinking water distribution concession contract (the "Contract"). In particular, these negotiations pertained SEN's renewal obligations to be drawn from the addenda signed in 1996 and 1998. At the end of 2009, an arbitration Commission chaired by Michel Camdessus (set up in accordance with the Contract by SEN and LMCU) made recommendations on the Contract's review.

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.

The examination took place on January 29, 2013 and the "rapporteur" gave a notice leaning towards the cancellation of the decision of June 25, 2010. The final judgment is expected to be delivered during the first half-year of 2013.

27.1.13 Melbourne – AquaSure

In 2009, AquaSure (21% owned by SUEZ Environnement) was awarded a contract, following a call for tenders, 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 (the "JV") between Thiess (65%), a subsidiary of the Leighton Group and Degrémont (35%), a subsidiary of SUEZ Environnement. 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 sought a deadline extension and financial compensation as it considered that it was not fully responsible for the delay and its financial consequences. 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.

On April 24, 2012, a new standstill agreement was signed by AquaSure and the JV. The aim of this standstill agreement was on one hand to ensure the financing of AquaSure between July 1, 2012 and the acceptance of the plant, as well as, on the other hand, to enable the company to pursue its claims against the State of Victoria.

Furthermore, SUEZ Environnement and its partner, the Leighton Group, believe that most of the cost overruns are due to factors for which they were not wholly responsible, some of which relate to "force majeure" events. In this respect, claims for an amount of over AUD 1 billion have been submitted by the Joint Venture.

The physical construction of the plant has been completed, and the commissioning phase, which lasts for around six months, is underway. The plant successfully achieved "preliminary commercial acceptance" on September 29, 2012, and the water produced since that date is now being sold to the State of Victoria.

As the following stages, which are known as "commercial acceptance" and "reliability test performance" have been achieved, the final acceptance of the plant occurred on December 17, 2012. The parties have decided to extend until February 28, 2013 the effects of the standstill agreement which was approved by the lendings banks on May 18, 2012.

27.1.14 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 not upheld.

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 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.

Elengy applied for an operating permit with the Prefect on June 30, 2010.

The Prefectural Decree authorizing the full operation of the Fos Cavaou terminal was issued on February 14, 2012.

27.1.15 Fos Cavaou - Construction

On January 17, 2012, Fosmax LNG (former Société du Terminal Méthanier de Fos Cavaou), 72.4%-owned by Elengy and 27.6%-owned by Total, submitted a request for arbitration to the ICC International Court ("CCI") of Arbitration against a consortium consisting of Sofregaz, Tecnimont SpA and Saipem SA (STS).

The dispute relates to the construction of the LNG terminal belonging to Fosmax LNG 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, Fosmax LNG contracted other companies to complete the construction of that part of the works in 2010.

Fosmax LNG instituted arbitration proceedings under the aegis of the ICC, seeking compensation for the losses sustained. Fosmax LNG submitted its statement of claim on October 19, 2012.

27.1.16 Objection of Belgian Nuclear contribution

The December 22, 2008 framework act (loi-programme) provisions imposed a €250 million tax on nuclear power generators. Electrabel (GDF SUEZ Group) filed an appeal with the Belgian Constitutional Court, which rejected this claim by a decision dated March 30, 2010. In addition, the tax was renewed for 2009 (1), 2010 (2) and 2011 (3). Electrabel has therefore paid a total of €859 million in this respect. 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 period extension over which certain nuclear power facilities are operated. On September 9, 2011, Electrabel brought an action to recover the amounts paid. The proceedings are ongoing before the Brussels Court of First Instance.

27.1.17 Claims by the Belgian tax authorities and Energy Administration

The Belgian tax authorities' Special Tax Inspectorate is claiming €188 million from SUEZ-Tractebel, a GDF SUEZ company, 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 €265 million for the period 2003 to 2009. An initial ruling which did not address the substance of the 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.

(1) Law of December 23, 2009.

(2) Law of December 29, 2010.

(3) Law of January 8, 2012.

