13

PROFIT FORECASTS OR ESTIMATES

None.

13 PROFIT FORECASTS OR ESTIMATES

14

ADMINISTRATIVE BODIES AND GENERAL MANAGEMENT

14.1 INFORMATION CONCERNING THE ADMINISTRATIVE BODIES

COMPOSITION OF THE ADMINISTRATIVE BODIES OF GDF SUEZ

Until the date of the merger of SUEZ with Gaz de France on July 22, 2008, the Company was administered by a Board of Directors, with **18 members,** formed in accordance with the provisions of amended Law 83-675 of July 26, 1983 related to the democratization of the public sector and the provisions of the amended Decree-Law of October 30, 1935 organizing the French State's financial control over companies that rely on State financial assistance. The Board of Directors of Gaz de France, comprised 18 members, of which six representatives of the State named by decree, six members appointed at the General Shareholders' Meeting in accordance with the provisions of the French Commercial Code governing joint stock companies and six employee representatives elected in accordance with the provisions of Chapter II of the aforementioned law.

The transfer of the majority stake of the Company to the private sector on July 22, 2008 immediately nullified the terms of office of the Directors representing the State as well as those of the employee representatives elected under the terms of the Law of July 26, 1983.

In order to account for the rules governing the composition of the Board of Directors that apply following the merger, the General Shareholders' Meeting of July 16, 2008 of Gaz de France decided to terminate the functions of the Directors it had elected with effect from July 22, 2008.

The terms of office of all Gaz de France Directors were consequently terminated on July 22, 2008, namely:

- Directors representing the State: Paul-Marie Chavanne, Philippe Favre, Pierre Graff, Xavier Musca, Florence Tordjman and Édouard Vieillefond;
- Directors elected by the General Shareholders' Meeting: Jean-François Cirelli, Jean-Louis Beffa, Aldo Cardoso, Guy Dollé, Philippe Lemoine, Peter Lehmann; and
- employee representatives: Anne-Marie Mourer, Olivier Barrault, Bernard Calbrix, Jean-François Le Jeune and Yves Ledoux.

Since the date of the merger of SUEZ with Gaz de France on July 22, 2008, in accordance with Article 13 of the bylaws, the Company has been administered by a Board of Directors comprising a maximum of **24 members,** until the close of the Ordinary Shareholders' Meeting called in 2010 to approve the financial statements for fiscal year 2009, including:

- thirteen Directors appointed at the General Shareholders' Meeting in accordance with the provisions of the French Commercial Code governing business joint stock companies;
- seven State representatives appointed in accordance with the provisions of Article 2 of the amended Decree-Law of October 30, 1935; and
- three Directors representing the employees of the Company and those of its, direct or indirect subsidiaries (defined in accordance with the law), whose registered office is located on French territory (including one Director elected by the employees of the engineers, executives and equivalents category), appointed as laid down by Articles L. 225-27 et seq. of the French Commercial Code and Article 13.1 and 13.3 1 of the bylaws, which require their appointment within a period of six months as from the transfer of the majority of the Company's share capital to the private sector.

  At the date of this Reference Document, three Directors representing the employees were elected on December 18, 2008, two of which are from the category "other employees" and one representing employees of the engineers, executives and equivalents category elected on January 20, 2009. They took on their duties on the Board of Directors on January 21, 2009. As a result, the Board of Directors had no members representing the employees from July 22, 2008 to January 20, 2009.
- one Director representing employee shareholders appointed as laid down by the provisions of Article L. 225-23 and the fourth paragraph of Article L. 225-106 of the French Commercial Code.

  At the date of this Reference Document, the appointment of the Director representing the employee shareholders mentioned in Article 13.3 2 of the bylaws is scheduled on the agenda of the Annual General Meeting of May 4, 2009, in accordance with said article which requires the appointment of the Director representing employee shareholders at the first Ordinary Shareholders' Meeting after the transfer of the majority of the share capital to the private sector.

At the close of the Ordinary Shareholders' Meeting called in 2010 to approve the financial statements for fiscal year 2009, it is specified that, in accordance with the provisions of Articles L. 225-17, L. 225-23 and L. 225-27 of the French Commercial Code, the Company will be administered by a Board of Directors comprising a maximum of **22 members,** of which 12 Directors appointed at the General Shareholders' Meeting in application of the provisions of the French Commercial Code, six State representatives appointed in accordance with the provisions of Article 2 of the amended Decree-Law of October 30, 1935, three Directors elected by the employees and one Director representing shareholder employees appointed under the terms set out in the bylaws.

Given these new rules governing the composition of the Board of Directors set out above, the Directors in office at the date of this Reference Document are listed below with their appointment method and the length of their term of office.

Directors elected at the Ordinary and Extraordinary Shareholders' Meeting of July 16, 2008	Length of term of office
Gérard Mestrallet	Four years, expiring at the close of the General Shareholders' Meeting held to approve the financial statements for the year ending December 31, 2011
Jean-François Cirelli	Four years, expiring at the close of the General Shareholders' Meeting held to approve the financial statements for the year ending December 31, 2011
Jean-Louis Beffa	Four years, expiring at the close of the General Shareholders' Meeting held to approve the financial statements for the year ending December 31, 2011
Paul Desmarais Jr.	Four years, expiring at the close of the General Shareholders' Meeting held to approve the financial statements for the year ending December 31, 2011
Jacques Lagarde	Four years, expiring at the close of the General Shareholders' Meeting held to approve the financial statements for the year ending December 31, 2011
Anne Lauvergeon	Four years, expiring at the close of the General Shareholders' Meeting held to approve the financial statements for the year ending December 31, 2011
Lord Simon of Highbury	Four years, expiring at the close of the General Shareholders' Meeting held to approve the financial statements for the year ending December 31, 2011
Edmond Alphandéry	Three years, expiring at the close of the General Shareholders' Meeting held to approve the financial statements for the year ending December 31, 2010
Aldo Cardoso	Three years, expiring at the close of the General Shareholders' Meeting held to approve the financial statements for the year ending December 31, 2010
René Carron	Three years, expiring at the close of the General Shareholders' Meeting held to approve the financial statements for the year ending December 31, 2010
Albert Frère	Three years, expiring at the close of the General Shareholders' Meeting held to approve the financial statements for the year ending December 31, 2010
Thierry de Rudder	Three years, expiring at the close of the General Shareholders' Meeting held to approve the financial statements for the year ending December 31, 2010
Étienne Davignon	Two years, expiring at the close of the General Shareholders' Meeting held to approve the financial statements for the year ending December 31, 2009

Directors representing the State appointed by Ministerial order of July 16, 2008 *	Length of term of office
Jean-Paul Bailly	Out of the seven Directors representing the State, six Directors have a four-year term of office, expiring at the close of the General Shareholders' Meeting held to approve the financial statements for the year ending December 31, 2011, and one Director has a two-year term of office, expiring at the close of the General Shareholders' Meeting held to approve the financial statements for the year ending December 31, 2009, in accordance with the rules governing the composition of the Board of Directors set out in Articles 13.1 and 13.2 of the bylaws.
Pierre-Franck Chevet	
Pierre Graff	
Claude Mandil [a]	
Xavier Musca [b]	
Jean-Cyril Spinetta	
Édouard Viellefond	

Directors representing the State appointed by Ministerial order of March 27, 2009 **	Length of term of office
Ramon Fernandez (c)	Out of the seven Directors representing the State, six Directors have a four-year term of office, expiring at the close of the General Shareholders' Meeting held to approve the financial statements for the year ending December 31, 2011, and one Director has a two-year term of office, expiring at the close of the General Shareholders' Meeting held to approve the financial statements for the year ending December 31, 2009, in accordance with the rules governing the composition of the Board of Directors set out in Articles 13.1 and 13.2 of the bylaws.

* *Published in the Official Journal of July 17, 2008.*

** *Published in the Official Journal of March 31, 2009.*

(a) *Claude Mandil submitted his resignation as Director representing the State on the Company's Board of Directors on November 3, 2008, and has not yet been replaced as at the date of this Reference Document.*

(b) *Xavier Musca submitted his resignation as Director representing the State on the Company's Board of Directors on March 4, 2009.*

(c) *Replacing Xavier Musca*

Directors representing the employees in office as of January 21, 2009	Length of term of office
Anne-Marie Mourer Elected on January 20, 2009, representing employees in the engineers, executives and equivalents category	Four years, expiring at the close of the General Shareholders' Meeting held to approve the financial statements for the year ending December 31, 2012
Alain Beullier Elected on December 18, 2008, representing the "other employees" category	Four years, expiring at the close of the General Shareholders' Meeting held to approve the financial statements for the year ending December 31, 2012
Patrick Petitjean Elected on December 18, 2008, representing the "other employees" category	Four years, expiring at the close of the General Shareholders' Meeting held to approve the financial statements for the year ending December 31, 2012

Directors representing employee shareholders at the date of this Reference Document

At the date of this Reference Document, the Board of Directors had no Director representing employee shareholders. One such representative will be appointed at the General Shareholders' Meeting to be held on May 4, 2009, in accordance with the provisions of the French Commercial Code and the Company bylaws.

Pursuant to Article 13.6 of the Company's bylaws, each Director must hold at least fifty (50) Company shares, unless exempted pursuant to applicable legislative or regulatory provisions. This obligation does not apply to representatives of the State or employee shareholders representatives, (a table showing the number of shares and stock options personally owned by the corporate officers is available in section 15.4 of this Reference Document).

DIRECTORS IN OFFICE AT THE DATE OF THIS DOCUMENT

Directors elected at the General Shareholders' Meeting of July 16, 2008

	First appointment	Most recent appointment	Address
Gérard Mestrallet (60 years old) Chairman and Chief Executive Officer	07/16/2008	07/16/2008	GDF SUEZ 22, rue du Docteur Lancereaux 75008 Paris
Jean-François Cirelli (50 years old) Vice-Chairman, President	09/15/2004	07/16/2008	GDF SUEZ 22, rue du Docteur Lancereaux 75008 Paris

Directors elected at the General Shareholders' Meeting of July 16, 2008

	First appointment	Most recent appointment	Address
Albert Frère * (83 years old) Vice-Chairman and Director	07/16/2008	07/16/2008	Groupe Bruxelles Lambert avenue Marnix 24 B-1000 Brussels
Edmond Alphandéry * (65 years old) Director	07/16/2008	07/16/2008	CNP Assurances 4, place Raoul-Dautry 75015 Paris
Jean-Louis Beffa * (67 years old) Director	11/20/2004	07/16/2008	Saint-Gobain 18, avenue d'Alsace 92096 La Defence Cedex
Aldo Cardoso * (53 years old) Director	11/20/2004	07/16/2008	45, boulevard Beauséjour 75016 Paris
René Carron * (66 years old) Director	07/16/2008	07/16/2008	Crédit Agricole SA. 91-93, boulevard Pasteur 75015 Paris
Étienne Davignon * (76 years old) Director	07/16/2008	07/16/2008	SUEZ-TRACTEBEL place du Trône, 1 B-1000 Brussels
Paul Desmarais Jr. * (54 years old) Director	07/16/2008	07/16/2008	Power Corporation du Canada 751 square Victoria, Montreal, H2Y 2J3 Quebec
Jacques Lagarde * (70 years old) Director	07/16/2008	07/16/2008	1314 Arch Street, Berkeley, CA 94708, USA
Anne Lauvergeon * (49 years old) Director	07/16/2008	07/16/2008	Areva 33, rue la Fayette 75009 Paris
Thierry de Rudder * (59 years old) Director	07/16/2008	07/16/2008	Groupe Bruxelles Lambert avenue Marnix, 24 B-1000 Brussels
Lord Simon of Highbury * (69 years old) Director	07/16/2008	07/16/2008	53 Davies Street, London W1K 5JH, UK

** Independent Director.*

Directors representing the State appointed by Ministerial order of July 16, 2008

	First appointment	Most recent appointment	Address
Jean-Paul Bailly (62 years old) Director	07/16/2008	07/16/2008	La Poste 44, boulevard de Vaugirard – CPF 601 75757 Paris Cedex 15
Pierre-Franck Chevet (47 years old) Director	07/16/2008	07/16/2008	Ministry of Ecology, Sustainable Development and Planning Department of Energy and Climate Arche de la Défense Paroi Nord 92055 La Défense Cedex
Pierre Graff (61 years old) Director	08/10/2007	07/16/2008	Aéroports de Paris 291, boulevard Raspail 75014 Paris
Claude Mandil [(a)] (67 years old) Director	07/16/2008	07/16/2008	6, rue du plateau Saint-Antoine 78150 Le Chesnay
Xavier Musca [(b)] (49 years old) Director	09/08/2006	07/16/2008	Office of the President of France Palais de l'Elysée 55, rue du Faubourg-St-Honoré 75008 Paris

Directors representing the State appointed by Ministerial order of July 16, 2008

	First appointment	Most recent appointment	Address
Jean-Cyril Spinetta (65 years old) Director	07/16/2008	07/16/2008	Air France KLM 45, rue de Paris 95747 Roissy Charles de Gaulle Cedex
Édouard Vieillefond (38 years old) Director	09/08/2006	07/16/2008	Ministry of Economy, Industry and Labor. French Gouvernment Shareholding Agency - Energy Sector 139, rue de Bercy 75012 Paris

(a) Until November 3, 2008.
(b) Until March 4, 2009.

Director representing the State appointed by Ministerial order of March 27, 2009

	First appointment	Most recent appointment	Address
Ramon Fernandez [c] (41 years old) Director	03/27/2009	03/27/2009	Ministry of Economy, Industry and Labor Department of the Treasury and Economic Policy French Gouvernment Shareholding Agency - Energy Sector 139, rue de Bercy Télédoc 230 75572 Paris Cedex 12

(c) Replacing Xavier Musca

Directors representing employees and employee shareholders

At January 20, 2009, the Board of Directors had no member representing employees and employee shareholders.

The new members representing the employees, elected by employee vote, took office on the Board of Directors on January 21, 2009.

The member representing employee shareholders will be appointed by the General Shareholders' Meeting of May 4, 2009, in accordance with the provisions of the French Commercial Code and the bylaws.

Directors representing the employees, elected to take office on January 21, 2009

	First appointment	Most recent appointment	Address
Anne-Marie Mourer (49 years old) Director	07/01/2007	01/21/2009	GrDF Sud-Est Immeuble VIP 66, rue de la Villette 69425 Lyon Cedex 03
Alain Beullier (45 years old) Director	01/21/2009	01/21/2009	Elengy 8, quai Émile Cormerais BP 90347 44816 Saint-Herblain Cedex
Patrick Petitjean (56 years old) Director	01/21/2009	01/21/2009	GRTGaz 26, rue de Calais 75009 Paris

Secretary of the Board of Directors: Patrick van der Beken

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INFORMATION CONCERNING THE DIRECTORS IN OFFICE

1. Directors elected at the General Shareholders' Meeting

Gérard Mestrallet, born April 1, 1949 in Paris (8th district), is a French citizen.

A graduate of the prestigious French engineering school, *École Polytechnique,* and the *École Nationale d'Administration*, Gérard Mestrallet joined compagnie de SUEZ in 1984 as Vice-President, Special Projects. In 1986, he was appointed Executive Vice-President for Industrial affairs and then in February 1991, Executive Director and Chairman of the Management Committee of Société Générale (Belgium). In 1995, he became Chairman and Chief Executive Officer of compagnie de SUEZ and in June 1997, Chairman of the SUEZ Lyonnaise des Eaux Executive Board. Former Chairman and Chief Executive Officer of SUEZ, Gérard Mestrallet was appointed Chairman and Chief Executive Officer of GDF SUEZ on July 22, 2008. He is also Chairman of the *Association Paris Europlace* and a member of the Board of the *Institut Français des Administrateurs* (French institute of corporate Directors).

Directorships and offices held in the Company	Directorships and offices held in any company in 2008	Other Directorships and offices held within the past five years
Chairman and Chief Executive Officer	Chairman of the Board of Directors of GDF SUEZ * Energy Services, SUEZ Environnement Company *, SUEZ-TRACTEBEL (Belgium) Vice-Chairman of the Board of Directors of Electrabel (Belgium), Aguas de Barcelona * and Hisusa (Spain) Director of Saint-Gobain * (France), Pargesa Holding SA * (Switzerland) Member of the Supervisory Board of Axa *	Chairman and Chief Executive Officer of SUEZ * Chairman of the Board of Directors of SUEZ Environnement *, Hisusa (Spain) Electrabel (Belgium) Director of Crédit Agricole SA * Member of the Supervisory Board of Taittinger

** Listed companies.*

Jean-François Cirelli, born July 9, 1958 in Chambéry (Savoie), is a French citizen.

A graduate of the Paris *Institut d'Études Politiques* and the *École Nationale d'Administration,* Jean-François Cirelli also holds a law degree. From 1985 to 1995, he held positions in the Treasury Department in the Ministry of Economy and Finance before becoming a technical advisor to the Office of the President of the Republic from 1995 to 1997, then economic advisor from 1997 to 2002. In 2002, he was appointed deputy chief of staff for Prime Minister Jean-Pierre Raffarin, for economic, industrial and social matters. Former Chairman and Chief Executive Officer of Gaz de France, Jean-François Cirelli was appointed Vice-Chairman, President of GDF SUEZ on July 22, 2008.

Directorships and offices held in the Company	Directorships and offices held in any company in 2008	Other Directorships and offices held within the past five years
Vice-Chairman, President	Chairman of the Board of Directors of Electrabel (Belgium) President of the Gaz de France Foundation Member of the Board of Directors of Neuf Cegetel *, GDF SUEZ Energy Services, SUEZ Environnement Company *, SUEZ-TRACTEBEL (Belgium) Member of the Supervisory Board of Atos Origin *	Chairman and Chief Executive Officer of Gaz de France *

** Listed companies.*

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Albert Frère, born February 4, 1926 in Fontaine l'Évêque (Belgium), is a Belgian citizen.

After having occupied a number of positions in the family company and acquiring in-depth knowledge of the iron and steel industry in the Charleroi basin, Albert Frère founded the company Pargesa Holding in 1981, in Geneva, in association with several other businessmen. In 1982, this company acquired an interest in Groupe Bruxelles Lambert. Former Vice-Chairman and Director of SUEZ, Albert Frère was appointed Director of GDF SUEZ on July 16, 2008 and Vice-Chairman on December 17, 2008.

Directorships and offices held in the Company	Directorships and offices held in any company in 2008	Other Directorships and offices held within the past five years
Vice-Chairman of the Board of Directors	Honorary manager of Banque Nationale de Belgique * Chairman of the Board of Directors and Executive Director of Groupe Bruxelles Lambert * (Belgium) Chairman of the Board of Directors of ERBE, Frère-Bourgeois, Financière de la Sambre, Fingen SA (Belgium), Stichting Administratiekantoor Frère-Bourgeois (the Netherlands) Vice-Chairman, Executive Director and member of the Management Committee of Pargesa Holding SA * (Switzerland) Chairman of the Supervisory Board of Métropole Télévision M6 * (France) Honorary Chairman of the Chamber of Commerce and Industry of Charleroi (Belgium) Director of LVMH *, civil society of Château Cheval Blanc, Raspail Investissements (France), Gruppo Banca Leonardo (Italy) Permanent representative of Frère-Bourgeois and Manager of GBL Verwaltung SARL (Luxembourg) Permanent representative of Beholding Belgium SA on the Board of Directors of Groupe Arnault Member of the International Committee of Assicurazioni Generali S.p.A. * (Italy) Member of the Board of Directors of the Université du Travail Paul Pastur (Belgium) Member of the Strategy Committee of the Free University of Brussels (Belgium) Honorary Consul for Foreign Trade (Belgium)	Chairman of Petrofina (Belgium) Vice-Chairman of the Board of Directors of SUEZ * Commissioner of Agesca Nederland N.V., Frère-Bourgeois Holding BV, Parjointco N.V. Member of the International Advisory Board of Power Corporation of Canada *

** Listed companies.*

Edmond Alphandéry, born September 2, 1943 in Avignon (Vaucluse), is a French citizen.

Edmond Alphandéry is a graduate of the Paris *Institut d'Études Politiques* and a qualified lecturer *(agrégé)* in economics. He is Professor Emeritus at the University of Paris II. He was mayor of Longué-Jumelles and departmental councillor of Maine-et-Loire until 2008. He was the French Minister of the Economy from March 1993 to May 1995. He chaired the Supervisory Board of CNP from 1988 to 1993 and was Chairman of Électricité de France from 1995 to 1998. Since July 1998, he has once again served as Chairman of the Supervisory Board of CNP Assurances. In addition, he has been a Director of Calyon since 2002 and a Director of Icade since 2004. He has also been Chairman of the *Centre National des Professions Financières* (Regional Center for Financial Professions) since June 2003. Former Director of SUEZ, Edmond Alphandéry was appointed Director of GDF SUEZ on July 16, 2008 and Chairman of the Ethics, Environment and Sustainable Development Committee on July 22, 2008.

Directorships and offices held in the Company	Directorships and offices held in any company in 2008	Other Directorships and offices held within the past five years
Director **Chairman of the Ethics, Environment and Sustainable Development Committee**	Chairman of the Board of Directors of CNP Assurances * Chairman of CNP International Director of Calyon, Icade, (France), Caixa Seguros (Brazil), CNP Vita (Italy) Chairman of the *Centre National des Professions Financières*	Chairman of the Supervisory Board of CNP Assurances * Director of Affiches Parisiennes, a publishing company, and SUEZ * Member of the European Advisory Board of Lehman Brothers

** Listed companies.*

Jean-Louis Beffa, born August 11, 1941 in Nice (Alpes-Maritimes), is a French citizen.

A graduate of the *École Polytechnique*, a member of the *Corps des Mines* and a graduate of the Paris *Institut d'Études Politiques,* Jean-Louis Beffa joined Compagnie de Saint-Gobain in 1974 as Vice President, Corporate Planning and became Chief Executive Officer in 1982. He served as Chairman and Chief Executive Officer of the Saint-Gobain group from 1986 to June 2007. Since June 2007, he has been Chairman of the Board of Directors of Saint-Gobain. Former Director of Gaz de France, Jean-Louis Beffa was appointed Director of GDF SUEZ on July 16, 2008 and member of the Nominations Committee and the Compensation Committee of GDF SUEZ on July 22, 2008.

Directorships and offices held in the Company	Directorships and offices held in any company in 2008	Other Directorships and offices held within the past five years
Director **Member of the Nominations Committee** **Member of the Compensation Committee**	Chairman of the Board of Directors of Saint-Gobain * Vice-Chairman of the Board of Directors of BNP Paribas * Chairman of Claude Bernard Participations Director of Groupe Bruxelles Lambert * (Belgium), Saint-Gobain Corporation (United States) Member of the Supervisory Board of Le Monde, Société Éditrice du Monde, Le Monde et Partenaires Associés, Siemens AG * (Germany)	Chairman and Chief Executive Officer of Saint-Gobain * Director of Gaz de France *, Saint-Gobain Cristaleria (Spain) Permanent representative of Compagnie de Saint-Gobain on the Board of Directors of Saint-Gobain PAM

** Listed companies.*

Aldo Cardoso, born March 7, 1956 in Tunis (Tunisia), is a French citizen.

He is a graduate of the Paris *École Supérieure de Commerce,* holds a Master's in business law and is a certified accountant. Aldo Cardoso held several positions successively at Arthur Andersen between 1979 and 2003: consultant, partner (1989), President France (1994), member of the Board of Directors of Andersen Worldwide (1998), Chairma of the Board of Directors (non-executive) of Andersen Worldwide (2000) and Managing Director of Andersen Worldwide (2002-2003). Since 2003 he has been the Director of various French and foreign companies. Former Director of Gaz de France, Aldo Cardoso was appointed Director of GDF SUEZ on July 16, 2008 and Chairman of the Audit Committee of GDF SUEZ on July 22, 2008.

Directorships and offices held in the Company	Directorships and offices held in any company in 2008	Other Directorships and offices held within the past five years
Director **Audit Committee Chairman**	Director of Accor *, Gecina *, Imerys *, Rhodia *, Mobistar * (Belgium) Non-voting Director of Axa Investment Managers, Bureau Veritas	Director of Axa Investment Managers *, Bureau Veritas, Gaz de France, Penauilles Polyservices *, Orange *

** Listed companies.*

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René Carron, born June 13, 1942 in Yenne (Savoie), is a French citizen.

René Carron operates a farm in Yenne. He is a Knight of the Legion of Honor and the National Order of Merit and a Commander of the Order of Agricultural Merit. He has held a variety of elected offices in the Savoie region of France. In 1981, René Carron joined the Crédit Agricole group. In 1992, he became Chairman of Caisse Régionale de la Savoie, which became Caisse Régionale des Savoie after its merger with Caisse de Haute-Savoie in 1994. In 1995, he joined the committee of the Fédération Nationale du Crédit Agricole, where he was Chairman from July 2000 to April 2003 and subsequently appointed Vice-Chairman. In December 2002, he was appointed Chairman of the Board of Directors of Crédit Agricole SA. Former Director of SUEZ, René Carron was appointed Director of GDF SUEZ on July 16, 2008 and member of the Nominations Committee of GDF SUEZ on July 22, 2008.

Directorships and offices held in the Company	Directorships and offices held in any company in 2008	Other Directorships and offices held within the past five years
Director Member of the Nominations Committee	Chairman of the Board of Directors of Crédit Agricole SA * Chairman of Caisse Régionale de Crédit Agricole des Savoie, Confédération Internationale du Crédit Agricole ("CICA"), Fondation pour l'Agriculture et la Ruralité dans le Monde ("FARM"), Grameen Crédit Agricole Microfinance Foundation Vice-Chairman of Confédération Nationale de la Mutualité de la Coopération and Crédit Agricole ("CNMCCA"), Fédération Nationale du Crédit Agricole Director of Crédit Agricole Solidarité et Développement, Fondation du Crédit Agricole Pays de France, Sacam, Sacam Participations, Scicam (France), Fiat S.p.A. * (Italy) Member of the Supervisory Board of Lagardère * Member of the Management Committee of GIE GECAM Permanent representative of Crédit Agricole on the Board of Fondation de France	Chairman of Caisse Locale de Crédit Agricole de Yenne, Fédération Nationale du Crédit Agricole, GIE GECAM, SAS de la Boétie Director and Vice-Chairman of Banca Intesa (Italy) Director of Crédit Agricole Indosuez, Crédit Lyonnais, Fonds Coopération Crédit Agricole Mutuel, Rue Impériale, SAS SAPACAM, Sofinco, SUEZ * Member of the Supervisory Board of Eurazeo Advisor to Banque de France de la Savoie Mayor of the commune of Yenne Departmental councilor, member of the permanent commission of Conseil Général de la Savoie.

* *Listed companies.*

Étienne Davignon, born October 4, 1932 in Budapest (Hungary), is a Belgian citizen.

Etienne Davignon successively occupied the functions in Belgium of Principal Private Secretary to the Foreign Minister (1964-1969), Chairman of the International Energy Agency Management Committee (1974-1977) and Vice-Chairman of the European Community Commission (1977-1985). In 1985, he joined Société Générale [Belgium], where he was Chairman from April 1988 to February 2001 and Vice-Chairman until the merger of Société Générale [Belgium] and Tractebel on October 31, 2003. He then became Vice-Chairman of SUEZ-TRACTEBEL. He was named Minister of State on January 26, 2004. Former Director of SUEZ, Étienne Davignon was appointed Director of GDF SUEZ on July 16, 2008 and member of the Nominations Committee and the Compensation Committee of GDF SUEZ on July 22, 2008.

Directorships and offices held in the Company	Directorships and offices held in any company in 2008	Other Directorships and offices held within the past five years
Director Member of the Nominations Committee Member of the Compensation Committee	Chairman of Compagnie Maritime Belge *, Compagnie des Wagons-Lits, Recticel *, SN Airholding (Belgium) Vice-Chairman of SUEZ-TRACTEBEL (Belgium) Director of Sofina SA * (Belgium), Gilead * (United States)	Vice-Chairman of Accor *, Fortis *, Umicore *, and Sibeka (Belgium) Director of Accor * SUEZ * (France), BASF * (Germany), Cumerio *, Biac, Petrofina, Real Software *, SN Brussels Airlines, Solvay * (Belgium)

** Listed companies.*

Paul Desmarais Jr., born July 3, 1954 in Sudbury, Ontario (Canada), is a Canadian citizen.

Paul Desmarais Jr. studied at McGill University in Montreal and then at INSEAD in Fontainebleau (France). He has a Master's in Business Administration. In 1984, he was appointed Vice-Chairman of Power Financial Corporation, a company he helped set up, becoming Chairman of the Board in 1990 then Chairman of the Executive Committee in May 2005 and the Co-Chairman of the Board in May 2008. He was appointed Chairman of the Board and Co-Chief Executive Officer of Power Corporation of Canada in 1996. Former Director of SUEZ, Paul Desmarais Jr. was appointed Director of GDF SUEZ on July 16, 2008, member of the Nominations Committee and member of the Compensation Committee on July 22, 2008.

Directorships and offices held in the Company	Directorships and offices held in any company in 2008	Directorships and offices held within the past five years
Director Member of the Nominations Committee Member of the Compensation Committee	Chairman of the Board of Directors and Co-Chief Executive Officer of Power Corporation of Canada * (Canada) Co-Chairman of the Board of Power Financial Corporation * (Canada) Vice-Chairman of the Board of Directors and Executive Director of Pargesa Holding SA * (Switzerland) Director and member of the Management Committee of Great-West Lifeco Inc. * and its main subsidiaries, and of IGM Financial Inc. * (Canada) and its main subsidiaries Director and member of the Permanent Committee of Groupe Bruxelles Lambert * (Belgium) Director of Lafarge * and Total SA * (France) Member of the International Board, Board of Directors and Audit Committee of INSEAD Chairman of the International Advisory Board of HEC Business School (Canada) Chairman of the Advisory Committee of Sagard Private Equity Partners (France) Member of the International Advisory Board of Merrill Lynch	Vice-Chairman of the Board and member of the Strategy Committee of Imerys * (France) Director of SUEZ * Member of the International Advisory Board of the La Poste Group (France)

** Listed companies.*

Jacques Lagarde, born May 2, 1938 in Rennes (Ille-et-Vilaine), holds dual French-US nationality.

Jacques Lagarde is a graduate of the French business school *HEC* and of Harvard Business School. He has been Director of the Lyon Business School, Chief Executive Officer of Gillette France, President of Oral-B Laboratories (USA), Chairman of the Executive Board of Braun AG (Germany), Chairman of the Supervisory Board of Braun AG and Executive Vice-President of The Gillette Company (USA). Former Director of SUEZ, Jacques Lagarde was appointed Director of GDF SUEZ on July 16, 2008 and Chairman of the Strategy and Investments Committee and member of the Audit Committee on July 22, 2008.

Directorships and offices held in the Company	Directorships and offices held in any company in 2008	Other Directorships and offices held within the past five years
Director Chairman of the Strategy and Investments Committee Member of the Audit Committee	None	Director of SUEZ *, Eukarion (USA) Member of the Supervisory Board of Braun AG (Germany)

** Listed companies.*

Anne Lauvergeon, born August 2, 1959 in Dijon (Côte d'Or), is a French citizen.

Chief engineer of the *Corps des Mines,* graduate of the *École normale supérieure,* qualified lecturer *(agrégé)* in physical science, Anne Lauvergeon, after a number of positions in the industrial sector, was appointed, Deputy Secretary-General to the Office of the President of France in 1990 and Sherpa of the President of France for the organization of international summits (G7). In 1995 she was appointed Managing Partner of Lazard Frères et Cie. From 1997 to 1999, she was Executive Vice-Chair and member of the Executive Committee of Alcatel in charge of industrial holdings. Anne Lauvergeon has been Chair of the Areva group Executive Board since July 2001 and Chair and Chief Executive Officer of the Areva NC (previously Cogema) group since June 1999. Former Director of SUEZ, she was appointed Director of GDF SUEZ on July 16, 2008, member of the Strategy and Investments Committee and member of the Ethics, Environment and Sustainable Development Committee on July 22, 2008.

Directorships and offices held in the Company	Directorships and offices held in any company in 2008	Other Directorships and offices held within the past five years
Director Member of the Strategy and Investments Committee Member of the Ethics, Environment and Sustainable Development Committee	Chair of the Areva * Group Executive Board Chair and Chief Executive Officer of Areva NC (previously Cogema) Vice-Chair of the Supervisory Board of Safran SA * Director of Areva Enterprises Inc., Areva T&D Holding SA (United States), Total *, Vodafone Group Plc * (United Kingdom)	Director of SUEZ * Permanent representative of Areva on the Board of Directors of FCI

** Listed companies.*

Thierry de Rudder, born September 3, 1949 in Paris (8th district), holds dual Belgian and French nationality.

With a degree in mathematics from the University of Geneva and the Free University of Brussels and an MBA from the Wharton School of Business in Philadelphia, he began his career in the United States, joining Citibank in 1975 and holding various positions in New York and Europe. He joined Groupe Bruxelles Lambert in 1986 and is now Executive Director. Former Director of SUEZ, Thierry de Rudder was appointed Director of GDF SUEZ on July 16, 2008 and member of the Audit Committee and the Strategy and Investments Committee on July 22, 2008.

Directorships and offices held in the Company	Directorships and offices held in any company in 2008	Other Directorships and offices held within the past five years
Director Member of the Audit Committee Member of the Audit Committee Member of the Strategy and Investments Committee	Executive Director of Groupe Bruxelles Lambert * (Belgium) Director of Imerys *, Lafarge *, Total * (France), Compagnie Nationale à Portefeuille *, and SUEZ-TRACTEBEL (Belgium)	Director of Petrofina (Belgium), SUEZ *, SI Finance (France)

** Listed companies.*

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Lord Simon of Highbury, born July 24, 1939 in London (Great Britain), is a British citizen.

Lord Simon of Highbury has an MA from Cambridge and an MBA from INSEAD, Fontainebleau (France). In 1961, he joined British Petroleum, where he occupied a number of management positions before being appointed Chairman in 1995. After exercising several ministerial positions from May 1997, he became advisor to the British Prime Minister for the modernization of the government. He was also appointed advisor to President Prodi for the reform of the European Union. Lord Simon of Highbury entered the House of Lords in 1997. Former Director of SUEZ, Lord Simon of Highbury was appointed Director of GDF SUEZ on July 16, 2008 and Chairman of the Compensation Committee on July 22, 2008.

Directorships and offices held in the Company	Directorships and offices held in any company in 2008	Other Directorships and offices held within the past five years
Director Chairman of the Compensation Committee	Senior Advisor Morgan Stanley International (Europe) Deputy Chairman of Unilever plc *, Cambridge University Council Member of the International Advisory Board of Fitch (Belgium) Member of the Advisory Board of Dana Gas International, Montrose Associates Limited (United Kingdom) Trustee Hertie Foundation	Director of Britain in Europe, SUEZ * Member of the International Advisory Board of Fortis (Belgium) Member of the Advisory Board of LEK Member of the Supervisory Board of Volkswagen Group (Germany) Chairman of the Cambridge Foundation Trustee of the Cambridge Foundation

** Listed companies.*

2. Directors representing the State

Jean-Paul Bailly, born November 29, 1946 in Hénin-Liétard (Pas-de-Calais), is a French citizen.

He is a graduate of the French engineering school, *École Polytechnique*, and Massachusetts Institute of Technology (MIT).

- With the RATP (Paris public transport system), he successively served as Director of the department of bus rolling stock, then Director of the subway and the RER and finally Personnel Manager. In 1990, he was appointed Deputes managing Directors of RATP then Chairman in 1994.
- He is also member of the Economic, Social and Environmental Council since 1995, Chairman of the International Post Corporation (IPC) since 2006 and was Chairman of the Union Internationale des Transports Publics (international union for public transport/UITP) between 1997 and 2001.
- He has been Chairman of La Poste Group since 2002 and Chairman of the Supervisory Board of La Banque Postale since 2006.

Jean-Paul Bailly was appointed Director representing the State by Ministerial order of July 16, 2008 and member of the Ethics, Environment and Sustainable Development Committee of GDF SUEZ on July 22, 2008.

Directorships and offices held in the Company	Directorships and offices held in any company in 2008	Other Directorships and offices held within the past five years
Director Member of the Ethics, Environment and Sustainable Development Committee	Chairman of La Poste Group Chairman of the Supervisory Board of La Banque Postale Member of the Nomination and Compensation Committee Director of Sopassure, Systar Director of CNP Assurances * Member of the Nomination and Compensation Committee Member of the Supervisory Board of La Banque Postale Asset Management Permanent representative of La Banque Postale, Director of SF2 Permanent representative of La Poste, Director of Xelian, SF 12, Poste Immo, Sofipost and GeoPost Legal manager, Financière Systra	Permanent representative of La Poste, Director of the economic interest group of merchants in the Grand Var region

** Listed companies.*

Pierre-Franck Chevet, born September 28, 1961 in Grenoble (Isère), is a French citizen.

A graduate of the *École Polytechnique, l'École Nationale de la Statistique et de l'Administration Économique* (ENSAE), engineer of the *Corps des Mines.* Pierre-Franck Chevet worked in different positions from 1986 to 1995 at the Ministry of Industry. From 1995 to 1999, he was Regional Director of Industry, Research and the Environment in Alsace and from 1995 to 2005 in Nord-Pas-de-Calais. At the same time, he held the positions of Director at the *École Nationale des Techniques Industrielles* and the Corps des Mines in Douai. He worked as an advisor on Industry with the office of the Prime Minister from 2005 to 2007. Since July 2008, he has been Director General of Energy and Climate with the Ministry of Ecology, Sustainable Development and Planning.

Pierre-Franck Chevet was appointed Director representing the State by Ministerial order of July 16, 2008 and member of the Strategy and Investments Committee on July 22, 2008.

Directorships and offices held in the Company	Directorships and offices held in any company in 2008	Other Directorships and offices held within the past five years
Director Member of the Strategy and Investments Committee	Director General of Energy and Climate, Ministry of Ecology, Sustainable Development and Planning Member (in an official capacity) of the Inter-ministerial Committee for National Parks Ex-officio member of the Central Committee for Pressure Vessels *(Commission centrale des appareils à pression)* Director representing the State of the *Institut Français du Pétrole,* (French oil institute-IFP), Environment and Energy Management Agency (ADEME), and La Poste Member of the Supervisory Board, representing the State, of the Société des Participations du CEA (Areva) Government commissioner for AREVA NC, ANDRA, Commission de régulation de l'énergie (Energy regulation commission-CRE)	None

** Listed companies.*

Pierre Graff, born November 11, 1947 in Paris (15th district), is a French citizen.

A graduate of the *École Polytechnique* and engineer of *Pont et Chaussées*, Pierre Graff has held various positions in Department Infrastructure Directorates. He then served as technical advisor for highway policy, road safety and transport in the office of the Minister of Infrastructure, Housing, Territorial Development and Transport (1986–1987), Director of Safety and Traffic, inter-ministry delegate for highway safety (1987–1990), then as Departmental Director of Infrastructure for Essonne (1990–1993), Deputy Chief of Staff for the Minister of Infrastructure, Transport and Tourism (1993–1995), Director General of Civil Aviation (1995–2002), then Chief of Staff for the Minister of Infrastructure, Transport, Housing, Tourism and the maritime Affairs (June 2002 to September 2003). He was named Chairman of the public company Aéroports de Paris in September 2003, then President and Chief Executive Officer of the joint stock company Aéroports de Paris in July 2005. Pierre Graff is also a member of the Economic and Social Council, Vice President of the Section on European and International Questions on the National Tourism Board, member of the national committee of business sectors of vital importance, Director of RATP, Director of SOGEPA (Société de gestion des participations aéronautiques), which holds the State's shares in the aircraft manufacturer EADS, Director of Société de Gestion de l'Aéronautique, de la Défense et de l'Espace (SOGEADE), a subsidiary of SOGEPA, an officer in the Legion of Honor and officer in the National Order of Merit.

Pierre Graff was appointed Director representing the State of GDF SUEZ by Ministerial order of July 16, 2008.

Directorships and offices held in the Company	Directorships and offices held in any company in 2008	Other Directorships and offices held within the past five years
Director	Chairman and Chief Executive Officer of Aéroports de Paris * Director of MEDEF Paris Member of the Economic and Social Council Vice-President of the Section on European and International Questions on the National Tourism Board Member of the national committee of business sectors of vital importance Director of RATP, SOGEPA and SOGEADE	None

** Listed companies.*

Xavier Musca, born February 23, 1960 in Bastia (Corsica), is a French citizen.

A graduate of the *Institut d'Études Politiques* in Paris, a former student at the *École Nationale d'Administration* and Finance Inspector, Xavier Musca served in the Treasury Department as head of the financial market bureau from 1995 to 1996, Deputy Director for Europe, and monetary and international affairs from 1996 to 2000, responsible for the financing of the economy and business competitiveness, and deputy Director in 2000, then as head of the financing department of the State and the Economy from 2001 to 2002. From May 2002 to March 2004, he served as Principal Private Secretary the Minister of Economy, Finance and Industry. He has been Director General of the Treasury and Economic Policy since November 2004, Chairman of the Economic and Financial Committee of the European Union since November 2005 and President of the Paris Club since July 2005.

Xavier Musca was appointed Director representing the State by Ministerial order of July 16, 2008 and member of the Nominations Committee on July 22, 2008.

Directorships and offices held in the Company	Directorships and offices held in any company in 2008	Other Directorships and offices held within the past five years
Director [(a)] Member of the Nominations Committee [(a)]	Director General of the Treasury and Economic Policy, Ministry of the Economy, Industry and Labor Chairman of the Economic and Financial Committee of the European Union Chairman of the Advisory Committee on financial legislation and regulations President of the Paris Club Director representing the State on the Board of Directors of CNP Assurances * Government commissioner for the sanctions commission of the *Autorité des marchés financiers* (French Financial Markets Authority-AMF)	Director of Gaz de France *

** Listed companies.*
(a) Until March 4, 2009.

Jean-Cyril Spinetta, born October 4, 1943 in Paris (15th district), is a French citizen.

Jean-Cyril Spinetta has a diploma in advanced public law studies and is a graduate of the *Institut d'Études Politiques* in Paris and the *École Nationale d'Administration.* In 1972, Jean-Cyril Spinetta was the head of the investment and planning bureau for the Ministry of National Education then seconded as an auditor with the Conseil d'État (the "Council of State", France's highest administrative court). In 1978, he was appointed to the Secretary-General's office, then as head of the government information service under the Prime Minister in 1981. In 1983, he was Director of middle schools for the Ministry of National Education, then in 1984, Director of the office of Michel Delebarre, Minister of Labor, Employment and Professional Training then Minister of Social Affairs and Employment and Minister of Infrastructure, Housing, Transport and the Maritime Affairs. Chairman of Air Inter from 1990 to 1993, he was appointed Advisor for Industrial Affairs to the President of France from 1994 to 1995. In 1996, he joined the cabinet of the European Commissioner for Science, Research and Education. In September 1997, he was appointed Chairman and Chief Executive Officer of Air France and Chairman and Chief Executive Officer of the Air France KLM group in September 2005. On January 1, 2009, Jean-Cyril Spinetta stepped down from his duties as Chief Executive Officer.

Jean-Cyril Spinetta was appointed Director representing the State by Ministerial order of July 16, 2008 and member of the Compensation Committee on July 22, 2008.

Directorships and offices held in the Company	Directorships and offices held in any company in 2008	Other Directorships and offices held within the past five years
Director Member of the Compensation Committee	Chairman of the Board of Directors of Air France KLM * and Air France * Director of Alcatel-Lucent *, La Poste, Saint-Gobain *, Alitalia (Italy)	Chief Executive Officer of the Air France KLM group * and Air France * Chairman of the Governing Council of IATA Director of Unilever *

** Listed companies.*

Édouard Vieillefond, born January 25, 1971 in Talence (Gironde), is a French citizen.

A graduate of the *École Polytechnique*, the *École Nationale Supérieure de l'Aéronautique et de l'Espace* (ENSAE) and holder of a post-graduate degree in industrial economics, Edouard Vieillefond held various successive positions within the Ministry of Defense, the Treasury Department and the European Commission between 1995 and 2003. He joined the French Government Shareholding Agency in October 2003, first as head of rail, maritime and automobile transport. Since October 2006 he has been head of French Government shareholdings for the Energy Section.

Édouard Vieillefond was appointed Director representing the State by Ministerial order of July 16, 2008 and member of the Audit Committee and the Strategy and Investments Committee on July 22, 2008.

Directorships and offices held in the Company	Directorships and offices held in any company in 2008	Other Directorships and offices held within the past five years
Director Member of the Audit Committee Member of the Strategy and Investments Committee	Head of the Energy branch, APE, Ministry of Economy, Industry and Labor Director of Areva NC (Cogema) and Française des Jeux (French national lottery) Member of the Supervisory Board of RTE (EDF group)	Director of Gaz de France *, GRTGaz Director of Autoroute et Tunnel du Mont-Blanc (ATMB), Autoroutes Paris Rhin Rhône * (APRR), Réseau Ferré de France (RFF) – SOVAFIM Member of the Supervisory Board of Société Nationale Maritime Corse Méditerranée (SNCM)

** Listed companies.*

Ramon Fernandez, born on June 25, 1967 in Paris (15th district), is a French citizen. He was appointed as a Director representing the State by Ministerial order on March 27, 2009 (Official Journal of March 31, 2009), replacing Xavier Musca.

3. Directors representing employees and employees shareholders

As a result of the transfer of the Company to the private sector on July 22, 2008, following the merger between Gaz de France and SUEZ, the terms of office of Directors elected by employees under the Law of July 26, 1983 became null and void.

For the period from July 22 to January 20, 2009, the Board of Directors had no members representing the employees or employee shareholders pending such elections.

On January 21, 2009, the following members joined the Board: Anne-Marie Mourer, Alain Beullier and Patrick Petitjean, elected new Directors representing the employees by way of a vote by all employee categories, in accordance with Articles 13.2 and 13.3 of the bylaws, for a term of office expiring at the close of the General Shareholders' Meeting that will be called in 2013 to approve the financial statements for the year ending December 31, 2012.

The Director representing employee shareholders will be appointed at the General Shareholders' Meeting to be held on May 4, 2009, in accordance with the provisions of the French Commercial Code and the Company bylaws.

Directors representing the employees as of January 21, 2009

Anne-Marie Mourer, born April 20, 1959 in Clermont-Ferrand (Puy-de-Dôme), is a French citizen.

With a master's degree in economic sciences and a diploma in advanced marketing studies, Anne-Marie Mourer joined EDF-GDF Services in 1982 where she successively held various management positions within the sales departments of the Grand Velay, Indre en Berry and Loire centers. In 1992, she joined the commercial support and assistance group in Lyons to conduct appraisal activities as an in-house marketing consultant. From 1996 to 2001, she was responsible for Énergie Direct, a direct marketing pilot unit within the Gas Sales Department. In the Gaz de France Sales Department, she was responsible for directing the marketing entity for the southeast region from 2002 to the end of 2003. Early in 2004, she joined the new Gestionnaire de Réseaux Gaz (gas network management) where she was tasked with providing support and direction duties for the Development area in the Rhône-Alpes Bourgogne region. In light of the transition to a free market system for individual customers, in 2007 she was appointed program manager to assist with such switchover and put her commercial expertise to use for GrDF, the new gas distribution subsidiary.

Anne-Marie Mourer was elected Director representing employees in the engineers, executives and equivalents category by employee vote on January 20, 2009.

Directorships and offices held in the Company	Directorships and offices held in any company in 2008	Other Directorships and offices held within the past five years
Director representing employees Sponsored by the Federation of electrical and gas industries – CFE-CGC	None	Director of Gaz de France *, *Gaz Réseau Distribution France* (GrDF)

** Listed companies.*

Alain Beullier, born March 26, 1964 in Laval (Mayenne), is a French citizen.

He joined EDF-GDF in 1984, holding various positions in the Customer Service and Sales Advisory departments in a number of EDF-GDF service centers in the Paris region. He is currently employed at Elengy, in charge of monitoring regulations concerning the environment. Alain Beullier was elected Director representing the "other employees" category by employee vote on December 18, 2008.

Directorships and offices held in the Company	Directorships and offices held in any company in 2008	Other Directorships and offices held within the past five years
Director Sponsored by the Chemical Energy Federation – CFDT	None	Employee representative Union representative Member of CHSCT Union manager

** Listed companies.*

Patrick Petitjean, born August 23, 1952 in Saint-Dizier (Haute-Marne), is a French citizen.

After completing high school in Nancy, Patrick Petitjean began his career in the printing business. In 1977, he joined Gaz de France and the Groupe Gazier de la Région Parisienne (GGRP) in the Transport Division.