The Belgian Energy Authority has claimed a total tax of €356 million on unused facilities from Electrabel for the period between 2006 and 2011. Given the ruling issued by the Brussels Court of First Instance on February 17, 2010 regarding the tax for facilities that were not used between 2006 and 2008, which is very largely favorable, Electrabel has submitted a statement for the only facility that it believes should be subject to this tax for 2009, 2010, and 2011. Meanwhile, the Authority has upheld its previous position and has drawn up taxes for seven facilities (including the facility declared) for each of those years. Electrabel initially opposed these taxes via the administrative channel, and then via submitting an appeal to the Brussels Court of First Instance. Electrabel has not paid the 2009 and 2010 tax, as it considered that they were drawn up late. Conversely, it has paid an amount of €6.25 million in respect of the 2011 tax for the declared facility. Electrabel has not submitted a return for 2012, as the only facility likely to be subject to the tax for unused site no longer has an electricity generation operating license.

27.1.18 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. The decision of the Conseil d'Etat, dated December 10, 2012, in the Rhodia and Accor cases, related to the "*précompte*" can potentially harmer our arguments, without modifying our position after taking into account the progress of the on-going procedures relating to us.

27.1.19 Claim by the Brazilian tax authorities

Tractebel Energia, a GDF SUEZ Group company, contested the tax assessment notice of 323 million [1] Brazilian real issued by the Brazilian tax authorities on December 30, 2010 in respect of fiscal years 2005 to 2007. Tractebel Energia considered that the tax authorities wrongly refused to grant it deductions in relation to the tax incentive which provides consideration for intangible assets.

In February 2012, a decision was issued in favor of Tractebel Energia and has been submitted to the Administrative Court for confirmation.

27.2 Competition and concentration

27.2.1 "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.

27.2.2 MEGAL

In 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. The Commission considered that these restrictive business practices 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 and lasted until 2005. In 2009, the European 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. In 2009, GDF SUEZ brought an action for annulment against the Commission's decision before the General Court of the European Union.

On June 29, 2012, the General Court of the European Union set the fine to be paid by GDF SUEZ at €320 million, thus reducing the original fine of €553 million by €233 million that were redeemed to the Group on July 31, 2012. As this decree was not appealed in the European Court of Justice, it has become final.

27.2.3 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. In its ruling of December 12, 2012, the Court rejected the appeal made against the European Commission's decision in its entirety. Electrabel has appealed before the Court of Justice of the European Union against the Court's decision.

27.2.4 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

(1) *Approximately €118 million.*

Group is directly involved as its subsidiary Dunamenti Erőmű is a party to a long-term Power Purchase Agreement entered into with MVM, Hungary's state-owned power company, on October 10, 1995. The Hungarian government then 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.

On April 27, 2010, the European Commission rendered a decision approving the State aid payable by Dunamenti Erőmű and the amount of its stranded costs and allowing Dunamenti Erőmű to offset the State aid deemed illegal and the stranded costs. The compensation mechanism enabled Dunamenti Erőmű to escape from the obligation to pay back the State aid deemed illegal. In 2015, at the initial expiration date of Dunamenti' Erőmű 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 [(1)].

27.2.5 Inquiry into the Belgian electricity wholesale market

In September 2009 and June 2010, the Belgian competition authority (*Autorité belge de concurrence*) organized raids on several companies operating in Belgium's electricity wholesale market, including Electrabel, a GDF SUEZ company.

The inquiry, to which Electrabel has provided its support, is now closed.

The case was forwarded to the Competition Authority on February 7, 2013. The College of Competition Prosecutors ("*Auditorat*") of the Competition Authority considered that Electrabel abused its dominant position between 2006 and 2010. Electrabel is formally disputing these allegations and will put forward its arguments as part of adversarial proceedings before the Competition Authority.

27.2.6 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 ("SEC") 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 with regard to this incident. Within the framework of this proceeding, SEC submitted information relating to this incident to the Commission. The European Commission set the fine for the breach of a seal at €8 million and notified SEC Company and Lyonnaise des Eaux France on May 24, 2011, fine which has been paid in 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 SAUR, SEC, 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. The European Commission carried out a further inspection at Lyonnaise des Eaux's premises during March 2012.

NOTE 28 SUBSEQUENT EVENTS

28.1 Asset optimization program

The disposals of 24.5% in SPP and 80% in IP Maestrale were finalized on January 23, 2013 and February 13, 2013 respectively (see Note 2.4 "Assets held for sale"). At these dates, the Group received cash payments of respectively €1,127 million (SPP) and €28 million (IP Maestrale).

28.2 Regulated gas tariffs in France

Via three decisions on January 30, 2013, the *Conseil d'Etat* (France's highest administrative court) cancelled the decrees of June 27, 2011, July 18, 2012 and September 26, 2012 on the grounds that they did not set the increase in the regulated price of natural gas at the level required to cover the costs of GDF SUEZ. The *Conseil d'Etat* therefore urged the French State to issue new decrees to correct this unlawful position within one month. The positive impact of the decision of the *Conseil d'Etat* and of the new tariff decrees will be recognized in the 2013 income statement and represents an amount of around €150 million at EBITDA level (see Note 27.1.6 "Freeze of regulated natural gas prices in France from October 1, 2011").

In January 2013, the Group and the French State also signed an amendment to the Public Service Contract of December 23, 2009 (which sets out the Group's public obligations and the conditions for changing regulated gas tariffs). This new tariff framework, which came into force since February 1, 2013, introduces a monthly adjustment mechanism for the gas tariff and provides clear rules to ensure a cost pass through and a margin on the gas sale activities in France.

28.3 Confirmation of the non renewal of the SUEZ Environnement Company Shareholder Agreement

On January 22, 2013, the Group confirmed, in line with the announcement made on December 5, 2012 and given the various notices of termination received from the parties concerned, that the SUEZ Environnement shareholders' agreement will not be renewed and will therefore expire on July 22, 2013 for all the parties involved.

SUEZ Environnement Company will be accounted for under the equity method as from July 2013 in the GDF SUEZ's consolidated financial statements (see Note 2.2 "Announcement of the non renewal of the SUEZ Environnement Company Shareholder Agreement").

GDF SUEZ and SUEZ Environnement Company also signed a framework agreement aiming at continuing the industrial and commercial cooperation between the two groups.

(1) *Refer also to Note 27.1.1 "Electrabel – Hungarian State"*

NOTE 29 LIST OF THE MAIN CONSOLIDATED COMPANIES AT DECEMBER 31, 2012

The table below is provided for indicative purposes only and only includes the main fully 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. As a reminder, the main associates (consolidated by equity method), and entities consolidated by the proportional consolidation method are presented in Notes 13 "Investments in associates" and 14 "Investments in joint ventures" respectively.

The FC abbreviation is used to indicate the full consolidation method.

Entities marked with an asterisk (*) form part of the legal entity GDF SUEZ SA.

ENERGY INTERNATIONAL

The Group purchased the non-controlling interest of 30.26% in International Power on June 29, 2012. Following this transaction, the Group's interest in International Power amounted to 100%.

		% interest		% control		Consolidation method	
Company name	Corporate headquarters	Dec. 2012	Dec. 2011	Dec. 2012	Dec. 2011	Dec. 2012	Dec. 2011
North America Region							
GDF SUEZ ENERGY GENERATION NORTH AMERICA Group	1990 Post Oak Boulevard - Suite 1900 Houston - TX 77056-4499 - United States	100.0	69.8	100.0	100.0	FC	FC
GDF SUEZ GAS NA LLC Group	1990 Post Oak Boulevard - Suite 1900 Houston - TX 77056-4499 - United States	100.0	69.8	100.0	100.0	FC	FC
GDF SUEZ ENERGY MARKETING NORTH AMERICA Group	1990 Post Oak Boulevard - Suite 1900 Houston - TX 77056-4499 - United States	100.0	69.8	100.0	100.0	FC	FC
GDF SUEZ ENERGY RESOURCES NORTH AMERICA Group	1990 Post Oak Boulevard - Suite 1900 Houston - TX 77056-4499 - United States	100.0	69.8	100.0	100.0	FC	FC