From 1983 to 1990, he held various positions in the technical operations department in Gennevilliers. He served as union representative from 1990 to 1994, then technical agent. Since 2000, he has held the position of internal resources manager (property fleet, vehicle fleet, IT system and telecommunications) in the Val de Seine region of GRTgaz.

Patrick Petitjean was elected Director representing the "other employees" category by employee vote on December 18, 2008.

Directorships and offices held in the Company	Directorships and offices held in any company in 2008	Other Directorships and offices held within the past five years
Director Sponsored by the National Federation of Employee Unions in the energy, electrical nuclear and gas industries – CGT	None	Director of GRTGaz

INDEPENDENCE OF DIRECTORS IN OFFICE

At the date of this Reference Document, the GDF SUEZ Board of Directors comprises 21 Directors in office (1), including 15 French Directors, 4 non-French Directors and 2 Directors with dual nationality (French and one other).

Article 1.1.2 of the Internal Regulations requires the Board to review the independence and status, according to the criteria determined by the Board, of each of its members every year prior to the General Shareholders' Meeting called to approve the financial statements for the previous fiscal year. The process for the review of the independence of each member of the newly formed Board of Directors following the merger-takeover of SUEZ by Gaz de France was examined by the Nomination Committee at its meeting of March 4, 2009. The Committee presented its proposals at the Board of Directors' meeting held on the same day, which made the following decisions:

1. The Board drew on the following recommendations of the AFEP-MEDEF:

To be considered as independent, a Director must:

- not be an employee or officer of the company, or an employee or Director of the parent company, or a company within its consolidation scope, or have been so during the last five years;
- not be the officer of a company in which the Company directly or indirectly holds a Directorship or in which an employee appointed as a director or an officer (currently in office or in office within the last 5 years) holds a directorship;

(1) *Out of the 24 members anticipated, 2 Directors representing the French State are being replaced and the Director representing the employee shareholders should be elected at the General Meeting of May 4, 2009.*

- not be (or not be directly or indirectly related to) a customer, supplier or corporate or investment banker:
  - of significance to the company or its group,
  - a significant share of whose business is provided by the company or its group.
- not have close family ties with a corporate officer;
- not have been the Company's auditor during the last five years (Article L. 225-25 of the French Commercial Code);
- not have been a Company Director for more than 12 years (in practical terms, a Director only loses his/her independent status under this criterion on the expiry of the term of office during which the 12 year limit is exceeded);

Directors representing major shareholders of the Company or its parent company may be considered to be independent providing that they do not exercise control over the Company. If a threshold of 10% of the capital or voting rights is exceeded, the Board, based on the Nomination Committee's report, must systematically review the independent status of the Directors concerned, taking into account the structure of the Company's capital and whether or not there may be conflicts of interest.

The AFEP-MEDEF's recommendations expressly state that the Board may decide that a given criterion is not relevant or requires an interpretation specific to the Company. For instance, the Board of Directors may consider that, although a Director meets the criteria above, he/she should not qualify as independent in view of his/her particular circumstances or the situation of the Company, relating to its shareholding structure or for any other reason. On the other hand, the Board may decide that a Director who does not precisely meet the criteria qualifies as independent.

2. The Board has also considered other interpretations by various international governance organizations:

Firstly, the Board referred to the publication of June 27, 2008 by ISS Governance Services concerning the former SUEZ Group, in anticipation of the General Shareholders' Meeting regarding the merger on July 16, 2008. Particular attention was paid to the chapter on the governance of the future GDF SUEZ Group.

The Board also considered the analysis of the European Commission in its recommendations of February 15, 2005, on "the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board" (2005/162/EC). Article 13.1. of these recommendations, states that "a director should be considered to be independent only if he is free of any business, family or other relationship, with the company, its controlling shareholder or the management of either, that creates a conflict of interest such as to impair his judgment".

Finally, the Board drew on the work of the OECD described in the report on the "Methodology for Assessing the Implementation of the OECD Principles of Corporate Governance" (December 1, 2006), particularly Principle VI.E ("The board should be able to exercise objective independent judgment on corporate affairs") and its sub-principle (Principle VI.E.1: "Boards should consider assigning a sufficient number of non-executive board members capable of exercising independent judgment to tasks where there is a potential for conflicts of interest"). Of particular interest is the extract from paragraph 315 (Principle VI.E), which refers to the presence of independent directors, which must "not be employed by the company or its affiliates and not be closely related to the company or its management through significant economic, family or other ties".

Based on the above, the Board of Directors of GDF SUEZ examined the circumstances of each Director case by case and unanimously decided to qualify the situation as follows:

Membership of the Board of Directors at March 4, 2009

		Directors in office deemed to be	
		Independent "I"	Non-independent "NI"
Gérard Mestrallet	Chairman and Chief Executive Officer		NI – Executive
Jean-François Cirelli	Vice-Chairman, President		NI – Executive
Albert Frère	Vice-Chairman	I (a)	
Edmond Alphandéry	Director	I (h)	
Jean-Paul Bailly	Director		NI (b)
Jean-Louis Beffa	Director	I (e)	
Alain Beullier	Director		NI (c)
Aldo Cardoso	Director	I (d)	
René Carron	Director	I (d)	
Pierre-Franck Chevet	Director		NI (b)
Étienne Davignon	Director	I (f)(g)	
Paul Desmarais Jr.	Director	I (a)	
Pierre Graff	Director		NI (b)
Jacques Lagarde	Director	I (g)	
Anne Lauvergeon	Director	I (d)	
Anne-Marie Mourer	Director		NI (c)
Patrick Petitjean	Director		NI (c)
Thierry de Rudder	Director	I (a)(f)	
Lord Simon of Highbury	Director	I (h)	
Jean-Cyril Spinetta	Director		NI (b)
Édouard Viellefond	Director		NI (b)
TOTAL	**21 DIRECTORS**	**11 INDEPENDENT**	**10 NON-INDEPENDENT**

At March 4, 2009, Claude Mandil and Xavier Musca, who represent the State in its capacity as a shareholder, had not yet been replaced. After their successors have been appointed by the Government and the Director representing the employee shareholders has been elected by the General Shareholders' Meeting on May 4, 2009, the Board of Directors of GDF SUEZ will have 24 Directors, including 11 deemed to be independent and 13 who are not independent, as the Directors representing the State and the Company's employees are not considered as such:

a) Albert Frère, Thierry de Rudder (also see point f) below) and Paul Desmarais Jr., who represent the Bruxelles Lambert Group in its capacity as a shareholder of GDF SUEZ with a 5.3% stake, are deemed to be independent, as they do not exercise control over the Company (the GBL group owns less than 10% of GDF SUEZ's capital).

(b) Jean-Paul Bailly, Pierre-Franck Chevet, Pierre Graff, Jean-Cyril Spinetta and Édouard Viellefond, who are all State-appointed representatives, are not considered to be independent.

(c) Anne-Marie Mourer and Alain Beullier and Patrick Petitjean, who are Directors employed by the Company or its subsidiaries, are not considered to be independent.

(d) It should be noted that GDF SUEZ maintains extensive business relationships with the Crédit Agricole Group, represented on GDF SUEZ's Board of Directors by René Carron, as it does with many other banks. In addition, in 2005, Calyon, a subsidiary of the Crédit Agricole Group, granted SUEZ a line of credit to finance SUEZ's cash and share bid for Electrabel described in section 7.1 of the revised version of the 2004 Reference Document of SUEZ, filed with the French securities regulator (AMF) on September 7, 2005 under no. D.05-0429-A01. The Board of Directors found that the business links with the Crédit Agricole Group, which is not a shareholder of the new GDF

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SUEZ Group, although it held a stake in the former company SUEZ, were not significant enough to create, according to the European Commission's recommendations, "a conflict of interest such as to impair (its) judgment" (paragraph 13.1.), providing that it undertakes to abstain from participating in (i) the preparation, solicitation or provision of services offered by the bank to the Company and (ii), where applicable, any discussions or deliberations within a committee or the Board on a subject linked in any way to the Crédit Agricole Group.

It should also be noted that GDF SUEZ has business relationships with Rhodia and Imerys, of which Aldo Cardoso is a Director. The Board of Directors found that these business links were far from being significant enough to create a conflict of interest likely to affect the independence of Mr Cardoso.

In addition, the Group does business with Areva, represented by Anne Lauvergeon. Note that ISS Governance Services classed Ms Lauvergeon as an independent director. The Board of Directors deemed that the business links with Areva were not extensive enough to create, according to the European Commission's recommendations, "a conflict of interest such as to impair (its) judgment" (paragraph 13.1.), subject to the obligations referred to below. However, these obligations notwithstanding, should changes in these business relationships over the next year make this necessary, the Board will review Ms Lauvergeon's situation ahead of time.

(e) Jean-Louis Beffa, a Director of GDF SUEZ and Chairman of its Nominations Committee, is also Chairman of Saint-Gobain's Board of Directors, of which Gérard Mestrallet is a member. Under the AFEP-MEDEF recommendations, these overlapping directorships would disqualify both Directors, and more specifically Jean-Louis Beffa (Gérard Mestrallet is not deemed to be independent), would be disqualified from independent status. The Board of Directors of GDF SUEZ took into account the fact that Mr Beffa no longer holds an executive position within Saint-Gobain and Mr Mestrallet no longer participates in any of this company's specialized committees. Mr Beffa's classification as an independent Director therefore meets the criteria set out by the OECD, as described above (Principle VI.E.1): "Boards should consider assigning a sufficient number of non-executive board members capable of exercising independent judgment to tasks where there is a potential for conflicts of interest".

Nevertheless, for cases (d) and (e), the Board has decided that, to maintain the objectivity of the Directors concerned, if it was presented with a project with any kind of link to the Crédit Agricole group, Areva, Rhodia and Imerys, or the Saint-Gobain group, Ms Lauvergeon and Messrs Carron, Cardoso and Beffa would not be permitted to participate in discussions and deliberations within the Board and/or the relevant committee relating to the above companies.

In the specific case of Mr Beffa, this obligation covers all discussions and deliberations relating to contractual relationships between the Group and industrial electricity consumers in France.

In the specific case of Ms Lauvergeon, this obligation will apply to any discussions or deliberations relating to the Group's nuclear activities (particularly the operation of the Belgian nuclear power plants, proposals for the construction of new plants or the selection of Group suppliers in the nuclear field).

The Directors concerned have undertaken to obey these rules of conduct, in accordance with article 5 of the Directors' charter.

(f) Étienne Davignon and Thierry de Rudder are also members of the Board of Directors of SUEZ TRACTEBEL, a wholly-owned subsidiary of Electrabel, which is itself a wholly-owned subsidiary of GDF SUEZ. Although under the principles adopted by the AFEP-MEDEF, such a situation would prevent the classification of the Director concerned as independent, the Board of Directors noted that this was not the case either for the European Commission, which refers only to membership of the controlling company's Board, or the OECD, which only mentions employment by an affiliate. The Board of Directors therefore decided that the fact that Messrs Davignon and de Rudder sit on SUEZ-TRACTEBEL's Board does not alter their status as independent Directors on the Board of GDF SUEZ.

(g) Until the date of the merger between Gaz de France and SUEZ, Messrs Étienne Davignon and Jacques Lagarde had been members of the Board of Directors of the former SUEZ SA or companies that previously belonged to the SUEZ Group, which had been the case for more than 2 years. Note that, since the merger between Gaz de France and SUEZ, the scope of activity of the merged Group, of which Messrs Davignon and Lagarde are Directors, has considerably changed. In any case, SUEZ SA ceased to exist when the merger took place, and in legal terms, in sitting on the Board of Directors of GDF SUEZ SA, the former Directors of SUEZ SA are performing their duties for a new company, some of whose executive managers have moreover changed. As a result, although the Directors include members who have held office on the Board of SUEZ SA for more than 12 years and the Chairman and Chief Executive Officer of the new merged group has remained the same, the Board also found that maximum consideration should be given to the criteria of "knowledge, judgment and experience required to complete (…) tasks properly" (Article 11.1 of the European Commission's recommendations) when deciding on the independence of Messrs Davignon and Lagarde.

(h) The Board of Directors of GDF SUEZ decided that the situations of Lord Simon of Highbury (Chairman of the Compensation Committee) and Mr Alphandery (Chairman of the Ethics, Environment and Sustainable Development Committee) complied with the principles allowing them to qualify as independent.

To GDF SUEZ's knowledge, there are no conflicts of interests between the Board members' duties with regard to GDF SUEZ and their private interests. There is no family link between the members of the Board of Directors and GDF SUEZ's other main senior managers.

To GDF SUEZ's knowledge, during the past five years, none of the members of the Board of Directors or senior managers of GDF SUEZ has been convicted of fraud, acted as manager or Director in a bankruptcy, receivership or liquidation, been the subject of an indictment and/or official public sanction issued by a statutory or regulatory authority or been restrained by a court from acting as a member of the management body or supervisory board of an issuer and from participating in the management or oversight of the business of an issuer.

In addition to the provisions of the French Commercial Code which govern regulated agreements, the Directors' charter (see section 16.4 below) provides that each Director must make every

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effort to avoid any conflict that may exist between his/her moral and material interests and those of the Company, must inform the Board of any conflict of interest in which he/she may be directly or indirectly involved, and, where he/she cannot avoid the conflict of interest, refrain from discussing and voting on any decision concerning the matters in question.

For the sake of transparency and public disclosure, GDF SUEZ undertakes to maintain a high level of discipline with regard to internal control, upholding high standards of financial information, and dealing directly and openly with investors. When considering these subjects, GDF SUEZ refers to the recommendations of the AFEP-MEDEF, and mainly the AFEP-MEDEF Corporate Governance Code, as amended on October 6, 2008, to the extent permitted by the legislative and regulatory provisions that are applicable to the Company. The application of corporate governance rules, in compliance with said legislative and regulatory principles, is intended to prevent the abuse of power by the majority shareholder. These principles underlie the GDF SUEZ Board of Directors' Internal Regulations and Directors' Charter. The Group will also maintain high standards in terms of corporate governance, in particular with regard to the independence and global representation of its Directors.

All financial information provided by the Group is available in French and English on the GDF SUEZ website (http://www.gdfsuez.com/)

14.2 NON-VOTING DIRECTORS

Pursuant to Article 13.8 of the bylaws, Richard Goblet d'Alviella and Philippe Lemoine were appointed as non-voting Directors by decision of the General Shareholders' Meeting of July 16, 2008.

Non-voting Directors participate in meetings of the Board of Directors in an advisory capacity.

Richard Goblet d'Alviella, born July 6, 1948 in Brussels (Belgium), is a Belgian citizen.

Richard Goblet d'Alviella holds a commercial engineer's degree from the Free University of Brussels and an MBA from the Harvard Business School. He has a background in investment banking, specializing for 15 years in international finance, both in London and New York. He was Managing Director of the Paine Webber Group before joining Sofina where he has been Executive Director since 1989.

Directorships and offices held in the Company	Directorships and offices held in any company in 2008	Other Directorships and offices held within the past five years
Non-voting Director	Vice-Chairman, Executive Director of Sofina * (Belgium) Executive Director of Union Financière Boël, Société de Participations Industrielles (Belgium) Member of the Supervisory Board, the Audit Committee and Nomination and Selection Committee of Eurazeo * (France) Director, member of the Audit Committee of Danone * (France), Caledonia Investments (United Kingdom) Director, member of the Audit Committee of Delhaize * Director of Finasucre, Henex *, SUEZ-TRACTEBEL (Belgium)	Director of ADSB Télécommunications (Belgacom), Glaces de Moustier * (Belgium), SES Global (Luxembourg), Danone Asia Pte (Singapore), SUEZ * (France)

** Listed companies.*

Philippe Lemoine, born November 3, 1949 in Neuilly-sur-Seine (Hauts-de-Seine), is a French citizen.

A graduate of the Paris *Institut d'Études Politiques* (Public Service), with a diploma in advanced economics studies and a degree in law, and the the prize in General Civil Law, Philippe Lemoine began his career as a researcher at the INRIA in 1970. In 1976, he joined the Ministry of Industry (Information Systems) where he notably participated in the drafting of the Nora-Minc report. He then joined the ministerial cabinets of Norbert Segard and Pierre Aigrain, before becoming Government Commissioner at the CNIL, in charge of various matters under the Minister of Research, Laurent Fabius, and the Prime Minister, Pierre Mauroy. In 1984 he joined the Galeries Lafayette Group of which he became co-President of the Executive Board in 1998 a position he held until May 2005. Philippe Lemoine is currently Chairman and Chief Executive Officer of LaSer, a service company being developed in Europe, with more than 9,000 employees, held equally by the Galeries Lafayette group and by the BNP Paribas group.

Directorships and offices held in the Company	Directorships and offices held in any company in 2008	Other Directorships and offices held within the past five years
Non-voting Director	Chairman and Chief Executive Officer of LaSer Chairman of LaSer, Cofinoga, Grands Magasins Galeries Lafayette and Banque Sygma Director of Monoprix and BNP Paribas Personnel Finance Member of the Supervisory Board of BHV President of the Fondation Internet Nouvelle Génération and d'action Modernité Co-Manager of GS1 France Director of Maison des Sciences de l'Homme, Rexecode, the French American Foundation and of 104	Co-Chairman of the Management Board of Galeries Lafayette Group Director of La Poste, Gaz de France * Member of the CNIL

* *Listed companies.*

14.3 GOVERNMENT COMMISSIONER

Pursuant to Article 18 of the bylaws, Florence Tordjman was appointed Government Commissioner of the Company by the Minister of Ecology, Sustainable Development and Planning by order of July 18, 2008 under Article 24.2 of Law no. 2004-803 of August 9, 2004 as amended by Law no. 2006-1537 of December 7, 2006 concerning the energy sector. The role of the Government Commissioner is to attend meetings of the Board of Directors and its committees in an advisory capacity and present, where necessary, observations at all General Shareholders' Meetings.

Florence Tordjman, born June 27, 1959 in Poitiers (Vienne), is a French citizen.

A graduate of the Paris *Institut* d'*Études Politiques* and the *École Nationale d'Administration*, Florence Tordjman also holds a master's degree in history and a bachelor's degree in history and geography from the *Université Paris IV Sorbonne*. Since 1993, she has held various duties within the Ministry of Economy, Industry and Employement. From 1993 to 1997, within the Department of Information Technologies and the Postal Service, she was responsible for European R&D programs in information technologies and communications and head of the office of industrial policy and competition as of 2000. At the Treasury department from 1997 to 2000, she was responsible for monitoring multilateral development banks and financing public aid for development. From October 2001 to July 2008, she was responsible for the gas and fossil energy distribution section of the Department of Energy and Raw Materials. Since then she has been Deputy Director for energy within the Energy and Climate Department of the Ministry of Ecology, Sustainable Development and planning.

Directorships and offices held in the Company	Directorships and offices held in any company in 2008	Other Directorships and offices held within the past five years
Government Commissioner	Deputy Director for energy - Energy and Climate Department - Ministry of Ecology, Sustainable Development and Planning Director of the French Association of vehicle natural gas Government Commissioner of GRTGaz and GrDF	Director of Gaz de France * Government commissioner of the companies CFM-CFMH Non-voting Director of Gaz du Sud-Ouest

** Listed Companies*

14.4 INFORMATION CONCERNING GENERAL MANAGEMENT

The Board of Directors, which met on July 22, 2008, at the close of the General Shareholders' Meeting held to approve the merger-takeover of SUEZ by Gaz de France on July 16, 2008, decided to continue the oversight of general management by the Chairman of the Board of Directors, under the responsibility of the Board. In accordance with this decision of the Board, the general management is under the responsibility of Gérard Mestrallet, Chairman and Chief Executive Officer, and Jean-François Cirelli, Vice-Chairman, President.

Gérard Mestrallet and Jean-François Cirelli have the same capacity to represent the Company with third parties. According to internal rules, the respective powers of the Chairman and Chief Executive Officer and the Vice-Chairman, President are determined by the Board of Directors and the Internal Regulations of the Board which sets their limits.

The limits set on the powers of general management are set out in Section 16.1 “Operating procedures of the Board of Directors” and the report of the Chairman of the Board of Directors’ referred to in Article L. 225-37 of the French Commercial Code appended to this Reference Document.)

14.5 COMPOSITION OF THE COMMITTEES OF THE BOARD OF DIRECTORS

PERMANENT COMMITTEES

In application of Article 15.2 of the bylaws and Article 3 of its Internal Regulations, the Board may establish permanent or temporary Committees, intended to facilitate the proper functioning of the Board of Directors and to contribute to the efficient preparation of its decisions.

Upon the recommendation of and in coordination with the Chairman, the Board appoints the members and Chairmen of the Committees, taking into consideration the competence, experience and availability of the Directors.

Until the merger-takeover of SUEZ by Gaz de France on July 22, 2008, the Board of Directors of Gaz de France had set up four committees: the Audit and Accounting Committee, the Strategy and Investment Committee, the Compensation Committee, and the Sustainable Development and Ethics Committee.

It should be noted that the Board of Directors of SUEZ (company merged with Gaz de France) had set up four committees: the Audit Committee, the Ethics, Environment and Sustainable Development Committee, the Nomination Committee and the Compensation Committee.

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As of the merger-takeover of SUEZ by Gaz de France on July 22, 2008, the Board of Directors of GDF SUEZ held following the Ordinary and Extraordinary Shareholders' Meeting of July 16, 2008 which approved the merger, decided to set up the five new committees listed below: the Audit Committee, the Strategy and Investments Committee, the Nominations Committee, the Compensation Committee, and the Ethics, Environment and Sustainable Development Committee.

In application of Article 3 of the Board's Internal Regulations, the position of Chairman of any Committee must be held by an independent Director *.

The organization and functioning of committees, are set out in to section 16.3 "Committees of the Board of Directors" below.

Audit Committee (1)

The Audit Committee is comprised of four members:

- Aldo Cardoso, Chairman *
- Jacques Lagarde *
- Thierry de Rudder *
- Édouard Viellefond

Strategy and Investments Committee

The Strategy and Investments Committee is comprised of five members:

- Jacques Lagarde, Chairman *
- Anne Lauvergeon *
- Pierre-Franck Chevet *
- Thierry de Rudder *
- Édouard Viellefond

Nominations Committee (2)

The Nominations Committee is comprised of five members:

- Jean-Louis Beffa, Chairman *
- René Carron *
- Étienne Davignon *
- Paul Desmarais Jr. *
- Xavier Musca (a)

Compensation Committee

The Compensation Committee is comprised of five members:

- Lord Simon of Highbury, Chairman *
- Jean-Louis Beffa *
- Étienne Davignon *
- Paul Desmarais Jr *
- Jean-Cyril Spinetta

Ethics, Environment and Sustainable Development Committee (3)

The Ethics, Environment and Sustainable Development Committee is comprised of three members:

- Edmond Alphandéry, Chairman *
- Anne Lauvergeon *
- Jean-Paul Bailly

* *Independent Director.*

(a) Until March 4, 2009.

(1) This Committee, known as the "Audit and Accounting Committee" until July 22, 2008, is now known as the "Audit Committee".

(2) The Nominations Committee was created on July 22, 2008.

(3) This Committee, known as the "Sustainable Development and Ethics Committee" until July 22, 2008, is now known as the "Ethics, Environment and Sustainable Development Committee".

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OTHER COMMITTEES

Management Committee

Following the merger of Gaz de France and SUEZ on July 22, 2008, given the new organization of the GDF SUEZ Group's general management, the Management Committee of GDF SUEZ, chaired by the Chairman and Chief Executive Officer or the Vice-Chairman, President, has six members (the Chairman and Chief Executive Officer, the Vice-Chairman, President and the four Executive Vice-Presidents). It is in charge of managing the Group and generally meets on a weekly basis.

Composition of the GDF SUEZ Management Committee (six members)

Gérard Mestrallet	Chairman and Chief Executive officer
Jean-François Cirelli	Vice-Chairman, President
Yves Colliou	Executive Vice-President in charge of the Infrastructures business line
Jean-Marie Dauger	Executive Vice-President in charge of the Global Gas & LNG business line
Jean-Pierre Hansen [(a)]	Executive Vice-President in charge of the Energy Europe and International business line
Gérard Lamarche	Executive Vice-President, Chief Financiel Officer

*(a) On March 5, 2009, **Jean-Pierre Hansen** was replaced by **Dirk Beeuwsaert** who was appointed Executive Vice-President in charge of the Energy Europe and International business line and member of the Management Committee.*

Executive Committee

Until the date of the merger on July 22, 2008, the Executive Committee of Gaz de France was comprise of the Chairman andChief Executive Officer, the Chief Operating Officers, the Chief Financial Officer, the Secretary, the Director of Human Resources and Director of Communications, the Director of the International business line and the Director of the Energy France business line.

The Executive Committee of SUEZ was comprised of the Chairman and Chief Executive Officer, Chief Operating Officer, head of SUEZ Energy Europe, Chief Financial Officer, Executive Vice President in charge of SUEZ Energy International, Executive Vice-President in charge of SUEZ Environnement, Executive Vice-President in charge of SUEZ Energy Services, Executive Vice-President in charge of communications and sustainable development, Executive Vice-President in charge of Group human resources, the Secretary and the Executive Vice-President in charge of strategy. In addition to these ex-officio members, the Group Senior Vice-President for Risk, Organization and Central Services could also attend Executive Committee meetings.

When Gaz de France and SUEZ merged on July 22, 2008, the composition of the Executive Committee of GDF SUEZ changed.

The Executive Committee of GDF SUEZ, chaired by the Chairman and Chief Executive Officer or the Vice-Chairman, President, is comprised of 19 members representing the operational and functional activities. It reviews issues and decisions regarding Group strategy, development or organization and its overall management. Topics may also be submitted for review, where necessary. It generally meets on a weekly basis.

Composition of the GDF SUEZ Executive Committee (19 members)

Gérard Mestrallet	Chairman and Chief Executive Officer
Jean-François Cirelli	Vice-Chairman, President
Dirk Beeuwsaert *	Executive Vice-President in charge of the Energy Europe & International businessILine *
Valérie Bernis	Member of the Executive Committee in charge of Communications and Financial Communications
Stéphane Brimont	Member of the Executive Committee, Deputy Chief Financial Officer
Alain Chaigneau	Member of the Executive Committee in charge of Business Strategy and Sustainable Development Department
Jean-Louis Chaussade	Member of the Executive Committee, Chief executive Vice-President of SUEZ Environnement Company
Pierre Clavel	Member of the Executive Committee in charge of the Energy Europe Division
Yves Colliou	Executive Vice-President in charge of the Infrastructures business line
Jean-Marie Dauger	Executive Vice-President in charge of the Global Gas & LNG business line
Henri Ducré	Member of the Executive Committee in charge of the Energy France business line
Yves de Gaulle	Member of the Executive Committee, General Secretary
Jean-Pierre Hansen **	Member of the executive Committee, in charge of the Benelux and Germany
Emmanuel Hedde	Member of the Executive Committee in charge of Integration, Synergies and Performance
Philippe Jeunet	Member of the Executive Committee in charge of Audit and Risks
Gérard Lamarche	Executive Vice-President, Chief Financial Officer
Philippe Saimpert	Member of the Executive Committee in charge of Human Resources
Jérôme Tolot	Member of the Executive Committee in charge of the Energy Services business line
Emmanuel van Innis	Member of the Executive Committee in charge of the senior managers Department

* *As of March 5, 2009.*
** *Executive Vice-President in charge of the Energy Europe & International business line until March 5, 2009.*

Group Committees

A limited number of committees have been set up at Group level (Finance Committee, Commitments Committee, Energy Policy Committee, Research and Innovation Committee, Career Management Committee, Safety Monitoring and Nuclear Safety Committee, Business Line Committees) to ensure the coordination between the different entities of GDF SUEZ.

See the Report of the Chairman of the Board on Internal control appended to this Reference Document.

14.6 CONFLICTS OF INTEREST IN ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND GENERAL MANAGEMENT

See section 14.1 “Independence of Directors” above.

15

COMPENSATION AND BENEFITS

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15.1 COMPENSATION PAID AND BENEFITS GRANTED

15.1.1 COMPENSATION OF EXECUTIVE CORPORATE OFFICERS

A. Fixed compensation and retirement plan

Executive corporate officers of Gaz de France

Gaz de France paid Jean-François Cirelli, Chairman and Chief Executive Officer, total compensation of €238,736 for the period from January 1 to July 22, 2008, of which €264 was benefit in kind.

Gaz de France paid Yves Colliou, Chief Operating Officer, total fixed compensation of €211,046 for the period from January 1 to July 22, 2008, of which €2,021 was benefit in kind.

Gaz de France paid Jean-Marie Dauger, Chief Operating Officer, total fixed compensation of €218,103 for the period from January 1 to July 22, 2008, of which €8,536 was benefit in kind.

Jean-François Cirelli, Yves Colliou and Jean-Marie Dauger did not receive any other compensation or payment in kind from companies controlled by the Company as defined in Article L. 233-16 of the French Commercial Code for the period from January 1 to July 22, 2008.

As regards retirement, Jean-François Cirelli, Yves Colliou and Jean-Marie Dauger belong to a mandatory special legal retirement system, which is defined by the national status of employees of the Electric and Gas Industries, stipulated by the Nationalization Law of April 8, 1946 and the Decree of June 22, 1946. This retirement plan is managed by the Caisse Nationale des Industries Électriques et Gazières.

The amount of retirement benefits paid for a career affiliated with the special retirement system of Electric and Gas Industries is proportionate to end-of-career compensation, excluding bourses, in the Electric and Gas Industries. The coefficient determining the proportion is equal to the number of years serving the Electric and Gas Industries multiplied by 75% of the required length of service (currently 41 years), i.e. 1.83% per year of service in the Electric and Gas Industries.

They received no bonus for joining the company nor did they benefit from a bonus for leaving the company.

Executive corporate officers of SUEZ

Total fixed compensation paid by SUEZ to Gérard Mestrallet, Chairman and Chief Executive Officer, was €645,614 for the period January 1 to July 22, 2008, including the benefit in kind of a company car (€1,614).

In terms of pension benefits, Gérard Mestrallet has no retirement benefits granted to him personally. He benefits from collective retirement plans:

- a defined-contributions plan that applies to all employees of SUEZ SA (set up under the 1988 company agreement, as amended in 2005). The basis used is gross annual compensation, and contribution rates are as follows: 5% bracket A (equivalent to the social security ceiling), 8% bracket B (three times the social security ceiling), 5% bracket C (four times the social security ceiling); and
- a defined-benefit plan (set up under the 1991 company agreement, amended in 1998 and 2005). This plan concerns employees earning 4 to 50 times the annual French social security ceiling. It provides for the payment of a annuity equal to the difference between the annual component of the annuity based on 2% of the portion (referred to as bracket C) of gross annual compensation between four and eight times the social security ceiling plus 4% of the portion (referred to as bracket D) of gross annual compensation between four and fifty times the social security ceiling. This annuity will be reduced by the amount of any other annuities paid under supplemental retirement plans calculated based on bracket C of compensation.

To qualify for the benefits paid under the defined-benefits plan, the employee must be present in the company when the pension is liquidated under a legally required old-age insurance plan.

For both supplemental retirement plans, benefits are paid in the form of an annuity when the pension is liquidated under a legally required old-age insurance plan.

The company did not apply any system of payment of bonuses to corporate officers for joining or leaving SUEZ.

Executive corporate officers of GDF SUEZ

As proposed by the Compensation Committee, the GDF SUEZ Board of Directors, at its meeting on August 29, 2008, decided, taking into account the increase in size of the new GDF SUEZ Group, to bring the compensation of executives from Gaz de France (including that of Jean-François Cirelli) in line with the compensation system applied by SUEZ, by first setting up a compensation system for the 2008-2009 period.

Furthermore, as GDF SUEZ had become a leading member company of the CAC 40 index, the Board of Directors took into account the change in responsibilities within the Company following the merger, and more specifically the extension of responsibilities of general management and decided to grant greater importance to variable objectives, notably the short-term objectives related to the merger.

The Board of Directors therefore decided to increase the Chairman and Chief Executive Officer fixed compensation by 8%, i.e. to €1.4 million per year with retroactive effect as of the date of the merger, July 22 2008, as well as the percentage of his target bonus to 120% of fixed compensation with a maximum set at 150%.

At said meeting, the Board also decided to set up a two-stage increase (July 22, 2008 and January 1, 2009) for the fixed compensation of the Vice-Chairman and President to approximately 70% of that of the Chairman and Chief Executive Officer. The Vice-Chairman and President's target bonus percentage is set at 90% (in 2008) and 100% (in 2009) of his fixed compensation.

In consideration of the significant differences in the retirement plans for Gérard Mestrallet within SUEZ and Jean-François Cirelli within Gaz de France, at its meeting held on November 12, 2008, the Board of Directors of GDF SUEZ approved the proposals of the Compensation Committee regarding the extension of the retirement plans of the Chairman and CEO, who will continue to benefit from the collective retirement system applicable to executives of the former SUEZ Group, and the Vice-Chairman and President, who will continue to benefit from the special retirement plan for electric and gas industries applicable to Gaz de France.

The Compensation Committee is in charge of creating a new collective supplemental retirement system applicable to all GDF SUEZ Group senior managers within a year.

As was the case for SUEZ and Gaz de France, no system is in force for paying bonuses to corporate officers for joining or leaving GDF SUEZ.

- **EMPLOYMENT CONTRACT, SPECIAL RETIREMENT PLANS, SEVERANCE PAY AND NON-COMPETE CLAUSE**

	Employment contract	Supplemental retirement plan	Severance pay or severance benefit in kind due in the event of termination or a change of function	Compensation due under a non-compete clause
Gérard Mestrallet Chairman and CEO	Yes [(a)]	Yes [(b)]	No [(a)]	No
Jean-François Cirelli Vice-Chairman and President	No	No [(b)]	No	No

(a) This employment contract has been suspended since the appointment of Gérard Mestrallet as Chairman and CEO of SUEZ in July 1995. It has never been modified since then by the Board of Directors. As such, it does nor cover his compensation or the duration of his position as Chairman and CEO.

(b) See section 15.1.1.A. above.

B. Variable compensation

The variable compensation paid for 2007 by Gaz de France to Jean-François Cirelli was €130,819. That for Yves Colliou and Jean-Marie Dauger was €123,297 each (€115,730 + exceptional outright payment of €660 to all employees of Gaz de France + €6,907 of gross profit-sharing).

Variable annual compensation paid to Jean-François Cirelli was capped at 60% of the amount of his fixed annual compensation. 70% of variable compensation was based on Group net income, EBITDA and change in the Group's productivity, and 30% was based on qualitative criteria.

The annual variable compensation paid to Yves Colliou and Jean-Marie Dauger was capped at 45% of the amount of their annual fixed compensation. It was 70% based on Group results, and 30% based on the targets for developing their respective business lines.

The variable compensation set for 2007 by the Board of Directors of SUEZ for Gérard Mestrallet was €1,442,350. It was paid in March 2008.

On the proposal of the Compensation Committee, the Board of Directors of GDF SUEZ, at its meeting of March 4, 2009, set the total amount of the variable portion paid in 2009 for fiscal year 2008, at €1,830,360 for Gérard Mestrallet and €735,413 for Jean-François Cirelli.

It was 25% based on the actual completion of the merger (bonus target reached), 25% on its implementation (bonus target reached), while the remaining 50% was related to the assessment of economic performance at June 30, 2008 carried out by both Gaz de France and SUEZ before the merger.

For the former SUEZ Group, two quantitative criteria were chosen by the Board for assessing the performance of the Company in the first half-year 2008: EBITDA and current operating income.

For the former Gaz de France Group, three quantitative criteria were chosen to assess the performance of the company over the same period: Group share of net income, gross operating surplus and a productivity indicator.

The combination of the results actually achieved as measured by these two families of indicators lead to the bonus target being exceeded by 17.9%.

15.1.2 SUMMARY OF THE COMPENSATION OF EACH EXECUTIVE CORPORATE OFFICER

	Fiscal year 2008				Fiscal year 2007	
	from July 22 to December 31		from January 1 to July 22		from January 1 to December 31	
(in euros)	Amounts due	Amounts paid	Amounts due	Amounts paid	Amounts due	Amounts paid
Gaz de France						
Jean-François Cirelli *Chairman and CEO*						
Fixed compensation	Not applicable	Not applicable	238,472	238,472	327,048	327,048
Variable compensation	Not applicable	Not applicable	Not applicable	130,819	130,819	128,276
Exceptional compensation	Not applicable	Not applicable	0	0	0	0
Directors' fees	Not applicable	Not applicable	0	0	0	0
Benefits in kind *	Not applicable	Not applicable	264	264	372	372
TOTAL	**Not applicable**	**Not applicable**	**238,736**	**369,555**	**458,239**	**455,696**
Yves Colliou *Chief Operating Officer*						
Fixed compensation	Not applicable	Not applicable	209,025	209,025	310,499	310,499
Variable compensation	Not applicable	Not applicable	Not applicable	123,297	123,297	93,553
Exceptional compensation	Not applicable	Not applicable	0	0	0	61,759
Directors' fees	Not applicable	Not applicable	0	0	0	0
Benefits in kind *	Not applicable	Not applicable	2,021	2,021	3,452	3,452
TOTAL	**Not applicable**	**Not applicable**	**211,046**	**334,343**	**437,248**	**478,990**
Jean-Marie Dauger *Chief Operating Officer*						
Fixed compensation	Not applicable	Not applicable	209,567	209,567	311,416	311,416
Variable compensation	Not applicable	Not applicable	Not applicable	123,297	123,297	93,553
Exceptional compensation	Not applicable	Not applicable	0	0	0	61,049
Directors' fees	Not applicable	Not applicable	0	0	0	0
Benefits in kind *	Not applicable	Not applicable	8,536	8,536	12,531	12,531
TOTAL	**Not applicable**	**Not applicable**	**218,103**	**341,400**	**447,244**	**488,276**

	Fiscal year 2008				Fiscal year 2007	
	from July 22 to December 31		from January 1 to July 22		from January 1 to December 31	
(in euros)	Amounts due	Amounts paid	Amounts due	Amounts paid	Amounts due	Amounts paid
SUEZ						
Gérard Mestrallet *Chairman and CEO*						
Fixed compensation	Not applicable	Not applicable	644,000	644,000	1,250,000	1,250,000
Variable compensation	Not applicable	Not applicable	Not applicable	1,442,350	1,442,350	1,493,666
Exceptional compensation	Not applicable	Not applicable	0	0	0	0
Directors' fees	Not applicable	Not applicable	0	-	-	(1)
Benefits in kind **	Not applicable	Not applicable	1,614	1,614	3,249	3,249
TOTAL	**Not applicable**	**Not applicable**	**645,614**	**2,087,964**	**2,695,599**	**2,746,915**
GDF SUEZ						
Gérard Mestrallet *Chairman and CEO*						
Fixed compensation	693,677	693,677	Not applicable	Not applicable	Not applicable	Not applicable
Variable compensation	1,830,360 (2)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Exceptional compensation	0	0	Not applicable	Not applicable	Not applicable	Not applicable
Directors' fees	0	0	Not applicable	Not applicable	Not applicable	Not applicable
Benefits in kind **	1,614	1,614	Not applicable	Not applicable	Not applicable	Not applicable
TOTAL	**2,525,651**	**695,291**	**Not applicable**	**Not applicable**	**Not applicable**	**Not applicable**
Jean-François Cirelli *Vice-Chairman and President*						
Fixed compensation	322,839	322,839	Not applicable	Not applicable	Not applicable	Not applicable
Variable compensation	735,413 (2)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Exceptional compensation	0	0	Not applicable	Not applicable	Not applicable	Not applicable
Directors' fees	0	0	Not applicable	Not applicable	Not applicable	Not applicable
Benefits in kind *	189	189	Not applicable	Not applicable	Not applicable	Not applicable
TOTAL	**1,058,441**	**323,028**	**Not applicable**	**Not applicable**	**Not applicable**	**Not applicable**

* *Benefits in kind include: vehicle and/or energy.*

** *Benefits in kind include: vehicle.*

(1) The €243,923 paid as Directors' fees received by the beneficiary as Director of various companies within the Group are included in the amount of the variable compensation.

(2) The overall amount of this variable compensation, due for 2008, was decided in March 2009 (refer to section 15.1.1.B. above) and paid at the end of March 2009.

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15.1.3 SUMMARY OF COMPENSATION, OPTIONS AND SHARES GRANTED TO EACH EXECUTIVE CORPORATE OFFICER

The following table gives a summary of the elements making up the compensation of the corporate executive officers shown in the previous and following tables. It corresponds to table 1 of the AMF (French financial markets authority) recommendation dated December 22, 2008.

	Fiscal year 2008		Fiscal year 2007
(in euros)	from July 22 to December 31	from January 1 to July 22	from January 1 to December 31
Gaz de France			
Jean-François Cirelli *Chairman and CEO*			
Compensation due for the fiscal year *(explained in section 15.1.2)*	Not applicable	238,736	458,239
Valuation of options granted during the year *(explained in section 15.2.4.A.)*	Not applicable	Not applicable	Not applicable
Valuation of performance shares granted during the year *(explained in section 15.2.6.A.)*	Not applicable	1,209 [a]	995 [a]
TOTAL	**Not applicable**	**239,945**	**459,234**
Yves Colliou *Chief Operating Officer*			
Compensation due for the fiscal year *(explained in section 15.1.2)*	Not applicable	211,046	437,248
Valuation of options granted during the year *(explained in section 15.2.4.A.)*	Not applicable	Not applicable	Not applicable
Valuation of performance shares granted during the year *(explained in section 15.2.6.A.)*	Not applicable	1,209 [a]	995 [a]
TOTAL	**Not applicable**	**212,255**	**438,243**
Jean-Marie Dauger *Chief Operating Officer*			
Compensation due for the fiscal year *(explained in section 15.1.2)*	Not applicable	218,103	417,500
Valuation of options granted during the year *(explained in section 15.2.4.A.)*	Not applicable	Not applicable	Not applicable
Valuation of options granted during the year *(explained in section 15.2.6.A.)*	Not applicable	1,209 [a]	995 [a]
TOTAL	**Not applicable**	**219,312**	**418,495**
SUEZ			
Gérard Mestrallet *Chairman and CEO*			
Compensation due for the fiscal year *(explained in section 15.1.2)*	Not applicable	645,614	2,695,599
Valuation of options granted during the year *(explained in section 15.2.4.B.)*	Not applicable	0	0
Valuation of performance shares granted during the year *(explained in section 15.2.6.B.)*	Not applicable	0	0
TOTAL	**Not applicable**	**645,614**	**2,695,599**

(in euros)	Fiscal year 2008 from July 22 to December 31	Fiscal year 2008 from January 1 to July 22	Fiscal year 2007 from January 1 to December 31
GDF SUEZ			
Gérard Mestrallet *Chairman and CEO*			
Compensation due for the fiscal year *(explained in section 15.1.2)*	2,525,651	Not applicable	Not applicable
Valuation of options granted during the year *(explained in 15.2.4.C.)*	0 [b]	Not applicable	Not applicable
Valuation of performance shares granted during the year *(explained in 15.2.6.C.)*	256,140[a]	Not applicable	Not applicable
TOTAL	**2,781,791**	**Not applicable**	**Not applicable**
Jean-François Cirelli *Vice-Chairman and President*			
Compensation due for the fiscal year *(explained in section 15.1.2)*	1,058,441	Not applicable	Not applicable
Valuation of options granted during the year *(explained in 15.2.4.C.)*	0 [b]	Not applicable	Not applicable
Valuation of performance shares granted during the year *(explained in 15.2.6.C.)*	170,760 [a]	Not applicable	Not applicable
TOTAL	**1,229,201**	**Not applicable**	**Not applicable**

(a) According to the method used for the consolidated financial statements.
(b) Gérard Mestrallet and Jean-François Cirelli have waived the stock options that were granted to them by the GDF SUEZ board meeting of November 12, 2008. Within the framework of the allocation of SUEZ stock options under the plan dated November 14, 2007, Gérard Mestrallet, Chairman and CEO of SUEZ, at his request, received neither options nor Performance Shares (see sections 15.2.1 and 15.2.2 above).

In summary, regarding the executive corporate officers of GDF SUEZ, total compensation and benefits for the Chairman and CEO and the Vice-Chairman and President for 2008 is broken down as follows:

(in euros)	Fixed compensation for 2008	Variable compensation for 2008	Total compensation for 2008	Valuation of options granted for 2008	Valuation of performance shares granted in 2008
GDF SUEZ					
Gérard Mestrallet *Chairman and CEO*	1,340,905 [a]	1,830,360 [c]	**3,171,265**	0	256 140
Jean-François Cirelli *Vice-Chairman and President*	561,764 [b]	735,413 [c]	**1,297,177**	0	171,969

(a) Including the benefit in kind of €3,228.
(b) Including the benefit in kind of €453.
(c) Amount paid in March 2009.

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15.1.4 COMPENSATION OF NON-CORPORATE-OFFICER EXECUTIVES (MEMBERS OF THE EXECUTIVE COMMITTEE)

For the period from January 1 to July 22, 2008

Non-corporate-officer excutives of Gaz de France

The compensation of these executives includes both a fixed and variable portion.

The development of in the fixed portion of compensation is linked to the level of responsibility and the review of positioning as compared with the external market.

The variable portion is broken down into a collective portion and an individual portion, each representing 50% in the case of members of the Executive Committee who are in charge of an operational activity and respectively 30% and 70% for other members.

The collective share depends on a financial indicator, gross operating surplus for the Group, and operational indicators specific to each Business Line.

Non-corporate-officer excutives of Suez

The development of these executives includes both a fixed and variable portion.

The development of in the fixed portion of compensation is linked to changes in specific situations, such as an increase or material change in specific responsibilities, adjustments in light of the principles of evident applied internally within the Group or as a result of discrepancies in relation to the external "market".

The main purpose of the variable portion is to compensate the contribution of executives to the results of the company and the Group.

The variable portion of compensation for 2007, which was paid in 2008, was calculated as follows as regards Jean- Pierre Hansen and Gérard Lamarche (as well as Gérard Mestrallet): 25% based on qualitative objectives and 75% based on quantitative criteria. The quantitative criteria applied were current operating income (25%), cash flow from operating activities before disposals (25%) and free cash flow (25%).

For Executive Committee members who were responsible for a business sector within the SUEZ Group, half the variable compensation was based on qualitative criteria and half on quantitative criteria. The quantitative criteria (current operating income, net income SUEZ Group share and net cash flow from operating activities) were 40% weighted at the SUEZ Group level and 60% at division level.

For the other members of the Executive Committee, the variable portion was calculated in the same way, except for the quantitative criteria, which were based solely on the performance of SUEZ.

The following table presents total compensation paid to all members of the Executive Committee during fiscal years 2008 and 2007.

Several members were subject to the benchmark criteria of the Belgian market.

For the period from July 22 to December 31, 2008

Non-corporate-officer excutives of GDF SUEZ

The compensation of these executives includes both a fixed and variable portion.

The development of the fixed share is related to the level of responsibility. The GDF SUEZ variable share for the period corresponds to the payment of an exceptional bonus related to the completion of the merger.

● SUMMARY TABLE OF GROSS COMPENSATION INCLUDING BENEFITS IN KIND FOR NON-CORPORATE-OFFICER EXECUTIVES (MEMBERS OF THE EXECUTIVE COMMITTEE)

	2008 (from January 1 to July 22)	2007 (from January 1 to December 31)
Gaz de France		
Fixed *(in euros)*	927,424	1,452,451
Variable *(in euros)*	471,960	678,059
TOTAL *(in euros)*	**1,399,384**	**2,130,510**
Number of members	6	8
SUEZ		
Fixed *(in euros)*	2,601,457	5,042,243
Variable *(in euros)*	6,499,581	12,321,916
TOTAL *(en euros)*	**9,101,038**	**17,364,159**
Number of members	9	11

	2008 (from July 22 to December 31)	2007 (from January 1 to December 31)
GDF SUEZ		
Fixed *(in euros)*	4,104,201	Not applicable
Variable *(in euros)*	927,467	Not applicable
TOTAL *(in euros)*	**5,031,668**	**Not applicable**
Number of members	17	Not applicable

15.1.5 COMPENSATION OF NON-EXECUTIVE CORPORATE OFFICERS

15.1.5.1 Directors representing French State

- **For the period from January 1 to July 22, 2008:** no compensation (Directors' fees or other) was paid by the Company or companies controlled by the Company to Directors representing the State in consideration for their position as Directors, in application of the Law of July 26, 1983.

  This applies to: Paul-Marie Chavanne, Philippe Favre, Pierre Graff, Xavier Musca, Florence Tordjman and Édouard Vieillefond.

- **For the period from July 22 to December 31, 2008:** Directors representing the State personally received no compensation (Directors' fees or other) from the Company or from companies controlled by the Company in consideration for their position as Directors, it being specified that Directors' fees (€204,016) representing the compensation for sitting on the Board are paid directly to the Public Treasury in application of the regulations.

  This applies to: Jean-Paul Bailly, Pierre-Franck Chevet, Pierre Graff, Xavier Musca, Jean-Cyril Spinetta and Edouard Vieillefond, including Claude Mandil who resigned from his functions during 2008.

15.1.5.2 Directors elected by the General Shareholders' Meeting

Upon motion of the Board of Directors, the General Shareholders' Meeting sets the total annual amount of Directors' fees, to be distributed by the Board amongst its members.

For the period from January 1 to July 22, 2008:

- **At its meeting on February 26, 2008, the Board of Directors of Gaz de France** decided, subject to approval of the total annual amount of Directors' fees by the General Shareholders' Meeting, to allocate €2,300 for each attendance at the Board of Directors meeting and for each chairing of committee meetings and €1,400 for each attendance at a committee meeting. Jean-François Cirelli, as Chairman and CEO of Gaz de France, received no Directors' fees. **At the Combined General Shareholders' Meeting of Gaz de France on July 16, 2008, the total amount of Directors' fees to distribute was set at €1.4 million per year** as of fiscal year 2008 and for all subsequent fiscal years until a new decision is made in this respect at a future General Shareholders' Meeting. The total amount of fees is to be distributed according to the allocation criteria set by the decision of the above-mentioned Board of Directors meeting;
- **The General Shareholders' Meeting of Suez on April 26, 2002 set the total amount of Directors' fees at €800,000 per year** for fiscal year 2002 and for all subsequent fiscal years until a new decision was made in this respect. Based on a proposal by the Compensation Committee, **the Board of Directors of SUEZ, at its meeting on April 27, 2004** distributed Directors' fees amongst its members according to the rules indicated in the table below. It should be noted that Gérard Mestrallet, as Chairman and CEO of SUEZ, and Jean-Jacques Salane, as a salaried employee, received no Directors' fees.

For the period from July 22 to December 31, 2008:

- Based on a proposal by the Compensation Committee, **the Board of Directors of GDF SUEZ, at its meeting on August 29, 2008**, set the rules for distributing **the total annual amount decided by the General Shareholders' Meeting of Gaz de France on July 16, 2008 in the amount of €1.4 million**, in line with an individual distribution system of Directors' fees, combining a fixed portion with a variable portion based on the attendance of Directors and non-voting Directors at Board and committee meetings. The distribution rules are indicated below, it being specified that Gérard Mestrallet, Chairman and CEO, and Jean-François Cirelli, Vice-Chairman and President, received no Directors' fees.

A. Distribution of Directors' fees to Directors appointed by the General Shareholders' Meeting (for the period from January 1 to July 22, 2008)

Gaz de France	
Director	€2,300 per meeting
Committee Chairman	€2,300 per meeting
Committee member	€1,400 per meeting
SUEZ	
Director	
• Fixed portion	€35,000 per year
• Variable portion relating to attendance	€1,500 per meeting
Committee Chairman (other than the Audit Committee)	
• Fixed portion	€15,000 per year
• Variable portion relating to attendance	None, given that the Board considers that a committee meeting cannot be held in the absence of its Chairman.
Committee member (other than the Audit Committee)	
• Fixed portion	€7,000 per year
• Variable portion relating to attendance	€1,000 per meeting
Audit Committee Chairman	
• Fixed portion	€25,000 per year
• Variable portion relating to attendance	None, given that the Board considers that a committee meeting cannot be held in the absence of its Chairman.
Member of the Audit Committee	
• Fixed portion	10,000 per year
• Variable portion relating to attendance	€1,000 per meeting

B. Distribution of Directors' fees to Directors appointed by the General Shareholders' Meeting (for the period from July 22 to December 31, 2008)

GDF SUEZ	
Director	
• Fixed portion	€35,000 per year
• Variable portion relating to attendance	€2,571 per meeting The maximum individual variable portion is limited to €17,997 per year
Non-voting director	
• Fixed portion	€20,000 per year
• Variable portion relating to attendance	€2,571 per meeting, for up to 7 meetings The maximum individual variable portion is limited to €17,997 per year

GDF SUEZ	
Audit Committee	
Chairman	
• Fixed portion	€25,000 per year
• Variable portion relating to attendance	None, given that the Board considers that a committee meeting cannot be held in the absence of its Chairman.
Committee member	
• Fixed portion	10,000 per year
• Variable portion relating to attendance	€1,000 per meeting
Strategy and Investments Committee	
Chairman	
• Fixed portion	€25,000 per year
• Variable portion relating to attendance	None, given that the Board considers that a committee meeting cannot be held in the absence of its Chairman.
Committee member	
• Fixed portion	€7,000 per year
• Variable portion relating to attendance	€1,000 per meeting
Ethics, Environment and Sustainable Development Committee	
Chairman	
• Fixed portion	€15,000 per year
• Variable portion relating to attendance	None, given that the Board considers that a committee meeting cannot be held in the absence of its Chairman.
Committee member	
• Fixed portion	€7,000 per year
• Variable portion relating to attendance	€1,000 per meeting
Compensation committee	
Chairman	
• Fixed portion	€15,000 per year
• Variable portion relating to attendance	None, given that the Board considers that a committee meeting cannot be held in the absence of its Chairman.
Committee member	
• Fixed portion	€7,000 per year
• Variable portion relating to attendance	€1,000 per meeting
Nominations Committee	
Chairman	
• Fixed portion	€15,000 per year
• Variable portion relating to attendance	None, given that the Board considers that a committee meeting cannot be held in the absence of its Chairman.
Committee member	
• Fixed portion	€7,000 per year
• Variable portion relating to attendance	€1,000 per meeting

On this basis, non-executive corporate officers will receive the Directors' fees indicated in the table below for fiscal year 2008. No other compensation has been paid by the Company or companies controlled by the Company for said fiscal year.

C. Directors' fees paid to non-executive corporate officers elected by the General Shareholders' Meeting

(in euros)	Fiscal year 2008 [a] from July 22 to December 31	Fiscal year 2008 [a] from January 1 to July 22	Fiscal year 2007 from January 1 to December 31
Gaz de France			
Jean-Louis Beffa	Not applicable	23,000	14,000
Aldo Cardoso	Not applicable	42,400	54,250
Guy Dollé	Not applicable	18,400 [b]	18,000 [a]
Philippe Lemoine	Not applicable	22,100	28,000
Peter Lehmann	Not applicable	34,500 [b]	31,250 [a]
TOTAL	**Not applicable**	**140,400**	**145,500**
SUEZ			
Albert Frère	Not applicable	23,500 [b]	44,000 [b]
Edmond Alphandéry	Not applicable	30,500	59,500
René Carron	Not applicable	36,500	66,000
Gérard Cromme	Not applicable	Not applicable	22,500 [b]
Etienne Davignon	Not applicable	36,500 [b]	69,000 [b] [c]
Paul Desmarais Jr.	Not applicable	25,000 [b]	51,500 [b]
Richard Goblet d'Alviella	Not applicable	32,000 [b]	60,500 [b] [c]
Jacques Lagarde	Not applicable	37,500 [b]	70,500 [b]
Anne Lauvergeon	Not applicable	33,500	63,500
Jean Peyrelevade	Not applicable	23,500	45,500
Thierry de Rudder	Not applicable	23,500 [b]	45,500 [b] (c)
Lord Simon of Highbury	Not applicable	31,000 [b]	60,500 [b]
TOTAL	**Not applicable**	**333,000**	**658,500**
GDF SUEZ			
Albert Frère	27,784 [b]	Not applicable	Not applicable
Edmond Alphandéry	37,855	Not applicable	Not applicable
Jean-Louis Beffa	39,784	Not applicable	Not applicable
Aldo Cardoso	42,855	Not applicable	Not applicable
René Carron	28,713	Not applicable	Not applicable
Etienne Davignon	36,784 [b] [d]	Not applicable	Not applicable
Paul Desmarais Jr.	32,213 [b]	Not applicable	Not applicable
Jacques Lagarde	52,855 [b]	Not applicable	Not applicable
Anne Lauvergeon	39,784	Not applicable	Not applicable
Thierry de Rudder	47,284 [b] [d]	Not applicable	Not applicable
Lord Simon of Highbury	37,855 [b]	Not applicable	Not applicable
Richard Goblet d'Alviella (Observer)	20,284 [b] [d]	Not applicable	Not applicable
Philippe Lemoine (Observer)	20,284	Not applicable	Not applicable
TOTAL	**464,334**	**Not applicable**	**Not applicable**

(a) Directors' fees due for 2008 (for the period from July 22 to December 31, 2008) were paid in 2009.

(b) Before deduction of the 25% withholding tax levied on attendance fees paid to Directors who are not French residents.

(c) In fiscal year 2007, Etienne Davignon, Richard Goblet d'Alviella and Thierry de Rudder received €134,129, €89,419.44 and €89,419.44 gross respectively for their participation in the Board of Directors and the Audit Committee of SUEZ-TRACTEBEL.

(d) During fiscal year 2008, Etienne Davignon, Richard Goblet d'Alviella and Thierry de Rudder received €144,461.48, €96,307.65 and €96,307.65 gross respectively for their participation in the Board of Directors and the Audit Committee of SUEZ-TRACTEBEL.

15.1.5.3 Directors representing employees

- **For the period from January 1 to July 22, 2008:** the Directors of the Board of Directors of Gaz de France who were in office until the date of the merger between Gaz de France and SUEZ on July 22, 2008, received no compensation (Directors' fees or other) from the Company or from the companies controlled by the Company in consideration for their position as Director.
- This applies to: Anne-Marie Mourer, Olivier Barrault, Bernard Calbrix, Jean-François Le Jeune and Yves Ledoux.
- **For the period from July 22 to December 31, 2008:** as the terms of office of the Directors representing employees appointed in application of the Law of July 26, 1983 became null and void as a result of the transfer of the majority stake of the Company to the private sector, the GDF SUEZ Board of Directors had no members during this period representing employees or employee-shareholders pending their election in accordance with the provisions of Articles L. 225-28 and L. 225-23 of the French Commercial Code (*Code de Commerce*) and Articles 13.3 1) and 13.3 2) of the Articles of Association.

15.1.6 OTHER COMPENSATION PAID TO NON-EXECUTIVE CORPORATE OFFICERS

None.

15.1.7 AVAILABILITY OF SHARES RESULTING FROM THE EXERCISE OF STOCK OPTIONS AND SALES OF PERFORMANCE SHARES

The law no. 2006-1770 dated December 30, 2006 for the development of profit-sharing and employee shareholding and covering various economic and social measures (known as the «Balladur law») imposes restrictions on the of availability of shares resulting from the exercise of options and on performance shares granted to corporate officers.

In accordance with these legal measures, a system must be put in place specifying the obligation to retain a certain percentage, that the Board of Directors will determine, of exercised options in the form of shares, so that after a certain time, the corporate officers and members of the Executive Committee hold a portfolio of GDF SUEZ shares corresponding to a fraction of their compensation.

The SUEZ Board of Directors applied this measure to each named person: for each member of the Executive Committee, the Board of Directors set the number of shares to be held in the portfolio for a five-year period. Once this number of shares was reached, members were no longer required to re-invest a portion of the gains made on stock options.

This arrangement has been renewed by the Board of Directors of GDF SUEZ for all members of the Executive Committee of GDF SUEZ.

15.1.8 PROGRAMMED MANAGEMENT OF STOCK OPTIONS

At its meeting of November 12, 2008, the GDF SUEZ Board of Directors decided to continue the programmed management of stock options granted to the executives of the former SUEZ Group. The principle of such programmed management is that the interested parties shall give an irrevocable power of attorney to a financial institution to exercise the GDF SUEZ stock options, in their name and on their behalf, at the dates and under the conditions previously established by an annual instruction, and to sell the corresponding shares on the market, with or without determining a reserve unit price. This annual instruction will include the number and quarterly allocation of transactions to be executed plan by plan over the next 12 months. Within each quarterly period the proxy acts freely at the dates and for the volumes that it judges appropriate within the limits of the annual instruction, in the exercise of options and sale of shares. The annual instruction is sent to the proxy every year within 15 days following the date of publication of the annual financial statements and on condition that no inside information is disclosed at this date. Once this instruction has been given, it is irrevocable, and the interested party undertakes not to exercise the options other than through the delegated power of attorney. The ban on exercising options and selling shares during the negative windows preceding the publication of the annual and half-yearly financial statements and quarterly information is maintained.

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The Board of Directors of GDF SUEZ also decided that this system is obligatory for the Chairman and CEO, the Vice-Chairman, President and the Executive Vice Presidents (Gérard Mestrallet; Jean-François Cirelli; Yves Colliou; Jean-Marie Dauger; Jean-Pierre Hansen; Gérard Lamarche) and optional for the other members of the Executive Committee.

Gérard Mestrallet, Jean-Pierre Hansen and Gérard Lamarche each established irrevocable powers of attorney for the scheduled exercise of their stock options with simultaneous sale of shares resulting from such exercise with a banking institution in early December 2007. These powers remained in effect as part of a second annual Instruction

The sales instructions attached to these proxies concern the 2003 plan for Gérard Mestrallet and the 2004 plan for Jean-Pierre Hansen and Gérard Lamarche. As regards Gérard Mestrallet, they provide for exercise of the options for 2003 during the third and fourth quarters of 2008 and the first quarter of 2009 at a minimum price, such exercise to be carried over to the following quarters if the conditions are not met or if the minimum price is not reached. As regards Jean-Pierre Hansen and Gérard Lamarche, the sales instruction that they gave to their proxy covers the 2004 plan referred to for execution to be carried out exclusively before the end of 2008.

The proxy of Gérard Mestrallet exercised the stock options and sold the shares scheduled for the third quarter of 2008. The AMF (French Financial Markets Authority) was notified of these transactions in accordance with Articles L. 621.18.2 of the French Monetary and Financial Code and Articles 223-22 and 223-23 of the General Regulations of the AMF.

However, the proxy was unable to exercise the stock options scheduled for the fourth quarter of 2008 and the first quarter of 2009, as the minimum price stipulated in the annual instruction was not reached.

The proxies of Jean-Pierre Hansen and Gérard Lamarche were unable to exercise the stock options scheduled for the fourth quarter of 2008. Exercise was postponed until the first quarter of 2009, as the minimum price stipulated in the annual instruction had not been reached.

Jean-François Cirelli, Yves Colliou and Jean-Marie Dauger have not yet established powers of attorney as their options cannot be exercised before November 2012.

15.2 INFORMATION ON STOCK OPTIONS AND BONUS SHARES KNOWN AS PERFORMANCE SHARES

At the Combined General Meeting of the shareholders of Gaz de France on July 16, 2008, it was decided in the 21st and 22nd resolutions to authorize the Board of Directors, respectively, to allocate bonus shares and grant stock options to employees and/or Corporate Officers of the Company and/or Group companies within the limit of 0.5% of the Company's share capital. Under this authorization, the Board of Directors of GDF SUEZ decided to implement a stock option plan and plan for the allocation of bonus shares, referred to as Performance Shares, on November 12, 2008.

The details of these plans are provided below. These plans do not concern the employees and corporate officers of regulated companies.

The stock option plans and bonus share plans, previously granted by SUEZ and still valid, were adopted by GDF SUEZ, in accordance with the commitments made at the Gaz de France Combined General Shareholders' Meeting of July 16, 2008 that approved the merger with SUEZ in its fourth and fifth resolutions.

15.2.1 STOCK OPTION PLAN OF NOVEMBER 12, 2008

Pursuant to the 21st and 22nd resolutions of the Gaz de France Combined General Shareholders' Meeting of July 16, 2008, the GDF SUEZ Board of Directors, at its meeting on November 12, 2008, approved the decision to grant a stock option plan and a plan for the allocation of bonus shares, referred to as "Performance Shares". The Board of Directors set the exercise price for stock options at €32.74.

In total, stock options were granted to 3,753 individuals and involved a total number of 7,645,990 shares.

The principal objective of the GDF SUEZ stock option plan is to give a financial interest in the company's future growth and creation of value for shareholders to senior managers, senior executives and high-potential managers. The allocation of stock options is also a way to build loyalty and commitment to Group values as well as to contribute to the Group's strategy. For this first plan since the merger, the General Management wanted to cover a wide scope of beneficiaries.

The terms for allocating the options and the list of beneficiaries were established by the Board of Directors pursuant to the authorization of the General Shareholders' Meeting.

The Board of Directors decided to reduce the proposed number of options to replace them in part with the allocation of GDF SUEZ Performance Shares (see the section below). This allocation also covers individuals not concerned by stock options.

For the employees of the US subsidiaries, a Stock Appreciation Right (SAR) program is offered involving cash payment of an amount equal to the gain on exercising an option followed by immediate sale.

In order to ensure proper governance while accounting for their various specific characteristics, the staff and Corporate Officers of the companies in the Infrastructures business line of GDF SUEZ do not benefit from the discretionary allocation of stock options and/or Performance Shares. A deferred bonus plan, modeled after stock option and performance share plans, which is comparable in terms of cost to the Group, was set up and involves approximately 1,540 individuals.

Furthermore, the exercise of a portion of the options is subject to conditional terms as regards senior managers and to stricter conditions as described below for the members of the Group's Executive Committee, as well as to a retention program (see section 15.1.4).

Conditional terms

For 1) half the stock options granted to the senior managers of the Group, 2) 45% of the options allocated to the members of the Group's Executive Committee and 3) 90% of the options granted to the two Corporate Officers, exercise is subject to a performance condition. These options may be exercised if the price of GDF SUEZ shares during the period from November 12, 2012 to November 11, 2016 is greater or equal to the exercise price of the option after application of the rate of change of the Eurostoxx Utilities Index over the period from November 11, 2008 to November 11, 2012.

Stricter conditions

For the members of the Group's Executive Committee, with the exception of the two Corporate Officers, 10% of the options awarded to them are subject to a stricter performance condition while the balance is divided between options with no performance condition and options subject to the "conditional terms" described above. For the two Corporate Officers, 10% of the stock options were subject to stricter terms and 90%, i.e. the entire remaining balance of options, to the aforementioned conditional terms. The exercise of this 10% of the options will be possible if on November 12, 2012 the price of GDF SUEZ shares, measured by the arithmetic mean of the prices quoted during the previous 20 trading sessions, is greater than or equal to the Eurostoxx Utilities Index for the period from November 11, 2008 to November 11, 2012 increased by 1% per year and applied to the exercise price of the option. If this condition is met, the corresponding options may be exercised. If it is not met, they will be definitively lost.

Executive Corporate Officers

As part of the allocation of SUEZ stock options under the plan dated November 14, 2007, the Chairman and CEO of SUEZ, upon his request, did not receive any SUEZ stock options, since in view of the merger with Gaz de France, he preferred to cede the decision on his compensation to the Compensation Committee of the merged company at the appropriate time. In consideration of this decision, and based on the proposal of its Compensation Committee, the board meeting of GDF SUEZ dated November 12, 2008 granted its Chairman and CEO 450,000 options for fiscal year 2008 and 380,000 options for fiscal year 2007, and granted its Vice Chairman and President 300,000 options for fiscal year 2008.

However, it should be noted that Gérard Mestrallet and Jean-François Cirelli have waived the stock options that were granted to them by the Board meeting of November 12, 2008.

15.2.2 PERFORMANCE SHARE PLAN OF NOVEMBER 12, 2008

Pursuant to the 21st and 22nd resolutions of the Gaz de France General Shareholders' Meeting of July 16, 2008, the Board of Directors of GDF SUEZ, at its meeting on November 12, 2008, defined the main features of this plan, including in particular the following two objectives:

- change the terms for current stock option holders, by replacing some stock options by Performance Shares;
- grant Performance Shares to those employees not covered by the stock option plans. This is expected to identify other employees and encourage their commitment to the business and the GDF SUEZ Group.

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A. Timing and conditions

The timing and conditions established by the Board of Directors are as follows:

France and Belgium Plan

1. acquisition period for rights grant of GDF SUEZ Performance Shares:
   from November 12, 2008 to March 14, 2011 inclusive;
2. definitive acquisition date for the Performance Shares subject to compliance with the conditions outlined below:
   March 15, 2011.

Conditions:

1. presence on company payroll as of March 14, 2011, i.e., current employment contract with a Group company at that date, except in cases of retirement, death or disability;
2. performance condition based on the Group's EBITDA for fiscal year 2010;
3. length of the mandatory retention period for the shares (except death or disability): two years from the acquisition date of March 15, 2011, meaning that a sale will be allowed from March 15, 2013.

Spain and Italy Plan

1. acquisition period for rights grant of GDF SUEZ Performance Shares:
   from November 12, 2008 to March 14, 2011 inclusive;
2. definitive acquisition date for the Performance Shares subject to compliance with the conditions outlined below:
   15 March 2011.

Conditions:

1. presence on company payroll as of March 14, 2011, i.e., current employment contract with a Group company at that date, except in cases of retirement, death or disability;
2. performance condition based on the Group's EBITDA for fiscal year 2010;
3. length of the mandatory retention period for the Performance Shares (except in the event of death or disability): three years from the vesting date of March 15, 2011, meaning that a sale will be allowed from March 15, 2014.

International Plan (excluding France, Belgium, Spain and Italy)

1. acquisition period for rights grant of GDF SUEZ Performance Shares:
   from November 12, 2008 to March 14, 2013 inclusive;
2. definitive acquisition date for the Performance Shares subject to compliance with the conditions outlined below:
   March 15, 2013.

Conditions:

1. presence on company payroll as of March 14, 2013, i.e., current employment contract with a Group company at that date, except in cases of retirement, death or disability;
2. performance condition based on the Group's EBITDA for fiscal year 2010;
3. no mandatory retention period for the Performance Shares.

B. Conversion rate of stock options or SARs for Performance Shares

The Board of Directors, at its meeting on November 12, 2008, deemed that the conversion rate of one Performance Share for five stock options or Stock Appreciation Rights seemed reasonable and acceptable for the beneficiaries.

C. Target population and number of shares granted

1. Partial substitution of stock options or SARs

All beneficiaries of stock options or SARs under the plan of November 12, 2008 are concerned by this substitution. The rate of substitution varies based on the level of responsibility of the beneficiaries (reflected in the number of options or SARs).

The breakdown is as follows:

- up to 5,000 stock options or SARs:

  60% are replaced by Performance Shares;
- from 5,001 to 8,000 stock options or SARs:

  50% are replaced by Performance Shares;
- from 8,001 to 20,000 stock options or SARs:

  40% are replaced by Performance Shares;
- over 20,000 stock options or SARs:

  30% are replaced by Performance Shares.

For 2008, the Board of Directors also decided to limit the maximum grant attributable per person to 6,000 Performance Shares. This restriction applies to all Group employees, including members of the Executive Committee.

2. Other beneficiaries

At its meeting on November 12, 2008, the Board of Directors decided to grant Performance Shares to persons other than recipients of stock options. 427,930 Performance Shares were allocated to 4,059 employees under this system. The number of Performance Shares granted per person ranged from 50 to 150.

Overall, the distribution policy for Performance Shares concerned 7,983 individuals and involved a total number of 1,812,548 shares. As regards members of the Executive Committee, in accordance with the rule limiting the total number of shares that can be granted per person, the Board of Directors granted 6,000 Performance Shares to each of these individuals for 2008.

3. Corporate Officers

As part of the allocation of SUEZ Performance Shares under the plan dated November 14, 2007, the Chairman and CEO of SUEZ, upon his request, did not receive any SUEZ Performance Shares, since in view of the merger with Gaz de France, he preferred to cede the decision on his compensation to the Compensation Committee of the merged company at the appropriate time. In consideration of this decision, and based on the proposal of its Compensation Committee, the board meeting of GDF SUEZ dated November 12, 2008 granted its Chairman and CEO 6,000 Performance Shares for fiscal year 2008 and 3,000 Performance Shares for fiscal year 2007, and granted its Vice Chairman and President 6,000 Performance Shares for fiscal year 2008.

15.2.3 PERFORMANCE SHARE PLAN OF JUNE 1, 2008 (SITA UK) – GRANTED BY SUEZ (MERGED COMPANY) AND ADOPTED BY GDF SUEZ

Like all plans in force which were implemented by SUEZ, the following plan has been taken over by GDF SUEZ under the commitments made by Gaz de France for the merger of SUEZ by decision of the Combined General Shareholders' Meeting of Gaz de France on July 16, 2008:

The SUEZ Combined General Shareholders' Meeting of May 4, 2007, in its 14th resolution, authorized the Board of Directors to grant SUEZ bonus shares known as Performance Shares, for a period of 38 months, for up to 1% of the share capital (in number of shares) and to be included in the 3% limit of share capital regarding the grant of stock options authorized by said Shareholders' Meeting in its 13th resolution.

In order to retain a limited number of Group employees working at SITA UK considered to be high-risk given the particularly competitive market, the Board of Directors of SUEZ, at its meeting on May 6, 2008, decided to allocate Performance Shares in existence or to be issued, representing a total number of 24,740 shares to 32 beneficiaries.

The main features of this plan are:

1. duration of the acquisition period for rights to the grant of SUEZ Performance Shares:
   from June 1, 2008 to May 31, 2012;
2. definitive acquisition date for the Performance Shares subject to compliance with the conditions outlined below:
   June 1, 2012.

Conditions:

1. presence on company payroll as of May 31, 2012, i.e., current employment contract with a Group company at that date, except in cases of retirement, death or disability;
2. for half of the Performance Shares, a condition based on Group EBITDA for fiscal year 2009, for the other half, a condition based on EBITDA and Capex of SITA UK for the period 2008 to 2011 inclusive;
3. no mandatory retention period for the Performance Shares.

15.2.4 STOCK OPTIONS GRANTED TO EXECUTIVE CORPORATE OFFICERS

A. Gaz de France Stock options granted to executive corporate officers by Gaz de France and all other companies of the Gaz de France Group in fiscal year 2008

Not applicable

B. SUEZ stock options granted to executive corporate officers by SUEZ and all other companies of the SUEZ Group in fiscal year 2008

None.

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C. GDF SUEZ stock options granted to executive corporate officers by the company GDF SUEZ and all other companies of the GDF SUEZ Group in fiscal year 2008

	Plan	Number of options (*) allocated	Valuation of stock options based on the method used for the consolidated financial statements	Exercise price	Exercise period
Gérard Mestrallet *Chairman and CEO*	11/12/2008	0**	Not applicable	Not applicable	from 11/12/2012 from 11/11/2012
TOTAL					
Jean-François Cirelli *Vice-Chairman and President*	11/12/2008	0**	Not applicable	Not applicable	from 11/12/2012 to 11/11/2016
TOTAL		**0**	Not applicable		

* *Stock purchase options.*

** *Gérard Mestrallet and Jean-François Cirelli have waived the stock options that were granted to them by the GDF SUEZ Board meeting of November 12, 2008. As part of the allocation of SUEZ stock options under the plan dated November 14, 2007, Gérard Mestrallet, Chairman and CEO of SUEZ, at his request, received neither options nor Performance Shares (see section 15.2.1 above).*

15.2.5 STOCK OPTIONS EXERCISED BY EXECUTIVE CORPORATE OFFICERS

A. Gaz de France stock options exercised by the executive corporate officers of Gaz de France in fiscal year 2008

Not applicable.

B. SUEZ stock options exercised by the executive corporate officers of SUEZ in fiscal year 2008

	Plan	Number of options exercised during the year	Exercise price (in euros)
Gérard Mestrallet *Chairman and CEO*	11/28/2000 *	200,000	34.39
TOTAL		**200,000**	

* *Stock subscription options.*

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C. GDF SUEZ stock options exercised by the executive corporate officers of GDF SUEZ in fiscal year 2008

	Plan	Number of options exercised during the year	Exercise price (in euros)
Gérard Mestrallet *Chairman and CEO*	11/19/2003 *	166,703	12.39
TOTAL		**166,703**	
Jean-François Cirelli *Vice-Chairman and President*	Not applicable	Not applicable	Not applicable
TOTAL		**0**	

* *Stock subscription options.*

15.2.6 PERFORMANCE SHARES GRANTED TO EACH CORPORATE OFFICER

A. Gaz de France performance shares allocated to each corporate officer of Gaz de France by Gaz de France and all other companies of the Gaz de France Group in fiscal year 2008

	Plan	Number of shares allocated	Valuation of shares based on the method used for the consolidated financial statements *(in euros)*	Date of acquisition	Availability date	Performance conditions
Jean-François Cirelli *Chairman and CEO*	05/28/2008	30	1,209	05/28/2010	[a]	[b]
TOTAL		**30**	**1,209**			
Yves Colliou *Chief Operating Officer*	05/28/2008	30	1,209	05/28/2010	[a]	[b]
TOTAL		**30**	**1,209**			
Jean-Marie Dauger *Chief Operating Officer*	05/28/2008	30	1,209	05/28/2010	[a]	[b]
TOTAL		**30**	**1,209**			

(a) In accordance with Article L. 225-197-1 of the French Commercial Code, the shares of Jean-François Cirelli, Yves Colliou and Jean-Marie Dauger cannot be sold prior to the termination of their duties as Corporate Officers, pursuant to the decision of the Gaz de France Board of Directors of May 28, 2008.

(b) Performance condition: out of the 30 shares allocated, the last 15 depend on the growth of organic gross operating surplus by 5% on average over 2008 and 2009.

B. SUEZ performance shares allocated to each corporate officer of SUEZ by SUEZ and all other companies of the SUEZ Group in fiscal year 2008

None.

C. GDF SUEZ performance shares allocated to each corporate officer of GDF SUEZ by GDF SUEZ and all other companies of the GDF SUEZ Group in fiscal year 2008

	Plan	Number of shares allocated	Valuation of shares based on the method used for the consolidated financial statements` *(in euros)*	Date of acquisition	Availability date	Performance conditions
Gérard Mestrallet *Chairman and CEO*	11/12/2008	9,000 [(a)]	256,140	03/15/2011	03/15/2011	[(b)]
TOTAL		**9,000**	**256,140**			
Jean-François Cirelli *Vice-Chairman and President*	11/12/2008	6,000	170,760	03/15/2011	03/15/2011	[(b)]
TOTAL		**6,000**	**170,760**			

(a) Within the framework of the allocation of SUEZ stock options under the plan of November 14, 2007, the Chairman and CEO of SUEZ, on his request, received no stock options or Performance Shares, since, in view of the merger with Gaz de France, he preferred to cede the decision on his compensation to the Compensation Committee of the merged company. In consideration of this decision, and based on the proposal of its Compensation Committee, the Board meeting of GDF SUEZ dated November 12, 2008 granted its Chairman and CEO 6,000 Performance Shares for fiscal year 2008 and 3,000 Performance Shares for fiscal year 2007 (see section 15.2.2 above).

(b) Performance conditions: see details of the performance-share plan of November 12, 2008 described above in section 15.2.2 of this reference document.

15.2.7 PERFORMANCE SHARES AVAILABLE FOR EACH CORPORATE OFFICER

A. Gaz de France bonus shares that became available for each corporate officer of Gaz de France in fiscal year 2008

Not applicable.

B. SUEZ performance shares that became available for each corporate officer of SUEZ in fiscal year 2008

Not applicable.

C. GDF SUEZ performance shares that became available for each corporate officer of GDF SUEZ in fiscal year 2008

Not applicable.

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15.2.8 PAST ALLOCATIONS OF STOCK OPTIONS

A. Allocations of stock options (Gaz de France plans)

None.

B. Allocations of stock options (SUEZ plans)

SUEZ stock options	**Plan of 01/31/2000**
Date of authorization by the General Shareholders' Meeting	06/11/1998
Total number of shares that could be purchased as of 12/31/2007	92,216
Total number of shares that could be purchased by corporate officers (1)	31,762
Start date for the exercise of options (2)	01/31/2005
Expiration date	01/31/2008
Terms of exercise	No specific terms
Purchase price prior to merger (in euros)	28.46
Exercised from 01/01/2008 to 01/31/2008	92,216
Cancelled from 01/01/2008 to 01/31/2008	0
	Plan null and void as of January 31, 2008

(1) Etienne Davignon.
(2) The stock options can also be exercised early in the event of retirement or death.

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C. Allocations of outstanding stock options

● GDF SUEZ STOCK SUBSCRIPTION OPTIONS

	Plan of 11/28/2000	Plan of 12/21/2000	Plan of 11/28/2001	Plan of 11/20/2002	Plan of 11/19/2003	Plan of 11/17/2004	Plan of 12/09/2005	Plan of 01/17/2007	Plan of 11/14/2007
Date of authorization by the General Shareholders' Meeting	05/05/2000	05/05/2000	05/04/2001	05/04/2001	05/04/2001	04/27/2004	04/27/2004	04/27/2004	05/04/2007
Total number of shares that could be purchased as of 12/31/2007	3,502,590	1,159,433	6,105,971	2,448,213	3,141,286	8,507,717	6,399,125	5,653,783	4,373,050
Total number of shares that can be subscribed for by Corporate Officers as of 12/31/2007 (1)	317,622	0	529,458	0	270,000	390,599	385,000	380,000	0
Start date for the exercise of options (2)	11/28/2004	12/21/2004	11/28/2005	11/20/2006	11/19/2007	11/17/2008	12/09/2009	01/17/2011	11/14/2011
Expiration date	11/28/2010	12/20/2010	11/28/2011	11/19/2012	11/18/2011	11/16/2012	12/28/2013	01/16/2015	11/13/2015
Terms of exercise			No specific terms for these plans		(3)	(4)	(5)	(6)	(7)
Subscription price prior to merger *(in euros)*	34.39	35.74	32.59	16.69	13.16	17.88	24.20	38.89	44.37
Exercised from 01/01/2008 to 07/21/2008	569,981	53,357	432,030	301,879	535,754	2,030	2,400	1,000	0
Cancelled from 01/01/2008 to 07/21/2008	20,916	80,449	167,494	72,460	65,777	133,306	98,925	84,197	21,270
Balance on 07/21/2008	2,911,693	1,025,627	5,506,447	2,073,874	2,539,755	8,372,381	6,297,800	5,568,586	4,351,780
Balance as of 07/22/2008 adjusted for the merger (8)	3,092,541	1,089 091	5,847,033	2,202,944	2,697 296	8,892,824	6,689,902	5,914,003	4,622,878
Subscription price adjusted for the merge (in euros)	32.38	33.66	30.70	15.71	12.39	16.84	22.79	36.62	41.78
Exercised from 07/22/2008 to 12/31/2008	15,858	27,671	77,090	112,657	392,600	1,479,442	5,822	0	0
Cancelled from 07/22/2008 to 12/31/2008	1,126	0	1,126	2,813	0	4,043	16,993	9,943	6,040
Balance on 12/31/2008	3,075,557	1,061,420	5,768,817	2,087,474	2,304,696	7,409,339	6,667,087	5,904,060	4,616,838

(1) Gérard Mestrallet.

(2) The stock options can also be exercised early in the event of retirement or death.

(3) For the members of the Executive Committee at the time, all stock options were subject to a performance condition which was met in November 2003.

(4) For the members of the Executive Committee at the time, 45% of the stock options were subject to "simple" conditions and 10% to "stricter" conditions. For other Group senior managers, 50% are subject to "simple" conditions. These conditions were met in November 2008.

(5) For the members of the Executive Committee at the time, 45% of the stock options were subject to "simple" conditions and 10% to "stricter" conditions. For other Group senior managers, 50% are subject to "simple" conditions. These conditions will be tested in December 2009.

(6) For the members of the Executive Committee at the time, 45% of the stock options were subject to "simple" conditions and 10% to "stricter" conditions. For other Group senior managers, 50% are subject to "simple" conditions. These conditions will be tested in January 2011.

(7) For the members of the Executive Committee at the time, 45% of the stock options were subject to "simple" conditions and 10% to "stricter" conditions. For other Group senior managers, 50% are subject to "simple" conditions. These conditions will be tested in November 2011.

(8) The stock options were adjusted for the merger in accordance with the legal provisions and terms approved by the shareholders at the General Shareholders' Meetings on the merger on July 16, 2008 (refer to the merger prospectus).

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● GDF SUEZ STOCK PURCHASE OPTIONS

	Plan of 11/12/2008
Date of authorization by the General Shareholders' Meeting	07/16/2008
Start date for the exercise of options (1)	11/12/2012
Expiration date	11/11/2012
Total number of shares that could be purchased	7,645,990
Total number of shares that could be purchased by corporate officers	
• Gérard Mestrallet	0 (2)
• Jean-François Cirelli	0 (2)
Terms of exercise	(3)
Purchase price (in euros)	32.74
Exercised from 11/12/2008 to 12/31/2008	0
Cancelled from 07/22/2008 to 12/31/2008	0
Balance on 12/31/2008	7,645,990

(1) The stock options can also be exercised early in the event of retirement or death

(2) Gérard Mestrallet and Jean-François Cirelli have waived the stock options that were granted to them by the GDF SUEZ Board meeting of November 12, 2008 (see section 15.2.1 above).

(3) For the other members of the Executive Committee, 45% of the stock options are subject to "simple" conditions and 10% to "stricter" conditions. For other Group Senior Managers, 50% of the options are subject to "simple" conditions. These conditions will be tested in November 2012.

15.2.9 STOCK OPTIONS GRANTED TO THE TEN NON-CORPORATE-OFFICER EMPLOYEES WHO RECEIVED THE MOST OPTIONS

A. Stock options granted by Gaz de France and by all companies included within the Gaz de France stock option plan in fiscal year 2008 to the ten employees of the issuer and such companies, who are not corporate officers and to whom the greatest number of stock options was allocated

Not applicable.

B. Stock options granted by SUEZ and by all companies included within the SUEZ stock option plan in fiscal year 2008 to the ten employees of the issuer and such companies, who are not corporate officers and to whom the greatest number of stock options was allocated

None.

C. Stock options granted* by GDF SUEZ and by all companies included within the GDF SUEZ stock option plan in fiscal year 2008 to the ten employees of the issuer and such companies, who are not corporate officers and to whom the greatest number of stock options was allocated

Total number of options allocated	Exercise price	Plan	Maturity date
1,175,000	32.74	11/12/2008 **	11/11/2016

** Stock options granted following the distribution of SUEZ Environnement Company and following the merger between SUEZ and Gaz de France on July 22, 2008*

*** Stock purchase options*

15.2.10 STOCK OPTIONS EXERCISED BY THE TEN NON-CORPORATE-OFFICER EMPLOYEES WITH THE LARGEST NUMBER OF STOCK OPTIONS

A. Gaz de France stock options exercised in fiscal year 2008 by the ten employees who are not corporate officers of Gaz de France with the largest number of stock options

Not applicable.

B. SUEZ stock options exercised* in fiscal year 2008 by the ten employees who are not corporate officers of SUEZ with the largest number of stock options

Total number of options exercised	Average weighted price *(in euros)*	Plans
31,762	28.46	01/31/2000 **
125,464	34.39	11/28/2000 **
15,882	35.74	12/21/2000 **
64,599	32.59	11/28/2001 **
143,787	16.69	11/20/2002 **
67,219	13.16	11/19/2003 **

* *Stock options exercised following the distribution of SUEZ Environnement Company and following the merger between SUEZ and Gaz de France on July 22, 2008.*

** *Stock subscription options.*

C. GDF SUEZ stock options exercised* in fiscal year 2008 by the ten employees who are not corporate officers of GDF SUEZ with the largest number of stock options

Total number of options exercised	Average weighted price *(in euros)*	Plans
1,688	30.70	11/28/2001 *
1,520	15.71	11/20/2002 *
55,364	12.39	11/19/2003 *
311,656	16.84	11/17/2004 *

* *Stock subscription options.*

15.3 SUMMARY OF TRANSACTIONS DECLARED BY EXECUTIVE MANAGEMENT AND CORPORATE OFFICERS DURING FISCAL YEAR 2008

Gaz de France shares

Not applicable.

SUEZ shares

	Transaction date	Transaction type	Quantity	Price *(in euros)*
Legal entity linked to Albert Frère, Paul Desmarais Jr. and Thierry de Rudder as defined in Article L. 621-18.2 of the French Monetary and Financial Code	01/14/08	purchase	750,000	45.38
Legal entity linked to Albert Frère, as defined in Article L. 621-18.2 of the French Monetary and Financial Code	06/18/08	transfer	55,000	44.56
	06/18/08	transfer	110,000	44.56
Richard Goblet d'Alviella	07/18/08	purchase	200	42.48

GDF SUEZ shares

	Transaction date	Transaction type	Quantity	Price *(in euros)*
René Carron	12/05/08	loan	3,360	-

Gaz de France stock options

Not applicable.

SUEZ stock options

	Transaction date	Transaction type	Plan concerned	Number of stock options exercised	Exercise price *(in euros)*	Net sale price (€)
Etienne Davignon	01/03/2008	Exercise/sale	01/31/2000 *	24,146	28.46	46.88
	01/04/2008	Exercise	01/31/2000 *	7,616	28.46	-
Gérard Mestrallet	01/02/2008	Exercise/sale	11/28/2000 **	100,000 ***	34.39	41.90
	04/01/2008	Exercise/sale	11/28/2000 **	100,000 ***	34.39	40.00

* *Stock purchase options.*
** *Stock subscription options.*
*** *Options exercised via an independent professional intermediary following the implementation of a GDF SUEZ stock option programmed exercise system (see section 15.1.8 above).*

GDF SUEZ stock options

	Transaction date	Transaction type	Plan concerned	Number of stock options exercised	Exercise price *(in euros)*	Net sale price (€) *(in euros)*
Gérard Mestrallet	09/03/2008	Exercise/sale	11/19/2003 **	86,703***	12.39	39.25
	10/03/2008	Exercise/sale	11/19/2003 **	80,000***	12.39	34.74

* *Stock purchase options.*
** *Stock subscription options.*
*** *Options exercised via an independent professional intermediary following the implementation of a GDF SUEZ stock option programmed exercise system (see section 15.1.8 above).*

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15.4 NUMBER OF SHARES AND STOCK OPTIONS OF GDF SUEZ HELD BY MEMBERS OF THE GDF SUEZ BOARD OF DIRECTORS IN OFFICE AT DECEMBER 31, 2008

	Number of shares	Number of stock options
Gérard Mestrallet	42,649	2,034,302
Jean-François Cirelli	4,044	0
Albert Frère	1,911	-
Edmond Alphandéry	2,142	-
Jean-Paul Bailly	0	-
Jean-Louis Beffa	4,096	-
Aldo Cardoso	1,000	-
René Carron	3,360	-
Pierre-Franck Chevet	0	-
Etienne Davignon	10,605	33,728
Paul Desmarais Jr	2,121	-
Pierre Graff	0	-
Jacques Lagarde	6,664	-
Anne Lauvergeon	3,255	-
Xavier Musca	0	-
Thierry de Rudder	2,121	-
Lord Simon of Highbury	1,911	-
Jean-Cyril Spinetta	0	-
Edouard Vieillefond	0	-

15.5 LOANS AND GUARANTEES GRANTED OR ESTABLISHED IN FAVOR OF DIRECTORS OR EXECUTIVES

None.

15.6 FUNDED AMOUNT

The total funded amount of retirement commitments in the financial statements as of December 31, 2008 for members of the Executive Committee and the Management Committee stands at €37.8 million.

16

OPERATION OF ADMINISTRATIVE AND MANAGEMENT BODIES

16.1 OPERATING PROCEDURES OF THE BOARD OF DIRECTORS

CORPORATE GOVERNANCE

Prior to the completion of the merger, both Gaz de France and SUEZ followed AFEP-MEDEF (French Employers' Federation) guidelines for rules relative to corporate governance. At its meeting on November 12, 2008, the Board of Directors of GDF SUEZ reaffirmed its adherence to the AFEP-MEDEF corporate governance code as modified on October 6, 2008, and notably its compliance with the duties of information relative to Directors' and Corporate Officers' compensation. During this meeting, the Group's Board of Directors also confirmed that the Group complies with AFEP-MEDEF guidelines.

The Group adopted a new set of Internal Regulations at the time of the merger in July 2008. These Internal Regulations were also subject to modifications in December 2008. The Group also adopted a Director's Charter and a Code of Conduct. These documents give the Board of Directors the ways and means to operate efficiently on behalf of the Company and its shareholders, and lay down perfectly transparent rules for the rights and responsibilities incumbent on each Director. (These documents can be obtained from the Company's registered office and are available on its website: www.gdfsuez.com.)

In particular, the Internal Regulations detail the composition and the operating procedures of the Board of Directors, as well as the scope of the responsibilities of the Board, General Management and its Committees.

The Code of Conduct sets out the rules governing trading in the Company's securities and the offense of insider trading applicable to Directors, Corporate Officers and all employees. It expresses the Company's wish to guarantee prudent management of its securities, to comply with, and to ensure compliance by others with current regulations governing securities transactions conducted by Directors, Corporate Officers and employees, by reminding them of the ban on certain transactions involving the Company's securities, and the obligation to declare transactions concluded by Directors and Corporate Officers and related parties.

Pursuant to Article 13.6 of the Company's bylaws, each Director must own at least fifty (50) GDF SUEZ shares throughout their term of office, except in the case of exemption as a result of applicable laws and regulations.

This does not apply to the Directors representing the French State, nor to the Director representing employee shareholders.

POWERS OF THE BOARD OF DIRECTORS

The Board of Directors determines the Company's business strategy and oversees its implementation. Subject to powers expressly vested in shareholders' meetings, and within the definition of the corporate purpose of the Company, the Board of Directors deals with all matters affecting the smooth running of the Company and deliberates on all matters within its remit. The Board of Directors conducts any controls and verifications it considers appropriate.

In addition to issues reserved for the authority of the Board under applicable laws and regulations, and in accordance with the provisions of the Company's Internal Regulations, the following decisions must be subject to prior review and approval by the Board:

- enter into major government contracts relative to the aims and methods of the implementation of public service missions delegated to the Company or its subsidiaries within legal limits;
- acquire or divest any of the Company's direct or indirect interests in any company formed or to be formed, or an interest in the formation of any company, joint venture, consortium or body or subscribe to any issue of shares, partnership shares or bonds in which the Company's or the Group's financial exposure exceeds €350 million for the transaction in question;
- become involved in any asset contribution or exchange transaction, with or without a cash balance, relative to goods, securities, stocks or bonds for an amount exceeding €350 million;
- settle disputes by way of any treaty or transaction or any compromise agreement, for an amount exceeding €200 million;
- enter into any Group long-term energy purchasing plan with individual transaction quantities in excess of:
  - for gas, 30 billion kWh per year, including transmission conditions,
  - for electricity, 20 billion kWh per year, including transmission conditions.

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- enter into any real-estate acquisition or disposal transaction for an amount exceeding €200 million;
- enter into any of the following transactions for which the amount exceeds €1.5 billion:
  - grant or contract any loans, borrowings, credit or cash advances by the Company, or grant authorization to any Group subsidiary or financing vehicle for this purpose;
  - acquire or dispose of any receivables by any means whatsoever.

The Board of Directors sets the total amount of sureties, endorsements or guarantees that the Chairman and Chief Executive Officer is authorized to grant for each fiscal year.

In addition, at least once a year, the Board of Directors reviews the Group's budget, industrial and financial strategy, as well as its procurement policy in terms of energy requirements.

OPERATING PRODEDURES OF THE BOARD OF DIRECTORS

The Board of Directors meets as often as required by the Company's interests and, in accordance with its Internal Regulations, at least six times a year, including at least once each quarter. Board of Directors' meetings may by held via any videoconference or other means of telecommunication that enables Directors to be identified and that guarantees their effective participation in accordance with the conditions and procedures set out in the Internal Regulations.

In accordance with French law and the provisions of Article 1.1 of the Internal Regulations, the representative of the Central Works Council attends Board meetings without being able to vote on decisions and without the possibility of being represented in case of absence. The commissioner appointed by the French government also attends Board meetings. Non-voting Directors invited to attend Board meetings by the Chairman of the Board of Directors benefit from a consultative vote.