		% interest		% control		Consolidation method	
Company name	Corporate headquarters	Dec. 2012	Dec. 2011	Dec. 2012	Dec. 2011	Dec. 2012	Dec. 2011
Latin America Region							
E-CL SA Group	Avda. El Bosque Norte 500 - of. 902 - Santiago - Chile	52.8	36.8	52.8	52.8	FC	FC
TRACTEBEL ENERGIA Group	Rua Paschoal Apóstolo Pítsica, 5064 - Agronômica Florianopolis - Santa Catarina - Brazil	68.7	48.0	68.7	68.7	FC	FC
ENERSUR	Av. República de Panamá 3490 - San Isidro - Lima 27 - Peru	61.8	43.1	61.8	61.7	FC	FC

		% interest		% control		Consolidation method	
Company name	Corporate headquarters	Dec. 2012	Dec. 2011	Dec. 2012	Dec. 2011	Dec. 2012	Dec. 2011
Asia Region							
GLOW ENERGY PUBLIC CO. Ltd	195 Empire Tower, 38th Floor - Park Wing - South Sathorn Road - Yannawa - Sathorn - Bangkok 10120 - Thailand	69.1	48.2	69.1	69.1	FC	FC
Gheco-One Company Ltd	11, I-5 Road - Tambon Map Ta Phut - Muang District - Rayong Province 21150 - Thailand	44.9	31.3	65	65	FC	FC

		% interest		% control		Consolidation method	
Company name	Corporate headquarters	Dec. 2012	Dec. 2011	Dec. 2012	Dec. 2011	Dec. 2012	Dec. 2011
United Kingdom & Other Europe Region							
GDF SUEZ ENERGY UK RETAIL	1, City Walk - LS11 9DX - Leeds - United Kingdom	100.0	69.8	100.0	100.0	FC	FC
FHH (Guernsey) Ltd	Glategney Court - Po Box 140 - Glategney Esplanade - GY1 3HQ – St. Peter Port - Guernsey	75.0	52.3	100.0	100.0	FC	FC
SALTEND	Senator House - 85 Queen Victoria Street - London - United Kingdom	75.0	52.3	100.0	100.0	FC	FC

		% interest		% control		Consolidation method	
Company name	Corporate headquarters	Dec. 2012	Dec. 2011	Dec. 2012	Dec. 2011	Dec. 2012	Dec. 2011
Middle East, Turkey and Africa Region							
BAYMINA ENERJI A.S.	Ankara Dogal Gaz Santrali - Ankara Eskisehir Yolu 40.Km - Maliköy Mevkii - 06900 Polatli / Ankara - Turkey	95.0	66.3	95.0	95.0	FC	FC

		% interest		% control		Consolidation method	
Company name	Corporate headquarters	Dec. 2012	Dec. 2011	Dec. 2012	Dec. 2011	Dec. 2012	Dec. 2011
Australia Region							
HAZELWOOD POWER PARTNERSHIP	PO Box 195, Brodribb Road - Morwell Victoria 3840 - Australia	91.8	64.1	91.8	91.8	FC	FC
Loy Yang B Consolidated	Level 33, Rialto South Tower - 525 Collins Street - Melbourne Vic 3000 - Australia	70.0	48.9	100.0	100.0	FC	FC

		% interest		% control		Consolidation method	
Company name	Corporate headquarters	Dec. 2012	Dec. 2011	Dec. 2012	Dec. 2011	Dec. 2012	Dec. 2011
Corporate Region							
INTERNATIONAL POWER PLC (IPR)	Senator House - 85 Queen Victoria Street - London – EC4V 4DP - United Kingdom	100.0	69.8	100.0	69.8	FC	FC
INTERNATIONAL POWER CONSOLIDATED HOLDINGS LIMITED	Senator House - 85 Queen Victoria Street - London – EC4V 4DP - United Kingdom	100.0	69.8	100.0	100.0	FC	FC
International Power Brussels	Boulevard Simon Bolivar, 34 - 1000 Brussels - Belgium	100.0	69.8	100.0	100.0	FC	FC
International Power Australia Finance	Senator House - 85 Queen Victoria Street - London - EC4V 4DP - United Kingdom	100.0	69.8	100.0	100.0	FC	FC