As the terms for Directors elected by employees by virtue of the law of July 26, 1983 became null and void due to the transfer of the Company to the private sector on July 22, 2008, the Board of Directors no longer included any Directors representing employees and employee-shareholders for the period between July 22, 2008 and January 20, 2009. Notwithstanding the previous statement, the Chairman and Chief Executive Officer, motivated by the wish to involve employee representatives in the Board's deliberations on the Group's strategic direction and business, and after consulting the Group's Vice-Chairman and President, decided to take the exceptional step of inviting employee representatives to attend Board meetings pending the election of Directors representing employees. Accordingly, Anne-Marie Mourer, Olivier Barrault, Bernard Larribaud, Jean-Jacques Salane and Philippe Taurines were invited to attend all of the Board of Directors' meetings held between July 22, 2008 and the date of appointment of the elected Directors representing employees on January 21, 2009. Jean-Jacques Salane will attend Board meetings until the date of appointment of the Director representing employee shareholders by attendees at the General Shareholders' Meeting on May 4, 2009.

Article 1.3 of the Internal Regulations provides that the Chairman chairs Board meetings, oversees deliberations made by the Board and ensures compliance with the such regulations. The Chairman upholds the quality of exchanges of views and ensures that the Board's decisions are made on a collective basis. The Chairman makes sure that the Board spends enough time on discussions and allots time to each of the items on the agenda in proportion to the importance that each issue represents for the Company. The Directors collectively ensure that the time allotted to each of them to air their views is evenly balanced. The Chairman pays particular attention to ensure that the items raised according to the agenda receive an appropriate reply.

In accordance with Article 16 of the bylaws, meetings of the Board of Directors shall be chaired by the Chairman, or in the latter's absence by one of the Vice-Chairmen or, failing that, by a Director chosen by the Board of Directors at the beginning of the meeting.

The Secretary of the Board of Directors provides administrative services to the Board and writes up the minutes of its meetings.

ACTIVITIES OF THE BOARD OF DIRECTORS

During the 2008 fiscal year, the Board of Directors of Gaz de France, which then became GDF SUEZ, met 16 times (including ten times during the period between January 1 and July 22, 2008 and six times during the period between July 22 and December 31, 2008), with an attendance rate of 75%. Ten meetings are scheduled for the fiscal year 2009 and two meetings have already been held at the date of this Reference Document.

The Board of Directors of GDF SUEZ held its first meeting on July 22, 2008. Since that date, the Board of Directors of GDF SUEZ has met six times with an average attendance rate of 74%. In particular, it has deliberated on the following matters:

- nomination of the Chairman and Chief Executive Officer and the Vice-Chairman and President as well as the definition of their powers and their compensation, the appointment of members of the Board of Directors' Committees, the adoption of the Internal Regulations and a certain number of delegations of authority for financial matters;

- financial statements as at June 30, 2008;
- project to transform the Methane Terminals and Storage activities into a subsidiary and miscellaneous modifications to the bylaws in preparation for the General Shareholders' Meetings of December 2008;
- payment of an interim dividend;
- election of members of the Board of Directors representing employees and employee shareholders; and
- presentations of miscellaneous activities, the competitive environment and the medium-term business plan.

The Board also approved a dozen major investment projects.

For the record, the Board of Directors also deliberated on matters pertaining to miscellaneous investment projects, procurement policy, commercial policy and industrial and user safety. The Board of Directors of SUEZ met on seven occasions with an attendance rate of 79% and took decisions on Group policy and various nuclear policies, as well as the stock market listing of 65% of the equity of the SUEZ Environnement Company as part of the merger project. The Board also conducted an assessment of its own operations.

The Board of Directors of Gaz de France, along the same lines as the Board of Directors of SUEZ, also examined the 2008 fiscal year budget, the state of progress of the merger takeover of SUEZ by Gaz de France, approved the financial statements for the 2007 fiscal year and called General Shareholders' Meetings, including the Meeting to approve the merger takeover that gave birth to GDF SUEZ.

DATES ON WHICH DIRECTORS' TERMS OF OFFICE EXPIRE

Refer to Section 14.1 "Information concerning the administrative bodies".

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16.2 INFORMATION CONCERNING SERVICE CONTRACTS BETWEEN MEMBERS OF THE BOARD OF DIRECTORS AND GENERAL MANAGEMENT AND THE COMPANY OR ANY OF ITS SUBSIDIARIES

Regulated agreements and commitments with related parties

Pursuant to the provisions of Article 19 of the Company's bylaws, any agreement made directly or through an intermediary between the Company and a member of the Board of Directors, its Chief Executive Officer, a President or a shareholder holding more than 10% of the voting rights, or if the shareholder is a company, the company controlling it within the meaning of Article L. 233-3 of the French Commercial Code, must be submitted to the Board of Directors for prior approval.

The same applies to agreements in which one of the persons mentioned in the preceding paragraph is indirectly involved, and to agreements between the company and another company, if one of the Directors, the Chief Executive Officer or one of the Presidents of the company is an owner, partner with unlimited liability, legal manager, Director, member of the supervisory board or, in general, a manager of the company concerned.

Independent Directors can put forward recommendations on such agreements to the Board of Directors in the interests of the company.

The provisions of the three preceding paragraphs are not applicable to agreements relative to day-to-day transactions concluded under normal terms of business and governed by the requirements of Article L. 225-39 of the French Commercial Code.

Due to the presence of Directors with both the responsibilities in contracting companies and GDF SUEZ or the presence of the French State as a shareholder, the following transactions are subject to the provisions of Article 19 of the aforementioned bylaws:

16.2.1 REGULATED AGREEMENTS AND COMMITMENTS WITH RELATED PARTIES APPROVED DURING THE 2008 FISCAL YEAR

16.2.1.1 Regulated agreements and commitments concluded with Gaz de France

None

16.2.1.2 Regulated agreements and commitments concluded with SUEZ

As part of the stock market listing of 65% of the equity of SUEZ Environnement Company and concomitant with merger takeover by absorption of SUEZ by Gaz de France, on June 4, 2008, the Board of Directors of SUEZ decided to put in place a certain number of provisions to accompany the partial spin-off of SUEZ Environnement Company, i.e.:

- a SUEZ Environnement Company shareholders agreement, with a 5-year renewable term, between SUEZ, Groupe Bruxelles Lambert, Sofina, la Caisse des Dépôts et Consignations, Areva and CNP Assurances;

  This agreement had no impact on the 2008 fiscal year.

- a cooperation and pooled functions contract between SUEZ and SUEZ Environnement Company for the purpose of defining methods of future cooperation between GDF SUEZ and SUEZ Environnement Company;

In 2008 SUEZ Environnement Company paid GDF SUEZ €8.38 million in rebilling of business and other services in relation to this contract.

The exercise price of the 1,081,720 GDF SUEZ stock options granted to SUEZ Environnement was €32.74. In November 2008, 357,034 free shares were granted to SUEZ Environnement at a unit value (weighted average) of €28.50.

- a framework agreement relative to the financing of SUEZ Environnement and of SUEZ Environnement Company by the SUEZ group, under the terms of which SUEZ Finance SA, or another Group entity appointed for this purpose, would provide financing to the SUEZ Environnement Company/SUEZ Environnement Group in relation to their requirements, and up to a total amount agreed annually between SUEZ and SUEZ Environnement Company;

In the context of this financing agreement, SUEZ Finance SA granted loans to SUEZ Environnement Company Group for a total of €1.26 billion and advances for a total of €802.7 million at December 31, 2008. The net financial income generated since the agreement was entered into amounts to €39.7 million at December 31, 2008.

- a brand licensing contract, under the terms of which SUEZ would grant to SUEZ Environnement Company for a 5-year tacitly renewable term, the non-exclusive and free-of-charge rights to use the "SUEZ" brand in its corporate name, as well as in certain brand names;

  This agreement had no impact on the 2008 fiscal year.

- a draft agreement between SUEZ and SUEZ Environnement relative to Argentina. In the light of the particuar context of the Argentinean companies Aguas Argentinas and Aguas Provinciales de Santa Fe, as well as the Argentinean government's tariff freeze, provisions have been made for a 20-year draft agreement between SUEZ and SUEZ Environnement relating to Argentina. The agreement provides for the economic transfer, in favor of SUEZ Environnement, of rights and obligations associated with interests held in the aforementioned Argentinean companies.

  This agreement had no impact on the 2008 fiscal year.

The Board of Directors expressly approved these agreements at its meeting on June 4, 2008 and they were signed on June 5, 2008. They have been the subject of a special report by the Statutory Auditors on regulated agreements and commitments with related parties submitted to the SUEZ Ordinary and Extraordinary Shareholders Meeting of July 16, 2008.

16.2.1.3 Regulated agreements and commitments entered into with GDF SUEZ

Amendment to the SUEZ Environnement Company shareholders' agreement

Following the signing of the aforementioned shareholders' agreement on June 5 2008, the parties decided to proceed with signing an amendment.

According to the terms of the agreement, the composition of the administrative bodies of SUEZ Environnement and SUEZ Environnement Company should be identical and decisions concerning subsidiaries controlled by SUEZ Environnement Company which, if taken at company level, should be submitted for approval by the Board of Directors, should be subject to prior deliberations by the Board of Directors of SUEZ Environnement Company. With the aim of simplifying the operational management procedures within the SUEZ Environnement Company group, the parties to the agreement have agreed, by way of an amendment, to abolish the obligation to replicate the administrative bodies of SUEZ Environnement Company within the administrative bodies of SUEZ Environnement, on the understanding that SUEZ Environnement Company shall ensure that decisions affecting controlled subsidiaries are effectively implemented by the subsidiaries concerned, in compliance with decisions taken by the Board of Directors.

The Board of Directors of GDF SUEZ expressly approved the amendment to the SUEZ Environnement Company shareholders agreement at its meeting on October 22, 2008, it being specified that:

- Gérard Mestrallet being both Chairman and CEO of GDF SUEZ and Chairman of SUEZ Environnement Company's Board of Directors;
- Jean-François Cirelli being both Vice-Chairman and President of GDF SUEZ and Director of SUEZ Environnement Company;
- Albert Frère (having granted power of attorney) being Director of GDF SUEZ as well as Chairman of the board and Managing Director of Groupe Bruxelles Lambert;
- Edmond Alphandéry being both Director of GDF SUEZ and Chairman of CNP Assurances' Board of Directors;
- Etienne Davignon being both Director of GDF SUEZ and Director of Sofina;
- Paul Desmarais Jr. being both Director of GDF SUEZ and, Vice-Chairman and Director of Groupe Bruxelles Lambert;
- Thierry de Rudder being both Director of GDF SUEZ and Managing Director of Groupe Bruxelles Lambert; and
- Anne Lauvergeon (having granted power of attorney) being both Director of GDF SUEZ and Chairperson of the Executive Board of Areva;

did not take part in the vote.

The amendment entered into force on December 18, 2008.

Executive Corporate Officers' retirement benefits schemes

Given the major differences between the retirement benefits schemes in place for Gérard Mestrallet at SUEZ and Jean-François Cirelli at Gaz de France, it was decided to maintain the systems currently in force for the time being.

The Compensation Committee has been given one year to consider the creation of a new supplementary collective retirement benefits system applicable for Senior Managers within the GDF SUEZ Group. At its meeting on November 12, 2008, the Board of Directors expressly approved proposals from the Compensation Committee with regard to the continuation of the retirement benefits schemes for the Chairman and Chief Executive Officer, and the Vice-Chairman and President. Neither of the interested parties took part in the voting process.

Call option on Gas Natural securities

As part of the spin-off of SUEZ Environnement Company and the accompanying intragroup restructuring process, on October 28, 2008, SUEZ Environnement Holding BE, a wholly-owned subsidiary of SUEZ Environnement Company, acquired 11,487,152 Gas Natural shares from Hisusa, a 51%-owned SUEZ Environnement subsidiary.

In its letter dated November 18, 2008, SUEZ Environnement committed to sell these shares to GDF SUEZ or to any other Group entity. In this context, SUEZ Environnement granted GDF SUEZ a call option on the 11,487,152 Gas Natural shares.

This option can be exercised between November 21, 2008 and November 20, 2009. The Gas Natural shares purchase price will be calculated based on the average Gas Natural share price on the Madrid Stock Exchange during the 20 trading days preceding the date of dispatch of the request for sale by GDF SUEZ. SUEZ Environnement has not received any premium payment for setting up this call option.

The Board of Directors expressly approved this agreement at its meeting on November 12, 2008. Gérard Mestrallet, as Chairman and Chief Executive of GDF SUEZ and Chairman of the Board of Directors of SUEZ Environnement, did not take part in the voting process.

As of December 31, 2008, the option had not been exercised.

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16.2.2 REGULATED AGREEMENTS AND COMMITMENTS APPROVED DURING PRIOR FISCAL YEARS AND WHICH CONTINUED TO BE EXECUTED DURING THE 2008 FISCAL YEAR

16.2.2.1 Regulated agreements and commitments entered into with Gaz de France

Tripartite agreement between Gaz de France, the French government and Société Générale relative to the implementation of the Share Offer Reserved for Employees

A tripartite agreement to implement the Share Offer Reserved for Employees was signed on September 7, 2005 as described in the Offering Circular approved by the AMF on June 22, 2005.

In respect of the 2008 fiscal year, the impacts of this agreement are as follows:

- no payment has been made to the French state (last payment in 2007);
- payment by Gaz de France to Société Générale of commissions and expenses for €92,000;
- employee debt vis-à-vis Gaz de France, i.e. €14.7 million, has been entirely repaid. Accordingly, the debt was paid down in full as at December 31, 2008.

16.2.2.2 Regulated agreements and commitments concluded with SUEZ

Sale by SUEZ of SUEZ-TRACTEBEL to Electrabel

SUEZ's plan to sell SUEZ-TRACTEBEL to Electrabel was presented to the Board of Directors of SUEZ at its meeting on March 7, 2007.

The strategic motivation for this sale was that it enabled integrated organization with regard to Pax Electrica (commitments made by SUEZ vis-à-vis the Belgian government).

Via SUEZ-TRACTEBEL, SUEZ transferred to Electrabel:

- the SUEZ Energy International (SEI) business line;
- Tractebel Engineering, an engineering consultancy company;
- the 57.2% interest in Distrigaz and Fluxys.

Based on an SEI enterprise value in the region of €13.5 billion and an intrinsic value for SUEZ-TRACTEBEL of around €18.2 billion, at its meeting on May 4, 2007, the Board of Directors of SUEZ approved the principle of the sale of SUEZ-TRACTEBEL to Electrabel.

The sale price corresponded to an intrinsic value for SUEZ-TRACTEBEL based on a sum of the parts approach that had been confirmed by two banks.

The sale price amounted to €18.2 billion and transfer of ownership became effective on July 24, 2007.

At its meeting on July 4, 2007, the Board of Directors expressly approved the sale transaction and authorized its Chairman Gérard Mestrallet, to sign the said sale agreement.

The sale agreement includes a guarantee in respect of liabilities of a maximum amount of €1.5 billion, valid until March 31, 2013. No call on the guarantee was made in 2008.

In addition, the sale price is also subject to upward or downward adjustment in the eventuality of a sale of Distrigaz shares outside the SUEZ Group.

Under a sale agreement signed on May 29, 2008, SUEZ-TRACTEBEL sold its entire holding in Distrigaz on October 30, 2008.

Consequently, in December 2008, in execution of the price adjustment clause, Electrabel paid a sum of €975.7 million to GDF SUEZ.

Appointment of Calyon as advisory bank

To assist in the squeeze-out bid by SUEZ for Electrabel shares it did not already own and the plan to sell SUEZ-TRACTEBEL to Electrabel, the management of SUEZ appointed Calyon as its advisory bank.

The Board of Directors expressly approved the appointment of Calyon as its advisory bank at its meeting on March 7, 2007.

The payment of Calyon's fee was made contingent on the completion of both operations. As both operations were completed successfully, Calyon received a commission of €1 million excluding V.A.T., paid in February 2008.

Electrabel's membership of the SUEZ Alliance economic interest group (GIE)

In its capacity as a new member, Electrabel has committed to comply with the GIE SUEZ Alliance's corporate documents and benefits from an unlimited guarantee granted by SUEZ in accordance with Article 2 of the Internal Agreement.

At its meeting on July 4, 2007, the Board of Directors expressly approved Electrabel's adherence to the GIE SUEZ Alliance's corporate documents, to which SUEZ is a party, and the granting by SUEZ of the aforementioned guarantee.

Electrabel's membership of the GIE SUEZ Alliance, now known as the GIE GDF SUEZ Alliance, has been effective since August 28, 2007.

This commitment did not have any impact on the 2008 fiscal year.

Leonardo France

As part of the gas and electricity markets strategy and development study and research missions approved by the Board of Directors at its meeting on January 19, 2005 and undertaken from February 2005 onwards by Toulouse & Associés (now known as Leonardo France) at the request of SUEZ, a new consulting contract was signed in December 2006, relative to the plan for a merger or partial lineup with Gaz de France, and defense strategies in the event of a hostile takeover bid on SUEZ.

The Board of Directors approved this contract at its meeting on November 22, 2006. The mission was originally scheduled to end on December 31, 2007, and was extended to September 30, 2008.

In exchange for its work, as part of the merger between SUEZ and Gaz de France, Leonardo France received a fixed commission of €2.5 million excluding V.A.T. and a variable commission calculated against the SUEZ share price and capped at €38. In 2008, Leonardo France received total compensation of €5.5 million excluding V.A.T.

With the GDF SUEZ Group companies, members of GIE GDF SUEZ Alliance

The SUEZ Board of Directors meeting of July 4, 2001 authorized the creation of a special purpose financing entity, the GIE SUEZ Alliance, now known as GIE GDF SUEZ Alliance, and the membership of SUEZ to this GIE.

During the same meeting, the Board of Directors approved the SUEZ guarantee granted by benefiting the other members of GIE, subsidiaries of SUEZ. In addition, in its position as head of the group, GDF SUEZ is the ultimate guarantor with respect to other members for any and all debts incurred by any of the members and exceeding their share.

These conventions had no impact on the 2008 fiscal year.

With GDF SUEZ Group companies that are not members of the GIE GDF SUEZ Alliance

At its meeting on March 9, 2005, in order to make financing arrangements easier, the Board of Directors expressly approved the extension of the scope of activities of the GIE SUEZ Alliance to encompass those most significant SUEZ subsidiaries that are not members of the GIE SUEZ Alliance.

In its capacity as the Group parent company, GDF SUEZ is the ultimate guarantor vis-à-vis its subsidiaries for any debts incurred by them and exceeding the pro rata share borne by the member company acting as guarantor.

This commitment did not have any impact on the 2008 fiscal year.

With FirstMark Communication France

At its meeting on April 26, 2002, the Board of Directors expressly approved the contribution made by SUEZ of FirstMark Communication France to Neuf Telecom (formerly LD Com), for an amount of €210 million. This transaction contained certain direct commitments and the guarantee of all the obligations of the three SUEZ subsidiaries merged with SUEZ Communication in 2004. As of today, only guarantees relating to tax matters remain in effect.

This commitment did not have any impact on the 2008 fiscal year.

With Ondeo Nalco

In the context of the sale by Ondeo Nalco of its registered head office, followed by the signing of a 25-year renewable rental lease, at its meeting on November 20, 2002, the Board of Directors gave approval to SUEZ to issue a guarantee on all Ondeo Nalco's obligations. At its meeting on August 26, 2003, the Board of Directors maintained this guarantee after the sale of Ondeo Nalco.

The guarantee is unlimited for the duration of Ondeo Nalco's obligations relative to the leasehold on its registered head office. The guarantee is unlimited for the duration of the obligations relative to the leasehold (including renewals) and to other agreements. This guarantee is irrevocable and unconditional.

The Board of Directors gave its prior approval to the corresponding agreements, as Ondeo Nalco counter-guarantees SUEZ in this matter and both companies have signed a "Participation Agreement" as part of this transaction.

This guarantee did not have any impact on the 2008 fiscal year.

With Elyo (now known as GDF SUEZ Energie Services)

At its meeting on July 4, 2001, the Board of Directors approved the performance guarantee granted by SUEZ for the benefit of the SUEZ Energie Services, relative to the construction and operation of a household waste incineration plant at Rillieux-la-Pape (Rhône - France).

This agreement will end on June 30, 2019 and did not have any impact on the 2008 fiscal year.

With Cofixel

At its meeting on July 4, 2001, the Board of Directors approved the sale by SUEZ of Ineo, Entrepose and Delattre-Levivier to Cofixel (a French holding company owned by Fabricom).

At the same meeting, the Board of Directors approved guarantees for an overall amount limited to €40 million relative to all the divested companies.

This commitment did not have any impact on the 2008 fiscal year.

With SUEZ Environnement (now known as SUEZ Environnement Company)

- Guarantee provided by SUEZ to the Hong Kong authorities as part of the acquisition by Sita of the international activities of Browning Ferries Industries and a counter-guarantee provided by Sita. This commitment is for unlimited in amount and duration.
- Guarantee provided as part of the contract relative to the Nent landfill site. This guarantee remains in force.

These commitments did not have any impact on the 2008 fiscal year.

With Crédit Agricole SA

Seller's guarantee as part of the sale of majority control of the Banque Indosuez to Crédit Agricole SA The maximum amount likely to be called by way of this seller's guarantee was €361 million at December 31, 2008.

By virtue of this seller's guarantee, GDF SUEZ paid €33 million to Crédit Agricole SA during the 2008 fiscal year.

With Findim

The joint and several guarantee given by SUEZ to the purchaser of ISM SA for the payment of all sums due by Findim expired during the 2008 fiscal year.

This guarantee relative to all Findim's commitments in the context of the sale of Banque La Hénin expired during the 2008 fiscal year.

This commitment did not have any impact on the 2008 fiscal year.

16.3 COMMITTEES OF THE BOARD OF DIRECTORS

Internal committees work to support the Board of Directors and to assist it in fulfilling its missions. Pursuant to Article 15.2 of the bylaws and Article 3 of the Board of Directors' Internal Regulations, these internal committees are tasked with studying matters pertaining to the Company and submitted to them by the Board or the Chairman for their opinion. These committees are also charged with preparing the Board's work and decisions on these matters and projects and reporting their conclusions back to the Board in the form of minutes, proposals, opinions, information or recommendations. The committees perform their missions under the responsibility of the Board of Directors. The committees are prohibited from addressing issues on their own initiative outside the scope of their remit. The committees have no powers to take decisions. The Board of Directors, upon the proposal of, and in coordination with, the Chairman appoints the committees' members and Chairman, based on consideration of Directors' capabilities, experience and availability.

In principle, the term of office for committee members is two fiscal years, unless the remainder of the Director's term of office is too short to complete the entire two-year period, in which case the terms of office of Directors and committee members end simultaneously. Committee members' terms of office are renewable, subject to them continuing to act in the capacity as Director of the Company. All committees are chaired by an independent Director.

Refer to Section 14.5 above for information relative to the composition of the committees.

AUDIT COMMITTEE

As of December 31, 2008 the Audit Committee comprised four members: Aldo Cardoso (Chairman), Jacques Lagarde, Thierry de Rudder and Édouard Vieillefond.

Operating procedures

Article 3.1 of the Internal Regulations adopted by the Board of Directors on July 22, 2008 following the merger between Gaz de France and SUEZ, sets out the rules and operating procedures for the Audit Committee and takes due account of legislative changes both in France (Loi de Sécurité Financière) and in the US (Sarbanes-Oxley Act).

This committee fulfills three main roles. The first is to examine in detail the draft financial statements, the relevance and consistency of accounting principles and policies used to prepare the financial statements and the content of documents disclosed to the public. The second role is to gain an understanding of internal and external control procedures in order to ensure that such procedures provide appropriate coverage for all risk areas. The third is to regularly review the Group's financial position, cash flow position, and significant commitments and risks, as well as Group policy in terms of risk control and the assessment and management procedures for these risks.

During the 2008 fiscal year, the Audit Committee met on 13 occasions (including six times for the period from January 1 to July 22, 2008 and seven times for the period from July 22 to December 31, 2008), with an average attendance rate of 82%. The Statutory Auditors attended eleven of the meetings.

Seven meetings are scheduled for the 2009 fiscal year, three of which have already been held at the date of this Reference Document.

Activities

The GDF SUEZ Audit Committee held its first meeting on July 22, 2008. For the period from July 22 to December 31, 2008, it met on seven occasions with an average attendance rate of 93%.

At these meetings the Committee notably addressed the following issues:

- pertaining to financial matters:
  - financial results and position at December 31, 2007 of SUEZ and Gaz de France, the closing procedure for the new Group's interim accounts, the stand-alone 2008 interim financial statements for Gaz de France and SUEZ, the 2008 pro-forma interim financial statements for GDF SUEZ, the 2008 impairment test, closing options and assumptions for the 2008 fiscal year, the payment of an interim dividend and the purchase price allocation,
  - cash and debt position, consequences of impacts from the financial crisis on the Group's pension funds and on risk management,
- organization of Enterprise Risk Management, the internal control and audit functions, as well as the proposed Internal Audit Charter;
- preliminary risk review;
- external audit organization and a review of actions in response to the Statutory Auditors' 2008 watch list;
- ongoing disputes.

This Committee was also called upon to give pre-approval for engagements entrusted to the Statutory Auditors over and above their audit remit.

For the period from January 1, 2008 to July 22, 2008, the Gaz de France Audit and Accounts Committee held six meetings with an average attendance rate of 71%, and the SUEZ Audit Committee held four meetings with an average attendance rate of 83%.

Along the same lines as the SUEZ Audit Committee, the Gaz de France Audit and Accounts Committee reviewed the 2008 budget, analyzed the statutory and consolidated financial statements for the 2007 fiscal year, as well as the accounts for the first quarter of 2008, along with the 2007 audit review, the 2008 audit program and the Group's risks. In view of the merger of Gaz de France and SUEZ, each company examined the merger agreement, the merger prospectus, the update of the merger timetable, the terms of the merger and their acceptance by the markets, notably in terms of exchange ratio and fairness opinion, the integration process and corporate governance principles.

In particular, the Gaz de France Audit and Accounts Committee was called upon to examine the Statutory Auditors' term renewal procedure and the provision for renewing distribution network infrastructures on a concessionary basis. It also deliberated on issues associated with the progress of the merger with SUEZ: Form F-4 and Form F-6 SEC documentation as well as the reconciliation of IFRS consolidated accounts with US GAAP at June 30, 2007 and at December 31, 2006.

In particular, the SUEZ Audit Committee was called upon to study the spin-off of SUEZ Environnement Company, and the implementation of the remedies including notably the disposal process for Distrigaz, share ownership restructuring for Fluxys SA, the plan to create Fluxys International and the valuation, scope of consolidation and financing policy of SUEZ Environnement Company. The SUEZ Audit Committee also reviewed the engagements entrusted to the Statutory Auditors.

Statutory Auditors' terms of office – Pre-approval of engagements

In accordance with the procedure implemented to maintain the independance of the Statutory Auditors', notably by way of the pre-approval procedure for certain engagements, the GDF SUEZ Audit Committee regularly reviewed the work entrusted to the Statutory Auditors over and above their audit remit.

Fees paid to the Statutory Auditors' and the members of their networks by the Group during 2008

Deloitte, Ernst & Young and Mazars & Guerard act as the GDF SUEZ Group's Statutory Auditors as of December 31, 2008.

The following table presents the fees paid to the Statutory Auditors' and the members of their networks by the GDF SUEZ Group and its consolidated subsidiaries over the 12 months of 2008 (full year).

In thousands of euros	Ernst & Young		Deloitte		Mazars & Guerard	
	Amount	%	Amount	%	Amount	%
	2008	2008	2008	2008	2008	2008
Audit						
Statutory audit, attest engagements and review of parent company and consolidated financial statements [1][2]						
GDF SUEZ SA	5,987	27.9%	3,175	15.9%	3,282	38.4%
Fully and proportionately consolidated subsidiaries	13,128	61.2%	12,513	62.5%	4,960	58.0%
Other audit procedures and incidental assignments in relation to the audit engagement						
GDF SUEZ SA	537	2.5%	1,684	8.4%	126	1.5%
Fully and proportionately consolidated subsidiaries	1,417	6.6%	2,423	12.1%	69	0.8%
SUB-TOTAL	**21,069**	**98.3%**	**19,796**	**98.9%**	**8,437**	**98.6%**
Other services						
Tax	353	1.6%	165	0.8%	49	0.6%
Other Services	19	0.1%	57	0.3%	70	0.8%
SUB-TOTAL	**372**	**1.7%**	**223**	**1.1%**	**118**	**1.4%**
TOTAL [3]	21,441	100%	20,018	100%	8,556	100%

(1) Amounts relating to the Group's Internal Control audit are €1,524,000 for Deloitte, €1,511,000 for Ernst & Young and €921,000 for Mazars.

(2) Amounts relating to the merger and the stock market listing of SUEZ Environnement Company are €515,000 for Deloitte, €3,612,000 for Ernst & Young and €1,320,000 for Mazars.

(3) Amounts relating to proportionately consolidated entities and which are essentially associated with Statutory audit engagements are €1,055,000 for Deloitte, €367,000 for Ernst & Young and €225,000 for Mazars.

The following table presents the fees paid to the Statutory Auditors' and the members of their networks by the SUEZ Group and its consolidated subsidiaries at December 31, 2007.

In thousands of euros	Ernst & Young		Deloitte	
	Amount	%	Amount	%
	2007	2007	2007	2007
Audit				
Statutory audit, attest engagements and review of parent company and consolidated financial statements [1][2]				
SUEZ SA	2,327	17.0%	2,399	13.2%
Fully and proportionately consolidated subsidiaries	10,021	73.3%	13,035	71.5%
Other audit procedures and incidental assignments in relation to the audit engagement				
SUEZ SA	212	1.6%	209	1.1%
Fully and proportionately consolidated subsidiaries	638	4.7%	1,996	10.9%
SUB-TOTAL	**13,198**	**96.5%**	**17,639**	**96.7%**
Other services				
Tax	180	1.3%	491	2.7%
Other services	296	2.2%	102	0.6%
SUB-TOTAL	**477**	**3.5%**	**594**	**3.3%**
TOTAL [3]	13,675	100%	18,232	100%

(1) Amounts relating to the Group's Internal Control audit are €1,672,000 for Deloitte and €1,342,000 for Ernst & Young.

(2) Amounts relating to the merger and the stock market listing of SUEZ Environnement Company are €1,050,000 for Ernst & Young and €600,000 for Deloitte.

(3) Amounts relating to proportionately consolidated entities and which are essentially associated with statutory audit assignments are €111,000 for Ernst & Young and €1,770,000 for Deloitte.

The following table presents the fees paid to the Statutory Auditors' and the members of their networks by the Gaz de France Group and its consolidated subsidiaries at December 31, 2007.

	Ernst & Young		Mazars & Guerard	
	Amount	%	Amount	%
In thousands of euros	2007	2007	2007	2007
Audit				
Statutory audit, attest engagements and review of parent company and consolidated financial statements [(1)]				
GDF SA	3,181	50.1%	2,691	63.9%
Fully and proportionately consolidated subsidiaries	2,630	41.4%	1,397	33.2%
Other audit procedures and incidental assignments in relation to the audit engagement				
GDF SA	285	4.5%	86	2.0%
Fully and proportionately consolidated subsidiaries	0	0.0%	29	0.7%
SUB-TOTAL	**6,096**	**96.0%**	**4,203**	**99.7%**
Other services				
Legal, Tax, Corporate	257	4.0%	11	0.3%
Other services	0	0.0%	0	0.0%
SUB-TOTAL	**257**	**4.0%**	**11**	**0.3%**
TOTAL [(2)]	6,353	100%	4,214	100%

(1) Amounts relating to the Merger are €2,140,000 for Ernst & Young and €1,650,000 for Mazars.
(2) Amounts relating to proportionately consolidated entities and which are essentially associated with the assignments of the Statutory Auditors are €324,000 for Ernst & Young and €149,000 for Mazars.

STRATEGY AND INVESTMENTS COMMITTEE

The Strategy and Investments Committee comprises five members: Jacques Lagarde (Chairman), Anne Lauvergeon, Pierre-Franck Chevet, Thierry de Rudder and Édouard Vieillefond.

Operating procedures

Article 3.2 of the Internal Regulations adopted by the Board of Directors on July 22, 2008 following the merger between Gaz de France and SUEZ, sets out the rules and operating procedures for the Strategy and Investments Committee.

This Committee is charged with providing the Board of Directors with its opinion on the Company's major strategic directions, particularly with regard to strategy and the public service contract, on all projects relative to external and internal growth, disposals, strategic agreements, alliances or partnerships that are submitted to the Board. This Committee is also called upon for matters concerning the creation and modernization of industrial facilities and annual and multi-year works programs, purchasing policy and significant real estate projects.

During the 2008 fiscal year the Strategy and Investments Committee met on nine occasions (including five times for the period from January 1 to July 22, 2008 and four times for the period from July 22 to December 31, 2008), with an average attendance rate of 85%.

Nine meetings are scheduled for the 2009 fiscal year, two of which have already been held at the date of this Reference Document.

Activities

During the second half of 2008, the Strategy and Investments Committee of GDF SUEZ, with its new composition following the merger between Gaz de France and SUEZ, studied the following main issues:

- new Group operating rules in terms of commitments;
- group strategy;
- oversight on the public service contract and changes in gas tariffs for 2008 and 2009;
- impact of market turbulence;

- medium-term business plan and various commodities price assumptions;
- situation and outlook for wind power within the Group;
- a series of acquisition projects requiring Board of Directors' approval.

The GDF SUEZ Strategy and Investments Committee also analyzed the impact of the third European directive on the internal energy market and the Group's commercial policy in France including: revenues in 2007 and early 2008, review of French natural gas market liberalization, sales strategy by market, sales and marketing communication, etc.

Of the two companies involved in the merger, only Gaz de France had a Strategy and Investments Committee prior to the transaction. This committee met five times with an attendance rate of 80%. Among the issues examined during the first half of 2008, this committee was called upon to review:

- experience feedback on the Snøhvit (Norway) project, the acquisition of SPP (Slovakia) and the integration of Distrigaz Sud (Romania) within the Group;
- gas procurement policy, changes and challenges in the LNG industry and oil price scenarios over the 2030 timeframe;
- miscellaneous acquisition projects.

NOMINATIONS COMMITTEE

The Nominations Committee comprises five members: Jean-Louis Beffa (Chairman), René Carron, Étienne Davignon, Paul Desmarais Jr. and Xavier Musca*.

Operating procedures

Article 3.3 of the Internal Regulations adopted by the GDF SUEZ Board of Directors on July 22, 2008 following the merger between Gaz de France and SUEZ, sets out the rules and operating procedures for the Nominations Committee. Its remit is to examine and make recommendations to the Board of Directors in respect of all applicants for a position as member of the Board of Directors, or as a non-voting member, whose appointment is subject to approval by the General Shareholders' Meeting, as well as in respect of succession planning for the Chairman and Chief Executive Officer and Vice-Chairman and President as they approach the end of their terms of office.

Activities

The GDF SUEZ Nominations Committee did not meet before the beginning of 2009. Two meetings have already been held in 2009 at the date of this Reference Document.

During the first half of 2008, a combined SUEZ Compensation and Nominations Committee (Gaz de France did not have an equivalent), met once with an attendance rate of 80%. This Committee examined the composition of the Executive Committee and the Board of Directors of GDF SUEZ as at the time of the merger. Consequently, this Committee proposed 10 Director candidates from SUEZ and one candidate to act as a non-voting Director, who were called upon in the scope of the merger treaty.

This Committee also issued proposals to renew Directors' terms of office expiring at the 2008 General Shareholders' Meeting and examined succession planning arrangements for General Management (three managers) and business line managers (four managers).

COMPENSATION COMMITTEE

The Compensation Committee comprises five members: Lord Simon of Highbury (Chairman), Jean-Louis Beffa, Étienne Davignon, Paul Desmarais Jr. and Jean-Cyril Spinetta.

Operating procedures

Article 3.4 of the Internal Regulations adopted by the Board of Directors on July 22, 2008 following the merger between Gaz de France and SUEZ, sets out the rules and operating procedures for the new Compensation Committee. The Compensation Committee examines and makes recommendations to the Board of Directors on compensation, pension and healthcare benefit schemes, benefits in kind and miscellaneous pecuniary rights including, where appropriate, Company stock option awards and performance-based share awards, granted to the Chairman and Chief Executive Officer and the Vice-Chairman and President, as well as any other members of the Board holding employment contracts with the Company. It produces performance review recommendations on members of the Board of Directors. In addition, it reviews at least

(*) Until March 4, 2009.

once a year the convergence process to harmonize the terms and conditions of employment of Gaz de France and SUEZ employees, as well as the competitive nature of such terms and conditions with regard to international peer groups.

This Committee is also consulted with regard to stock option awards and performance-related share awards allocated directly to the Executive Vice-Presidents.

During the 2008 fiscal year, the Compensation Committee met independently on three occasions (including once for the period from January 1 to July 22, 2008 and twice for the period from July 22 to December 31, 2008), with an average attendance rate of 80%.

One meeting has already been held in 2009 at the date of this Reference Document.

Activities

As soon as the merger takeover between Gaz de France and SUEZ was completed, the GDF SUEZ Compensation Committee was called upon to present recommendations in terms of General Management compensation. In the light of a study and comparisons with a sample of CAC 40 companies and European companies active in the same business sectors, the GDF SUEZ Compensation Committee proposed to increase the fixed compensation of the Chairman and Chief Executive Officer and the Vice-Chairman and President to take account of the increased size of the new Group and more precisely General Management's extended responsibilities; and to set General Management's bonus target percentages.

Based on the annual compensation package approved at the last General Shareholders' Meeting (for further details, refer to Section 15.1.5 "Compensation of non-executive corporate officers"), the GDF SUEZ Compensation Committee proposed to the Board of Directors a model for the distribution of attendance' fees to Directors and non-voting Directors, combining a fixed portion and a variable portion subject to attendance at Board of Directors' and Board Committee meetings. This proposal was prepared on the basis of detailed benchmarking of CAC 40 companies.

In addition, this Committee conducted a study into stock option and free share awards and presented proposals to the Board on the terms and conditions of implementation of a stock option plan and a free share award plan (Performance Shares) in 2008. Following a review of the AFEP-MEDEF guidelines in terms of disclosures on Directors' compensation in listed companies, the Committee recommended that the Board should comply with the AFEP-MEDEF Code on corporate governance, particularly with respect to the disclosure of compensation details for executive management.

This Committee recommended that the Board renew the current pension schemes for the Chairman and Chief Executive Officer and the Vice-Chairman and President. However, the Committee suggested further in-depth study on the creation of a new collective supplementary pension scheme in favor of GDF SUEZ Group executive management.

Finally, as detailed in Section 15 on compensation in this Reference Document, the Compensation Committee also studied and recommended to the Board procedures for the introduction of two systems previously deployed by SUEZ. The first concerns the availability of shares arising on the exercise of stock options and sales of Performance Shares, and the second pertains to the adoption of a programmed management system for stock options exercised by the Group's Executive management.

For the period from January 1, 2008 to July 22, 2008, the Gaz de France Compensation Committee met on one occasion with an attendance rate of 100%. It conducted a study of corporate officers compensation for 2008, which contained proposals to the Board of Directors on this matter. The SUEZ Compensation Committee met on two occasions in 2008 with an average attendance rate of 83%. In addition, it held a joint working meeting with the Nominations Committee to examine the issues detailed above and, in ordinary session, to set variable compensation levels for the 2007 fiscal year, as well as fixed compensation and bonus targets in respect of 2008 for General Management, and the parameters to be used to determine variable compensation for 2008.

ETHICS, ENVIRONMENT AND SUSTAINABLE DEVELOPMENT COMMITTEE

The Ethics, Environment and Sustainable Development Committee comprises three members: Edmond Alphandéry (Chairman), Anne Lauvergeon and Jean-Paul Bailly.

In due course, this Committee will be supplemented by a Director representing employees.

Operating procedures

Article 3.5 of the Internal Regulations adopted by the Board of Directors on July 22, 2008 following the merger between Gaz de France and SUEZ, sets out the rules and operating procedures for the Ethics, Environment and Sustainable Development Committee. The committee ensures compliance with the individual and collective values on which the Group bases its actions and the rules of conduct that must be adhered to by each employee and is tasked with deploying the procedures necessary to:

- update the Charters currently in force in the Group and ensure their dissemination and application;

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- ensure that foreign subsidiaries apply their own codes while taking account of the legislative and regulatory framework of the country in which they conduct their activities;
- provide training initiatives to accompany the dissemination of the Group's Charters;
- obtain information from the various companies within the Group on the solutions deployed for cases submitted to their own committees.

The Ethics, Environment and Sustainable Development Committee met on two occasions during 2008 (including once for the period from January 1 to July 22, 2008 and once from the period from July 22 to December 31, 2008 in the presence of all of its members), with an average attendance rate of 100%.

Four meetings are scheduled for the 2009 fiscal year, of which one has already been held at the date of this Reference Document.

Activities

The GDF SUEZ Ethics, Environment and Sustainable Development Committee held its first meeting on August 28, 2008. It analyzed the historical work of the SUEZ and Gaz de France Committees and observed a broadly shared vision of the challenges and priorities in these areas within the two Groups.

It formally noted the state of the Ethics system in the post-merger context in view of the declaration by the Chairman and Chief Executive Officer of GDF SUEZ. In his statement, the Chairman announced the start of work to define the Values of the new Group, to be followed by publication of a new Charter to replace those of the two merged companies, and the publication of a framework document on GDF SUEZ's ethics and compliance system that sets out the principles of action and organization in these areas within this new entity.

The Committee also formally noted that all business ethics documents relative to purchasing, suppliers, sales, etc. have already been transposed into GDF SUEZ documents.

The Committee expressed its approval of the continued application of the SUEZ Ethics and Compliance organization within the GDF SUEZ Group, in light of its similarities with the Gaz de France organization and the possibility of benefiting from SUEZ's lengthier experience in this area. This Committee also expressed the wish to pursue the process of assessing the operating procedures of the Board of Directors. This process has yet to start but the Committee has recommended that it commences at the end of the first full year of operation.

This Committee has also sought to set itself an ambitious scope of activity in terms of studying sustainable development issues, while maintaining its oversight role in terms of policies and action plans on issues such as workplace health and safety, environmental reporting, and social responsibility issues such as diversity and the integration of young people in the workplace.

Prior to the merger-takeover of SUEZ by Gaz de France on July 22, 2008, SUEZ's Ethics, Environment and Sustainable Development Committee met on two occasions during the first half of 2008.

In particular, this Committee:

- collated information on the development of ethics and compliance systems in the Group with the aim of ensuring that the latter had been correctly deployed and were subject to application and control procedures in order to maintain high standards and to protect the reputation of the Group and its constituent companies;
- obtained presentations of the various day-to-day procedures relative to processing environmental data, methods of control and external inspection procedures.

The committee also benefited from an information review on the Group companies' commitments in terms of funding electoral campaigns in countries where the local legislation permits this type of involvement.

Finally, in terms of governance, as in previous years, this Committee sought to pursue the process of assessing the operating procedures of the Board of Directors. This assessment process had previously started under the responsibility of the Committee Chairman in partnership with an external expert. It provided a view of improvements made to Board operations based on the application of previous reviews, and also an understanding of the workings of this body during the preparatory process prior to the merger with Gaz de France.

Prior to the merger of SUEZ and Gaz de France, the Gaz de France Sustainable Development and Ethics Committee met once during the first half of the year. In particular, it examined the broad guidelines of the Gaz de France Group's 2007 Sustainable Development Report and their impacts in terms of targets, ambition, objectives and benchmarks. This Committee also analyzed the state of progress and the prospects for diversity and anti-discrimination initiatives in the Gaz de France Group. This approach is based on commitments made at the time of signing the Diversity Charter, and which had been formalized by way of a project containing five action areas broken down into action plans for each business line and transversal actions at the level of human resources. Finally, this Committee also reviewed the implementation of the ethics system based on the Gaz de France Group Charter, its principles of action, codes of ethics and conduct for each business line and a management and control system.

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16.4 COMPLIANCE WITH CORPORATE GOVERNANCE REGULATIONS IN THE ISSUER'S HOME COUNTRY

Refer to Section 16.1 "Operating procedures of the Board of Directors".

17 EMPLOYEES

2008 was a significant year for the GDF SUEZ Group. It saw the completion of the merger process in which human resources were a major player, supporting the management of the two Groups, and then the newly-created Group. Now a new story must be written, in which the men and women of the Group can stand firm in their positions, thanks to their professional experience and their rich and diversified cultures.

Human resources are at the heart of the success of the ambitious industrial project as a result of the merger of two major groups, SUEZ and Gaz de France. The HR department of the GDF SUEZ group and the entire HR division will carry out their business partner role with management. They will uphold the Group's values both internally and externally.

The vision of the GDF SUEZ Group's HR department is:

- achieving its main purpose which is: to contribute to the company's performance. Group development results from contributions made by everyone in terms of performance. Human resources have a "business partner" role for the entire managerial line-up;
- three challenges:
  - to contribute to the successful integration of the Group's diversities: the differences which exist between the cultures and practices of the two Groups must become the future wealth and strength of the newly created Group;
  - to guarantee the right skills in the right place at the right time: the Group's ability to develop its competitiveness and performance is based on the continuous search for a conjunction between the required skills and their availability;
  - to be recognized as an employer of choice: being a major world-wide Group implies the definition of principles and rules which give value to its social image externally and which are confirmed within the Group;
- a principle of action: to encourage innovation. Companies which are able to better meet industrial challenges are those which maintain their technological and industrial edge, as well as in the area of Human Resources.

The human resources division of the GDF SUEZ group thus commits to its role as business partner so as to meet the expectations of a Group of some 200,000 employees spread over 6 business lines. There are several different challenges to be met: career path development, the setting-up of attractive compensation packages, employee skills development, etc. The human resources division must also ensure the quality of labor relations within the Group.

In 2008, preparatory work on the merger brought into play a very dense notification and consultation of staff representatives process. Notification and consultation within staff representative bodies ("IRP") at European and French levels, occurred dynamically and allowed the merger to be completed.

As the HR department develops its position as a business partner of the operational teams, the assessment of its contribution to the efficiency of the Group is becoming more widespread. More than ever, the HR department has supported the operational personnel in preparing and managing change in the company. The general environment of demographic transition emphasizes the urgency of the process: attracting and keeping new talents, training efforts, valuing seniority, definition of new career paths, adaptation of business lines, and markets undergoing profound change require a high degree of involvement and a requirement for efficiency.

Faced with the new HR challenges and in an environment where a new Group is being created, GDF SUEZ set up new governance of the HR division, which is more relevant, and built in partnership, which respects the principle of subsidiarity between central level functions, Business Lines and Companies and Business Units. This principle is essential in order to ensure that HR policies are closely aligned with operational needs so as to appropriately meet the Group's development requirements.

The HR Executive Committee which was created in September 2008 is the motor behind the HR division. It contributes with the participation of the human ressources management teams from the Group's major businesses to the definition of the policy framework in the various Human Resources areas. At December 31, 2008, the Group had 199,964 employees.

17.1 GROUP HR POLICY

RECRUITMENT POLICY

Recruitment is a major priority for the Group. While the retention and development of employees are an essential part of the strategy, the development of activities and demographic transition in its principal markets have encouraged the Group to develop its policy of attracting new talents. Internal teams are working on the definition of the GDF SUEZ employer image with the objective of increasing the visibility of the Group is activities and anticipating recruitment needs.

The Group has high ambitions which have an impact on recruitment strategies: to become an employer of choice; to be a socially responsible company, committed to respecting diversity; and to ensure the right skills in the right place.

SOCIALLY RESPONSIBLE MANAGEMENT, A PLEDGE OF SUSTAINABLE PERFORMANCE FOR THE COMPANY

In 2008, the merger was the start of a new phase for all 200,000 GDF SUEZ employees: new areas of career development have opened up along with new cooperation standards (countries, businesses, Cross-functional projects) have emerged. At the same time, key performance indicators (KPI) have, as every year, contributed to direct and guide managers' actions in respect of their employees.

In the end, the combined efforts of management and employees have meant that the Company's positions have been developed and markedly improved in numerous countries and business segments.

In addition to the usual performance objectives, these significant results were rendered possible thanks to appropriate improvement actions, closely guided by management, in line with the company's strategy. In this context, the most notable improvements and those which are the most sustainable were founded on management's commitment and exemplary nature in respect of its employees.

In 2008, the manager's use of his or her social responsibility thus proved to be a decisive element in achieving the level expected, or even surpassing it, as this was seen in several cases. In a great many entities, this HR role for the manager refers to common consistency standards [(1)], following on from previous years, based on the following six reference practices:

1) communicating with employees and their representatives;

2) promoting diversity and fighting discrimination;

3) developing employability;

4) recognizing and rewarding responsibilities and work contributions;

5) constantly improving working conditions;

6) anticipating and accompanying restructuring.

For the future, two top priority challenges identified in the PAMT 2009-2014, add weight to the desire to continue and double efforts undertaken in this respect by managers:

- to give the management a sense of responsibility in the field;
- to support the social, corporate and cultural development of the new Group.

In order to move forward in this area, managers will continue to be regularly aware of this role with regard to their employees. This forms an integral part of the new GDF SUEZ's "Management Way". To this end, they must be in a position to rely on a strong partnership with the whole HR division, and to count on the appropriate tools and systems to display this social responsibility, which is a pledge of sustainable performance for the Group.

(1) PROMAP system (for Progress in Managerial Practices), implemented from 2007 onwards in Gaz de France entities.

MOBILITY POLICY

Definition of principles and rules: Job mobility within GDF SUEZ must play a major role in the Group's construction, strengthen its international dimension, thus enabling it to make its mark as a worldwide leader, and finally attract and keep the brightest talents thanks to a more visible career space. All HR teams are focused on this objective, showing that GDF SUEZ is one of the best places to work, today and tomorrow.

Together with all the players concerned (employees, managers and HR managers), this new mobility policy can be created thanks to:

- the definition of common rules and principles for the whole Group:
  - principle no. 1: internal job market transparency,
  - principle no. 2: priority given to Company employees,
  - principle no. 3: the right to confidentiality,
  - principle no. 4: mutual commitment,
  - principle no. 5: clarity of transfer conditions;
- availability of information on all internal job offers and the way to apply;
- creation and distribution of documents presenting the different positions and paths possible within the businesses offered by the Group.

A POOL OF MOBILE TALENT WITHIN AND OUTSIDE EUROPE

Among the operational tools which can be used to encourage internal mobility, the Group has a pool of mobile talent within and outside Europe managed by the Human ressources division. This pool has been declared to the CNIL and is the subject of a regular update process. It covers executives, managers and experts who meet the following criteria: a sound level of proficiency in a foreign language and initial experience within the Group (at the very least), availability within a maximum of 2 years, a stated mobility project. In 2008, over 700 employees were entered into this database. A third of them have substantial first hand experience of living abroad.

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17.2 ARRANGEMENTS FOR INVOLVING THE EMPLOYEES IN THE CAPITAL OF THE ISSUER

EMPLOYEE PROFIT-SHARING AND INCENTIVE PLANS

Due to the co-existence of separate legal companies, there cannot be one single employee profit-sharing and incentive plan for the Group. However, since the merger, new companies, such as GDF SUEZ, GRTGaz, GrDF are now subject to having a profit-sharing plan. Furthermore, some companies within the Group have had profit-sharing agreements in place for several years.

Each year, SUEZ employees benefited from profit-sharing plans. In accordance with French law, the amounts paid do not give rise to an additional contribution by the employer. Furthermore, an incentive agreement was signed on June 30, 1997. The amounts paid do not give rise to an additional contribution by the employer.

Over the past six years, the amounts awarded for incentives and profit-sharing stood at:

- **FOR SUEZ**

	2002	2003	2004	2005	2006	2007
Profit-sharing	€112,051	[a]	€1,137,170	€321,406	€654,551	€3,016,287
Incentive plan	€598,455	€353,465	€288,547	€275,092	€472,165	€270,090

(a) Pursuant to the application of derogatory formulas and applicable French ordinary law, profit-sharing equals zero because of the 2003 loss sustained.

Due to the merger between Gaz de France and SUEZ, ex-SUEZ employees enter into GDF SUEZ agreements from January 1, 2008. See below

The incentive agreement entered into by Gaz de France SA on June 3, 2005 for the 2005-2007 period, along with prior agreements, allowed Gaz de France SA employees to receive the following over the past six years:

- **FOR GAZ DE FRANCE**

	2002	2003	2004	2005	2006	2007
Incentive plan (in millions)	€23.9	€23.2	€24.2	€22.8	€22.6	€41.7[b]

(b) Pursuant to the results obtained in 2007, additional incentives were paid to employees in 2008. Such additional incentives are included in the amount indicated for 2007.

The company incentive agreement for Gaz de France for the 2008-2010 period was signed on July 7, 2008. It covers the years 2008-2009-2010. Since the merger between Gaz de France and SUEZ, former SUEZ employees benefit from the incentive agreement in effect within Gaz de France, now GDF SUEZ. The amount paid as 2008 incentive is €15.4 million. The scope of the 2008 incentive does not include GrDF which a subsidiary has its own incentive agreement for 2008.

A DYNAMIC EMPLOYEE SHAREHOLDING PROGRAM

GDF SUEZ intends to continue its voluntary employee shareholding policy originally applied within the Gaz de France and SUEZ groups. At December 31, 2008, employees held 2.7% of the share capital (1.9% of which through a corporate mutual fund [Fonds Commun de Placement d'Entreprise, FCPE]) which they acquired through employee shareholding programs initiated both by Gaz de France at the time of the initial public offering of its share capital in 2005 and by SUEZ in connection with capital increases reserved for employees which have been in place since 1991.

GLOBAL BONUS SHARE SCHEMES IN 2008

In order to include all employees in the collective success of the Gaz de France and SUEZ groups in 2008, on the basis of 2007 results and their future performances and to strengthen employee shareholding, the two groups established in May and June 2008 respectively, a global bonus share scheme.

All employees and corporate officers of Gaz de France, SUEZ and fully controlled or consolidated subsidiaries (in France and outside of France) as of March 30, 2008 were allotted company shares subject to the double condition of continued employment and performance following an acquisition period ranging between two and four years, depending on the country.

Global plan of Gaz de France implemented in May 2008

By virtue of the eleventh resolution of the Ordinary and Extraordinary Shareholders' Meeting of Gaz de France on May 19, 2008, the Gaz de France Board of Directors decided to implement a new global bonus share scheme at its meeting on May 28, 2008. Thirty existing shares were allocated to each employee. In all, 1,586,583 shares were allocated to 88,012 beneficiaries. For the employees of the departments common to EDF and Gaz de France, the share allotment is weighted by the gas "key" of their entity; the number of shares will be systematically rounded off to the next whole number with a minimum of five shares.

The main features of this plan are:

- vesting period for the shares for all the employees: from May 28, 2008 to May 31, 2010;
- acquisition date at the shares subject to compliance with the conditions set out below: June 1, 2010.

Conditions:

- presence on company payroll as of May 31, 2010, i.e., current employment contract with a Group company at that date. Beneficiaries who are no longer under an employment contract with a Group company at the vesting date as a result of retirement or termination of the employment contract due to disability or dismissal other than for reasons attributable to the employee (gross or willful misconduct) will be deemed eligible at the vesting date;
- performance condition: out of the 30 shares allocated, the last 15 depend on the 5% average annual growth of organic EBO in 2008 and 2009.
- length of the mandatory retention period for the shares (except death or disability): two years from the acquisition date of May 31, 2010, which authorizes sale as of June 1, 2012. As an exception, this retention period is extended to May 31, 2013 for beneficiary employees of Italian subsidiaries and to December 31, 2012 for beneficiaries in Hungarian subsidiaries.

Global plan of SUEZ implemented in June 2008

By virtue of the fourteenth resolution of the Ordinary and Extraordinary Shareholders' Meeting of SUEZ on May 4, 2007, the SUEZ Board of Directors decided to implement a new global bonus share scheme at its meeting on May 6, 2008. Fifteen existing shares were allocated to each employee. In all, 2,235,270 SUEZ shares were allocated to 149,018 beneficiaries. To account for the merger, the number of rights initially allocated per beneficiary under this SUEZ plan was adjusted to 16 GDF SUEZ shares.

The main features of this plan are:

- vesting period for the shares: from June 1, 2008 to May 31, 2010 inclusive for beneficiaries in French, Italian and Spanish subsidiaries and from June 1, 2008 to May 31, 2012 for beneficiaries in subsidiaries in other countries.
- acquisition date of the shares subject to compliance with the conditions set out below: June 1, 2010 for beneficiaries in France, Italy and Spain and June 1, 2012 for beneficiaries in other countries.

Conditions:

- presence on company payroll validated following the vesting period, i.e. current employment contract with a Group company at that date. Beneficiaries who are no longer under an employment contract with a Group company at the vesting date as a result of retirement or termination of the employment contract due to disability or dismissal other than for reasons attributable to the employee (gross or willful misconduct) will be deemed eligible at the vesting date;
- performance condition: bonus shares will only be allocated if EBITDA for fiscal year 2009 is equal to or more than EBITDA for fiscal year 2007 plus 20%.
- length of the mandatory retention period for the shares (except death or disability): two years from the acquisition date of May 31, 2010 for beneficiaries in France and three years from the acquisition date of May 31, 2010 for beneficiaries in Italy and Spain. No retention requirements apply for beneficiaries in other countries.

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17.3 INTEGRATION

FOCUS ON HOW INTEGRATION OCCURS IN RESPECT OF THE GROUP'S CENTRAL FUNCTIONS

The merger between Gaz de France and SUEZ has given rise to a world leader in the energy sector. One of the conditions required for the success of this merger resides in the quality of employee assistance while the new GDF SUEZ group's organization is being implemented. In order to encourage integration of both groups' central functions, the company's Management and social partners wanted to commit themselves to the implementation of a social assistance method for GDF SUEZ employees. An agreement was signed in December 2008 with the CFDT, CFE CGC, CGT and CGT-FO trade union organizations, the first to be negotiated following the commitments made by the Chairmen of Gaz de France and SUEZ before staff representatives in connection with the merger. It will apply until December 31, 2010. Its implementation will be overseen by the GDF SUEZ Center and follow-up will be carried out notably within the future merger observation body.

SYNERGIES RESULTING FROM THE MERGER IN THE HR FIELD

As regards potential synergies, the DHR has renegotiated the conditions in which employee benefit plans are insured. Savings have been made in France and Belgium. The size of the Group and its international dimension have also made it possible to regroup subsidiaries' needs regarding employee benefits and healthcare cost coverage, thereby improving the financial structure of coverage and the financing transparency of such programs as required by law.

In the context of its Human Resources development policy, the DHR has also contributed to the establishment of new pension plans and has paid particular attention to the contents of individual and collective information regarding supplementary pension plans, notably in France and Belgium.

2008 was marked by the rights reform to the special social security plan pertaining to Electric and Gas Industries, and the implementation of attendant measures regarding the improvement of employee benefit plans (disability and death) and the creation of a defined contributions retirement plan.

SIMULTANEOUS MOBILITIES

In a move to maintain consistency of practices within the Gaz de France and SUEZ Groups, job mobility remains a steadfast priority for GDF SUEZ, which thanks to its considerable size and the diversity of its businesses, can reiterate its promise of rich and varied career paths.

Immediately following the merger, this took place within the new Group with assistance, as part of integration works, for so-called "shared" or "simultaneous" mobilities, that is to say moving from a "former" group to another. Today, over 50 of these have materialized, or are in the process of being finalized (excluding Senior Management movements), illustrating both employees' motivation to find out about other businesses, and managers' interest in all the skills present within the Group.

In order to broaden the scope of this dynamic trend, a vast number of internal opportunities may now be consulted via the Group intranet, "Horizon", which currently holds over 1,300 offers in total covering all Business Lines and levels of qualification.

17.4 HR PERFORMANCE

HUMAN RESOURCES INFORMATION SYSTEMS (HRIS)

A study has been initiated regarding the vision and overall architecture of the Group's HR Information Systems (HRIS). On this basis, an HRIS master plan will be developed in close partnership with the Information Systems Division. An HRIS project owner practice community will be created. This will make Group HRIS governance and deployment of the master plan easier. This community will also be a place to share good practices and experience.

GROUP SOCIAL REPORTING

A project was undertaken to equip the GDF SUEZ Group with a single, shared social reporting tool, instigating a study on the essence of its final outcomes, targets, operations, structure, content and consolidation process.

The new social reporting tool is based on the following five important issues: employment (staff numbers, flow), career development, Compensation & Benefits, working conditions and social relations. 31 basic indicators were identified, which were then sorted according to gender, socio-professional category, age, by contract and by area. It will be rolled out as from 2009, and appear quarterly. The Magnitude financial consolidation tool will be used to collect and consolidate HR indicators.

This new reporting tool complies with legal obligations such as the publication of mandatory corporate information in the reference document lodged with the AMF in application of the NRE law and the traceability and reliability of data published on Form 20-F filed with the SEC (Securities and Exchange Commission), in the US. It makes social dialogue easier, allowing concerted monitoring of major social developments and commitments resulting from European and international agreements.

Social reporting also allows the Group's Human Resources Department to measure the effectiveness and efficiency of the HR processes and policies at Group, Business Lines and Business Unit level. Together, with an HR component in the Medium-Term Business Plan (PAMT), it allows a comparison to be made between forecast and actual figures, and variance analysis.

Social reporting also serves to answer questions asked by ratings agencies outside the financial sphere (social rating) and financial analysts and gives an account of the efforts implemented by the company in the field of social responsibility. Finally, it allows information to be provided to salesmen with regard to calls to tender.

MANAGEMENT OF HR PERFORMANCE

The HR division will implement a management tool to monitor HR performance based on four components: the HR component of the Medium-Term Business Plan, an HR trend chart, an HR due diligence and social audit module.

Based on the business challenges identified in the strategic plan, the HR Medium-Term Business Plan allows the major HR risks and challenges to be identified. The impact of HR actions and policies, implemented to meet these challenges and risks, will then be measured by the creation of an HR trend chart.

The social audit procedure will allow the compliance of HR policies and actions implemented within operational entities as well as the respect of commitments made by the Group to be verified. In addition, this procedure facilitates the detection and sharing of HR good practices. It is coordinated with Audit and Risk Control Management.

A Group HR "due diligence" methodology will be drawn up, capitalizing on good practices which exist both at the Center and in Business Lines. It will allow the company acquisition procedure to be supported by an assessment of employee-related risks and costs and their impact on the company's valuation (extralegal retirement obligations, industrial relations, turnover, etc.) Subsequently, once the acquisition decision has been made, a comparison must be made between existing practices and policies and those of the Group. This will enable an action plan to be put forward so that the new entity becomes part of the HR performance cycle of GDF SUEZ.

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Finally, in connection with the "Efficio" performance plan, a benchmarking exercise of the HR division was carried out with "The Hackett Group". "The Hackett Group" approach is structured according to four main components: data collection and validation, survey of the division's internal clients, interviews with HR and operational decision-makers and brainstorming workshops in terms of good practices referenced by "The Hackett Group". On this basis, the construction of a transformation plan for the HR division is initiated.

ELECTRICITY AND GAS INDUSTRY HRIS

The HRIS managing the people present within the Electricity and Gas Industry framework is currently used in conjunction with EDF. An agreement with EDF schedules the separation of the HRIS by January 1, 2010. An HRIS program has been launched by GDF SUEZ so as to carry out this separation. This program contains three major projects:

- the "Pegasus" project covering the electricity and gas industry Wages/GA framework:
  - this is designed to clone the current shared application on January 1, 2010, and to accompany changes following the separation,
  - the technical tool will be updated and adapted to the specific nature of the GDF SUEZ business;
- the "SIDRH" project which covers the creation of an HR data warehouse belonging solely to GDF SUEZ. The framework covered is that of Electricity and Gas Industries, widened to cover the entire Energy France Business Line;
- the "Portal & HRM" project aims to contribute to the organization of an HR area within the Group portal, Horizon, and the management of HRM tools.

17.5 SOLIDARITY

For several years, the Gaz de France and SUEZ groups have been characterized for their commitment as corporate citizens, in terms of the signing of agreements, charters and conventions. They have also initiated or participated in several external partnerships.

The latest decisive actions for the two Groups were:

- in 2007, the commitments made by the SUEZ group were reflected in three significant agreements, signed by all trade union organizations in Europe, making up the "social pact": A first agreement covering the commitment to promote equality and diversity within the company – a second agreement covering the provisional management of jobs and skills (PMJS) work (in particular regarding recruitment, training, career management for those over 45, arduous) – a third agreement covering the participation of employees in the profits, at a European level;
- in 2008, Gaz de France entered into a European agreement covering corporate social responsibility, with 18 signatories representing national and European trade union organizations. A number of tangible actions ensued, in the Group's various companies (deployment plan within companies, a Corporate Social Responsibility representative in each company, etc.).

Some agreements came to an end at the end of 2008, in particular regarding the integration of handicapped persons.

Existing agreements within the framework of the former Groups are continuing to bear fruit. 2009 will be dedicated to obtaining feedback on all agreements concerning the target groups in question and a summary of commitments which have come to an end within the Group.

In 2009, new basic regulations should come into effect.

The creation of a new GDF SUEZ group in 2008 strengthened this commitment to corporate social responsibility, in terms of human, business and territory elements.

The GDF SUEZ group will continue the actions which had been initiated previously. The same applies for its presence with other major companies in two foundations, namely:

- FACE (Anti-Exclusion Foundation, since 1993), chaired by Gérard Mestrallet since 2007. FACE develops actions allowing easier access to work and fighting discrimination. In 2007, FACE went into partnership with the government in support of the "Ambition 30,000" project. In 2008, 5,800 people benefited from easier access to employment and 3,470 found jobs;
- FAPE (Employment Action Foundation, since 1995): Foundation including employees from several Groups including GDF SUEZ, which works to promote integration and reduce exclusion. It is financed by donations made by employees and retired persons,

to which is added a contribution by the company. Each year, FAPE supports 700 jobs.

GDF SUEZ has initiated numerous projects in the sourcing area, so as to give the least privileged sectors of the population access to employment: persons with insufficient training, or who are on the fringes of society. In order to do so, it relies, among other projects, on Local Missions, the ANPE (French employment agency), SynerJob and it has implemented a voluntary apprenticeship policy.

The Group has also taken part in various employment Forums.

In the areas of equal opportunities, diversity and the fight against discrimination, GDF SUEZ holds an important place. Thanks in part to existing agreements (professional equality), and its involvement in the creation of an equity savings fund which represents a socially responsible investment. Also thanks to the execution of a diversity charter in 2008 (Brussels region), a “Hope in the Suburbs” agreement, and a partnership agreement to develop autonomy in the visually-impaired via sporting activities. In connection with the “One goal, one job” agreement, for young people from vulnerable inner city areas, projects continued to grow throughout 2008, with implementation in three additional cities in France and a project covering ten or so new cities in 2009.

SITA Rebond, one of SUEZ Environment’s subsidiaries, has 12 structures for integration via economic activity (eight integration companies and four temp work companies). GEPSA, an Elyo subsidiary, has undertaken projects aimed at encouraging the reintegration of former prisoners (rebuilding confidence, using the tools found in the working environment) in 13 prisons, covering 150 inmates.

Other projects have been undertaken by various structures in which the GDF SUEZ group is involved in many forms: the Entraide Handicap association in Electricity and Gas Industries, and humanitarian associations such as CODEGAZ, Aquassistance, and Energy Assistance.

In addition to projects targeting elements external to the Group, other projects are, for example, aimed at raising awareness of diversity among Group employees, management, and the HR division. There are also training courses for management teams covering management’s new responsibilities: ethics, risks, internal control, and the challenges of non-discrimination and equal treatment in the workplace.

The GDF SUEZ group also has close relations with the HALDE (anti-discriminatory body) and answers questionnaires. It was selected based on some of its practices in the results which have been published since 2006.

In order to raise awareness among Group employees, a White Book by the Observatory Body on the place of women within the Group was published in 2008.

In order to further share these social development commitments and solidarity with all Group employees, a specific Intranet site is planned for the beginning of 2009. In addition to being a simple information tool about Group directions in the world, its aim is to allow everyone to have better visibility, as time goes by, about projects undertaken by and within the Group, and to strengthen the concept of sharing relating to initiatives carried out in the field.

17.6 SOCIAL RELATIONS IN THE GROUP

A PERMANENT AND DYNAMIC PROCESS

Representative bodies are highly-prized places for discussion between management and employee representatives, particularly when it comes to GDF SUEZ industrial, economic, financial and social strategy.

The merger between the SUEZ and Gaz de France Groups has strengthened the Group’s desire to continue with an international dimension. Negotiations were quickly undertaken with management and employee representatives to set up the GDF SUEZ European Works Committee.

The negotiation group to create this new European Works Council is made up of 35 members from 21 countries. It met several times in the final quarter of 2008, and it is expected to conclude during the first quarter 2009. Several principles governing negotiations were shared with employee representatives: developing and strengthening European social dialogue, guaranteeing balanced representation between countries and major lines within the Group and developing social dialogue in terms of these major business lines.

At the same time, the Employee Works Committee (“CEE”) of former Gaz de France and the European Dialogue Body (“IED”) of former SUEZ were maintained, so as not to break the chain of dialogue and discussion.

Thus, the CEE and IED were specifically consulted or informed about the merger project between Elyo and Cofatech, about the Group’s strategy, particularly in terms of production and operations, about synergies linked to the setting-up of a performance plan… In the same way, Group agreements negotiated prior to the merger continued to be enforced in their respective areas, which is for example the case for the PMES agreement for SUEZ or the CSR agreement for Gaz de France.

Other negotiations were initiated at Group level, for the creation of a Group Committee for France, or the setting-up of a Group collective retirement savings plan (PERCO) and a Group Savings Plan (PEG).

Other negotiations or discussions will take place in 2009 in the following areas:

- social guarantees so as to provide a framework for and to facilitate developments of the organizations;
- provisional management of jobs and skills;
- labor rights principles at Group level;
- corporate social responsibility;
- health and safety policy.

LABOR WATCH TO SUPPORT MANAGERIAL GUIDANCE

Following the creation of GDF SUEZ, the Social Relations function, supporting management of all the Group's Business Lines and Companies is structured around two essential elements. On the one hand, legal and labor expertise developed in terms of French legislation and European community labor law is enhanced via a legal and labor watch network made up of operational partners from the area representing all the Group's major businesses. On the other, a monthly internal and external labor watch has been set up at the Group's European level to support management.

INTERNATIONAL SOCIAL OBSERVATORY

Furthermore, GDF SUEZ has continued to support the promotion of discussions with all the relevant parties, guaranteed by the International Social Observatory (ISO). A symposium covering the issue of governance allowed managers from major companies to reinforce the debate with trade union and political leaders, about the substantial developments which are occurring on a world-wide scale. The development of the current crisis today shows the relevance of the paths raised within the ISO and the relevance of further thought about their creation. In 2008, the ISO continued its works in relation to the international healthcare policies of major worldwide groups, and supported the initiatives of its bases in Morocco and Argentina. The latter organized a notable seminar which allowed dialogue between companies, academics and trade union representatives from France, South America about the challenges of Sustainable Development and Corporate Social Responsibility within Latin America.

A STANDARDIZED STAFF REPRESENTATIVE CONSULTATION PROCESS

2007 was marked by the implementation of the reform of the employee representative bodies ("IRP") within the Electricity and Gas Industries. This process, initiated in 2004, accelerated in 2007 thanks to the provisions of the Decree of April 11, 2007, which led the companies of the Electricity and Gas Industry business line to apply the labor code as regards the Establishment Works Committee ("CE"), the Central Committee ("CCE"), and the Employee Delegate ("DP").

At the beginning of 2008, after elections, the Electricity and Gas Industries companies had Employee Delegates and CE members, as was already the case within the SUEZ Group.

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SOCIAL SERVICES

The *Caisse Centrale d'Activités Sociales* ("CCAS"), to which Gaz de France contributes financing in accordance with the Electricity and Gas Industry business line status, is a fully independent legal entity. It is administered exclusively by employee representatives and is under the supervision of the public authorities. No company from the Electricity and Gas Industries division is represented. The total contribution made by GDF SUEZ to social management bodies for 2008 stands at €153 million. For the record, this figure stood at €132.5 million for 2007.

17.7 HEALTH AND SAFETY POLICY

In 2008, the trend towards improvements in health and safety results continued. The frequency and seriousness of Group employees' occupational accidents has reduced by 30% over four years. This improvement can also be observed in relation to fatal accidents.

The Board of Directors, the Ethics and Sustainable Development committee are following the situation very carefully, and as from September 2008, the Chairpersons made clear their desire to pursue without fail the actions already taken, in order to reach a level of excellence in every business. They set down the development process for the new Group's health & safety policy. It will be built using the knowledge and the best practices gained from both former Groups and after in-depth discussions with line management, health & safety experts and employee representatives. In-depth dialogue with the latter will take place in two stages: dialogue prior to the establishment of a project, discussions on the basis of the elements developed following this dialogue. So as to continue this dynamic move towards improvement, particular attention will be paid to the leadership and behavioral contributors, via organizational and human factors.

In July 2008, the new organization in terms of health and safety was defined. The operating function of the Center with Business Lines and Business Units was laid down. A Central Department for Heath & Safety Management Systems ensures monitoring of occupational health and safety issues, industrial safety, asset protection and promotion of management systems. It ensures activities within the subsidiary, and distributes and monitors Group policies in these areas.

Given that industrial accidents may give rise to damage to property and person (employees, subcontractors, third parties), the industrial safety risk for establishments in which the Group works receives specific attention.

In 2008, both Groups' internal monitoring systems were maintained:

- yearly self-assessment for GDF Business Units on the basis of an internal standard followed by a yearly safety review carried out jointly with the BU's management and the Central Department for Health & Safety;
- for former SUEZ subsidiaries, an internal compliance audit in line with the Group's Rules and Policy regarding health and safety at work via a network of 25 internal experts from the Health & Safety subsidiary, and using an internal standard. In this way, in 2008, 30 internal audits were carried out in former SUEZ.

Dialogue with social partners in terms of health & safety took place in a distinct manner in each of the former groups, since the labor discussion structures for the new Group were being implemented. The health and safety committee resulting from the former SUEZ European Dialogue Body continued to regularly monitor Group results, analyzing the causes of serious accidents and the prevention measures implemented. It also contributed to the construction of standards and in particular, to the development of two new Group regulations which were implemented in 2008: the first aims to specify how employee health and safety objectives are laid down in terms of operational managers and directors, and how results and measures implemented affect the variable portion of compensation, the second aims to lay down Group requirements in terms of managing health and safety at work.

Management training in health and safety at work for Group managers led by the Group University in 2005 was updated in 2008 so as to include the whole new Group. By the close of 2008, over 4,000 managers had attended this course.

Two new modules were developed in partnership with the Group University in 2008:

- a second module aimed at perfecting managers' knowledge based on human and organizational factors;
- a module designed for subsidiary experts in the field aimed at widening their knowledge base, so that they can organize accident analysis groups, in order to identify the basic causes and appropriate preventive measures.

17.8 EQUITY INTERESTS AND STOCK OPTIONS OF THE DIRECTORS AND CHIEF OPERATING OFFICERS

With regard to the tables relating to the number of shares and stock options held by the company officers at December 31, 2008, please refer to section 15 above, as well as Note 26 of section 20.2 relating to financial information.

18

MAIN SHAREHOLDERS

Until July 7, 2005, the French State held 100% of Gaz de France's shares. Following Gaz de France's initial public offering and listing of its shares on Eurolist by Euronext Paris on July 8, 2005 the French State held 80.2% of Gaz de France's shares. The law relating to the energy sector no. 2006-1537 of December 7, 2006 authorized the State to reduce its investment in the company to under 50%, with the specification that this investment must remain above one-third of the Company's capital. The privatization of Gaz de France was made possible thanks to decree no. 2007-1784 of December 19, 2007 and decree no. 2008-80 of January 24, 2008. Pursuant to the merger between SUEZ and Gaz de France on July 22, which occurred in line with the opinion expressed by the French Privatizations Board (the "CPT") no. 2008-AC-2 of July 2, 2008, published in the Official Journal on July 17, 2008, relating to the financial conditions of the merger between Gaz de France and SUEZ, the procedure followed and the choice of acquirer, the majority of the Company's capital was transferred from the public to the private sector. At the end of February, the French State holds 35.6% of shares in GDF SUEZ.

State golden share

In line with Article 24.1 of law no. 2004-803 of August 9, 2004 and Decree no. 2007-1790 of December 20, 2007, the share capital of GDF SUEZ includes a golden share resulting from the transformation of an ordinary share belonging to the French State, with a view to conserving the essential interests of France in the energy sector relating to the continuity and safety of energy supply. The French State's golden share entitles the State to indefinitely disagree with decisions made by GDF SUEZ and its French subsidiaries, who directly or indirectly sell, in any form whatsoever, transfer operation, to assign as surety or guarantee or change the destination of some assets covered by the decree, if it considers that such a decision is contrary to the essential interests of France in the energy sector relating to the continuity and safety of energy supply.

According to the terms of Article 2 in Decree no. 2007-1790 of December 20, 2007, and its appendix, the assets covered by the French State's right of opposition pursuant to the golden share are:

- natural gas transmission pipelines located on the national territory;
- assets related to the distribution of natural gas on the national territory;
- underground natural gas storage located on the national territory;
- liquefied natural gas facilities located on the national territory.

In accordance with Decree no. 93-1296 of December 13, 1993 applied pursuant to Article 10 of law no. 86-912 relating to privatizations and concerning certain rights pertaining to the golden share, and to Decree no. 2007-1790 of December 20, 2007, all decisions of this nature must be declared to the Minister of Economic Affairs.

The decisions mentioned above are deemed to be authorized if the Minister of Economic Affairs does not disagree with them within one month of the date of declaration, as recorded by a receipt issued by the administration. This delay may be extended for a period of 15 days by order of the Minister of Economic Affairs. Before the expiration of the aforementioned one-month period, the Minister of Economic Affairs may waive the right to oppose. If there is opposition, the Minister of Economic Affairs will communicate the reasons of his decision to the company in question. The decision of the Minister of Economic Affairs may be appealed.

Pursuant to Decree 93-1296 of December 13, 1993, any transaction executed in violation of Decree 2007-1790 of December 20, 2007 is automatically null and void.

18.1 BREAKDOWN OF SHARE CAPITAL AT DECEMBER 31, 2008

On January 21, 2009, the Board of Directors noted the exercising of stock option subscriptions, which resulted in the capital of GDF SUEZ standing at €2,193,643,820, made up of 2,193,643,820 fully paid-up shares of a par value of €1 each, representing 2,145,320,319 theoretical voting rights and 2,145,320,319 voting rights which may be exercised.

At the end of September 2008, GDF SUEZ performed a survey of all identifiable bearer shares and identified more than one million individual shareholders.

At December 31, 2008	% of the capital [a]	% of voting rights [a]
French State	35.7%	36.4%
Groupe Bruxelles Lambert (GBL)	5.3%	5.5%
Employee shareholdings [b]	2.7%	2.8%
CDC group	1.9%	2.0%
Areva	1.2%	1.2%
CNP Assurances group	1.1%	1.1%
Sofina	0.7%	0.7%
Treasury stock	2.2%	
Management	not significant	not significant
Public (to the Company's knowledge, no single shareholder in this category holds more than 5% of the share capital)	50.8%	49.7%
	100%	100%

(a) Calculated based on the number of shares and voting rights outstanding at December 31, 2008.
(b) Refer to "Exceeding statutory threshold disclosure requirements" below.

● MAJOR CHANGES IN GAZ DE FRANCE SHAREHOLDINGS DURING THE PAST THREE FISCAL YEARS

	December 31, 2006	December 31, 2007	July 22, 2008
	% of capital	% of capital	% of capital
State	80.2	79.8 *	79.8
Public	17.5	18.1	16.3
Employees	2.3	2.0	2.-
Treasury stock	-	0.1	1.9

* *Following the allotment of bonus shares by the State as part of the Open Price Offering, the French State's holding changed from 80.2% to 79.8%.*

MAJOR CHANGES IN SUEZ SHAREHOLDINGS DURING THE LAST THREE FISCAL YEARS

	December 31, 2006		December 31, 2007		July 22, 2008	
	% of capital	% of voting rights	% of capital	% of voting rights	% of capital	% of voting rights
Groupe Bruxelles Lambert (GBL)	8.0	11.9	9.4	13.9	9.4	14.1
Employee shareholdings	3.1	4.2	3.0	4.3	3.0	4.2
CDC group	2.8	3.2	2.7	3.0	2.9	3.3
Cogema/Areva	2.2	1.9	2.1	3.7	2.1	3.7
CNP Assurances	1.6	1.4	1.6	1.4	1.9	1.7
Sofina	1.2	1.9	1.2	1.8	1.3	1.9
Crédit Agricole group *	3.4	5.3	3.3	5.2	1.2	1.7
Treasury stock	1.3	-	2.3	-	2.7	-

* *Refer to section "Exceeding statutory threshold disclosure requirements" below.*

MAJOR CHANGES IN GDF SUEZ SHAREHOLDINGS BETWEEN JULY 22 AND DECEMBER 31, 2008

	July 22, 2008		December 31, 2008	
	% of capital	% of voting rights	% of capital	% of voting rights
State	35.7	36.1	35.6	36.4
Groupe Bruxelles Lambert (GBL)	5.4	5.4	5.3	5.5
Employee shareholdings	2.8	2.8	2.7	2.8
CDC group	2.0	2.0	1.9	2.0
Areva	1.2	1.2	1.2	1.2
Crédit Agricole group*	1.2	1.3	-	-
CNP Assurances	1.4	1.4	1.1	1.1
Sofina	0.7	0.7	0.7	0.7
Treasury stock	1.2	-	2.2	-

* *Refer to "Exceeding statutory threshold disclosure requirements" below.*

EXCEEDING STATUTORY THRESHOLD DISCLOSURE REQUIREMENTS

To the best of the Company's knowledge, at the date of drafting of this reference document, no other shareholder than the French State and the Groupe Bruxelles Lambert, acting alone or in partnership, holding more than 5%, 10%, 15%, 20%, 25%, 1/3, 50%, 2/3, 90% and 95% of the capital or the voting rights of GDF SUEZ, which representing holding percentages which must be declared within five stock market days to the Company and the French Financial Markets Authority pursuant to Article L. 233-7 of the French Commercial Code.

Failing to make such declaration under the terms provided in Sections I and II of Article L. 233-7 of the French Commercial Code, the shares exceeding the fraction that should have been declared will be deprived of all voting rights for all shareholders' meetings for a period of two years following proper notification date.

For technical reasons relating to regulations governing transparency, the Crédit Agricole Group's disclosures include the GDF SUEZ shares (14 million shares as of January 15, 2009) held to cover the Crédit Agricole Group's commitments with regard to GDF SUEZ Group employees within the scope of international employee savings plans, which are the subject of agreements according to which the voting rights attached to these shares are exercised as decided by a body comprised (in the same way as the supervisory boards of French corporate investment funds) of employees and representatives of companies of the GDF SUEZ Group.

In light of these agreements, the shares held as mentioned above are entered in our various tables showing the breakdown of capital under the heading "Employee shareholdings" and not under Crédit Agricole.

The company is not aware of any other shareholders that hold 0.5% or more of GDF SUEZ's share capital and that have declared exceeding the statutory threshold disclosure requirements.

DISCLOSURES OF SHAREHOLDINGS MADE SINCE JULY 22, 2008 BY GDF SUEZ

GDF SUEZ

July 22, 2008	Increase	0.72%	Predica
July 22, 2008	Increase	1.11%	Calyon *
July 22, 2008	Increase	1.85%	Crédit Agricole SA
July 22, 2008	Decrease	1.59%	Crédit Agricole Asset Management
July 28, 2008	Increase	1.96%	Caisse des dépôts et consignations
Aug 1, 2008	Increase	0.68%	Sofina
Aug 1, 2008	Increase	0.58%	BNP Paribas
Aug 1, 2008	Decrease	0.69%	Calyon *
Aug 1, 2008	Decrease	1.43%	Crédit Agricole SA
Dec 3, 2008	Increase	0.84%	Société Générale Asset Management
Jan 23, 2009	Increase	2.0%	Crédit Agricole Asset Mgt
Mar 13, 2009	Increase	2.26%	Natixis Asset Management
Mar 25, 2009	Increase	0.70%	Franklin Ressources
Mar 26, 2009	Increase	0.50%	CM-CIC Asset Management

DISCLOSURES OF SHAREHOLDINGS MADE BETWEEN JANUARY 1 AND JULY 22, 2008 BY GAZ DE FRANCE

None

DISCLOSURES OF SHAREHOLDINGS MADE BETWEEN JANUARY 1 AND JULY 22, 2008 BY SUEZ

January 10, 2008	Increase	1.03%	BNP Paribas Asset Mgt
January 14, 2008	Decrease	2.25%	Crédit Agricole SA *
February 29, 2008	Decrease	2.94%	Natixis
May 9, 2008	Decrease	0.68%	Crédit Suisse
May 16, 2008	Increase	1.52%	Crédit Suisse
May 19, 2008	Decrease	0.73%	Crédit Suisse
May 19, 2008	Decrease	0.79%	BNP Paribas
May 20, 2008	Increase	1.79%	UBS
May 21, 2008	Increase	1.13%	Crédit Suisse
May 22, 2008	Decrease	0.55%	Crédit Suisse

* *This disclosure includes the shares held to cover the Crédit Agricole SA group's commitments with regard to SUEZ Group employees within the scope of international employee savings plans, which are the subject of agreements according to which the voting rights attached to these shares are exercised as decided by a body comprised (in the same way as the Supervisory Boards of French corporate investment funds) of employees and representatives of companies of the group.*

18.2 VOTING RIGHTS

Under the terms of Article 11 of the Company's by-laws, except in the cases where the law provides otherwise, each shareholder has as many voting rights in shareholders' meetings as the number of paid-up shares it owns.

On January 21, 2009, after deduction of treasury shares and internally managed shares, the Company owned 2,145,320,319 shares with the same number of voting rights which may be exercised.

18.3 CONTROL

On the date of this reference document, the French State holds 35.6% of Company shares.

The merger transaction between SUEZ and Gaz de France on July 22, 2008 resulted in the disappearance of several forms of supervision, as from this date, which were previously carried out by the French State pursuant to Gaz de France's status as a public company. This involves economic and financial monitoring by the French State and verifications made by the General Finance Inspectorate unless a decree were in force to this end, in line with Article 2 of Decree no. 55-733 of May 26, 1955; monitoring of projects to make, extend or transfer investments by Gaz de France pursuant to Decree no. 53-707 of August 9, 1953; and monitoring by the French Court of Auditors pursuant to Articles L. 133-1 and L. 133-2 of the French Financial Jurisdictions Code (as referred to in paragraph 3.1.12 of the Gaz de France base document recorded by the AMF on April 1, 2005 under number I. 05-037).

The transfer of the majority of Gaz de France's capital to the private sector following the aforementioned merger also meant that the GDF SUEZ company became exempt from the application of legal and regulatory provisions governing public institutions and public sector companies, in particular those found in law no. 83-675 of July 26, 1983 relating to the democratization of the public sector.

Decree no. 2007-1790 of December 20, 2007 under law no. 2006-1537 of December 7, 2006 relating to the energy sector schedules the French State's golden share in the GDF SUEZ share capital, provid for which designed to protect the critical interests of France in the energy sector relating to the continuity or safety of energy supply (refer to chapter 21 “Additional Information” – “Share Capital” section below).

18.4 AGREEMENT RELATING TO CHANGE OF CONTROL

On the date of this Reference Document, to GDF SUEZ's knowledge, there is no agreement relating to an option with regard to any entity that is a member of the GDF SUEZ Group or any agreement which, if implemented, could lead to a change in its control.

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RELATED PARTY TRANSACTIONS

This section describes material transactions between the Group and its related parties.

Compensation payable to key management personnel is disclosed in Section 20.2 – Note 26.

The Group's main subsidiaries (fully consolidated companies) are listed in Section 20.2 – Note 30. Only material transactions are described below.

19.1 RELATIONS WITH THE FRENCH STATE AND WITH THE CNIEG

19.1.1 RELATIONS WITH THE FRENCH STATE

Further to the merger between Gaz de France and SUEZ on July 22, 2008, the French State owns 35.7% of GDF SUEZ and holds 7 seats out of 24 on its Board of Directors.

The French State holds a golden share aimed at protecting France's critical interests in the energy sector and ensuring the continuity and safeguarding of supplies. The golden share is granted to the French State indefinitely and entitles it to veto decisions made by GDF SUEZ if it considers they could harm French energy interests as regards the continuity and safeguarding of supplies.

The merger also marked an end to several oversight procedures relative to economic and financial matters, previously carried out by the French State due to Gaz de France's status as a public company.

Public service engagements in the energy sector are defined by the law of January 3, 2003 and are implemented by means of a public service contract pursuant to the first article of the law of August 9, 2004.

A new public service contract is currently being negotiated with the French State. GDF SUEZ has not identified any risks relating to the absence of any such contract during the negotiation period.

19.1.2 RELATIONS WITH THE CNIEG *(CAISSE NATIONALE DES INDUSTRIES ELECTRIQUES ET GAZIÈRES)*

The Group's relations with the CNIEG, which manages all old-age, disability and death benefits for employees of EDF, GDF SUEZ SA and Non-Nationalized Companies (*Entreprises Non Nationalisées* - ENN) are described in Section 20.2 – Note 18.

19.2 TRANSACTIONS WITH EQUITY-ACCOUNTED OR PROPORTIONATELY CONSOLIDATED COMPANIES

19.2.1 JOINT VENTURES

Gaselys

Gaselys is a joint venture 51%-owned by GDF SUEZ and 49%-owned by Société Générale.

It is a trading company operating on European gas and electricity markets, and is also active on markets for oil and oil products, CO_2 emissions quotas and coal.

GDF SUEZ develops its risk management, asset optimization and trading activities through Gaselys.

In 2008, these activities generated sales and purchases between the Group and its subsidiary amounting to €1,149 million and €2,161 million, respectively.

At year-end, the Group's balance sheet shows a net debit balance of €344 million with its subsidiary, comprising trade receivables and payables, margin calls and derivative instruments. These derivatives are mainly contracted to manage the risks to which the Group is exposed, and result in the recognition of an unrealized loss for €762 million in equity before tax and an unrealized gain for €592 million in income from operating activities.

Acea-Electrabel group (Italy)

Electrabel Italia is a wholly-owned subsidiary of Electrabel and has a 40.59% interest in Acea-Electrabel which itself owns several subsidiaries.

GDF SUEZ sold electricity and gas to the Acea-Electrabel group for an amount of €206.9 million at December 31, 2008, compared with €204.2 million at December 31, 2007.

GDF SUEZ has also granted loans to the Acea-Electrabel group, in respect of which €389.4 million remained outstanding at December 31, 2008 versus €363.1 million at end-2007.

Zandvliet Power

Zandvliet Power is a 50%-50% joint venture between Electrabel and RWE.

Electrabel granted a loan to Zandvliet Power which stood at €70.1 million at December 31, 2008 versus €77.3 million at end-2007.

Hisusa

To finance the 2007 acquisition of Agbar shares from Torreal, Hisusa (a joint venture 51%-owned by SUEZ Environnement Company and 49% by la Caixa) received a loan from its shareholders, including €104 million from the Group. This loan was repaid at the end of 2008.

19.2.2 ASSOCIATES

Elia System Operator (ESO)/Elia

Elia is a listed company and is 24.36%-owned by Electrabel.

It was set up in 2001 as grid operator of the high-voltage electricity transmission network in Belgium. Transmission fees are subject to the approval of the Belgian Electricity and Gas Regulatory Commission (CREG).

Electrabel purchased electricity transmission services from ESO/Elia in an amount of €125.1 million at December 31, 2008 and €155.6 million at December 31, 2007.

The Group rendered services to ESO/Elia for a total amount of €80.0 million at December 31, 2008 and €79.5 million at December 31, 2007.

At December 31, 2008, outstanding loans granted to Elia totaled €808.4 million (€354.8 million maturing in 2010 and €453.6 million maturing after 2011), amounts unchanged from end-2007. The loan generated interest income of €48.4 million in 2008 versus €41.0 million in 2007.

Inter-municipal companies

The mixed inter-municipal companies with which Electrabel is associated manage the electricity and gas distribution network in Belgium.

Electrabel Consumer Solutions (ECS) purchased gas and electricity network distribution rights from the inter-municipal companies in an amount of €1,777.5 million at December 31, 2008, compared with €1,704.4 million at December 31, 2007.

Only the inter-municipal companies in the Walloon region have no employees. In accordance with the bylaws, Electrabel makes personnel available to them with a view to carrying out network maintenance and distribution services. Electrabel bills the inter-municipal companies for all work, supplies and services provided to them. Amounts billed with respect to this arrangement in 2008 totaled €402.5 million, versus €480.3 million in 2007.

Receivables relating to gas and electricity supply stood at €10.1 million at December 31, 2008, versus €37.2 million at December 31, 2007.

Payables due by Electrabel and Electrabel Customer Solutions to the inter-municipal companies stood at €15.3 million at December 31, 2008, versus €148.9 million at December 31, 2007.

At December 31, 2008, Electrabel had granted cash advances to the inter-municipal companies totaling €317.9 million (€430.1 million at end-2007). Amounts due to the inter-municipal companies by Electrabel came to €263.6 million at December 31, 2008 (€208.4 million at end-2007).

Electrabel's reimbursement right corresponding to the pension provisions set aside in its accounts for distribution employees seconded to Walloon inter-municipal companies totaled €296.5 million at December 31, 2008, versus €309.7 million at December 31, 2007.

Contassur

Contassur is 10%-owned by SUEZ-Tractebel and 5%-owned by Electrabel.

Contassur is a captive insurance company accounted for under the equity method. The pension fund trusts for certain employees of the Group have entered into insurance contracts with Contassur.

These insurance contracts give rise to reimbursement rights, and are therefore recorded under "Other assets" in the balance sheet for €147.2 million at December 31, 2008 and €179.3 million at December 31, 2007.

20 FINANCIAL INFORMATION CONCERNING THE ASSETS AND LIABILITIES, FINANCIAL POSITION AND RESULTS OF THE ISSUER

20.1 CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS

Assets

In millions of euros	Notes	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Non-current assets				
Intangible assets, net	*10*	10,691.6	3,497.7	3,488.1
Goodwill	*9*	27,510.1	14,902.8	13,404.6
Property, plant and equipment, net	*11*	63,482.1	22,597.1	21,002.8
Available-for-sale securities	*14*	3,309.0	4,120.7	2,816.5
Loans and receivables carried at amortized cost	*14*	2,303.5	2,107.0	2,170.1
Derivative instruments	*14*	2,893.4	1,140.1	1,014.1
Investments in associates	*12*	3,104.3	1,214.3	1,259.7
Other non-current assets	*14*	1,271.8	730.5	778.8
Deferred tax assets	*7*	618.4	1,085.0	871.0
TOTAL NON-CURRENT ASSETS		**115,184.3**	**51,395.2**	**46,805.7**
Current assets				
Loans and receivables carried at amortized cost	*14*	1,346.4	331.3	298.8
Derivative instruments	*14*	9,439.9	3,363.3	3,318.6
Trade and other receivables	*14*	22,729.3	11,869.3	10,412.2
Inventories		4,208.9	1,571.8	1,483.4
Other current assets	*14*	4,481.0	2,556.5	2,336.6
Financial assets at fair value through income	*14*	768.9	1,319.5	833.0
Cash and cash equivalents	*14*	9,049.3	6,720.2	7,946.3
TOTAL CURRENT ASSETS		**52,023.7**	**27,732.0**	**26,628.9**
TOTAL ASSETS		167,208.0	79,127.2	73,434.6

Liabilities

In millions of euros	Notes	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Shareholders' equity		57,747.7	22,192.8	19,503.8
Minority interests		5,070.6	2,668.1	3,060.0
TOTAL EQUITY	**16**	**62,818.3**	**24,860.9**	**22,563.8**
Non-current liabilities				
Provisions	*17*	12,607.0	8,448.5	8,419.7
Long-term borrowings	*14*	24,200.4	14,526.0	13,000.6
Derivative instruments	*14*	2,889.6	800.9	711.7
Other financial liabilities	*14*	859.1	778.0	467.5
Other non-current liabilities		1,277.7	1,004.5	917.3
Deferred tax liabilities	*7*	10,546.4	1,643.6	1,444.5
TOTAL NON-CURRENT LIABILITIES		**52,380.1**	**27,201.5**	**24,961.3**
Current liabilities				
Provisions	*17*	2,185.7	1,106.6	1,366.1
Short-term borrowings	*14*	14,641.0	7,129.8	6,678.5
Derivative instruments	*14*	9,472.4	3,201.9	3,369.5
Trade and other payables	*14*	17,914.7	10,038.1	9,209.4
Other current liabilities		7,795.8	5,588.4	5,286.0
TOTAL CURRENT LIABILITIES		**52,009.6**	**27,064.8**	**25,909.5**
TOTAL EQUITY AND LIABILITIES		167,208.0	79,127.2	73,434.6

Data for 2007 and 2006 correspond to the historical published consolidated financial statements of the SUEZ Group. Data for 2008 include the former SUEZ entities, and the contribution of former Gaz de France entities as of July 22, 2008. Pro forma information is provided in the pro forma section of the Reference Document.