ENERGY EUROPE

Company name	Corporate headquarters	% interest Dec. 2012	% interest Dec. 2011	% control Dec. 2012	% control Dec. 2011	Consolidation method Dec. 2012	Consolidation method Dec. 2011
Central Western Europe							
COMPAGNIE NATIONALE DU RHÔNE (CNR)	2, rue André Bonin - 69004 Lyon - France	49.9	49.9	49.9	49.9	FC	FC
GDF SUEZ SA - Energie Europe *	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 - 92930 Paris La Défense - France	100.0	100.0	100.0	100.0	FC	FC
CHP (BtoC) *	1, place Samuel de Champlain - 92930 Paris La Défense - France	100.0	100.0	100.0	100.0	FC	FC
PPE (BtoB) *	1, place Samuel de Champlain - 92930 Paris La Défense - France	100.0	100.0	100.0	100.0	FC	FC
GDF SUEZ SA - Appro Statut *	1, place Samuel de Champlain - 92930 Paris La Défense - France	100.0	100.0	100.0	100.0	FC	FC
GDF SUEZ Kraftwerk Wilhemshaven	Friedrichstrasse 200 - 10117 Berlin - Germany	57.0	57.0	52.0	52.0	FC	FC
SAVELYS Group	23, rue Philibert Delorme - 75017 Paris - France	100.0	100.0	100.0	100.0	FC	FC
GDF SUEZ Energie Nederland NV	Grote Voort 291 - 8041 BL Zwolle Netherlands	100.0	100.0	100.0	100.0	FC	FC
ELECTRABEL	Boulevard Simon Bolivar, 34 - 1000 Brussels – Belgium	100.0	100.0	100.0	100.0	FC	FC
ELECTRABEL CUSTOMER SOLUTIONS	Boulevard Simon Bolivar, 34 - 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

Information regarding Luxembourg and Dutch companies exempted from the requirement to publish annual financial statements

Some companies in the Energy Europe business line do not publish annual financial statements pursuant to the 7th European Directive and to domestic provisions in Luxembourg and Dutch law relating to the exemption from the requirement to publish audited annual financial.

The companies exempted are:

- GDF SUEZ Energie Nederland NV,
- GDF SUEZ Energie Nederland Holding BV,
- Electrabel Nederland Retail BV,
- Electrabel United Consumers Energie BV,
- Epon Eemscentrale III BV,
- Epon Eemscentrale IV BV,
- Epon Eemscentrale V BV,
- Epon Eemscentrale VI BV,
- Epon Eemscentrale VII BV,
- Epon Eemscentrale VIII BV,
- Epon International BV,
- Epon Power Engineering BV,
- GDF SUEZ Portfolio Management BV,
- and Electrabel Invest Luxembourg.

Company name	Corporate headquarters	% interest Dec. 2012	% interest Dec. 2011	% control Dec. 2012	% control Dec. 2011	Consolidation method Dec. 2012	Consolidation method Dec. 2011
Other Europe							
DUNAMENTI Erőmű	Erőmű ut 2, 2440 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 N° 6 - Rosignano Marittimo - Italy	99.5	99.5	99.5	99.5	FC	FC
GDF SUEZ PRODUZIONE	Lungotevere Arnaldo da Brescia,12 - 00196 Rome - Italy	100.0	100.0	100.0	100.0	FC	FC
SC GDF SUEZ Energy România SA	Bld Marasesti, 4-6, sector 4 - Bucharest - Romania	51.0	51.0	51.0	51.0	FC	FC
GSEM	Pulcz u. 44 - H 6724 - Szeged - Hungary	99.9	99.9	99.9	99.9	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