Amounts in tables are generally expressed in millions of euros. In certain cases, rounding may cause slight discrepancies in the lines and columns showing totals and changes.

CONSOLIDATED INCOME STATEMENTS

In millions of euros	Notes	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Revenues		67,923.8	47,475.4	44,289.2
Purchases		(35,879.0)	(21,289.4)	(21,010.0)
Personnel costs		(9,679.0)	(8,141.5)	(7,640.8)
Depreciation, amortization and provisions		(3,713.5)	(1,912.7)	(1,684.8)
Other operating income and expenses, net		(12,428.8)	(10,956.4)	(9,457.1)
CURRENT OPERATING INCOME	*4*	**6,223.6**	**5,175.4**	**4,496.5**
Mark-to-market on commodity contracts other than trading instruments		563.6	67.8	17.1
Impairment of property, plant and equipment, intangible assets and financial assets		(811.8)	(132.0)	(150.3)
Restructuring costs		(254.2)	(42.6)	(88.8)
Disposals of assets, net		1,957.7	339.4	1,093.1
INCOME FROM OPERATING ACTIVITIES	*5*	**7,678.8**	**5,408.0**	**5,367.6**
Financial expenses		(2,377.8)	(1,709.5)	(1,610.6)
Financial income		883.7	987.4	879.6
NET FINANCIAL LOSS	*6*	**(1,494.1)**	**(722.1)**	**(731.0)**
Income tax expense	*7*	(911.9)	(527.5)	(815.1)
Share in net income of associates	*12*	318.3	457.9	372.7
NET INCOME		**5,591.2**	**4,616.3**	**4,194.2**
Net income Group share		4,857.1	3,923.5	3,606.3
Minority interests		734.0	692.7	587.9
Earnings per share	*8*	**2.98**	**3.24**	**3.00**
Diluted earnings per share	*8*	2.95	3.19	2.96

Data for 2007 and 2006 correspond to the historical published consolidated financial statements of the SUEZ Group. Data for 2008 include the former SUEZ entities, and the contribution of former Gaz de France entities as of July 22, 2008. Pro forma information is provided in the pro forma section of the Reference Document.

CONSOLIDATED CASH FLOW STATEMENTS

In millions of euros	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Net income	5,591.2	4,616.3	4,194.2
- Share in net income of associates	(318.3)	(457.9)	(372.7)
+ Dividends received from associates	358.1	229.8	355.7
- Net depreciation, amortization and provisions	3,986.0	1,925.3	1,743.3
- Net capital gains on disposals (incl. reversals of provisions)	(1,957.7)	(339.4)	(1,097.7)
- Mark-to-market on commodity contracts other than trading instruments	(563.6)	(67.8)	(17.1)
- Other items with no cash impact	184.4	110.8	31.7
- Income tax expense	911.9	527.5	815.1
- Net financial loss	1,494.1	722.1	731.0
Cash generated from operations before income tax and working capital requirements	**9,686.1**	**7,266.6**	**6,383.5**
+ Tax paid	(1,806.3)	(1,005.6)	(985.4)
Change in working capital requirements	**(3,486.6)**	**(244.3)**	**(225.9)**
CASH FLOW FROM OPERATING ACTIVITIES	**4,393.1**	**6,016.6**	**5,172.2**
Acquisitions of property, plant and equipment and intangible assets	(9,125.0)	(3,129.7)	(2,367.6)
Acquisitions of entities net of cash and cash equivalents acquired	(723.2)	(1,508.3)	(1,088.2)
Acquisitions of available-for-sale securities	(517.5)	(1,361.9)	(315.6)
Disposals of property, plant and equipment and intangible assets	127.6	131.1	181.8
Disposals of entities net of cash and cash equivalents sold	2,538.1	554.9	2,009.9
Disposals of available-for-sale securities	110.3	406.3	777.8
Interest received on non-current financial assets	129.9	116.0	151.3
Dividends received on non-current financial assets	219.6	202.4	288.7
Change in loans and receivables originated by the Group and other	(107.7)	(92.1)	(4.0)
CASH FLOW USED IN INVESTING ACTIVITIES	**(7,347.9)**	**(4,681.2)**	**(365.9)**
Dividends paid	(3,900.4)	(1,968.5)	(1,720.9)
Repayment of borrowings and debt	(5,101.0)	(7,579.0)	(8,744.0)
Change in financial assets at fair value through income	517.8	(265.3)	346.3
Interest paid	(1,482.6)	(1,230.9)	(1,081.4)
Interest received on cash and cash equivalents	260.7	272.8	326.9
Increase in borrowings and debt	15,666.5	8,478.7	3,538.3
Increase in capital	246.7	832.9	162.4
Assignment of litigious receivables			
Treasury stock movements	(679.9)	(1,058.2)	234.3
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES	**5,527.9**	**(2,517.5)**	**(6,938.1)**
Effect of changes in consolidation method, exchange rates and other	(248.4)	(44.0)	(296.3)
TOTAL CASH FLOW FOR THE PERIOD	**2,324.7**	**(1,226.1)**	**(2,428.1)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**6,720.2**	**7,946.3**	**10,374.4**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**9,049.3**	**6,720.2**	**7,946.3**

Data for 2007 and 2006 correspond to the historical published consolidated financial statements of the SUEZ Group. Data for 2008 include the former SUEZ entities, and the contribution of former Gaz de France entities as of July 22, 2008. Pro forma information is provided in the pro forma section of the Reference Document.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Number of shares	Share capital	Additional paid-in capital	Consolidated reserves and net income	Fair value adjustments and other	Treasury stock	Cumulative translation adjustment	Shareholders' equity	Minority interests	Total
Equity under IFRS at December 31, 2005	**1,270,756,255**	**2,541.4**	**11,378.9**	**2,061.7**	**37.3**	**(355.7)**	**592.3**	**16,255.9**	**2,567.3**	**18,823.2**
Income and expense recognized directly in equity					842.9		(349.9)	493.0	(84.5)	408.5
Net income				3,606.3				3,606.3	587.9	4,194.2
TOTAL RECOGNIZED INCOME AND EXPENSE				**3,606.3**	**842.9**		**(349.9)**	**4,099.3**	**503.4**	**4,602.7**
Employee share issues and share-based payment	6,388,344	12.8	149.3	42.9				205.0		205.0
Non-cash capital increase	299,804	0.6	6.2					6.8		6.8
Dividends paid				(1,260.2)				(1,260.2)	(460.7)	(1,720.9)
Net acquisitions of treasury stock				10.7		223.5		234.2		234.2
Other changes				(37.2)				(37.2)	450.0	412.8
Equity under IFRS at December 31, 2006	**1,277,444,403**	**2,554.8**	**11,534.4**	**4,424.2**	**880.2**	**(132.2)**	**242.4**	**19,503.8**	**3,060.0**	**22,563.8**
Income and expense recognized directly in equity					787.1		(386.5)	400.7	36.5	437.2
Net income				3,923.5				3,923.5	692.8	4,616.3
TOTAL RECOGNIZED INCOME AND EXPENSE				**3,923.5**	**787.1**		**(386.5)**	**4,324.2**	**729.3**	**5,053.5**
Employee share issues and share-based payment	29,599,119	59.2	767.6	116.6				943.4		943.4
Dividends paid				(1,513.8)				(1,513.8)	(448.4)	(1,962.2)
Net acquisitions of treasury stock				17.6		(1,082.5)		(1,064.9)	3.6	(1,061.2)
Other changes									(676.4)	(676.4)

	Number of shares	Share capital	Additional paid-in capital	Consolidated reserves and net income	Fair value adjustments and other	Treasury stock	Cumulative translation adjustment	Shareholders' equity	Minority interests	Total
Equity under IFRS at December 31, 2007	**1,307,043,522**	**2,614.1**	**12,302.0**	**6,968.1**	**1,667.3**	**(1,214.7)**	**(144.1)**	**22,192.8**	**2,668.1**	**24,860.9**
Income and expense recognized directly in equity					(2,198.0)		(529.2)	(2,727.2)	(507.0)	(3,234.2)
Merger-related impacts										
Net income				4,857.4				4,857.4	734.0	5,591.4
TOTAL RECOGNIZED INCOME AND EXPENSE				**4,857.4**	**(2,198.0)**		**(529.2)**	**2,130.2**	**227.0**	**2,357.2**
Employee share issues and share-based payment	4,009,571	5.9	77.4	169.0				252.3		252.3
Dividends paid				(3,442.8)				(3,442.8)	(466.7)	(3,909.5)
Net acquisitions of treasury stock				31.1		(720.0)		(688.9)	4.0	(684.9)
Gaz de France acquisition	1,207,660,692	1,207.7	16,878.9	21,731.2				39,817.8	620.0	40,437.8
Conversion into GDF SUEZ shares [(a)]	(325,069,965)	(1,633.8)		1,440.4		193.4				
Other impacts related to GDF acquisition				(274.0)				(274.0)		(274.0)
SUEZ Environnement Company spin-off				(2,289.0)				(2,289.0)	2,289.0	
Impact of Distrigas & Fluxys remedies									(849.0)	(849.0)
Other changes				49.3				49.3	578.2	627.5
Equity under IFRS at December 31, 2008	**2,193,643,820**	**2,193.9**	**29,258.3**	**29,240.7**	**(530.7)**	**(1,741.3)**	**(673.3)**	**57,747.7**	**5,070.6**	**62,818.3**

(a) See note 16.

Data for 2007 and 2006 correspond to the historical published consolidated financial statements of the SUEZ Group. Data for 2008 include the former SUEZ entities, and the contribution of former Gaz de France entities as of July 22, 2008. Pro forma information is provided in the pro forma section of the Reference Document.

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STATEMENT OF RECOGNIZED INCOME AND EXPENSE

	Total at Dec. 31, 2008	Of which shareholders' equity	Of which minority interests	Total at Dec. 31, 2007	Of which shareholders' equity	Of which minority interests	Total at Dec. 31, 2006	Of which shareholders' equity	Of which minority interests
Available-for-sale financial assets	(690.3)	(669.1)	(21.2)	395.8	353.7	42.2	293.6	290.4	3.2
Net investment hedges	78.7	55.4	23.3	5.7	4.2	1.4	42.4	42.4	
Cash flow hedges	(419.1)	(303.0)	(116.0)	(71.2)	(61.9)	(9.3)	89.9	87.3	2.6
Commodity cash flow hedges	(1,469.3)	(1,436.8)	(32.5)	351.6	342.8	8.8	640.0	658.5	(18.5)
Actuarial gains and losses	(638.5)	(571.3)	(67.2)	397.2	381.5	15.6	54.4	52.4	2.0
Deferred taxes	826.1	781.5	44.6	(254.3)	(247.4)	(6.9)	(314.3)	(318.3)	4.0
Translation adjustments	(922.0)	(584.0)	(338.0)	(387.8)	(372.4)	(15.4)	(397.5)	(319.7)	(77.8)
Income and expense recognized directly in equity	(3,234.2)	(2,727.2)	(507.0)	437.2	400.7	36.5	408.5	493.0	(84.5)
Net income	5,591.4	4,857.4	734.0	4,616.3	3,923.5	692.8	4,194.2	3,606.3	587.9
TOTAL RECOGNIZED INCOME AND EXPENSE FOR THE PERIOD	**2,357.2**	**2,130.2**	**227.0**	**5,053.5**	**4,324.2**	**729.3**	**4,602.7**	**4,099.3**	**503.4**

Data for 2007 and 2006 correspond to the historical published consolidated financial statements of the SUEZ Group. Data for 2008 include the former SUEZ entities, and the contribution of former Gaz de France entities as of July 22, 2008. Pro forma information is provided in the pro forma section of the Reference Document.

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20.2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 A

INFORMATION ON THE GDF SUEZ GROUP

On July 16, 2008, the Ordinary and Extraordinary Shareholders' Meeting of Gaz de France approved its merger with SUEZ. On the same date, the Ordinary and Extraordinary Shareholders' Meeting of SUEZ approved its merger with Gaz de France, the stock market listing of SUEZ Environnement and the distribution by SUEZ to its shareholders of 65% of the shares of SUEZ Environnement. The merger of SUEZ into Gaz de France SA, which became effective on July 22, 2008, was accounted for at that date as the acquisition of Gaz de France by SUEZ as described in Note 2 – "Main changes in Group structure". Accordingly, the consolidated financial statements of the SUEZ Group for 2006 and 2007 represent the historical financial statements of the new GDF SUEZ Group ("the Group"). Due to US publishing requirements, the Group presents two comparative periods.

GDF SUEZ SA, the parent company of the GDF SUEZ Group, is a French *société anonyme* with a Board of Directors that is subject to the provisions of Book II of the French Commercial Code (*Code de commerce*), as well as all other provisions of French law applicable to commercial companies. GDF SUEZ was incorporated on November 20, 2004 for a period of 99 years.

It is governed by current and future laws and by regulations applicable to *sociétés anonymes* and its bylaws.

The Group is headquartered at 22 rue du docteur Lancereaux, 75008 Paris (France).

GDF SUEZ shares are listed on the Paris, Brussels and Luxembourg stock exchanges.

GDF SUEZ 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 responding to energy needs, safeguarding supplies, combating climate change and optimizing the use of resources.

On March 4, 2009, the Group's Board of Directors approved and authorized for issue the consolidated financial statements of the Group for the year ended December 31, 2008.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation

Pursuant to European Regulation (EC) 809/2004 on prospectus 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 three reporting periods (ended December 31, 2006, 2007 and 2008). These information were 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, 2008 have been prepared in accordance with IFRS as published by the International Accounting Standards Board (IASB) and endorsed by European Union[(1)].

GDF SUEZ has applied IFRIC 12 since December 31, 2006. The Group considers that this interpretation, although still under review by the European Union, is compliant with the standards already adopted and may therefore be used as guidance[(2)].

The accounting standards applied in the consolidated financial statements for the year ended December 31, 2008 are consistent with those used to prepare the consolidated financial statements for the year ended December 31, 2007, except for those described in sections 1.1.1 and 1.1.2.

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

(2) *As stated in the November 2003 Comments concerning certain Articles of European Regulation (EC) 1606/2002 of the European Parliament and of the Council on the application of international accounting standards, the Fourth Council Directive 78/660/EEC of July 25, 1978 and the Seventh Council Directive 83/349/EEC of June 13, 1983 on accounting.*

1.1.1 IFRS standards, amendments and IFRIC interpretations applicable to the 2008 annual financial statements

- IFRIC 14[3] – IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

This interpretation does not have a material impact on the Group's consolidated financial statements.

- IFRIC 11 – IFRS 2 – Group and Treasury Share Transactions

This interpretation clarifies the accounting treatment to be applied by a subsidiary which receives a share-based payment involving the equity instruments of its parent company for which the parent chooses to buy treasury shares to settle its obligation. This interpretation has no impact on the Group's consolidated financial statements.

- Amendments to IAS 39 and IFRS 7 – Reclassification of financial assets

The amendment to IAS 39 was introduced as a response to the financial crisis and allows entities, in limited circumstances, to reclassify financial instruments out of the "Financial assets at fair value through profit and loss» category. Under certain conditions, the amendment also allow entities to reclassify financial instruments from the "Financial assets at fair value through profit and loss» and "Available-for-sale financial assets" categories to the "Loans and receivables" category.

These amendments have no impact on the Group's consolidated financial statements.

Since December 31, 2006, the Group has applied IFRIC 12. This interpretation is effective as of 2008.

1.1.2 IFRS standards and IFRIC interpretations effective after 2008 that the Group has elected to early adopt

IFRS 8 – Operating Segments

This standard replaces IAS 14 and aligns required segment disclosures with segment reporting as prescribed by the US standard SFAS 131. SFAS 131 states that operating segments must be presented using the "management approach". IFRS 8 does not affect the Group's performance or financial position, but changes the information presented.

The Group provides the following segment information for the operating segments listed below.

Segment information

- revenues (internal and external);
- EBITDA;
- current operating income;
- depreciation and amortization;
- capital employed;
- capital expenditure.

Geographical information

- revenues;
- capital employed.

Operating segments

- Energy France;
- Energy Benelux & Germany;
- Energy Europe;
- Energy International;
- Global Gas & LNG;
- Infrastructures;
- Energy Services;
- Environnement;

IAS 23 – Borrowing Costs

The revision to this standard issued in 2007 eliminates the option of expensing borrowing costs.

The application of IAS 23 (revised in 2007) has no impact on the consolidated financial statements as the Group has always applied the allowed alternative treatment whereby borrowing costs that are directly attributable to the construction of a qualifying asset are capitalized as part of the cost of that asset.

1.1.3 IFRS standards and IFRIC interpretations effective after 2008 that the Group has elected not to early adopt in 2008

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

- Revised IAS 1 (2007) – Presentation of Financial Statements;
- Revised IFRS 3 – Business Combinations (phase 2) [1];
- Revised IAS 27 – Consolidated and Separate Financial Statements [1];
- Amendment to IAS 32 – Puttable Instruments and Obligations Arising on Liquidation [1];
- Amendment to IAS 39 – Exposures Qualifying for Hedge Accounting [1];
- Amendment to IFRS 2 – Vesting Conditions and Cancellations;
- Amendment to IFRS 1 – Investments in Subsidiaries, Jointly Controlled Entities and Associates;
- IFRIC 13 – Customer Loyalty Programmes;
- IFRIC 15 – Agreements for the Construction of Real Estate [1];
- IFRIC 16 – Hedges of a Net Investment in a Foreign Operation [1];
- IFRIC 17 – Distributions of Non-cash Assets to Owners [1];

(3) Endorsed by the European Union in December 2008 and mandatorily applicable in the European Union to financial periods beginning on or after December 31, 2008.

- In May 2008, the IASB published a first series of amendments to its standards ("Annual Improvements to IFRS") with the aim of eliminating certain inconsistencies and clarifying the wording of the standards. Specific transitional provisions are provided for each amendment.

1.1.4 Reminder of IFRS 1 transition options

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

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

1.2 Measurement basis

The consolidated financial statements have been prepared using the historical cost convention, except for some financial instruments measured at fair value in conformity with IAS 39.

1.3 Use of judgments and estimates

The crisis which has been raging across financial markets over the last 15 months has prompted the Group to step up its risk oversight procedures and include an assessment of risk – particularly counterparty risk – in pricing its financial instruments. The Group's estimates, business plans and discount rates used for impairment tests and for calculating provisions take into account the crisis conditions and the resulting extreme 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 balance sheet date, and 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 main estimates used in preparing the Group's consolidated financial statements relate chiefly to:

- measurement of the fair value of Gaz de France assets and liabilities within the scope of the business combination. Fair value is calculated based on analyses carried out by an independent appraiser;
- measurement of the recoverable amount of property, plant and equipment and intangible assets (see section 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);
- un-metered revenues;
- measurement of tax loss carry-forwards assets.

1.3.1.1 Measurement of the fair value of Gaz de France assets acquired and liabilities assumed

The key assumptions used to measure the fair value of the Gaz de France assets acquired and liabilities assumed notably include values assigned to the regulated asset base for regulated activities, estimated future oil and gas prices, changes in the euro/dollar exchange rate, 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 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 and future cash flows associated with the assets. Any changes in these assumptions may have a material impact on the measurement of the recoverable amount and could result in adjustments to the impairment expenses already booked.

1.3.1.3 Estimates of provisions

Parameters having a significant influence on the amount of provisions, and particularly, but not solely, those relating to nuclear power generation sites, include the timing of expenditure and the discount rate applied to cash flows, as well as the actual level of expenditure. These parameters are based on information and estimates deemed to be appropriate by the Group at the current time.

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 balance sheet date based on historical data, consumption statistics and estimated selling prices. Network sales have become more difficult to calculate since the deregulation of the Belgian energy market in view of the larger 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 method factoring in average energy sale prices and historical consumption data. 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. Estimates of taxable profits and utilizations of tax loss carry-forwards were prepared on the basis of profit and loss forecasts as included in the medium-term business plan.

1.3.2 Judgments

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

In particular, the Group exercised its judgment in determining the classification of certain Gaz de France assets and liabilities resulting from the business combination, the accounting treatment applicable to concession contracts, the classification of arrangements which contain a lease, the recognition of acquisitions of minority interests, and the identification of commodity 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 balance sheet. 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 balance sheet 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.

The special purpose entities set up in connection with the Group’s securitization programs that are controlled by the Group are consolidated in accordance with the provisions of IAS 27 concerning consolidated financial statements and the related interpretation SIC 12 concerning the consolidation of special purpose entities.

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 (€), which is its functional currency.

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 balance sheet 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 balance sheets 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" within equity.

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.

Translation differences previously recorded under equity are taken to the consolidated income statement on the disposal of a foreign entity.

1.4.3 Business combinations

For business combinations carried out since January 1, 2004, the Group applies the purchase method as defined in IFRS 3, which consists in recognizing the acquiree's identifiable assets, liabilities and contingent liabilities at their fair values at the acquisition date.

The cost of a business combination is the aggregate of the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree; plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the Group includes the amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

The Group may recognize any adjustments to provisional values as a result of completing the initial accounting of a business combination within 12 months of the acquisition date.

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

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 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. Any difference arising from the application of these fair values to the Group's existing interest and to minority interests is a revaluation and is therefore recognized in equity.

In the absence of specific IFRS guidance addressing acquisitions of minority interests, the Group continues not to recognize any additional fair value adjustments to identifiable assets and liabilities when it acquires additional shares in a subsidiary that is already fully consolidated. In such a case, the additional goodwill corresponds to the excess of the acquisition price of the additional shares purchased over the Group's additional interest in the net assets of the company concerned.

If the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired exceeds the cost of the business combination, the excess is recognized immediately in the consolidated income statement.

Goodwill relating to 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) 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 "Recoverable amount of property, plant and equipment and intangible assets".

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

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

1.4.4.2 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 a straight-line basis over the following useful lives (in years):

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

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

1.4.5 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 balance sheet 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 as amended, 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 regardless of its source, 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 using the straight-line method over the following useful lives:

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

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.

Cushion gas is depreciated on a straight-line basis over a period of 60 years.

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 costs are expensed in the year in which they are incurred.

Exploration costs are recognized as construction-in-progress before the confirmation of the technical feasibility and commercial viability of extracting resources. Exploratory drilling costs are initially capitalized when the following two conditions are met:

- there has been sufficient reserves 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 viable. This progress is assessed based on criteria such as whether the 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 the "successful efforts" method, when the exploratory phase has resulted in proved, 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, Disclosure – Service Concession Arrangements 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 a concession operator.

Treatment of concessions under IFRIC 12

On November 30, 2006, the IFRIC published IFRIC 12 – Service Concession Arrangements, which deals with the accounting treatment to be applied by the concession operator in respect of certain concession arrangements. The Group decided to early adopt the provisions of this interpretation, which came into force in 2008.

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 balance sheet;
- 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 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 does 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 which are, for most of them, renewed upon expiry 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 balance sheet 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 section 1.4.5 concerning property, plant and equipment).

Working gas is classified in inventory and measured at 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, representing the selling price less costs directly and indirectly attributable to distribution, 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 balance sheet 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.

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).

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

At each balance sheet date, available-for-sale securities are measured at fair value. For listed companies, fair value is determined based on the quoted market price at the balance sheet date. For unlisted companies, fair value is measured based on standard valuation techniques (reference to similar recent transactions, discounted future cash flows, etc.).

Changes in fair value are recorded directly in equity, 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 if needed. 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 at amortized cost

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

On initial recognition, these loans and receivables are recorded at fair value plus transaction costs. At each balance sheet 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 balance sheet 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, capital renewal and replacement obligations and other financial liabilities.

Financial liabilities are broken down into current and non-current liabilities in the consolidated balance sheet. Current financial liabilities primarily comprise:

- financial liabilities with a settlement or maturity date within 12 months of the balance sheet 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 balance sheet 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 minority stakes

Other financial liabilities primarily include put options granted by the Group to minority interests.

As no specific guidance is provided by IFRS, the Group has adopted the following accounting treatment for these commitments:

- 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 minority interests. When the value of the put option is greater than the carrying amount of the minority interests, the difference is recognized as goodwill;
- at each balance sheet 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 minority interests result in an increase in goodwill;
- in the consolidated income statement, minority interests are allocated their share in income. In the consolidated balance sheet, the share in income allocated to minority 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.

In the case of a fixed-price put, the liability corresponds to the present value of the exercise price.

In the case of a fair value or variable-price put, the liability is measured based on estimates of the fair value at the consolidated balance sheet date or contractual conditions applicable to the exercise price based on the latest available information.

The difference between the amount of the liability and the amount of minority interests is allocated in full to goodwill, with no adjustment to fair value, in line with the method used by the Group to account for acquisitions of minority interests.

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. 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 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 balance sheet 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 balance sheet 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 equity. 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 equity, 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 probable, the cumulative gain or loss on the hedging instrument is recognized in income.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 A

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 equity, net of tax, while the ineffective portion is recognized in income. The gains or losses accumulated in equity 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.

1.4.11.4 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 balance sheet in current assets and liabilities, while derivatives expiring after this period are classified as non-current items.

Fair value measurement

The fair value of listed instruments is determined by reference to the market price. The fair value of financial instruments not listed on an active market is based on the market value of listed instruments of a similar nature and maturity.

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

These models 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.

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, which takes into account the characteristics of the plan concerned (exercise price, exercise period), 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 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.

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 this discount awarded to employees and 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 is 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 has elected 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 directly in equity and are shown in a statement of recognized income and expense (SORIE). 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 is 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.

They are recognized when a formal contract is signed with the other party to the transaction.

Part of the price received by the Group under certain long-term energy sales contracts is fixed, rather than being based on volumes. The fixed amount changes over the term of the contract. In accordance with IAS 18, revenues from these contracts 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 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 2004-R02 on the income statement, cash flow statement, and statement of changes in equity. 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 asset impairments and disposals, restructuring costs and mark-to-market on commodity contracts other than trading instruments, which are defined as follows:

- impairment includes impairment losses on non-current assets;
- disposals of assets include capital gains and losses on disposals of non-current assets, consolidated 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;
- 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.

1.4.18 Consolidated cash flow statement

The consolidated cash flow statement 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 of 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 cash flow statement.

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 balance sheet 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 balance sheet 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.).

1.4.21 Financial statements published in the US

The Group files Form 20-F with the US Securities and Exchange Commission (SEC). This document is available as from its registration date from the Group's head office or at http://www.gdfsuez.com.

NOTE 2 MAIN CHANGES IN GROUP STRUCTURE

2.1 Merger of Gaz de France and SUEZ Description of the transaction

The merger between SUEZ and Gaz de France was announced in February 2006 and became effective on July 22, 2008 following the signature of the draft Merger Agreement on June 5, 2008, its approval by the extraordinary shareholders' meetings of both groups on July 16, 2008 and the fulfillment of the last conditions precedent provided for in the Merger Agreement. The transaction consisted of a merger-takeover of SUEZ by Gaz de France, based on an exchange ratio of 21 Gaz de France shares for 22 SUEZ shares. The merger-takeover was preceded by a certain number of transactions aimed at allowing SUEZ to distribute to its shareholders 65% of the shares comprising the capital of SUEZ Environnement. This transaction was accounted for as a dividend payment with an increase in minority interests, and therefore had no impact on the new GDF SUEZ Group's consolidated equity. Following the spin-off, GDF SUEZ holds a 35% ownership interest in SUEZ Environnement Company and retains de facto control through a shareholders' agreement entered into by GDF SUEZ and the main shareholders of the former SUEZ Group, together representing 47% of the outstanding shares of SUEZ Environnement Company.

For accounting purposes, the merger is treated as the "reverse" acquisition of Gaz de France by SUEZ. Although from a legal standpoint and for operational purposes the transaction is treated as the merger of SUEZ into Gaz de France, an assessment of the criteria set out in IFRS 3 – Business Combinations led the new Group to identify SUEZ as the acquirer and Gaz de France as the acquiree in the accounts.

2.1.1 Measurement and allocation of the cost of the business combination

The business combination was recognized as of July 22, 2008, which is the effective date of the merger.

Gaz de France issued 1,208 million shares in consideration of the 1,309 million shares making up the share capital of SUEZ, after the deduction of 36 million treasury shares held by SUEZ and the 8 million SUEZ shares held by Gaz de France. Following the issuance of these 1,208 million Gaz de France shares, the shareholders of the former SUEZ entity held approximately 56% of the share capital of the new Group (1,208 million of the 2,156 million outstanding shares), while the shareholders of the former Gaz de France entity held approximately 44%.

Since this transaction was classified as a reverse acquisition, the cost of the business combination is deemed to have been incurred by SUEZ (i.e., the acquirer for accounting purposes). Accordingly, the number of shares to be issued is determined as the number of new shares that SUEZ would have had to issue to provide the same percentage ownership interest in the new Group to Gaz de France shareholders as that actually obtained in the legal transaction. On this basis, 993 million SUEZ shares would have been issued in order to give Gaz de France shareholders a 44% interest in the new Group.

The cost of the business combination was calculated based on the closing share price on July 22, 2008, which is the effective date of the merger, and was estimated at €39,818 million.

On July 22, 2008, the effective date of the merger, each SUEZ share was exchanged for approximately 0.9545 Gaz de France share (i.e. 22 SUEZ shares for 21 Gaz de France shares).

Total costs incurred by SUEZ and directly attributable to the transaction amounted to €103 million before tax. On July 21, 2008, SUEZ held 10 million Gaz de France shares with an historical cost of €272 million.

The cost of the business combination calculated on the effective date of the merger can be analyzed as follows:

Number of shares making up the share capital of SUEZ *(in millions)* at July 21, 2008 (after deduction of the treasury shares held by SUEZ and the SUEZ shares held by Gaz de France at that date)	1,265
Percentage ownership interest of the new Group held by the owners of Gaz de France as a result of the transaction	44%
Total number of SUEZ shares *(in millions)* that would have been issued to provide Gaz de France shareholders with the same percentage ownership interest in the new Group as determined above	993
Share price on the effective date of the merger *(in euros)*	40.09
Purchase price *(in millions of euros)*	**39,818**
Estimated costs directly attributable to the business combination *(in millions of euros)*	103
Historical cost of Gaz de France shares held by SUEZ *(in millions of euros)*	272
TOTAL COST OF THE BUSINESS COMBINATION *(IN MILLIONS OF EUROS)*	**40,193**

In accordance with IFRS 3, the Group must complete the allocation of the cost of the business combination to Gaz de France's assets, liabilities and contingent liabilities within 12 months of the acquisition date. Given the scale and complexity of the transaction, the allocation recorded at December 31, 2008 and presented below were made on a provisional basis and may be revised in order to reflect the final determination of the fair values.

In millions of euros	Carrying amount in acquiree's balance sheet	Fair value
Non-current assets		
Intangible assets, net (*)	1,313	4,922
Goodwill	1,825	0
Property, plant and equipment, net (*)	23,388	37,094
Available-for-sale securities	797	828
Loans and receivables carried at amortized cost	809	797
Derivative instruments	1,574	1,646
Investments in associates	1,182	1,780
Other non-current assets	320	323
Deferred tax assets	76	92
Current assets		
Loans and receivables carried at amortized cost	385	382
Derivative instruments	4,730	4,750
Trade and other receivables	7,532	7,499
Inventories	2,000	2,206
Other current assets	1,678	1,649
Financial assets at fair value through income	150	150
Cash and cash equivalents	2,946	2,946
Non-current liabilities		
Provisions	7,347	3,801
Long-term borrowings	4,235	4,210
Derivative instruments	1,300	1,318
Other financial liabilities	0	118
Other non-current liabilities	80	80
Deferred tax liabilities	2,707	10,224
Current liabilities		
Provisions	230	1,146
Short-term borrowings	2,064	2,064
Derivative instruments	4,958	4,958
Trade and other payables	6,055	6,052
Other current liabilities	3,643	3,671
Minority interests	575	620
NET ASSETS ACQUIRED	**17,511**	**28,803**
Cost of the business combination		40,193
PROVISIONAL GOODWILL		**11,390**

(*) Includes the reclassification of €5,280 million in concession assets from intangible assets to property, plant and equipment, as the items concerned have been accounted for under IAS 16 in the GDF SUEZ financial statements (see Note 1.4.7).

The Group allocated the cost of the business combination to the following items:

- intangible assets (customer relationships, brands and gas supply contracts);
- property, plant and equipment (gas distribution assets in France, exploration and production assets, as well as transmission networks, LNG terminals, storage facilities and real estate assets).

The estimated amount of provisions was revised in line with the principles of IFRS 3. The provision for benefits in kind in the form of reduced energy prices was remeasured to fair value, and several provisions were recognized for contingent liabilities resulting from disputes and proceedings in progress at the date of the merger (see Note 17). As indicated in Note 1.4.7, gas distribution assets in France were recognized as property, plant and equipment in accordance with IAS 16, since GrDF operates its network under long-term concession arrangements which are virtually all renewable upon expiration pursuant to French law no. 46-628 of April 8, 1946. Having examined the specific legal and economic issues relating to this activity, the Group has concluded that it exercises control in substance over the concession infrastructure. Consequently, no provision for replacement of replaceable assets has been accounted.

For accounting purposes, fair value allocation automatically requires adjustments to deferred tax liabilities.

The table below purposes, fair value allocation automatically requires adjustements to deferred tax liabilities :

Concessions	*Cost approach (*) (regulated asset base)*
Property, plant and equipment	
Transmission networks	*Cost approach (*) (regulated asset base)*
LNG terminals	*Cost approach (*) (regulated asset base)*
Storage centers	*Cost approach (amortized replacement cost)*
Exploration & Production	*Revenue approach (discounted cash flows method)*
Real estate	*Market approach*
Intangible assets	
Customer relationships	*Revenue approach (super profits method)*
Brands	*Revenue approach (royalties method)*
Supply contracts	*Revenue (discounted cash flows method) or market value approach*
Equity investments	*Revenue approach (discounted cash flows method)*

(*) Backed up by the discounted cash flows method, which is equivalent to a cost-based approach, based on a discount rate equal to the return on the regulated asset base.

Goodwill mainly represents market share, development capacity, and expected synergies in terms of gas supply, non-energy purchases, operating and selling expenses and revenues that cannot be recognized separately in the GDF SUEZ consolidated balance sheet.

The key assumptions used to measure the fair value of the Gaz de France assets acquired and liabilities assumed notably include: values assigned to the regulated asset base where applicable, estimated future oil and gas prices, changes in the euro/dollar exchange rate, the market outlook for the measurement of future cash flows, and the applicable discount rate.

These assumptions reflect Management's best estimates.

2.2 Remedies and other impacts of the Gaz de France-SUEZ merger

As part of the commitments made to the European Commission aimed at obtaining approval for the planned merger, SUEZ and Gaz de France entered into the agreements described below:

- on May 29, 2008, SUEZ entered into an agreement with ENI to sell its 57.25% stake in Distrigas, which trades in natural gas and was included within SUEZ's European Gas & Electricity segment. GDF SUEZ signed the final agreement on October 30, 2008 and Distrigas was derecognized for accounting purposes as of October 1, 2008. The price paid by ENI in November 2008 amounted to €2.7 billion. This amount may be adjusted for additional purchase consideration contingent on the sale of Distrigas & Co.'s natural gas transit activities to Fluxys. In the 2008 consolidated financial statements, the sale of Distrigas results in a disposal gain of €1,738 million and a net decrease of €2.1 billion in net debt;

On October 30, 2008, GDF SUEZ also finalized several agreements with ENI in the gas and electricity sectors:

- sale by ENI of 1,100 MW of virtual power production (VPP) capacity in Italy over a 20-year period for €1.2 billion,
- contribution by ENI of the following supply contracts to GDF SUEZ:
  - a 20-year contract to supply 4 billion m^3 of natural gas per year to Italy, corresponding to approximately half the needs of GDF SUEZ in Italy,
  - a 20-year LNG contract to supply 900 million m^3 of natural gas equivalent per year to the Gulf of Mexico,
  - an option to supply an additional 2.5 billion m^3 per year to Germany over an 11-year period;
- sale by ENI to GDF SUEZ of a group of Exploration & Production assets located in the United Kingdom, the Gulf of Mexico, Egypt, and Indonesia, for €273 million,
- agreement between ENI and GDF SUEZ providing for the sale of the City of Rome natural gas distribution network for €1.1 billion, subject to the approval of the relevant local authorities;

- as part of the restructuring of its 57.25% equity interest in Fluxys (Belgium), on July 3, 2008 SUEZ accepted Ecofin Limited's purchase offer for 12.5% of the share capital of Fluxys. This transaction reduces SUEZ' stake in Fluxys to below 45%, in accordance with the commitments made in this respect to the European Commission. On September 3, 2008, Publigaz exercised its pre-emption right. The sale of 87,804 shares will be made at the price initially agreed with Ecofin Limited (€2,600 per share). On December 31, 2009, GDF SUEZ agreed to sell shares in Fluxys to Publigaz so as to raise Publigaz' interest in Fluxys to 51.28%.

  The parties also agreed to set up Fluxys International to act as the owner of the Zeebrugge terminal. GDF SUEZ will contribute its 5% interest in Interconnector UK Limited to the new company, which will be 60%-owned by GDF SUEZ, 20%-owned by Publigaz and 20%-owned by Fluxys.

The agreements entered into by Gaz de France are described below:

- on June 20, 2008, Gaz de France entered into an agreement with EDF for the sale of its 25.5% interest in the capital of Belgian power producer SPE. The transaction was valued at €515 million, plus an additional purchase consideration subject to the fulfillment of certain commitments made by SUEZ to the Belgian State. In particular, the sale was subject to the waiver by Centrica of its pre-emption right. On July 22, 2008, Centrica gave notice of its intention to exercise its pre-emption right. The sale to Centrica was contingent on the European Commission's approval, which was obtained on January 20, 2009. SPE was therefore sold to Centrica with effect from that date;
- on July 31, 2008 Gaz de France sold Cofathec Coriance to A2A following approval from the European Commission. The consideration paid by A2A amounted to €44.6 million;
- in the second half of 2008, Gaz de France sold its 25% interest in SEGEO to Fluxys.

As part of the commitments made by SUEZ to the Belgian government (Pax Electrica II agreement), on June 12, 2008 SUEZ entered into agreements with SPE to increase that company's share in Belgian energy production. These agreements are subject to a certain number of conditions precedent.

2.3 Pro forma information

If the merger with Gaz de France had taken place on January 1, 2008, the Group's revenues would have totaled €83,053 million, its current operating income €8,561 million, and net income Group share €4,463 million. Pro forma information is provided in the pro forma section of this Reference Document. The contribution of former Gaz de France entities to net income Group share since the acquisition date is €1,332 million.

The other transactions described below did not have a material impact on the consolidated financial statements.

2.4 Other acquisitions in the period

2.4.1 Public tender offer for minority shares in Sociedad General de Aguas de Barcelona (Agbar)

The offer launched by SUEZ, La Caixa and Hisusa for the Aguas de Barcelona shares they did not already own was concluded successfully on January 16, 2008, with the bidding companies gaining control of 90.01% of Agbar's share capital. Upon completion of the offer, Agbar was:

- 66.44%-owned by Hisusa (proportionately consolidated);
- 12.02%-owned by SUEZ Environnement (fully consolidated);
- 11.55%-owned by Criteria (Caixa), a non-Group company.

Consequently, GDF SUEZ holds 45.9% of Agbar's share capital either directly or indirectly, through its stake in Hisusa. Agbar is consolidated using the proportionate method.

In its 2007 financial statements, SUEZ considered that it had granted an irrevocable commitment to minority shareholders and an amount of €918 million was recognized within borrowings, corresponding to the amount payable given an acceptance rate for the transaction of 100%. In light of the number of shares actually acquired, borrowings were reduced by €210 million to €708 million.

2.4.2 Acquisition of Senoko Power

On September 5, 2008, GDF SUEZ and a consortium of partners signed an agreement with Temasek Holdings to purchase the entire share capital of Senoko Power through a joint venture 30%-held by GDF SUEZ.

Senoko owns and operates a portfolio of power plants (primarily gas-fired combined cycle facilities) located mainly in the north of Singapore. The facilities have a combined capacity of 3,300 MW. The acquisition was carried out for a price of €557 million and Senoko Power was proportionately consolidated with effect from September 1, 2008. The allocation of the cost of the combination to the fair value of the assets acquired, and liabilities or contingent liabilities assumed is currently in progress and will be finalized in 2009.

2.4.3 Acquisition of FirstLight Power Enterprises

On December 29, 2008, GDF SUEZ completed its acquisition of FirstLight Power Enterprises Inc. from Energy Capital Partners. FirstLight owns and operates a portfolio of 15 electrical power plants and is currently building a natural gas unit. These facilities represent a total capacity of 1,538 MW in Massachusetts and Connecticut.

The acquisition was carried out for a price of $959.5 million and FirstLight was fully consolidated with effect from December 31, 2008. The allocation of the cost of the combination to the fair value of the assets acquired and liabilities or contingent liabilities assumed is currently in progress and will be finalized in 2009.

2.4.4 Acquisition of NAM assets

On October 1, 2008, GDF SUEZ acquired a group of Exploration & Production assets situated in the Dutch section of the North Sea from Nederlandse Aardolie Maatschappij BV (NAM), as well as a 30% interest in the NOGAT pipeline on December 31, 2008. The combined transaction was completed for a total consideration of €1,075 million.

2.5 Significant events in 2007

2.5.1 Strategic development in wind power

As part of its policy for developing renewable energy sources, the Group acquired majority interests in Compagnie du Vent in France and Ventus Energy in Canada. These companies have wind power capacity at the research and/or development stage of 6,500 MW and 2,000 MW, respectively.

On November 16, 2007, Electrabel acquired 56.8% of La Compagnie du Vent, France's leading developer of wind power, for an amount of €421.9 million. After taking into account the minority put, this transaction generated goodwill of €633.9 million. Compagnie du Vent was fully consolidated in the SUEZ Group's financial statements with effect from December 31, 2007. In 2008, the allocation of the acquisition price to the fair value of the assets acquired and liabilities assumed led to the recognition of €613.9 million in goodwill.

On September 21, 2007, a subsidiary of SUEZ Energy International acquired the entire share capital of Canadian wind developer Ventus Energy, Inc. for €101.3 million, generating €81.2 million in goodwill. Ventus Energy has been fully consolidated in the Group's financial statements since October 1, 2007, based on a provisional allocation of its acquisition price. Adjustments to the provisional accounting for the business combination were finalized in 2008.

2.5.2 Impacts of the restructuring of the Belgian distribution sector

In accordance with the agreements reached within the scope of the deregulation of the electricity and gas markets in Belgium, Electrabel sold 10.5% of its interest in the inter-municipal companies in the Walloon region and 40% of its interest in the inter-municipal company in the Brussels region. A capital gain representing €66.7 million was recorded in the 2007 consolidated financial statements in view of these transactions.

2.6 Significant events in 2006

2.6.1 Withdrawal from Argentina

The consolidation of Aguas Argentinas was discontinued with effect from March 1, 2006 following the termination of the company's contract by the Argentine government. As a result of this termination, Aguas Argentinas was placed in judicial administration (concurso preventivo). Its assets had been written down in full in the 2005 financial statements.

2.6.2 Impacts of the restructuring of the Belgian distribution sector

The impacts for Electrabel of the deregulation of the electricity and natural gas markets ordered by the Belgian authorities pursuant to European Directives are described below:

- the deconsolidation of grid operator Electrabel Netten Vlaanderen. In the consolidated balance sheet at December 31, 2005, ENV contributed €856 million to assets and €814 million to liabilities. Its contribution to net income Group share was €19 million;
- the disposal of shareholdings in inter-municipal companies in the Flemish region. Electrabel reduced its shareholdings in Flemish inter-municipal companies to the agreed level of 30% and recognized a capital gain of €236 million in its 2006 accounts;
- the creation of Brussels Network Operations to operate the distribution network, and its subsequent 2006 sale due to the full-scale deregulation of the Brussels energy market as from 2007.

NOTE 3 SEGMENT INFORMATION

3.1 Operating segments

The Group early adopted IFRS 8 – Operating Segments in 2008. In accordance with the provisions of this standard, the operating segments used to present segment information were identified on the basis of internal reports used by the Group's Management Committee to allocate resources to the segments and assess their performance. The Management Committee is the Group's "chief operating decision maker" within the meaning of IFRS 8. The segmentation reflects the new organization put in place following the merger and used for internal reporting purposes. The indicators used for internal reporting purposes may evolve in connection with performance assessment measures put in place. Comparative segment information for 2007 and 2006 has been restated to reflect the segments identified by the Group as of July 22, 2008.

The Group has identified eight segments:

- Energy France – subsidiaries operating in this business segment produce electricity and sell natural gas, electricity and services to private individuals, small business customers and companies in France;
- Energy Benelux & Germany – subsidiaries in this segment produce electricity and/or provide electricity transmission and distribution services to Benelux and Germany;
- Energy Europe – these subsidiaries produce electricity and/or provide electricity transmission and distribution services in Europe (excluding France, Benelux and Germany);
- Energy International – these subsidiaries produce electricity and/or provide electricity transmission and distribution services outside Europe;
- Global Gas & LNG – these subsidiaries supply gas to the Group and sell energy and service packages to key European players;
- Infrastructures – subsidiaries in this segment operate gas and electricity transportation, storage and distribution networks in France and Germany. They also sell access rights to this infrastructure to third parties;
- Energy Services – 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 – subsidiaries operating in this business 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,

Energy Benelux & Germany, Energy Europe and Energy International are included within the Energy Europe & International branch.

The "Other" line presented in the table below includes contributions from corporate holding companies and entities centralizing the Group's financing requirements. It does not include holding companies acting as business line heads, which are allocated to the segment concerned, but on a temporary basis comprises the contributions of entities falling within the scope of the remedies (essentially the Distrigas group).

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

3.2 Key indicators by operating segment

The main relationships between operating segments concern Energy France and Infrastructures, and Global Gas & LNG. The Infrastructures segment's services are provided on the basis of a regulated fee applicable to all network users.

Sales of molecules between Global Gas & LNG and Energy France are carried out based on the application of the supply costs formula used to calculate the regulated rates approved by the French Energy Regulatory Commission (CRE). The difference between the rates determined by decree and the transfer price is assumed by Energy France.

● REVENUES

In millions of euros	Dec. 31, 2008			Dec. 31, 2007			Dec. 31, 2006		
	External revenues	Intra-group revenues	Total	External revenues	Intra-group revenues	Total	External revenues	Intra-group revenues	Total
Energy France	7,297.8	652.4	7,950.2	940.4	163.5	1,104.0	205.2	82.4	287.5
Energy Benelux & Germany	14,164.1	261.6	14,425.7	11,879.0	397.6	12,276.6	10,815.1	290.4	11,105.5
Energy Europe	5,691.1	176.5	5,867.6	2,403.0	21.9	2,424.9	2,471.6	31.5	2,503.1
Energy International	7,472.9	309.5	7,782.4	6,428.1	165.1	6,593.2	6,137.8	114.1	6,251.9
Energy Europe & International	*27,328.2*	*747.5*	*28,075.7*	*20,710.1*	*584.6*	*21,294.7*	*19,424.6*	*435.9*	*19,860.5*
Global Gas & LNG	5,111.7	5,811.4	10,923.1	149.2	0.0	149.2	103.8	(12.4)	91.3
Infrastructures	545.2	2,360.5	2,905.6	127.5	304.3	431.8	111.1	325.0	436.1
Energy Services	13,021.6	130.3	13,151.9	11,265.6	44.0	11,309.6	10,637.1	43.6	10,680.8
SUEZ Environnement	12,351.7	10.7	12,362.4	12,022.2	10.1	12,032.3	11,439.0	4.5	11,443.5
Other	2,267.7	1,252.4	3,520.1	2,260.3	2,024.5	4,284.9	2,368.5	2,258.2	4,626.7
Eliminations		(10,965.2)	(10,965.2)		(3,131.1)	(3,131.1)		(3,137.3)	(3,137.3)
TOTAL REVENUES	**67,923.8**	**0.0**	**67,923.8**	**47,475.4**	**(0.0)**	**47,475.4**	**44,289.2**	**(0.0)**	**44,289.2**

● EBITDA

In millions of euros	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Energy France	285.1	316.2	41.7
Energy Benelux & Germany	1,751,7	1,902.0	1,707.5
Energy Europe	571.6	388.5	421.4
Energy International	1,763,2	1,580.0	1,462.4
Energy Europe & International	*4,086,5*	*3,870.4*	*3,591.2*
Global Gas & LNG	1,481,6	(14.7)	(23.2)
Infrastructures	1,323,2	168.8	170.9
Energy Services	838.9	832.4	609.4
SUEZ Environnement	2,101,5	2,060.9	1,942.9
Other	(63.4)	199.0	226.0
TOTAL EBITDA	**10,053.5**	**7,433.0**	**6,559.0**

CURRENT OPERATING INCOME

In millions of euros	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Energy France	119.7	211.4	18.2
Energy Benelux & Germany	1,186.7	1,578.7	1,315.4
Energy Europe	327.7	234.2	279.8
Energy International	1,373.0	1,218.6	1,095.7
Energy Europe & International	*2,887.4*	*3,031.5*	*2,690.9*
Global Gas & LNG	849.9	(14.8)	3.4
Infrastructures	907.9	155.7	156.5
Energy Services	547.5	555.0	392.4
SUEZ Environnement	1,083.6	1,076.6	1,044.1
Other	(172.6)	159.9	191.0
TOTAL CURRENT OPERATING INCOME	**6,223.6**	**5,175.4**	**4,496.5**

DEPRECIATION AND AMORTIZATION

In millions of euros	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Energy France	30.7	(104.7)	(23.8)
Energy Benelux & Germany	(381.1)	(353.3)	(362.7)
Energy Europe	(233.9)	(150.0)	(129.2)
Energy International	(376.6)	(360.5)	(362.6)
Energy Europe & International	*(991.6)*	*(863.8)*	*(854.6)*
Global Gas & LNG	(794.0)	(0.1)	(0.2)
Infrastructures	(535.3)	(22.0)	(16.9)
Energy Services	(256.1)	(214.9)	(209.6)
SUEZ Environnement	(792.6)	(791.0)	(745.2)
Other	(43.2)	(19.8)	(24.4)
TOTAL DEPRECIATION AND AMORTIZATION	**(3,382.2)**	**(2,016.3)**	**(1,874.7)**

INCOME FROM OPERATING ACTIVITIES

In millions of euros	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Energy France	97.0	220.2	10.8
Energy Benelux & Germany	1,410.0	1,789.5	1,758.2
Energy Europe	161.9	242.1	263.6
Energy International	1,363.5	1,093.3	1,106.3
Energy Europe & International	*2,935.3*	*3,124.9*	*3,128.1*
Global Gas & LNG	1,331.3	(14.8)	3.5
Infrastructures	878.4	155.8	156.5
Energy Services	510.9	548.3	455.7
SUEZ Environnement	1,063.3	1,200.4	1,142.8
Other	862.6	173.3	470.2
TOTAL INCOME FROM OPERATING ACTIVITIES	**7,678.8**	**5,408.0**	**5,367.6**

CAPITAL EMPLOYED

In millions of euros	Dec. 31, 2008	Dec. 31, 2007	Dec .31, 2006
Energy France	8,156.6	2,321.3	1,592.7
Energy Benelux & Germany	12,256.7	10,431.6	9,706.5
Energy Europe	7,918.4	2,554.9	2,649.9
Energy International	12,086.1	7,243.2	7,207.2
Energy Europe & International	*32,261.2*	*20,229.7*	*19,563.7*
Global Gas & LNG	8,371.3	106.3	97.8
Infrastructures	29,978.6	526.7	328.8
Energy Services	2,417.0	1,983.1	1,735.8
SUEZ Environnement	10,264.7	9,203.9	8,327.8
Other	330.6	2,169.3	880.5
TOTAL CAPITAL EMPLOYED	**91,779.9**	**36,540.2**	**32,527.0**

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● CAPITAL EXPENDITURE (CAPEX)

In millions of euros	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Energy France	(817.8)	(145.4)	(563.5)
Energy Benelux & Germany	(1,065.9)	(823.2)	(488.3)
Energy Europe	(1,543.1)	(575.8)	(265.7)
Energy International	(3,319.1)	(840.6)	(313.0)
Energy Europe & International	*(6,746.0)*	*(2,385.1)*	*(1,630.5)*
Global Gas & LNG	(1,865.6)	(1.2)	6.1
Infrastructures	(1,228.1)	(140.6)	(180.9)
Energy Services	(433.9)	(414.2)	(308.5)
SUEZ Environnement	(2,675.8)	(1,755.9)	(1,505.5)
Other	(718.8)	(1,432.8)	(243.6)
TOTAL CAPITAL EXPENDITURE	**(13,668.2)**	**(6,129.9)**	**(3,862.9)**

3.3 Key indicators by geographical area

The amounts set out below are analyzed by:

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

In millions of euros	Revenues			Capital employed		
	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
France	20,767.9	11,932.5	10,808.9	44,700.8	6,000.1	4,721.4
Belgium	13,900.2	11,758.8	11,217.5	11,990.4	9,919.0	9,077.8
Other EU countries	20,890.5	13,467.4	12,341.1	19,681.4	11,303.8	9,573.9
Other European countries	930.2	756.5	706.7	1,118.2	158.8	139.0
North America	4,843.6	4,189.3	4,184.4	6,259.0	3,889.8	4,347.8
Asia-Pacific and Middle East	3,157.4	2,445.7	2,496.5	3,669.4	2,501.4	2,175.9
South America	2,623.5	2,205.8	1,862.7	4,297.9	2,651.5	2,365.0
Africa	810.4	719.4	671.3	62.8	115.9	126.2
TOTAL	**67,923.7**	**47,475.4**	**44,289.2**	**91,779.9**	**36,540.2**	**32,527.0**

3.4 Reconciliation of EBITDA

Reconciliation of EBITDA with current operating income

In millions of euros	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Current operating income	6,223.6	5,175.4	4,496.5
• Depreciation, amortization and provisions	(3,713.5)	(1,912.7)	(1,816.6)
• Share-based payment (IFRS 2)	(184.6)	(110.7)	(31.6)
• Net disbursements under concession contracts	68.2	(234.2)	(214.2)
EBITDA	**10,053.5**	**7,433.0**	**6,559.0**

Reconciliation of EBITDA with gross operating income in 2007 and 2006

In 2007 and 2006, SUEZ used and reported a "gross operating income" indicator. This differs in a number of respects from the EBITDA indicator used by the new Group. The reconciliation between gross operating income and EBITDA for 2007 and 2006 is as follows:

In millions of euros	Dec. 31, 2007	Dec. 31, 2006
Gross operating income (previous definition)	7,964.7	7,083.3
(+) Depreciation, amortization and provisions for long-term employee benefits	126.6	132.7
(-) Financial income excluding interest	(200.4)	(284.3)
(-) Share in net income of associates	(457.9)	(372.7)
EBITDA	**7,433.0**	**6,559.0**

3.5 Reconciliation of capital employed

In millions of euros	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Capital employed (a)			
(+) Property, plant and equipment and intangible assets	74,173.7	26,094.8	24,490.9
(+) Goodwills nets	27,510.1	14,902.8	13,404.6
(+) Available-for-sale securities (excl. changes in fair value and marketable securities)	2,540.5	2,688.1	1,725.1
(+) Other receivables carried at amortized cost	3,714.8	2,521.6	2,564.7
(+) Share in net income of associates	3,104.3	1,214.3	1,259.7
(+) Trade and other receivables	22,729.3	11,869.3	10,412.2
(+) Inventories	4,208.9	1,571.8	1,483.4
(+) Other current and non-current assets	5,764.5	3,286.8	3,115.4
(+) Deferred taxes	(9,928.0)	(558.6)	(573.4)
(-) Provisions	(14,190.9)	(9,641.8)	(9,475.4)
(-) Trade and other payables	(17,914.7)	(10,038.1)	(9,209.4)
(-) Other current and non-current liabilities	(9,073.6)	(6,592.9)	(6,203.3)
(-) Other financial liabilities	(859.1)	(778)	(467.5)
CAPITAL EMPLOYED	**91,779.9**	**36,540.2**	**32,527.0**

[a] *Deferred taxes are included in the calculation of capital employed with effect from 2008. Comparative data for 2007 and 2006 has been restated accordingly.*

NOTE 4 CURRENT OPERATING INCOME

4.1 Revenues

Group revenues break down as follows:

In millions of euros	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Energy sales	42,531.7	24,986.4	22,669.1
Rendering of services	24,132.4	20,956.7	19,982.5
Leasing and construction contracts	1,259.8	1,532.3	1,637.6
REVENUES	**67,923.8**	**47,475.4**	**44,289.2**

The contribution of the former Gaz de France entities to Group revenues in 2008 totaled €14,217.9 million.

In 2008, revenues from lease and construction contracts amounted to €472.9 million and €786.8 million, respectively (€694.5 million and €837.8 million in 2007; €780.7 million and €856.9 million in 2006).

4.2 Personnel costs

In millions of euros	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Salaries and payroll costs/pension expenses	(9,489.0)	(8,016.4)	(7,582.0)
Share-based payment	(190.0)	(125.1)	(58.8)
TOTAL	**(9,679.0)**	**(8,141.5)**	**(7,640.8)**

Changes in personnel costs in 2008 are mainly attributable to the first-time consolidation of ex-Gaz de France entities.

The net costs relating to defined benefit and defined contribution pension plans are presented in Note 18.

Movements in provisions for pensions are included in personnel costs in 2008 and 2007 rather than within depreciation, amortization and provisions as in 2006. Net reversals of provisions for pensions in 2008, 2007 and 2006 amounted to €271.5 million, €126.6 million and €132.7 million, respectively.

Share-based payments are disclosed in Note 24.

4.3 Depreciation, amortization and provisions

Amounts are shown below net of reversals.

In millions of euros	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Depreciation and amortization	(3,382.2)	(2,016.3)	(1,874.7)
Write-down of inventories and trade receivables	(280.4)	53.0	(67.3)
Provisions	(50.9)	50.6	257.2
TOTAL	**(3,713.5)**	**(1,912.7)**	**(1,684.8)**

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Depreciation and amortization breaks down as €555 million for intangible assets and €2,827.2 million for property, plant and equipment. A breakdown of assets by type is provided in Notes 10 and 11.

The increase in depreciation and amortization mainly reflects the first-time consolidation of ex-Gaz de France entities, Teesside and NAM.

The rise in net write-down of inventories and trade receivables reflects the non-recurring impact of provision reversals in 2007 after the corresponding bad debt had been written off, as well as an increase in revenues and to a lesser extent, a more difficult economic climate in Europe.

NOTE 5 INCOME FROM OPERATING ACTIVITIES

In millions of euros	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Current operating income	6,223.6	5,175.4	4,496.5
Mark-to-market on commodity contracts other than trading instruments	563.6	67.8	17.1
Impairment of property, plant and equipment, intangible assets and financial assets	(811.8)	(132.0)	(150.3)
Restructuring costs	(254.2)	(42.6)	(88.8)
Disposals of assets, net	1,957.7	339.4	1,093.1
INCOME FROM OPERATING ACTIVITIES	7,678.8	5,408.0	5,367.6

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

The contribution of commodity contracts other than trading instruments to consolidated income from operating activities is a gain of €563.6 million for the year to December 31, 2008. This amount can be explained as follows:

- certain Group companies have implemented economic hedging strategies using forward contracts with the aim of reducing the sensitivity of margins to fluctuations in commodity prices. However, as these contracts cover the entities' net exposure to price risk or because of their complexity from an operational standpoint, they are not eligible for hedge accounting and are not designated as hedges under IAS 39. Changes in the fair value of these positions over the period resulted in a net gain of €436 million;
- favorable changes in the fair value of derivatives embedded in commodity contracts, which are required to be accounted for separately under IAS 39, resulted in a positive impact of €110 million.

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

In millions of euros	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Impairment of assets			
Goodwill	(47.7)	(1.3)	(11.6)
Property, plant and equipment and other intangible assets	(153.2)	(113.9)	(131.7)
Financial assets	(660.1)	(40.5)	(48.6)
TOTAL	**(861.0)**	**(155.7)**	**(191.9)**
Reversals of impairment losses			
Property, plant and equipment and other intangible assets	32.3	0.9	8.0
Financial assets	16.9	22.8	33.7
TOTAL	**49.2**	**23.7**	**41.6**
TOTAL	(811.8)	(132.0)	(150.3)

In 2008, impairment losses were recognized mainly on available-for-sale financial assets (€513 million) and property, plant and equipment used to produce electricity in the UK due to a decline in operating and pricing conditions (€123 million). In 2007 and 2006, impairment losses had concerned mainly SUEZ Energy International in the US, amid a persistently unfavorable pricing environment for certain merchant power plants.

5.2.1 Impairment of goodwill

All goodwill cash-generating units (CGUs) are tested for impairment based on data as of end-June and on a review of events in the second half of the year. The calculation of the recoverable amount of CGUs takes into account three scenarios (low, medium and high). The "medium" scenario is usually applied to compare the CGU's recoverable amount with its carrying amount. In 2008, impairment tests were carried out on the basis of the CGUs previously defined by SUEZ. Identification of the CGUs for the new GDF SUEZ Group is underway and expected to be completed upon finalization of the accounting for the business combination (i.e., within 12 months of the merger date). Goodwill resulting from the merger with Gaz de France was tested for impairment at December 31, 2008 as described below.

The recoverable amounts determined under the three abovementioned scenarios are generated by modifying the key assumptions used as inputs for the underlying models, and particularly the discount rates applied. Based on events that are reasonably likely to occur as of the balance sheet date, the Group considers that any changes in the key assumptions described below would not increase the carrying amount in excess of the recoverable amount.

The discount rates applied are determined on the basis of the weighted average cost of capital adjusted to reflect business, country and currency risks associated with each CGU reviewed. Discount rates correspond to a risk-free market interest rate plus a country risk premium.

The discount rates used in 2008 to calculate the present value of future cash flows in the impairment test ranged from 5% to 15.4% (from 5.2% to 15.3% in 2007 and from 5.1% to 12.3% in 2006).

With the exception of the Electrabel Benelux CGU and goodwill resulting from the merger with Gaz de France, no individual amount of goodwill allocated to other CGUs represents more than 5% of the Group's total goodwill.

Goodwill allocated to the Electrabel Benelux CGU

The total amount of goodwill allocated to this CGU was €9.0 billion at December 31, 2008. The Electrabel Benelux CGU includes the Group's electricity production, sale and distribution activities in Belgium, the Netherlands and Luxembourg.

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

To estimate value in use, the Group uses cash flow projections based on financial forecasts approved by Management covering a period of six years, and a discount rate of 7%. Cash flow projections beyond this six-year period are extrapolated to obtain a terminal value.

Key assumptions used in the calculation include expected trends in long-term prices for electricity and fuel. These amounts reflect the best estimates of market prices, while fuel consumption is estimated taking into account expected changes in production assets. The discount rates applied are consistent with available external sources of information.

Goodwill resulting from the merger with Gaz de France

As explained above, an impairment test was carried out on total goodwill of €11,390 million resulting from the merger with Gaz de France, based on strategic medium-term business plans covering a six-year period drawn up in summer 2008, and adjusted for fluctuations in the price of Brent crude since that date. Terminal values were computed either by extrapolating future cash flows beyond this six-year period or by reference to the Regulated Asset Base not depreciated at that date.

The key assumptions notably include: values assigned to the regulated asset base where applicable, estimated long-term gas and oil prices, changes in the euro/dollar exchange rate, the market outlook for the measurement of future cash flows, and the applicable discount rate.

These discount rates, ranging from 6% to 9.6%, correspond to the weighted average cost of capital in order to reflect business, country and currency risks arising on Gaz de France's different activities.

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Other main CGUs

The table below sets out the assumptions used to review the recoverable amount of the other cash-generating units:

Cash-generating units	Measurement method	Discount rate
Electrabel France		
SHEM	DCF	7.00%
Compagnie Nationale du Rhône (CNR)	DCF	7.10%
Compagnie du Vent	DCF	6.00%
United Water	Multiples + DCF	5.00%
SITA UK	DCF	6.40%
Polaniec	DCF	7.90%
Agbar	Multiples + DCF (tender offer)	7.30%
SITA France	DCF	6.00%
SITA Deutschland	DCF	6.30%

5.2.2 Impairment of financial assets

In light of the downturn in equity markets in second-half 2008 and uncertainty regarding the time of recovery of the Gas Natural share price, the Group has recognized an impairment loss of €513 million on Gas Natural shares.

Furthermore, given the financial position of some of its counterparties in the second half of the year, the Group took an impairment loss against its financial assets (loans and receivables at amortized cost) for a total amount of €129.3 million, in order to reduce the carrying value of the assets concerned to their recoverable amount as estimated based on observable market data.

5.3 Restructuring costs

In 2008, 2007 and 2006, most of the costs included in this caption relate to the merger between Gaz de France and SUEZ and to the stock market listing of 65% of SUEZ Environnement Company. In 2008, this item also includes costs relating to the reorganization of facilities in the Ile de France region.

5.4 Disposals of assets

At December 31, 2008, disposals of assets mainly reflect commitments totaling €1,902 million given to the European Commission in respect of the merger with Gaz de France. The caption includes capital gains on the sale of Distrigas (€1,738 million) and on the disposal of 12.5% of Fluxys (€163 million). The disposal of SPE and Coriance, equity investments previously owned by Gaz de France, were measured at fair value within the context of accounting for the business combination, and therefore have no impact on income for the year. These divestments are described in further detail in Note 2 – "Main changes in Group structure".

At December 31, 2007, disposals of assets represented net capital gains of €339.4 million versus net capital gains of €1,093.1 million at end-2006.

The main disposal gains recognized in 2007 result from the following transactions:

- disposal of shareholdings in inter-municipal companies in the Walloon and Brussels regions. In the context of the legal and regulatory provisions providing for the deregulation of the energy market and the designation of the inter-municipal companies as distribution network operators under the restructuring agreements entered into between 2001 and 2005, Electrabel sold a portion of its interests in the inter-municipal companies in the Walloon and Brussels regions. The capital gain recognized in the consolidated financial statements at December 31, 2007 in respect of this transaction amounts to €66.7 million;
- disposal of 3% of the shares held by Electrabel in Elia pursuant to commitments undertaken in connection with the squeeze-out bid for the Electrabel shares not yet held by SUEZ in 2005. This transaction resulted in a capital gain of €25 million;
- disposal of 53.1% of the shares held by Agbar in Applus, a company specializing in technology inspection and certification activities. The capital gain recognized in the consolidated financial statements at December 31, 2007 in respect of this transaction amounts to €125 million;
- disposal of various non-strategic, mainly listed investments, representing a net capital gain of €68.8 million.

The largest capital gains recognized in 2006 on asset disposals result from the following transactions:

- the disposal of shareholdings in inter-municipal companies in the Flemish region. In application of the agreements signed in 2001 and 2005 concerning the restructuring of distribution networks in Flanders, Electrabel was required to reduce its shareholding in the Flemish inter-municipal companies to an agreed level of 30% by September 5, 2006 at the latest. These transactions were completed and a capital gain of €236 million was recognized in the consolidated financial statements at December 31, 2006;
- the disposal of shares in Reva. On June 29, 2006, SES España sold all of its shares in Reva. The capital gain recognized in the consolidated financial statements at December 31, 2006 amounted to €129 million;
- the disposal of shares in M6. SUEZ sold its remaining 5% shareholding in M6 to Compagnie Nationale à Portefeuille (CNP), booking a net capital gain of €120 million in 2006;
- sale of Neuf Cegetel. On October 24, 2006, SUEZ Communication sold its entire stake in Neuf Cegetel upon the company's stock market listing, booking a capital gain of €270 million;

Besides the transactions set out above, capital gains recognized on disposals of assets in 2006 related to the sale of the residual interest in Colbùn (€77 million) and in Hanjin City Gas (€50 million).

NOTE 6 NET FINANCIAL INCOME/(LOSS)

	Dec. 31, 2008			Dec. 31, 2007			Dec. 31, 2006		
In millions of euros	Expenses	Income	Net	Expenses	Income	Net	Expenses	Income	Net
Net finance costs	(1,750.3)	391.8	(1,358.5)	(1,257.0)	584.0	(673.0)	(1,157.8)	327.6	(830.2)
Other financial income and expenses	(627.5)	491.9	(135.6)	(452.5)	403.3	(49.1)	(452.8)	552.0	99.2
NET FINANCIAL INCOME/(LOSS)	**(2,377.8)**	**883.7**	**(1,494.1)**	**(1,709.5)**	**987.3**	**(722.1)**	**(1,610.6)**	**879.6**	**(731.0)**

6.1 Net finance costs

Net finance costs include mainly interest expenses (calculated using the effective interest rate) on gross borrowings, foreign exchange gains/losses on borrowings and hedges and gains/losses on interest rate and currency hedges of gross borrowings, as well as interest income on cash investments and changes in the fair value of financial assets at fair value through income.

In millions of euros	Expenses	Income	Net Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Interest on gross borrowings	(1,552.1)	-	(1,552.1)	(1,257.0)	(1,097.7)
Foreign exchange gains/losses on borrowings and hedges	-	72.5	72.5	111.9	(9.6)
Gains and losses on hedges of borrowings	(198.2)	-	(198.2)	11.9	(50.5)
Gains and losses on cash and cash equivalents and financial assets at fair value through income	-	319.4	319.4	460.2	327.6
NET FINANCE COSTS	**(1,750.3)**	**391.8**	**(1,358.5)**	**(673.0)**	**(830.2)**

The change in net finance costs is essentially attributable to the impact of interest rate fluctuations on net debt and to the evolution of the latter.

The decrease in exchange gains chiefly reflects lower foreign exchange gains arising on the Brazilian real in 2008 with regard to the redemption of Floating Rate Notes in the Energy Europe & International business (€71 million in 2008 versus €147 million in 2007).

6.2 Other financial income and expenses

In millions of euros	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Other financial expenses			
Unwinding of discounting adjustments to provisions	(489.0)	(372.5)	(335.5)
Interest on trade and other payables	(110.9)	(73.4)	(22.4)
Exchange losses	(12.7)	(4.3)	(21.1)
Other financial expenses	(14.9)	(2.2)	(73.8)
TOTAL	**(627.5)**	**(452.4)**	**(452.8)**
Other financial income			
Income from available-for-sale securities	219.6	202.4	288.7
Interest income on trade and other receivables	68.4	95.8	23.8
Interest income on loans and receivables carried at amortized cost	144.1	82.3	63.7
Exchange gains	0.0	0.0	11.3
Other financial income	59.8	22.8	164.5
TOTAL	**491.9**	**403.3**	**552.0**
OTHER FINANCIAL INCOME AND EXPENSES, NET	(135.6)	(49.0)	99.2

Other financial income reflects the positive €56.4 million impact resulting from the renegotiation of Aguas Argentinas debt in 2006.

NOTE 7 INCOME TAX EXPENSE

7.1 Analysis of income tax expense recognized in the income statement

7.1.1 Breakdown of income tax expense

The income tax expense recognized in income for 2008 amounts to €911.9 million (compared with €527.5 million in 2007), breaking down as:

In millions of euros	2008	2007	2006
Current income taxes			
France	194.3	(147.2)	(59.1)
Outside France	(1,064.3)	(827.2)	(726.3)
TOTAL	**(870.0)**	**(974.4)**	**(785.4)**
Deferred taxes			
France	163.0	495.2	11.5
Outside France	(204.9)	(48.3)	(41.2)
TOTAL	**(41.9)**	**446.9**	**(29.7)**
TOTAL INCOME TAX EXPENSE RECOGNIZED IN INCOME FOR THE YEAR	(911.9)	(527.5)	(815.1)

At December 31, 2007, SUEZ SA was the parent of a tax consolidation group comprising 237 companies. At July 22, 2008, Gaz de France SA, renamed GDF SUEZ SA following its merger with SUEZ, became the parent of a tax consolidation group comprising the subsidiaries belonging to the former Gaz de France SA tax consolidation group, plus the subsidiaries previously part of the SUEZ SA tax consolidation group (excluding SUEZ Environnement subsidiaries), with retroactive effect from January 1, 2008. In turn, SUEZ Environnement subsidiaries formed a tax consolidation group headed by SUEZ Environnement Company with retroactive effect from the same date as for GDF SUEZ (January 1, 2008). There were 205 companies in the GDF SUEZ tax consolidation group at December 31, 2008.

7.1.2 Reconciliation between theoretical income tax expense and actual income tax expense

A reconciliation between the theoretical income tax expense and the Group's actual income tax expense is presented below:

In millions of euros	2008	2007	2006
Net income	5,591.2	4,616.4	4,194.2
(-) Share in net income of associates	318.3	457.9	372.7
(-) Income tax	(911.9)	(527.5)	(815.1)
Income before income tax and share in net income of associates (A)	6,184.7	4,685.9	4,636.6
of which French companies	*940.4*	*82.1*	*464.2*
of which companies outside France	*5,244.3*	*4,603.8*	*4,172.4*
Statutory income tax rate in France (B)	34.43%	34.43%	34.43%
Theoretical income tax expense (C) = (A) x (B)	(2,129.4)	(1,613.4)	(1,596.4)
Actual income tax expense			
Difference between normal tax rate applicable in France and normal tax rate in force in jurisdictions outside France	90.3	214.1	177.1
Permanent differences	83.4	13.4	(9.9)
Income taxed at a reduced rate or tax-exempt [(a)]	954.7	377.4	538.1
Additional tax expense [(b)]	(645.0)	(134.0)	(94.7)
Effect of unrecognized deferred tax assets on tax loss carry-forwards and other tax-deductible temporary differences	(197.7)	(47.5)	(125.0)
Recognition or utilization of tax income on previously unrecognized tax loss carry-forwards and other tax-deductible temporary differences	348.6	649.8	220.5
Impact of changes in tax rates	(18.9)	(22.1)	(27.0)
Tax credits	128.1	29.1	36.7
Other [(c)]	474.1	5.7	65.6
ACTUAL INCOME TAX EXPENSE	**(911.9)**	**(527.5)**	**(815.0)**
EFFECTIVE TAX RATE (ACTUAL INCOME TAX EXPENSE DIVIDED BY INCOME BEFORE INCOME TAX AND SHARE IN NET INCOME OF ASSOCIATES)	**14.7%**	**11.3%**	**17.6%**

(a) Includes mainly capital gains on tax-exempt disposals of shares in Belgium; the effect of lower tax rates applicable to securities transactions in France; and the impact of the special tax regimes used for the coordination centers in Belgium.

(b) Includes mainly the tax on dividends and the tax on nuclear activities payable by electricity utilities in Belgium.

(c) Includes mainly the impact of no longer neutralizing operations that were previously neutralized (see below), due to the disbanding of the SUEZ SA tax consolidation group.

The change in the effective tax rate and the relatively low rate are explained below.

- following completion of the merger, the SUEZ SA tax consolidation group was disbanded and its subsidiaries (excluding SUEZ Environnement) incorporated within the GDF tax consolidation group with retroactive effect from January 1, 2008;
- the neutralization of certain operations was discontinued as a result, generating tax loss carry-forwards of €898 million, immediately utilized against taxable profits generated by GDF SUEZ SA for the period;
- deferred tax assets of €151 million were also recognized by the GDF SUEZ SA tax consolidation group on various temporary differences. These additional deferred tax assets take into account the events and transactions in the period which reinforce the tax consolidation group's ability to generate taxable profit;
- following the contribution of assets by SUEZ of SUEZ Environnement Company on July 15, 2008, the latter set up a new tax consolidation group including all subsidiaries operating in the SUEZ Environnement division that were previously part of the SUEZ SA tax consolidation group, with retroactive effect from January 1, 2008;
- based on the overall earnings outlook and further to the approval obtained by the French Department of Public Finance on November 25, 2008, SUEZ Environnement Company recognized €149 million in deferred tax assets at December 31, 2008, corresponding to tax loss carry-forwards transferred by the former SUEZ SA tax consolidation group;
- these operations are only partially offset by the nuclear tax payable by electricity utilities in Belgium for 2008, totaling €222 million.

7.2 Income tax recorded directly in equity

At December 31, 2008, changes in deferred taxes recognized directly in equity resulting from actuarial gains and losses calculated over the period and changes in the fair value of financial instruments recorded through equity, amount to a positive €826.1 million, and can be analyzed as follows:

In millions of euros	Dec. 31, 2008	Change	Dec. 31, 2007	Dec. 31, 2006
Available-for-sale financial assets	(2.8)	79.7	(82.5)	(48.2)
Actuarial gains and losses	149.0	174.5	(25.5)	78.0
Net investment hedges	(15.2)	(28.8)	13.6	8.4
Cash flow hedges	467.0	597.5	(130.5)	(16.6)
TOTAL (EXCLUDING TRANSLATION ADJUSTMENTS)	**598.0**	**822.9**	**(224.9)**	**21.6**
Translation adjustments	(9.6)	3.2	(12.8)	
TOTAL	588.4	826.1	(237.7)	21.6

7.3 Deferred tax assets and liabilities

7.3.1 Analysis of the net deferred tax position recognized in the balance sheet (before netting off deferred tax assets and liabilities by tax entity), by type of temporary difference

	Balance sheet position at		
In millions of euros	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Deferred tax assets			
Net operating loss carry-forwards and tax credits	1,077.7	714.8	220.0
Pension obligations	1,028.0	599.9	697.9
Non-deductible provisions	458.0	256.4	370.8
Difference between the carrying amount of PPE and their tax bases	451.5	310.2	326.5
Measurement of financial instruments at fair value (IAS 32/39)	634.4	319.2	318.3
Other	801.9	403.6	540.0
TOTAL	**4,451.5**	**2,604.1**	**2,473.5**
Deferred tax liabilities			
Fair value adjustments to PPE and intangible assets	(9,485.8)	(809.1)	(731.0)
Other differences between the carrying amount of PPE and their tax bases	(3,654.6)	(1,059.1)	(1,085.8)
Tax-driven provisions	(172.9)	(117.9)	(110.6)
Measurement of financial assets and liabilities at fair value (IAS 32/39)	(337.5)	(436.2)	(306.5)
Other	(728.8)	(740.4)	(813.1)
TOTAL	**(14,379.6)**	**(3,162.7)**	**(3,047.0)**
NET DEFERRED TAX ASSETS/(LIABILITIES)	(9,928.1)	(558.6)	(573.5)

The change in temporary differences recorded under liabilities is essentially attributable to the first-time consolidation of former Gaz de France entities, notably:

- differences between the carrying amounts of property, plant and equipment and their tax bases (€2,036 million at December 31, 2008);
- fair value adjustments to property, plant and equipment (€8,730 million at end-2008, including €7,655 million resulting from the measurement of the fair value of assets acquired and liabilities assumed in the business combination).

In millions of euros	Impacts in the income statement Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Deferred tax assets			
Net operating loss carry-forwards and tax credits	(9.3)	450.2	31.7
Pension obligations	(30.3)	(3.8)	(16.4)
Non-deductible provisions	84.1	6.3	(43.5)
Difference between the carrying amount of PPE and their tax bases	(28.5)	25.3	(19.9)
Measurement of financial instruments at fair value (IAS 32/39)	195.2	(26.1)	82.0
Other	245.3	(69.4)	147.4
TOTAL BENEFIT OBLIGATIONS	**456.5**	**382.6**	**181.3**
Deferred tax liabilities			
Fair value adjustments to PPE and intangible assets	(89.7)	38.4	9.6
Other differences between the carrying amount of PPE and their tax bases	27.2	(12.5)	(137.9)
Tax-driven provisions	(33.8)	(0.7)	6.7
Measurement of financial assets and liabilities at fair value (IAS 32/39)	(360.3)	37.2	(149.7)
Other	(41.8)	1.9	60.3
TOTAL	**(498.4)**	**64.3**	**(211.0)**
NET DEFERRED TAX ASSETS/(LIABILITIES)	**(41.9)**	**446.9**	**(29.7)**

Movements in deferred taxes recorded in the consolidated balance sheet, after netting off deferred tax assets and liabilities by tax entity, break down as follows:

In millions of euros	Assets	Liabilities	Net position
At December 31, 2006	**871.0**	**(1,444.5)**	**(573.5)**
At December 31, 2007	**1,085.0**	**(1,643.6)**	**(558.6)**
Impact on net income for the year	456.5	(498.4)	(41.9)
Impact of netting by tax entity	(2,239.4)	2,239.4	-
Other (*)	1,316.3	(10,643.8)	(9,327.5)
At December 31, 2008	**618.4**	**(10,546.4)**	**(9,928.0)**

(*) As indicated above, the bulk of these changes reflect the impact of the GDF SUEZ merger and in particular, the tax impacts resulting from the fair value measurement process.

7.3.2 Deductible temporary differences not recognized in the balance sheet

At December 31, 2008, unused tax loss carry-forwards not recognized in the balance sheet amounted to €1,223.7 million (€2,576.9 million at end-2007) in respect of ordinary tax losses (unrecognized deferred tax asset effect of €419.4 million). These loss carry-forwards are no longer applicable to entities in the GDF SUEZ tax consolidation group.

The expiration dates for unrecognized tax loss carry-forwards are presented below:

In millions of euros	Ordinary tax losses
2009	93.4
2010	10.7
2011	11.0
2012	32.4
2013	136.0
2014 and beyond	940.2
TOTAL	**1,223.7**

The amount of other tax-deductible temporary differences not recorded in the balance sheet amounted to €879.4 million (unrecognized deferred tax asset effect of €289.5 million).

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

No 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. Likewise, no deferred tax liabilities are recognized on temporary differences that do not result in any payment of tax when they reverse (in particular as regards tax-exempt capital gains on disposals of investments in Belgium and the elimination of capital gains tax in France with effect from January 1, 2007).

NOTE 8 EARNINGS PER SHARE

Owing to the reverse acquisition of Gaz de France by SUEZ, and in accordance with IFRS 3, the average number of shares outstanding used as the denominator in determining earnings per share was calculated by splitting 2008 into a pre-merger and post-merger period.

The number of shares outstanding for the periods prior to the transaction (2006, 2007 and the pre-merger portion of 2008) represents the number of shares issued by Gaz de France SA (considered the acquirer for legal purposes) in consideration for the contribution of SUEZ, adjusted for the impact of changes in the number of shares issued by SUEZ (considered as merged into Gaz de France for legal purposes) during these periods.

The denominator for the post-merger period is the average number of GDF SUEZ shares issued and outstanding.

	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Numerator *(in millions of euros)*			
Net income Group share	4,857.1	3,923.5	3,606.4
Denominator			
Average number of shares outstanding *(in millions)*	1,630.1	1,211.9	1,204.0
Impact of dilutive instruments			
• Bonus share plan reserved for employees	3.4	1.6	0.3
• Stock subscription and purchase plans reserved for employees	11.5	16.8	14.0
DILUTED AVERAGE NUMBER OF SHARES OUTSTANDING	**1,645.0**	**1,230.2**	**1,218.3**
Earnings per share *(in euros)*			
Earnings per share	2.98	3.24	3.00
Diluted earnings per share	2.95	3.19	2.96

The spin-off of 65% of SUEZ Environnement had an automatically dilutive impact on Group earnings per share. The following table shows earnings per share calculated as if the Group had owned 35% of SUEZ Environnement for all periods presented:

	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Earnings per share including SUEZ Environnement contribution based on a 35% share	2.89	2.97	2.69
Diluted earnings per share including SUEZ Environnement contribution based on a 35% share	2.87	2.92	2.66

The dilutive instruments taken into account for calculating diluted earnings per share and the number of shares outstanding during the period are described in Note 24.

Stock options granted to employees in 2007 were not included in the calculation of diluted earnings per share since they are not in the money under current market conditions.

NOTE 9 GOODWILLS

9.1 Movements in the carrying amount of goodwill

In millions of euros

A. GROSS AMOUNT	
At December 31, 2006	**13,587.7**
Acquisitions	2,165.3
Disposals	(364.9)
Translation adjustments	(120.0)
Other	(202.2)
At December 31, 2007	**15,065.9**
Acquisitions	12,985.9
Disposals	(147.2)
Translation adjustments	(37.3)
Other	(128.7)
At December 31, 2008	**27,738.6**
B. IMPAIRMENT	
At December 31, 2006	**(183.0)**
Impairment losses	(1.3)
Disposals	10.5
Translation adjustments	(0.6)
Other	11.3
At December 31, 2007	**(163.2)**
Impairment losses	(47.7)
Disposals	(19.3)
Translation adjustments	12.6
Other	(10.8)
At December 31, 2008	**(228.3)**
C. CARRYING AMOUNT = A + B	
At December 31, 2006	**13,404.7**
At December 31, 2007	**14,902.7**
At December 31, 2008	**27,510.3**

Additions to goodwill in 2008 relate mainly to the acquisition of Gaz de France (€11,390 million), FirstLight (€657.2 million) and Senoko (€303.5 million) in the Energy Europe & International division. The calculation of the cost of the Gaz de France acquisition and its allocation to Gaz de France's assets and liabilities are shown in Note 2 – "Main changes in Group structure".

In 2007, goodwill was recognized mainly in the Energy France division on its acquisition of Compagnie du Vent (€633.9 million). Various companies in the Energy Europe & International business recognized goodwill on the transfer of the Supply business to Electrabel Consumer Solutions (ECS) for €212 million (Benelux-Germany), the acquisition of Windco for €46.2 million (Other Europe) and Ventus for €81.2 million (International). SUEZ Environnement recognized goodwill on various acquisitions carried out by Sita UK (€152.2 million) and Agbar (€72 million).

Goodwill arising on acquisitions of minority interests totaled €27.9 million versus €869.2 million at December 31, 2007, and related mainly to the 1.38% interest acquired in Electrabel (€331.2 million) and the binding commitment granted to Agbar minority shareholders within the scope of the public tender offer

(€512.5 million). In the absence of specific IFRS guidance, goodwill is recognized as described in Note 1.4.4.1.

Changes in the "Disposals" line (gross amount) relate mainly to the sale of Distrigas and Fluxys. In 2007, this caption included the sale of certain inter-municipal companies in the Brussels and Walloon regions for €62.9 million, and Agbar's sale of Applus (€251.6 million).

Other changes in 2008 (gross amount) are linked to the decrease in goodwill recognized in 2007 on the binding commitment granted to Agbar minority shareholders. Ultimately, these shareholders did not respond favorably to the Group's public tender offer for Agbar shares.

9.2 Goodwill segment information

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

In millions of euros	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Gaz de France	11,390.1	0.0	0.0
Energy France	1,104.1	984.4	697.4
Energy Benelux & Germany	9,084.1	9,223.6	8,614.3
Energy Europe	727.6	587.4	490.0
Energy International	1,482.7	476.1	428.9
Energy Europe & International	2,210.3	1,063.5	919.0
Global Gas & LNG	0.0	0.0	0.0
Infrastructures	0.0	103.6	104.0
Energy Services	786.9	707.2	682.5
SUEZ Environnement	2,910.1	2,738.6	2,305.4
Other	24.6	81.9	81.9
TOTAL	**27,510.1**	**14,902.8**	**13,404.6**

The analysis above is based on the business segments of the acquired entity rather than that of the acquirer. Pending the final allocation of Gaz de France goodwill to the CGUs and the operating segments (to be completed in line with the final calculation of goodwill), unallocated Gaz de France goodwill has not been assigned to the operating segments in the table above.

Excluding goodwill arising on the merger with Gaz de France (€11,390 million), the main goodwill balances relate to the following cash-generating units (CGUs): Electrabel Benelux (€9,010 million), Electrabel France (Compagnie du Vent, Shem and CNR for €964 million), Polaniec (€250 million), United Water (€493 million), Agbar (€650 million), Sita UK (€346 million), Sita France (€510 million), Sita Nederland BV (€234 million) and Sita Deutschland (€189 million).

These amounts are increased by goodwill resulting from the 2008 acquisitions of FirstLight (€695 million) and Senoko (€320 million).

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NOTE 10 INTANGIBLE ASSETS, NET

10.1 Movements in intangible assets

In millions of euros	Software	Intangible rights arising on concession contracts	Capacity entitlements	Other	Total
A. GROSS AMOUNT					
At December 31, 2006	**588**	**4,006**	**1,180**	**1,031**	**6,806**
Acquisitions	46	150	0	82	278
Disposals	(29)	(16)	0	(28)	(72)
Translation adjustments	0	(32)	0	(49)	(81)
Changes in scope of consolidation	5	45	0	(7)	43
Other	(51)	(900)	0	946	(5)
At December 31, 2007	**559**	**3,253**	**1,180**	**1,976**	**6,968**
Acquisitions	214	204	1,210	691	2,320
Disposals	(29)	(26)	0	(40)	(95)
Translation adjustments	(9)	17	0	(16)	(8)
Changes in scope of consolidation	443	115	0	4,867	5,426
Other	25	9	0	22	55
At December 31, 2008	**1,204**	**3,573**	**2,390**	**7,498**	**14,665**
B. ACCUMULATED AMORTIZATION AND IMPAIRMENT					
At December 31, 2006	**(434)**	**(1,871)**	**(531)**	**(481)**	**(3,317)**
Amortization/impairment	(55)	(113)	(24)	(92)	(283)
Disposals	29	14	0	24	67
Translation adjustments	(0)	17	0	30	46
Changes in scope of consolidation	(4)	(19)	0	(2)	(25)
Other	63	515	0	(536)	42
At December 31, 2007	**(402)**	**(1,457)**	**(555)**	**(1,057)**	**(3,470)**
Amortization/impairment	(115)	(141)	0	(299)	(555)
Disposals	29	20	0	32	81
Translation adjustments	5	(7)	0	(8)	(10)
Changes in scope of consolidation	(15)	(15)	0	(6)	(36)
Other	(33)	(7)	0	56	16
At December 31, 2008	**(531)**	**(1,606)**	**(555)**	**(1,283)**	**(3,975)**
C. CARRYING AMOUNT					
At December 31, 2006	154	2,135	649	550	3,488
At December 31, 2007	158	1,796	625	919	3,498
At December 31, 2008	**673**	**1,967**	**1,835**	**6,216**	**10,690**

Intangible assets acquired as a result of the merger with Gaz de France consist mainly of customer relationships, brands, and gas supply contracts. The fair value of these assets is set out in note 2 – "Main changes in Group structure".

No impairment losses were recognized in 2008 (€2.7 million in 2007 and €3.6 million in 2006).

10.1.1 Intangible rights arising on concession contracts

The Group manages a large number of concessions as defined by SIC 29 covering drinking water distribution, water treatment, waste collection and treatment, and electricity distribution. The rights granted to concession operators are accounted for as intangibles (see note 22).

10.1.2 Capacity entitlements

The Group was involved in financing the construction of several power stations operated by third parties and in consideration, received the right to purchase a share of the output over the useful life of the 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, the MKV and HKV plants in Germany, and the virtual power production (VPP) plant in Italy. At December 31, 2008, the carrying amount of these entitlements was €1,835 million.

10.1.3 Other intangible assets

At end-2008, this caption chiefly relates to intangible assets acquired as a result of the merger with Gaz de France (€4,922 million), essentially comprising the Gaz de France brand, customer relationships and gas supply contracts.

Non-amortizable intangible assets amounted to €703.2 million at December 31, 2008 (€87.2 million at end-2007 and €18.8 million at end-2006). They relate in particular to water drawing rights and the 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, and are held for an indefinite term.

10.2 Research and development costs

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

Research and development costs with no specific contractual right of recovery are expensed as incurred. Excluding technical assistance costs, R&D costs amounted to €127.0 million in 2008 (€99.6 million and €86.0 million in 2007 and 2006, respectively).

Expenses related to in-house projects in the development phase that meet the definition of an intangible asset are not material.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 A

NOTE 11 PROPERTY, PLANT AND EQUIPMENT, NET

11.1 Movements in property, plant and equipment

In millions of euros	Land	Buildings	Plant and equipment	Vehicles	Capitalized dismantling costs	Assets in progress	Other	Total
A. GROSS AMOUNT								
At December 31, 2006	**1,744.1**	**5,089.3**	**31,555.5**	**1,534.0**	**732.0**	**1,803.7**	**2,633.7**	**45,092.3**
Acquisitions	43.1	80.9	731.5	150.6	(0.0)	1,729.0	76.5	2,811.5
Disposals	(24.1)	(64.8)	(225.6)	(107.6)	(2.6)	0.0	(59.1)	(483.8)
Translation adjustments	(48.6)	67.4	(550.4)	(23.8)	(9.5)	(48.3)	(144.4)	(757.5)
Changes in scope of consolidation	79.9	306.8	636.2	16.3	6.0	267.3	30.0	1,342.6
Other	69.6	166.3	1,267.3	49.7	172.8	(1,467.6)	(151.3)	106.8
At December 31, 2007	**1,864.0**	**5,646.0**	**33,414.6**	**1,619.2**	**898.8**	**2,284.1**	**2,385.4**	**48,111.9**
Acquisitions	77.0	102.4	2,018.0	164.8	0.0	4,553.9	88.3	7,004.4
Disposals	(48.6)	(83.8)	(270.7)	(103.3)	(3.1)	7.0	(72.5)	(575.0)
Translation adjustments	(149.7)	(417.0)	(998.1)	(62.3)	(53.5)	(120.6)	(9.8)	(1,811.1)
Changes in scope of consolidation	157.1	1,981.7	31,756.5	(10.8)	14.3	2,568.0	81.5	36,548.4
Other	54.7	47.2	2,804.0	40.0	145.0	(2,257.1)	(1,166.9)	(333.2)
At December 31, 2008	**1,954.3**	**7,276.5**	**68,724.3**	**1,647.6**	**1,001.4**	**7,035.3**	**1,306.0**	**88,945.5**
B. ACCUMULATED DEPRECIATION AND IMPAIRMENT								
At December 31, 2006	**(864.5)**	**(1,716.0)**	**(18,674.7)**	**(1,054.1)**	**(619.8)**	**(42.6)**	**(1,117.8)**	**(24,089.5)**
Depreciation	(70.2)	(259.4)	(1,171.7)	(133.1)	(12.1)	0.0	(89.1)	(1,735.7)
Impairment losses	(3.6)	(3.9)	(91.4)	(0.2)	0.0	(11.9)	(0.2)	(111.2)
Disposals	14.4	36.7	179.5	99.1	2.6	0.0	55.5	387.8
Translation adjustments	30.2	(16.2)	146.5	13.6	10.1	2.0	38.5	224.5
Changes in scope of consolidation	(2.0)	(26.9)	(183.5)	(9.3)	(6.0)	0.0	(6.4)	(234.2)
Other	(6.6)	(38.4)	27.7	1.6	(38.0)	11.9	85.1	43.3
At December 31, 2007	**(902.3)**	**(2,024.1)**	**(19,767.7)**	**(1,082.5)**	**(663.3)**	**(40.6)**	**(1,034.3)**	**(25,514.8)**
Depreciation	(69.0)	(309.7)	(2,046.9)	(288.9)	(34.0)	0.0	(78.8)	(2,827.2)
Impairment losses	(4.4)	(1.7)	(130.1)	(0.0)	0.0	(13.0)	(4.0)	(153.3)
Disposals	32.7	65.3	310.9	97.7	(0.9)	0.0	59.1	564.8
Translation adjustments	82.9	115.5	391.7	36.9	39.4	(1.1)	8.4	673.6
Changes in scope of consolidation	(4.4)	1.4	1,479.4	59.8	(6.3)	0.0	(18.6)	1,511.4
Other	0.1	52.6	(156.9)	139.6	(8.5)	21.6	233.6	282.2
At December 31, 2008	**(864.4)**	**(2,100.7)**	**(19,919.6)**	**(1,037.4)**	**(673.6)**	**(33.1)**	**(834.6)**	**(25,463.3)**
C. CARRYING AMOUNT								
At December 31, 2006	**879.6**	**3,373.4**	**12,880.7**	**480.0**	**112.2**	**1,761.1**	**1,515.9**	**21,002.9**
At December 31, 2007	**961.6**	**3,621.9**	**13,646.9**	**536.6**	**235.5**	**2,243.5**	**1,351.1**	**22,597.1**
At December 31, 2008	**1,089.9**	**5,175.8**	**48,804.7**	**610.2**	**327.8**	**7,002.2**	**471.5**	**63,482.1**

Property, plant and equipment acquired as a result of the merger with Gaz de France consist mainly of gas transmission, storage and distribution facilities in France, as well as exploration and production assets, representing net additions of €37,094 million. The fair value of these assets is set out in note 2 – "Main changes in Group structure".

Other net changes in the scope of consolidation mainly reflect the positive impact of acquisitions by Tractebel Energia in Brazil (+ €710.1 million, chiefly for Ponte de Pedra) and Agbar (+ €114.3 million, mainly for Lavaqua), the acquisition of First Light Power Enterprises in the US (+ €676.0 million) and Senoko Power in Singapore (+ €250.5 million), and the first-half acquisition of Teesside in the UK, carried out jointly with Gaz de France (+ €265.4 million). Net changes in Group structure also reflect the negative impact of the sale of Distrigaz (- €256.7 million), the change from full consolidation to equity-accounting for Fluxys in Belgium (- €639.9 million), and the sale of Chehalis in the US (- €219.2 million).