Global Gas & LNG

Company name	Corporate headquarters	% interest Dec. 2012	% interest Dec. 2011	% control Dec. 2012	% control Dec. 2011	Consolidation method Dec. 2012	Consolidation method Dec. 2011
GDF SUEZ E&P International	1, Place Samuel de Champlain - 92400 Courbevoie - France	70.0	70.0	70.0	70.0	FC	FC
GDF SUEZ E&P UK Ltd	40, Holborn Viaduct - London EC1N 2PB - United Kingdom	70.0	70.0	100.0	100.0	FC	FC
GDF SUEZ E&P NORGE AS	Vestre Svanholmen 6 - 4313 Sandnes - Norway	70.0	70.0	100.0	100.0	FC	FC
GDF PRODUCTION NEDERLAND BV	Einsteinlaan 10 - 2719 EP Zoetermeer - Netherlands	70.0	70.0	100.0	100.0	FC	FC
GDF SUEZ E&P DEUTSCHLAND GmbH	Waldstrasse 39 - 49808 Linden - Germany	70.0	70.0	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 SUEZ GLOBAL LNG SUPPLY SA	65, avenue de la Gare - 1611 Luxembourg - Grand Duchy of Luxembourg	100.0	100.0	100.0	100.0	FC	FC

INFRASTRUCTURES

		% interest		% control		Consolidation method	
Company name	Corporate headquarters	Dec. 2012	Dec. 2011	Dec. 2012	Dec. 2011	Dec. 2012	Dec. 2011
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	75.0	75.0	75.0	FC	FC

ENERGY SERVICES

		% interest		% control		Consolidation method	
Company name	Corporate headquarters	Dec. 2012	Dec. 2011	Dec. 2012	Dec. 2011	Dec. 2012	Dec. 2011
COFELY ITALIA Spa	Via Ostiense, 333 - 00146 Rome - Italy	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 - France	100.0	100.0	100.0	100.0	FC	FC
COFELY NEDERLAND NV Group	Kosterijland 20 - 3981 AJ Bunnik - Netherlands	100.0	100.0	100.0	100.0	FC	FC
INEO Group	1, place des Degrés - 92059 Paris La Défense - France	100.0	100.0	100.0	100.0	FC	FC

SUEZ ENVIRONNEMENT

GDF SUEZ holds 35.76% of SUEZ Environnement Company and exercises exclusive control through a shareholders' agreement. Accordingly, SUEZ Environnement Company is fully consolidated.

The GDF SUEZ Group has decided not to renew the shareholders' agreement when it expires in July 2013 (see Note 2 "Main changes in scope of consolidation").

		% interest		% control		Consolidation method	
Company name	Corporate headquarters	Dec. 2012	Dec. 2011	Dec. 2012	Dec. 2011	Dec. 2012	Dec. 2011
SUEZ Environnement Company	Tour CB21 - 16, place de l'Iris - 92040 Paris La Défense - France	35.8	35.9	35.8	35.7	FC	FC
Lyonnaise des Eaux Group France	Tour CB21 - 16, place de l'Iris - 92040 Paris La Défense - France	35.8	35.9	100.0	100.0	FC	FC
BSE Group	Tour CB21 - 16, place de l'Iris - 92040 Paris La Défense - France	35.8	35.9	100.0	100.0	FC	FC
AGBAR Group	Torre Agbar - Avenida Diagonal 211 - 08018 Barcelona - Spain	26.8	27.0	99.5	99.5	FC	FC
SITA HOLDINGS UK LTD Group	Grenfell road - Maidenhead - Berkshire SL6 1ES - United Kingdom	35.8	35.9	100.0	100.0	FC	FC
SITA DEUTSCHLAND GMBH Group	Industriestrasse 161 - 50999, Cologne - Germany	35.8	35.9	100.0	100.0	FC	FC
SITA NEDERLAND BV Group	Mr E.N. van Kleffensstraat 6 - Postbus 7009 - 6801 HA Arnhem - Netherlands	35.8	35.9	100.0	100.0	FC	FC
SITA France Group	Tour CB21 - 16, place de l'Iris - 92040 Paris La Défense - France	35.7	35.9	99.9	99.9	FC	FC
LYDEC	48, boulevard Mohamed Diouri - Casablanca – Morocco	18.2	18.3	51.0	51.0	FC	FC
UNITED WATER Group	200 Old Hook Road - Harrington Park - New Jersey - United States	35.8	35.9	100.0	100.0	FC	FC

Other

		% interest		% control		Consolidation method	
Company name	Corporate headquarters	Dec. 2012	Dec. 2011	Dec. 2012	Dec. 2011	Dec. 2012	Dec. 2011
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
GDF SUEZ Energie Deutschland	Friedrichstrasse 200 - 10117 Berlin - Germany	100.0	100.0	100.0	100.0	FC	FC
GDF SUEZ Invest International SA	65, avenue de la Gare - 1611 Luxembourg - Grand Duchy of Luxembourg	100.0	100.0	100.0	100.0	FC	FC

Information regarding Luxembourg and Dutch companies exempted from the requirement to publish annual financial statements

Some companies in the Other business line do not publish annual financial statements pursuant to the 7th European Directive and to domestic provisions in Luxembourg and Dutch law relating to the exemption from the requirement to publish audited annual financial.

The companies exempted are:

- GDF SUEZ Corp Luxembourg SARL;
- GDF SUEZ Treasury Management SARL;
- and GDF SUEZ Invest International SA.

NOTE 30 FEES PAID TO THE STATUTORY AUDITORS AND TO MEMBERS OF THEIR NETWORKS

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	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Audit												
Statutory audit, attest engagements and review of consolidated and parent company financial statements (1)												
• GDF SUEZ SA	2.3	2.4	11.7%	12.1%	1.4	1.6	7.2%	8.4%	1.3	1.4	15.3%	18.4%
• Fully and proportionately consolidated subsidiaries	13.7	13.5	71.0%	69.0%	14.9	14.5	77.3%	74.4%	5.9	5.5	71.5%	73.1%
Other audit-related procedures and services												
• GDF SUEZ SA	0.5	0.7	2.5%	3.5%	0.6	0.3	3.3%	1.7%	0.3	0.3	3.6%	4.0%
• Fully and proportionately consolidated subsidiaries	1.6	2.0	8.4%	10.3%	1.3	0.7	6.5%	3.4%	0.6	0.1	7.4%	1.5%
SUB-TOTAL	**18.1**	**18.6**	**93.7%**	**94.9%**	**18.2**	**17.2**	**94.3%**	**87.9%**	**8.0**	**7.3**	**97.8%**	**97.0%**
Other services												
• Tax	1.1	0.9	5.5%	4.5%	1.1	1.4	5.6%	7.2%	0.0	0.0	0.4%	0.5%
• Other	0.2	0.1	0.9%	0.6%	0.0	1.0	0.1%	4.9%	0.1	0.2	1.8%	2.6%
SUB-TOTAL	**1.2**	**1.0**	**6.3%**	**5.1%**	**1.1**	**2.4**	**5.7%**	**12.1%**	**0.2**	**0.2**	**2.2%**	**3.0%**
TOTAL (2)	**19.3**	**19.6**	**100%**	**100%**	**19.3**	**19.5**	**100%**	**100%**	**8.2**	**7.5**	**100%**	**100%**

(1) Fees incurred in 2012 in respect of proportionately consolidated entities, essentially as a result of statutory audit engagements, amounted to €0.2 million for Deloitte (€0.2 million in 2011), €0.5 million for Ernst & Young (€0.3 million in 2011) and €0.1 million for Mazars (€0.1 million in 2011).

(2) Fees paid to audit firms other than the Group's Statutory Auditors amounted to €3.5 million in 2012 (€4.5 million in 2011).

The 2012 GDF SUEZ Consolidated Financial Statements is also available on the Group’s website (gdfsuez.com <http://gdfsuez.com>) where all Group publications can be downloaded.

Publisher: GDF SUEZ Designed and published: Labrador +33 (0)1 53 06 30 80

Our values

drive
commitment
daring
cohesion

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