The main translation losses recorded in relation to the gross amount of property, plant and equipment at December 31, 2008 concern the Brazilian real (- €749.8 million), the pound sterling (- €535.2 million) and the Norwegian korona (- €293.7 million).

Assets relating to the exploration and production of mineral resources included in the table above are detailed in note 19 – "Exploration & Production activities".

11.2 Pledged and mortgaged assets

Items of property, plant and equipment pledged by the Group to guarantee borrowings and debt amount to €2,417.1 million at December 31, 2008 (€2,227.7 million at December 31, 2007 and €2,001.0 million at December 31, 2006).

11.3 Contractual commitments to purchase property, plant and equipment

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

Firm commitments made by the Group to purchase property, plant and equipment amount to €5,168.6 million at December 31, 2008, compared with €4,469.7 million at December 31, 2007 and €1,790.5 million at December 31, 2006. The increase in this item essentially results from firm commitments to purchase property, plant and equipment in connection with the construction of new coal-fired power plant in Thailand, the first-time consolidation of former Gaz de France entities, offset by commitment consumptions during the period. The Group has also given various contractual investment commitments in a total amount of €1,228.6 million at December 31, 2008, versus €885 million at December 31, 2007 and €869.4 million at December 31, 2006.

11.4 Other information

Borrowing costs included in the cost of property, plant and equipment amount to €97.6 million at December 31, 2008, €36.2 million at end-2007 and €24.7 million at end-2006.

NOTE 12 INVESTMENTS IN ASSOCIATES

12.1 Breakdown of investments in associates

	Carrying amount of investments in associates			Share in net income of associates		
In millions of euros	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Belgian inter-municipal companies	670.4	893.2	866.8	174.8	365.3	235.3
Elia	(85.1)	(96.2)	(119.2)	26.7	25.1	21.1
Fluxys	240.4			31.0		
GASAG	460.9			27.8		
GTT	244.8			28.0		
RETI Italia	277.0			1.0		
SPE Group	515.0			(2.0)		
Other	780.9	417.3	512.1	31.0	67.5	48.7
TOTAL	**3,104.3**	**1,214.3**	**1,259.7**	**318.3**	**457.9**	**372.7**

The main changes in 2008 arose on (i) the inclusion of Gaz de France associates in the scope of consolidation, and (ii) the change from full consolidation to equity-accounting for Fluxys following the sale of 12.5% of its share capital to Publigaz.

Dividends received by the Group from its associates amounted to €358.1 million in 2008 (€229.8 million in 2007 and €355.7 million in 2006).

Goodwill recognized by the Group on acquisitions of associates is also included in this item for a net amount of €311.0 million at end-2008 (€31.5 million at December 31, 2007 and €23.4 million at December 31, 2006).

12.2 Fair value of investments in listed associates

The net carrying amount of investments in listed associates was €171.5 million at December 31, 2008, compared to a negative €69.2 million at December 31, 2007 and a negative €27.6 million at December 31, 2006. The market value of these companies at year-end 2008 was €895.2 million (including Fluxys for €597.8 million) compared to €336.8 million at end-2007 and €463.5 million at end-2006.

12.3 Key figures of associates

In millions of euros	Latest % interest	Total assets	Liabilities	Equity	Revenues	Net income
At December 31, 2008						
Belgian inter-municipal companies [(a) (e)]		11,400.0	5,759.0	5,641.0	2,526.0	824.0
Elia	24.4	4,228.1	2,878.4	1,349.7	734.0	101.4
Fluxys [(b)]	44.8	2,664.4	1,377.8	1,286.6	592.2	111.0
GTT [(c)]	40.0	238.0	70.0	168.0	251.0	160.0
Reti Italia [(c)]	70.5	957.0	491.0	466.0	143.0	11.0
SPE group [(c)]	25.5	1,830.0	794.0	1,036.0	2455.0	22.0
At December 31, 2007						
Belgian inter-municipal companies [(b) (e)]		11,871.0	5,762.0	6,109.0	3,561.0	663.0
Elia	24.4	3,975.8	2,630.7	1,345.1	718.8	81.6
At December 31, 2006						
Belgian inter-municipal companies [(e)]		11,871.0	5,762.0	6,109.0	3,561.0	663.0
Compagnie Nationale du Rhône	47.9				798.9	135.3
Elia	27.5	3,899.5	2,593.5	1,306.0	690.9	76.9

(a) The latest available data at the balance sheet date concerns 2007.
(b) Based on data published by Fluxys prepared in accordance with Fluxys accounting policies.
(c) Full-year 2008 data.
(d) The latest available data at the balance sheet date concerns 2006.
(e) Based on the combined financial data of the Belgian inter-municipal companies, which have been restated in accordance with IFRS.

NOTE 13 INVESTMENTS IN JOINT VENTURES

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

In millions of euros	Consolidation percentage	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenues	Net income
At December 31, 2008							
Acea/Electrabel group	40.6 [(a)]	515.6	762.7	810.9	165.5	1,298.8	(17.1)
Hisusa group	51.0 [(b)]	1,170.7	2,624.1	1,152.9	733.3	1,623.3	126.6
Senoko	30.0	80.9	650.7	141.1	65.1	143.7	6.2
Tirreno Power	35.0	120.1	543.8	125.4	392.0	396.0	30.2
EFOG	22.5	145	134	2	61	105	70
Gasélys	51.0	3,662	8	3,885	15	98	57
SPP group	24.5	257	1,986	106	150	366	71
At December 31, 2007							
Acea/Electrabel group	40.6 [(a)]	477.3	751.5	739.6	167.1	1,036.0	0.7
Hisusa group	51.0 [(b)]	964.9	3,130.8	752.9	1,371.6	1,763.3	243.6
Tirreno Power	35.0	140.8	547.9	142.3	391.7	308.1	51.2
At December 31, 2006							
Acea/Electrabel group	40.6 [(a)]	402.9	675.1	606.2	156.8	1,132.9	7.4
Hisusa group	51.0 [(b)]	792.8	2,705.3	770.3	1,072.2	1,712.9	214.6
Tirreno Power	35.0	115.0	513.3	199.8	299.0	291.8	16.5

(a) Percentage of consolidation applicable to the holding companies.
(b) Includes Agbar, which is fully consolidated by Hisusa, itself proportionately consolidated by GDF SUEZ based on a 51% interest.

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NOTE 14 FINANCIAL INSTRUMENTS

14.1 Financial assets

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

	Dec. 31, 2008			Dec. 31, 2007	Dec. 31, 2006
In millions of euros	Non-current	Current	Total	Total	Total
Available-for-sale securities	3,309.0		3,309.0	4,120.7	2,816.5
Loans and receivables carried at amortized cost	3,575.4	28,556.7	32,132.1	17,594.7	15,996.5
Loans and receivables carried at amortized cost (excluding trade and other receivables)	2,303.5	1,346.4	3,650.0	2,438.3	2,468.9
Trade and other receivables, net		22,729.3	22,729.3	11,869.3	10,412.2
Other assets	1,271.8	4,481.0	5,752.8	3,287.0	3,115.4
Financial assets at fair value through income	2,893.4	10,208.8	13,102.2	5,822.9	5,165.7
Derivative instruments	2,893.4	9,439.9	12,333.3	4,503.4	4,332.7
Financial assets at fair value through income (excluding derivatives)		768.9	768.9	1,319.5	833.0
Cash and cash equivalents		9,049.3	9,049.3	6,720.2	7,946.3
TOTAL	**9,777.8**	**47,814.8**	**57,592.6**	**34,258.5**	**31,925.0**

14.1.1 Available-for-sale securities

In millions of euros	
At December 31, 2006	**2,816.5**
At December 31, 2007	**4,120.7**
Acquisitions	475.1
Disposals	(96.0)
Changes in fair value recorded in equity	(612.0)
Changes in fair value recorded in income	(566.3)
Changes in scope of consolidation, foreign currency translation and other changes	(12.6)
At December 31, 2008	**3,309.0**

The Group's available-for-sale securities amounted to €3,309 million at December 31, 2008, breaking down as €1,071.3 million of listed securities and €2,237.7 million of unlisted securities.

Listed securities are measured based on their market price at year-end.

The methods used to measure unlisted securities are essentially as follows:

- recent market transactions;
- discounted dividends and/or cash flows;
- net asset value.

The Group reviewed the value of its available-for-sale securities on a case-by-case basis, in order to determine whether, based on all available information and in light of the current market environment, any impairment losses should be recognized. Given the downturn in equity markets and uncertainty regarding the timing of any recovery in the Gas Natural share price, the Group has recognized an impairment loss of €513 million on Gas Natural shares.

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

		Remeasurement			
In millions of euros	**Dividends**	**Change in fair value**	**Foreign currency translation**	**Impairment**	**Net gains and losses on disposals**
Equity (*)	-	(690.0)	28.4	-	-
Income	219.6	(25.4)		(540.9)	42.3
TOTAL AT DECEMBER 31, 2008	**219.6**	**(715.4)**	**28.4**	**(540.9)**	**42.3**
Equity (*)	-	374.1	(58.2)	-	-
Income	202.4	25.4	-	(40.1)	(59.1)
TOTAL AT DECEMBER 31, 2007	**202.4**	**399.5**	**(58.2)**	**(40.1)**	**(59.1)**
Equity (*)	-	287.9	(50.2)	-	-
Income	288.7	12.5	-	(41.0)	468.1
TOTAL AT DECEMBER 31, 2006	**288.7**	**300.4**	**(50.2)**	**(41.0)**	**468.1**

(*) Excluding the tax effect.

14.1.2 Loans and receivables at amortized cost

	Dec. 31, 2008			Dec. 31, 2007	Dec. 31, 2006
In millions of euros	**Non-current**	**Current**	**Total**	**Total**	**Total**
Loans and receivables carried at amortized cost (excluding trade and other receivables)	2,303.5	1,346.4	3,650.0	2,438.3	2,468.9
Loans granted to affiliated companies	1,444.2	1,254.7	2,698.9	1,816.3	1,648.8
Other receivables carried at amortized cost	21.0		21.0	31.2	217.0
Amounts receivable under concession contracts	298.4	19.5	317.9	209.7	236.3
Amounts receivable under finance leases	539.9	72.2	612.1	381.1	366.8
Trade and other receivables, net		22,729.3	22,729.3	11,869.3	10,412.2
Other assets	1,271.8	4,481.0	5,752.8	3,287.0	3,115.4
Reimbursement rights	405.1	38.6	443.7	488.9	564.5
Tax receivables		2,818.8	2,818.8	1,229.8	923.1
Other receivables	866.8	1,623.6	2,490.4	1,568.3	1,627.8
TOTAL	**3,575.4**	**28,556.7**	**32,132.1**	**17,594.6**	**15,996.6**

	Dec. 31, 2008			Dec. 31, 2007			Dec. 31, 2006		
In millions of euros	Gross	Allowance and impairment	Net	Gross	Allowance and impairment	Net	Gross	Allowance and impairment	Net
Loans and receivables carried at amortized cost (excluding trade and other receivables)	4,124.3	(474.4)	3,650.0	2,739.1	(300.8)	2,438.3	2,826.7	(357.8)	2,468.9
Trade and other receivables	23,709.0	(979.7)	22,729.3	12,381.2	(511.9)	11,869.3	10,971.0	(558.7)	10,412.2
Other assets	5,897.4	(132.9)	5,752.8	3,376.7	(89.7)	3,287.0	3,216.4	(101.0)	3,115.4
TOTAL	**33,730.7**	**(1,587.0)**	**32,132.1**	**18,497.1**	**(902.4)**	**17,594.6**	**17,014.1**	**(1,017.5)**	**15,996.6**

The increase in trade and other receivables under both the gross value and allowance and impairment columns mainly reflects the first-time consolidation of Gaz de France and its subsidiaries. Given the financial position of some of its counterparties in the second half of the year, the Group recognized an impairment loss against its financial assets (loans and receivables at amortized cost) for a total amount of €129.3 million, in order to reduce the carrying value of the assets concerned to their recoverable amount as estimated based on observable market data.

Net income and expenses recognized in the consolidated income statement with regard to loans and receivables carried at amortized cost break down as follows:

		Remeasurement	
In millions of euros	Interest income	Foreign currency translation	Impairment
At December 31, 2008	936.9	7.4	(363.8)
At December 31, 2007	872.5	(2.3)	72.0
At December 31, 2006	869.5	(5.4)	(40.1)

Loans granted to affiliated companies

"Loans granted to affiliated companies" primarily include the receivable due to the Group from its associate, ESO/Elia, in a net amount of €808.4 million at December 31, 2008 (unchanged from end-2007 and end-2006).

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 represents a reasonable estimate of fair value.

Other assets

Other assets at December 31, 2008 include reimbursement rights comprising:

- Electrabel's reimbursement rights relating to pension obligations for employees of the distribution business of Walloon mixed inter-municipal companies (€296.5 million, including a current portion of €35.5 million). Reimbursement rights arise because Electrabel makes its personnel available to the inter-municipal companies for the day-to-day operation of the networks. All related personnel costs (including pension costs) are billed by Electrabel to the inter-municipal companies based on actual costs. Electrabel's pension obligations regarding these employees are now included within liabilities under provisions for pensions and other employee benefit obligations. The matching entry is a reimbursement right in respect of the inter-municipal companies for a similar amount;
- insurance policies taken out with Contassur, a related party, in order to finance certain Group pension obligations, representing €147.2 million.

14.1.3 Financial assets at fair value through income

In millions of euros	Dec. 31, 2008 Non-current	Dec. 31, 2008 Current	Dec. 31, 2008 Total	Dec. 31, 2007 Total	Dec. 31, 2006 Total
Derivative instruments	2,893.4	9,439.9	12,333.3	4,503.4	4,332.7
Derivatives hedging borrowings	964.9	146.5	1,111.4	715.4	590.7
Derivatives hedging commodities	1,762.3	9,217.7	10,980.0	3,685.6	3,650.6
Derivatives hedging other items	166.2	75.7	241.9	102.4	91.4
Financial assets at fair value through income (excluding derivatives)	0.0	768.9	768.9	1,319.5	833.0
Financial assets qualifying as at fair value through income		720.8	720.8	1,272.0	833.0
Financial assets designated as at fair value through income		48.1	48.1	47.5	0.0
TOTAL	2,893.4	10,208.8	13,102.2	5,822.9	5,165.7

Commodity derivatives and derivatives hedging borrowings and other items are set up as part of the Group's risk management policy and are analyzed in note 15.

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

Gains on financial assets held for trading purposes totaled €58.3 million in 2008.

Gains and losses arising on financial assets at fair value through income were not material in 2008.

14.1.4 Cash and cash equivalents

The Group's financial risk management policy is described in sections 4 and 20 (note 15) of the 2008 Reference Document.

At December 31, 2008, no counterparty represented more than 11% of cash investments.

Cash and cash equivalents totaled €9,049.3 million at December 31, 2008, compared with €6,720.2 million at end-2007 and €7,946.3 million at end-2006.

This caption includes restricted cash of €184.4 million at December 31, 2008 (€205.6 million at December 31, 2007 and €138 million at December 31, 2006).

Income recognized in respect of cash and cash equivalents came to €260.7 million for the year to December 31, 2008.

Financial assets pledged as collateral

In millions of euros	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Financial assets pledged as collateral	1,084.5	1,125.8	780.6

This item includes equity instruments and, to a lesser extent, trade receivables pledged to guarantee borrowings and debt.

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14.2 Financial liabilities

Financial liabilities are recognized in:

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

The Group's financial liabilities are classified under the following categories at December 31, 2008:

In millions of euros	Dec. 31, 2008 Non-current	Dec. 31, 2008 Current	Dec. 31, 2008 Total	Dec. 31, 2007 Total	Dec. 31, 2006 Total
Borrowings and debt	24,200.4	14,641.0	38,841.4	21,655.8	19,679.1
Derivative instruments	2,889.6	9,472.4	12,362.0	4,002.8	4,081.2
Trade and other payables		17,914.7	17,914.7	10,038.1	9,209.4
Other financial liabilities	859.1		859.1	778.0	467.5
TOTAL	**27,949.1**	**42,028.1**	**69,977.2**	**36,474.6**	**33,437.2**

14.2.1 Borrowings and debt

In millions of euros	Dec. 31, 2008 Non-current	Dec. 31, 2008 Current	Dec. 31, 2008 Total	Dec. 31, 2007 Total	Dec. 31, 2006 Total
Bond issues	11,292.5	2,426.1	13,718.6	9,308.1	9,632.7
Commercial paper		8,665.5	8,665.5	2,179.0	1,650.7
Drawdowns on credit facilities	2,688.5	428.4	3,116.9	1,706.3	1,082.1
Liabilities under finance leases	1,347.4	185.0	1,532.4	1,126.7	1,194.4
Other bank borrowings	7,151.1	807.5	7,958.6	4,252.3	4,135.0
Other borrowings	1,549.8	504.8	2,054.6	1,481.2	682.5
TOTAL BORROWINGS	**24,029.3**	**13,017.3**	**37,046.6**	**20,053.6**	**18,377.5**
Bank overdrafts and current accounts		1,223.2	1,223.2	1,500.1	1,121.9
OUTSTANDING BORROWINGS	**24,029.3**	**14,240.5**	**38,269.8**	**21,553.7**	**19,499.4**
Impact of measurement at amortized cost	113.6	305.9	419.5	128.7	162.6
Impact of fair value hedge	57.5	94.6	152.1	(26.6)	17.1
BORROWINGS AND DEBT	24,200.4	14,641.0	38,841.4	21,655.8	19,679.1

The fair value of borrowings and debt amounted to €39,048.9 million at December 31, 2008, compared with a carrying amount of €38,841.4 million.

Gains and losses on borrowings and debt recognized in income (mainly comprising interest) are detailed in note 6.

Borrowings and debt are analyzed in note 14.3.

14.2.2 Derivative instruments

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

	Dec. 31, 2008			Dec. 31, 2007	Dec. 31, 2006
In millions of euros	Non- current	Current	Total	Total	Total
Derivatives hedging borrowings	790.8	234.0	1,024.9	191.2	139.5
Derivatives hedging commodities	2,025.2	9,169.2	11,194.4	3,715.2	3,915.7
Derivatives hedging other items	73.6	69.1	142.7	96.4	26.0
TOTAL	**2,889.6**	**9,472.4**	**12,362.0**	**4,002.8**	**4,081.2**

These instruments are put in place as part of the Group's risk management policy and are analyzed in note 15.

14.2.3 Trade and other payables

In millions of euros	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Trade payables	14,482.8	8,305.7	7,470.0
Advances and down-payments received	1,019.8	644.5	601.0
Payable on fixed assets	1,743.8	374.4	304.3
Concession liabilities	22.7	21.4	133.6
Capital renewal and replacement liabilities	645.7	692.1	700.4
TOTAL	**17,914.7**	**10,038.1**	**9,209.4**

The carrying amount of trade and other payables represents a reasonable estimate of fair value.

14.2.4 Other financial liabilities

Other financial liabilities break down as follows:

In millions of euros	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Payables related to acquisitions of securities	722.7	641.5	331.1
Other	136.4	136.4	136.4
TOTAL	**859.1**	**778.0**	**467.5**

Other financial liabilities chiefly relate to liabilities in respect of various counterparties resulting from put options granted by the Group to minority shareholders of fully consolidated companies. These commitments to purchase equity instruments from minority shareholders have therefore been recognized under liabilities (see note 1.4.10.2.2), and concern:

- 33.20% of the capital of Compagnie Nationale du Rhône (CNR);
- 43.16% of the capital of Compagnie du Vent;
- 40% of the capital of Energie Investimenti.

Minority shareholders of CNR may only exercise their options if the French Murcef law is abolished. Minority shareholders of Compagnie du Vent may exercise their options in several phases beginning in 2011.

Electrabel also holds call options on the same shares, as part of the agreements entered into by the parties.

14.3 Net debt

In millions of euros	Dec. 31, 2008 Non-current	Dec. 31, 2008 Current	Dec. 31, 2008 Total	Dec. 31, 2007 Non-current	Dec. 31, 2007 Current	Dec. 31, 2007 Total	Dec. 31, 2006 Non-current	Dec. 31, 2006 Current	Dec. 31, 2006 Total
Outstanding borrowings and debt	24,029.3	14,240.5	38,269.8	14,597.2	6,956.5	21,553.7	13,031.4	6,468.0	19,499.4
Impact of measurement at amortized cost	113.6	305.9	419.5	(42.8)	171.4	128.6	(45.0)	207.6	162.6
Impact of fair value hedge [(a)]	57.5	94.6	152.1	(28.5)	1.9	(26.6)	14.2	2.9	17.1
BORROWINGS AND DEBT	**24,200.4**	**14,641.0**	**38,841.4**	**14,526.0**	**7,129.8**	**21,655.7**	**13,000.6**	**6,678.5**	**19,679.1**
Derivative instruments hedging borrowings under liabilities [(b)]	790.8	234.0	1,024.9	182.4	8.8	191.2	122.8	16.7	139.5
GROSS DEBT	**24,991.2**	**14,875.1**	**39,866.3**	**14,708.4**	**7,138.6**	**21,847.0**	**13,123.4**	**6,695.2**	**19,818.6**
Financial assets at fair value through income	0.0	(768.9)	(768.9)	0.0	(1,319.5)	(1,319.5)	0.0	(833.0)	(833.0)
Cash and cash equivalents	0.0	(9,049.3)	(9,049.3)	0.0	(6,720.2)	(6,720.2)	0.0	(7,946.3)	(7,946.3)
Derivative instruments hedging borrowings under assets [(b)]	(964.9)	(146.5)	(1,111.4)	(701.3)	(14.1)	(715.4)	(570.0)	(20.7)	(590.7)
NET CASH	**(964.9)**	**(9,964.7)**	**(10,929.6)**	**(701.3)**	**(8,053.7)**	**(8,755.0)**	**(570.0)**	**(8,800.0)**	**(9,370.0)**
NET DEBT	24,026.3	4,910.4	28,936.7	14,007.1	(915.1)	13,091.9	12,553.4	(2,104.8)	10,448.6
Outstanding borrowings and debt	24,029.3	14,240.5	38,269.8	14,597.2	6,956.5	21,553.7	13,031.4	6,468.0	19,499.4
Financial assets at fair value through income	0.0	(768.9)	(768.9)	0.0	(1,319.5)	(1,319.5)	0.0	(833.0)	(833.0)
Cash and cash equivalents	0.0	(9,049.3)	(9,049.3)	0.0	(6,720.2)	(6,720.2)	0.0	(7,946.3)	(7,946.3)
NET DEBT EXCLUDING THE IMPACT OF DERIVATIVE INSTRUMENTS AND AMORTIZED COST	**24,029.3**	**4,422.3**	**28,451.6**	**14,597.2**	**(1,083.2)**	**13,514.1**	**13,031.4**	**(2,311.3)**	**10,720.1**

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

(b) This item represents the fair value of debt-related derivatives irrespective of whether or not they are designated as hedges. It also includes instruments designated as net investment hedges (see notes 14.1.3 and 14.2.2).

14.3.1 Change in gross debt

In the last quarter of 2008, GDF SUEZ SA carried out a series of bond issues for a total of €3,665 million, of which €1,400 million falls due in January 2014, €1,200 million in January 2019, GBP 500 million (€525 million) in October 2028, and CHF 625 million (€421 million) in December 2012.

In 2008, changes in the scope of consolidation led to an increase of €6,779 million in gross debt, while foreign currency translation increased gross debt by €231 million.

14.3.2 Debt/equity ratio

In millions of euros	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Net debt	28,936.7	13,091.9	10,448.6
Total equity	62,818.3	24,860.8	22,563.8
DEBT/EQUITY RATIO	46.1%	52.7%	46.3%

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NOTE 15 MANAGEMENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Group mainly uses derivative instruments to manage its exposure to counterparty, liquidity and market risks.

15.1 Management of risks arising from financial instruments (excluding commodity instruments)

15.1.1 Counterparty risk

The Group is exposed to counterparty risk on its operating activities, cash investing activities and interest rate and foreign exchange derivative instruments.

To manage counterparty risk arising on operating activities, the Group has put in place monitoring procedures adapted to the characteristics of the counterparties concerned (private corporations, individuals, public authorities). Customers representing a significant counterparty for the Group are covered by procedures applicable to the financial activities described below, thereby providing broad-ranging oversight of the corresponding counterparty risk.

To manage counterparty risk arising on its financing activities, the Group has put in place risk management and control procedures adapted to the specific characteristics and cash requirements of the Group. Counterparties are selected based on an accreditation procedure which looks at external credit ratings and financial structure. Counterparty risk exposure limits are monitored on a daily basis by the front office. The Group also draws on a structured legal framework based on master agreements (including netting clauses) and collateralization contracts (margin calls), allowing it to minimize its exposure to counterparty risk.

The Group's maximum exposure to counterparty risk should be assessed based on the carrying amount of financial assets (excluding available-for-sale securities) and on the fair value of derivatives recognized within assets in its balance sheet.

Operating activities

Counterparty risk arising from trade receivables

Past-due trade and other receivables are analyzed below:

Trade and other receivables	Past due assets not impaired at the balance sheet date				Impaired assets	Assets neither impaired nor past due	
In millions of euros	0-6 months	6-12 months	More than 1 year	Total	Total	Total	Total
At December 31, 2008	3,370.8	354.7	328.6	4,054.1	980.4	18,674.4	23,709.0
At December 31, 2007	1,769.0	181.2	240.6	2,190.8	513.4	9,676.9	12,381.1

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 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.

Counterparty risk arising from other assets

Other assets, including tax receivables and reimbursement rights, are neither past due nor impaired. The Group does not consider that it is exposed to any counterparty risk on these assets (see note 14.1.2).

Financing activities

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

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

Loans and receivables carried at amortized cost (excluding trade and other receivables)	Past due assets not impaired at the balance sheet date				Impaired assets	Assets neither impaired nor past due	
In millions of euros	0-6 months	6-12 months	More than 1 year	Total	Total	Total	Total
At December 31, 2008	666.1	64.3	18.3	748.7	531.5	2,895.1	4,175.3
At December 31, 2007	7.0	4.8	222.8	234.6	286.1	2,299.8	2,820.5

The balance of outstanding loans and receivables carried at amortized cost (excluding trade and other receivables) does not include impairment losses and changes in fair value and in amortized cost, which came to €(474.4) million, €(64.8) million and €13.9 million, respectively, at December 31, 2008, versus €(300.8) million, €(83.3) million and €1.9 million at December 31, 2007. Changes in these items are presented in note 14.1.2 – "Loans and receivables carried at amortized cost".

Counterparty risk arising from investing activities

The Group is exposed to credit risk arising from investments of surplus cash (excluding loans to non-consolidated companies) and from its use of derivative financial instruments. Credit risk reflects the risk that one party to a transaction will cause a financial loss for the other party by failing to discharge a contractual obligation. In the case of financial instruments, counterparty risk arises on instruments with a positive fair value.

At December 31, 2008, total outstandings exposed to credit risk amounted to €10,161 million. Investment grade counterparties (rated at least BBB- by Standard & Poor's or Baa3 by Moody's) represent 87% of the exposure. The remaining exposure arises on either unrated (9%) or non-investment grade counterparties (4%). The bulk of exposure to unrated or non-investment grade counterparties arises within consolidated companies comprising minority interests, or within Group companies operating in emerging countries, where cash cannot be pooled and is therefore invested locally.

At December 31, 2008, no single counterparty represented more than 12% of cash investments.

15.1.2 Liquidity risk

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 centralization of financing needs and cash flow surpluses for the Group is provided by its financing vehicles (long-term and short-term) and its cash pooling vehicles.

Short-term cash requirements and cash surpluses are managed by dedicated financial vehicles in Paris and in Luxembourg (SUEZ Finance SA, Tractebel Cash Management Services, Electrabel Finance & Treasury Management) for Europe, and in Houston, Texas for North America. These vehicles centralize virtually all of the cash requirements and surpluses of the companies controlled by the Group. A project to converge existing cash pooling arrangements within SUEZ and Gaz de France has been in progress since the merger, and should be completed in 2009, along with the automation of cash pooling in certain other countries such as the US, the UK and Italy.

The Group seeks to diversify its long-term 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.

Since the merger, long-term capital markets have been accessed chiefly by the parent company GDF SUEZ in connection with the Group's new bond issues, and by GDF SUEZ and Electrabel in connection with commercial paper.

At December 31, 2008, bank loans accounted for 40% of gross debt (excluding overdrafts and the impact of derivatives and amortized cost), while the remaining debt was raised on capital markets (including €13,719 million in bonds, or 37% of gross debt). Commercial paper represented 23% of gross debt, or €8,666 million at December 31, 2008 (see note 14.2.1). 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, 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.

The Group's liquidity is based on maintaining cash and cash equivalents and access to confirmed credit facilities. These facilities are appropriate for the scale of its operations and for the timing of contractual debt repayments. Confirmed credit facilities had been granted for a total of €14,522 million at December 31, 2008, of which €3,117 million had been drawn down. 83% of total credit lines and 88% of undrawn facilities are centralized. None of these facilities contain a default clause linked to covenants or minimum credit ratings.

Cash and cash equivalents (net of overdrafts) amounted to €8,595 million at December 31, 2008. Cash surpluses managed by special-purpose vehicles are pooled as part of the Group's single liquidity policy.

Following the onset of US subprime crisis in summer 2007, virtually all cash surpluses were invested in term deposits with banks and standard money market funds.

The interbank liquidity crunch in fourth-quarter 2008 and the ensuing rise in counterparty risk led the Group to immediately adjust its investment policy in order to maximize liquidity. At December 31, 2008, 98% of cash pooled was invested in overnight bank deposits and standard money market funds with daily liquidity. These instruments are monitored on a daily basis and are subject to rules-based management.

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.

15.1.2.1 Undiscounted contractual payments

At December 31, 2008, undiscounted contractual payments on outstanding borrowings break down as follows by maturity:

At December 31, 2008	Total	2009	2010	2011	2012	2013	Beyond 5 years
In millions of euros							
Bond issues	13,718.6	2,426.2	1,030.8	540.8	793.6	1,299.2	7,628.1
Commercial paper	8,665.5	8,665.5	0.0	0.0	0.0	0.0	0.0
Drawdowns on credit facilities	3,117.0	428.4	496.5	0.1	2,085.0	0.1	106.9
Liabilities under finance leases	1,532.4	185.0	133.2	134.4	140.3	153.8	785.7
Other bank borrowings	7,958.6	807.5	1,262.3	664.4	674.0	1,083.7	3,466.7
Other borrowings	2,054.5	504.7	440.6	43.2	414.4	48.2	603.4
Bank overdrafts and current accounts	1,223.2	1,223.1	0.0	0.0	0.0	0.0	0.0
OUTSTANDING BORROWINGS	**38,269.9**	**14,240.5**	**3,363.4**	**1,382.8**	**4,107.3**	**2,585.0**	**12,590.8**
Contractual undiscounted cash flows on interest payments	9,316.9	1,190.4	1,079.0	921.7	875.5	830.0	4,420.3
TOTAL	47,586.8	15,430.9	4,442.4	2,304.6	4,982.8	3,415.0	17,011.0

At December 31, 2007	Total	2008	2009	2010	2011	2012	Beyond 5 years
In millions of euros							
Outstanding borrowings	21,553.7	6,956.5	3,120.6	2,748.8	1,269.1	1,036.7	6,422.0
Undiscounted contractual interest payments	5,087.9	960.1	764.0	566.1	406.4	348.4	2,042.9
TOTAL	**26,641.6**	**7,916.6**	**3,884.6**	**3,314.9**	**1,675.6**	**1,385.1**	**8,464.9**

At December 31, 2006	Total	2007	2008	2009	2010	2011	Beyond 5 years
In millions of euros							
Outstanding borrowings	19,499.4	6,468.2	931.8	3,760.3	2,715.0	664.3	4,959.8

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At December 31, 2008, 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, 2008	Total	2009	2010	2011	2012	2013	Beyond 5 years
In millions of euros							
Derivatives (excluding commodity instruments)	540.7	(340.7)	74.9	225.7	62.7	82.0	436.1

At December 31, 2007	Total	2008	2009	2010	2011	2012	Beyond 5 years
In millions of euros							
Derivatives (excluding commodity instruments)	78.0	136.8	(207.9)	70.0	(9.6)	(0.6)	89.3

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:

Confirmed undrawn credit facility programs

In millions of euros

	2009	2010	2011	2012	2013	Beyond 5 years	Total
At December 31, 2008	1,227.8	1,478.6	335.1	7,061.2	135.7	1,167.1	11,405.4
	2008	**2009**	**2010**	**2011**	**2012**	**Beyond 5 years**	**Total**
At December 31, 2007	743.7	284.5	1,685.1	210.0	5,950.0	182.4	9,055.8
	2007	**2008**	**2009**	**2010**	**2011**	**Beyond 5 years**	**Total**
At December 31, 2006	705.2	78.2	170.2	1,683.2	154.6	5,774.8	8,566.2

Of these undrawn programs, €8,666 million are allocated to covering issues of commercial paper.

Undrawn confirmed credit lines include a €4,500 million syndicated loan maturing in 2012, and several bilateral credit lines falling due in 2010. These facilities are not subject to any covenants or credit rating requirements.

At December 31, 2008, no single counterparty represented more than 9% of the Group's confirmed undrawn credit lines.

15.1.3 Market risk

15.1.3.1 Currency risk

The Group is exposed to financial statement translation risk due to the geographical spread of its activities: its balance sheet and income statement are impacted by changes in exchange rates upon consolidation of the financial statements of its foreign subsidiaries outside the eurozone. Exposure to translation risk results essentially from net assets held by the Group in the United States, Brazil, Thailand, Poland, Norway and the United Kingdom (see note 3.2).

The Group's hedging policy for translation risk with regard to investments in non-eurozone currencies consists of contracting liabilities denominated in the same currency as the cash flows expected to flow from the hedged assets.

Contracting a liability in the same currency is the most natural form of hedging, although the Group also enters into foreign currency derivatives which allow it to artificially recreate foreign currency debt. These include cross-currency swaps, currency swaps and currency options.

This policy is not applied, however, when the cost of the hedge (corresponding basically to the interest rate of the foreign currency concerned) is too high. This is the case in Brazil where the Group has opted for "catastrophe hedges", a type of insurance against a collapse in the value of the Brazilian real (risk of an abrupt temporary decline in the currency value) because of (i) the excessively high interest rate spread, and (ii) the indexation of local revenues.

An analysis of market conditions is performed on a monthly basis for the US dollar and the pound sterling, and reviewed as appropriate for emerging countries so that any sudden sharp fall in the value of a currency can be anticipated. The hedging ratio of the assets is periodically reviewed in light of market conditions and whenever assets have been acquired or sold. Management must approve in advance any transaction that may cause this ratio to change significantly.

The following tables present a breakdown by currency of gross debt and net debt, before and after hedging:

Analysis of financial instruments by currency

Gross debt

	Dec. 31, 2008		Dec. 31, 2007		Dec. 31, 2006	
	Before hedging	After hedging	Before hedging	After hedging	Before hedging	After hedging
EUR zone	75%	67%	77%	65%	78%	64%
USD zone	11%	19%	10%	18%	10%	20%
GBP zone	2%	1%	1%	4%	2%	5%
Other currencies	12%	13%	12%	12%	10%	11%
TOTAL	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Net debt

	Dec. 31, 2008		Dec. 31, 2007		Dec. 31, 2006	
	Before hedging	After hedging	Before hedging	After hedging	Before hedging	After hedging
EUR zone	73%	63%	76%	57%	73%	48%
USD zone	13%	23%	12%	25%	15%	32%
GBP zone	2%	1%	2%	6%	2%	7%
Other currencies	12%	13%	11%	11%	10%	12%
TOTAL	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Foreign currency derivatives

Derivatives used to hedge currency risk are presented below.

	Dec. 31, 2008		Dec. 31, 2007		Dec. 31, 2006	
In millions of euros	Market value	Nominal amount	Market value	Nominal amount	Market value	Nominal amount
Fair value hedges	30.7	1,232.4	3.4	123.1	4.9	207.5
Cash flow hedges	11.0	2,014.9	47.6	995.0	56.6	521.5
Net investment hedges	295.8	4,734.8	81.9	693.6	54.3	1,682.4
Derivative instruments not qualifying for hedge accounting	51.0	8,338.3	310.0	5,178.8	208.7	3,975.0
TOTAL	**388.6**	**16,320.3**	**442.9**	**6,990.5**	**324.5**	**6,386.4**

The market 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 as fair value hedges.

Cash flow hedges are mainly used to hedge future foreign currency cash flows.

Net investment hedging instruments are mainly cross-currency swaps.

Non-qualifying derivatives consist of structured instruments which are not eligible for hedge accounting, either because of their nature or because they do not meet the hedge effectiveness criteria set out in IAS 39. These instruments are used as economic hedges of foreign currency commitments. The impact on foreign currency derivatives is almost entirely offset by gains and losses on the hedged items.

The methods used to measure the fair value of derivative instruments are described in the financial instruments section of note 1.4.11 – "Summary of significant accounting policies".

15.1.3.2 Interest rate risk

The Group seeks to reduce financing costs by minimizing the impact of interest rate fluctuations on its income statement.

The Group's aim is to achieve a balanced interest rate structure in the medium term (five years) by using a mixture 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 profile of its net debt, the Group uses hedging instruments, particularly interest rate swaps and options.

Positions are managed centrally and are reviewed each quarter or whenever any new financing is raised. Management must approve in advance any transaction that causes the interest rate mix to change significantly.

The Group's finance costs are sensitive to changes in interest rates on all floating-rate debt. The Group's finance costs are also affected by changes in the market value of derivative instruments not documented as hedges within the meaning of IAS 39. At the date of this report, none of the options contracted by the Group have been documented as hedges under IAS 39, even though they may act as economic hedges (see note 6.2).

At December 31, 2008, the Group has a portfolio of interest rate options (caps) which protect it from a rise in short-term interest rates for the euro, US dollar and pound sterling. Given the collapse of all short-term interest rates in 2008, hardly any options hedging euros, US dollars and pounds sterling have been activated. This causes the Group's net finance costs to fluctuate, as short-term rates for the euro, US dollar and pound sterling are below the levels hedged. However, the value of this options portfolio increases when there is a homogenous rise in short- and long-term interest rates, and decreases when they fall.

The following tables present a breakdown by type of interest rate of gross debt, net debt and loans granted to affiliated companies, before and after hedging:

Analysis of financial instruments by type of interest rate

Gross debt

	Dec. 31, 2008		Dec. 31, 2007		Dec. 31, 2006	
	Before hedging	After hedging	Before hedging	After hedging	Before hedging	After hedging
Floating rate	55%	58%	59%	51%	45%	57%
Fixed rate	45%	42%	41%	49%	55%	43%
TOTAL	100%	100%	100%	100%	100%	100%

Net debt

	Dec. 31, 2008		Dec. 31, 2007		Dec. 31, 2006	
	Before hedging	After hedging	Before hedging	After hedging	Before hedging	After hedging
Floating rate	42%	45%	35%	22%	1%	22%
Fixed rate	58%	55%	65%	78%	99%	78%
TOTAL	100%	100%	100%	100%	100%	100%

Loans granted to affiliated companies

	Dec. 31, 2008		Dec. 31, 2007		Dec. 31, 2006	
	Before hedging	After hedging	Before hedging	After hedging	Before hedging	After hedging
Floating rate	54%	63%	82%	82%	80%	80%
Fixed rate	46%	37%	18%	18%	20%	20%
TOTAL	100%	100%	100%	100%	100%	100%

Interest rate derivatives

Derivatives used to hedge interest rate risk are presented below.

	Dec. 31, 2008		Dec. 31, 2007		Dec. 31, 2006	
In millions of euros	Market value	Nominal amount	Market value	Nominal amount	Market value	Nominal amount
Fair value hedges	233.5	5,266.3	29.5	3,662.1	101.4	6,055.1
Cash flow hedges	(362.5)	4,662.5	(27.2)	2,055.7	(0.3)	1,187.0
Derivative instruments not qualifying for hedge accounting	(103.6)	9,847.2	34.9	4,991.6	37.9	4,773.2
TOTAL	**(232.6)**	**19,775.9**	**37.2**	**10,709.4**	**139.0**	**12,015.4**

The market values shown in the table above are positive for an asset and negative for a liability.

Fair value hedges correspond mainly to interest rate swaps transforming fixed-rate debt into floating-rate debt.

Cash flow hedges correspond mainly to hedges of floating-rate debt.

Non-qualifying derivatives represent complex instruments which, although used as economic hedges of borrowings, are not eligible for hedge accounting because of their nature or because they fail to meet the hedge effectiveness criteria set out in IAS 39.

The methods used to measure the fair value of derivative instruments are described in the financial instruments section of note 1.4.11 – “Summary of significant accounting policies”.

15.1.3.3 Specific impact of currency and interest rate hedges

Fair value hedges

At December 31, 2008, the net impact of fair value hedges recognized in the income statement was not material.

Cash flow hedges

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

	Dec. 31, 2008
In millions of euros	Market value by maturity
2009	(63.6)
2010	(60.5)
2011	(54.3)
2012	(32.0)
2013	3.1
Beyond 5 years	(144.2)
TOTAL	**(351.5)**

At December 31, 2008, gains and losses taken to equity in the period totaled €417.4 million.

The amount reclassified from equity to income for the period was not material.

The ineffective portion of cash flow hedges recognized in income represents a loss of €29 million.

Net investment hedges

The ineffective portion of net investment hedges recognized in income represents a loss of €11.2 million.

1 5.1.3.4 Sensitivity analysis: foreign currency and interest rate instruments

Sensitivity was analyzed based on the Group's debt position (including the impact of interest rate and foreign currency derivatives) at the balance sheet date.

For currency risk, sensitivity corresponds to a +/- 10% change in exchange rates compared to closing rates.

Impact on income

Changes in exchange rates against the euro only affect income via gains and losses on liabilities denominated in a currency other than the reporting currency of companies carrying the liabilities on their balance sheets, 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 be a net gain (or loss) of €130.2 million.

Impact on equity

For financial liabilities (debt and derivatives) designated as net investment hedges, a uniform adverse change of 10% in foreign currencies against the euro would have a positive impact of €176.1 million on equity. This impact is countered by the offsetting change in the net investment hedged.

For interest rate risk, sensitivity corresponds to a +/- 1% change in the yield curve compared with year-end interest rates.

Impact on income

A uniform rise of 1% in short-term interest rates (across all currencies) on the nominal amount of floating-rate net debt and the floating-rate component of derivatives, would have an impact of €128.5 million on net interest expense. A fall of 1% in short-term interest rates would reduce net interest expense by €130.8 million. The asymmetrical impacts are attributable to the interest rate cap portfolio.

In the income statement, a rise of 1% in interest rates (across all currencies) would result in a gain of €342.9 million attributable to changes in the fair value of derivatives not documented or designated as net investment hedges. However, a fall of 1% in interest rates would generate a loss of €246.2 million. The asymmetrical impacts are attributable to the interest rate cap portfolio, which limits any losses to the value of mark-to-market instruments carried in the balance sheet.

Impact on equity

A uniform change of +/- 1% in interest rates (across all currencies) would have a positive or negative impact of €137.9 million on equity, attributable to changes in the fair value of derivative instruments designated as cash flow hedges.

15.1.3.5 Market risk: equity instruments

At December 31, 2008, available-for-sale securities held by the Group amounted to €3,309 million (see note 14.1.1).

A fall of 10% in the value of listed securities would have an impact of around €107 million on income or equity attributable to the Group, depending on whether or not GDF SUEZ decides to recognize an impairment loss. The Group's portfolio of listed and unlisted securities is managed within the context of a specific investment procedure and performance is reported on a regular basis to Executive Management.

The Group reviewed the value of its available-for-sale securities on a case-by-case basis, in order to determine whether, based on all available information and in light of the current market environment, it needed to recognize any impairment losses. Given the downturn in equity markets and uncertainty regarding the timing of any recovery in the Gas Natural share price, the Group has recognized an impairment loss of €513 million on these shares.

15.2 Country risk

During 2005, the Group considered that it would be appropriate to hedge its exposure to country risk with respect to its investments in Brazil. The underlying risk identified in this case corresponds to a potential sudden increase in sovereign credit spreads in Brazil (e.g., further to a major economic or political crisis). This would impact the value of the Group's investments as the discount factors used in calculations would be higher. In order to protect itself against this country risk, the Group has purchased credit default swaps. With these swaps, the Group pays a limited premium and will receive a significant pay-off, corresponding to the difference between the face value and market value of a USD-denominated Brazilian government bond, if a credit event occurs (default, restructuring, accelerated repayment, etc.) affecting Brazil. At December 31, 2008, the nominal amount of this protection was USD 100 million, maturing at the end of 2012.

At December 31, 2008, the market value of these contracts, which do not meet the hedging documentation requirements under IAS 39, was €5.0 million (including the portion of outstanding premiums).

15.3 Management of risks arising from commodity instruments

15.3.1 Strategy and objectives

To guarantee its short- and long-term supplies and optimize its production and sales structure, the Group carries out transactions on natural gas, electricity, oil and coal markets. The Group is also active on the European greenhouse gas emission trading rights market. These transactions expose the Group to the risk of changes in commodity prices and could create significant volatility in earnings, equity and cash flows from one period to the next. The Group therefore uses commodity derivatives in line with a variety of strategies in order to eliminate or mitigate these risks.

The use of these derivatives is governed by hedging and trading policies approved by the executive management team of the business line concerned. Trading and portfolio management teams manage market and credit risks in accordance with the objectives and exposure limits set by the respective executive management teams.

In each of business lines concerned, executive management appoints a risk control committee within the Group's Finance division, which is independent from portfolio management or trading teams. These committees supervise and control risks and strategies in place in order to reduce exposure to changes

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in commodity prices and to credit risk. Independent risks control departments verify that positions taken comply with hedging policies on a regular basis. For trading activities, these departments verify compliance on a daily basis. The departments are also responsible for calculating fair value and market/credit risk exposure. The risks control departments produce daily reports on the performance and exposure resulting from hedging and trading activities. An oversight mechanism involving the Group's Finance division is currently being put in place, to ensure that market risks are managed and monitored appropriately.

15.3.1.1 Trading activities

Some Group entities are active in trading activities. In this context, the spot or forward transactions concern natural gas, electricity and various oil-based products and are contracted either over-the-counter or on organized markets. They may also offer their clients risk management services. These transactions are executed in Europe and the United States using various instruments, including :

(a) futures contracts involving physical delivery of an energy commodity;

(b) swaps providing for payments to or by counterparties of an amount corresponding to the difference between a fixed and variable price for the commodity;

(c) options and other contracts.

Revenues from trading activities amounted to €205 million in 2008 (€37 million in 2007).

15.3.1.2 Hedging transactions

The Group enters into cash flow hedges, and, since the merger between SUEZ and Gaz de France, fair value hedges as defined by IAS 39, using derivative instruments (futures and options) contracted over-the-counter or on organized markets. These instruments may be settled net or involve physical delivery of the underlying. Cash flow hedges are used to protect the Group against unfavorable changes in market prices affecting procurement costs or margins on highly probable future sale transactions. Fair value hedges are used to protect the Group against adverse changes in market prices that may affect the fair value of firm procurement or sale commitments.

15.3.1.3 Other commodity derivatives

Other commodity derivatives relate mainly to contracts that are (i) used to manage the Group's overall exposure to certain market risks; (ii) entered into for the purpose of taking advantage of differences in market prices in order to increase Group margins; (iii) contracts qualified as written options under IAS 39; or (iv) contracts that the Group has the practice of settling net.

The Group also holds certain purchase and sale contracts providing for the physical delivery of the underlying, which are documented as being purchases and sales taking place in the ordinary course of business but which include clauses qualifying as embedded derivatives under IAS 39. For some of the contracts, these clauses are recognized and measured separately from the host contract, with changes in fair value taken to income. Specifically, certain embedded derivatives have been recognized separately from host contracts containing (i) price clauses that link the contract price to changes in an index or the price of a different commodity from the one that is being delivered; (ii) indexation clauses based on foreign exchange rates that are not considered as being closely linked to the host contract; or (iii) other clauses.

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15.3.2 Fair value of commodity derivatives

The fair values of commodity derivatives at December 31, 2008, 2007 and 2006 are indicated in the table below:

	Dec. 31, 2008				Dec. 31, 2007				Dec. 31, 2006			
	Assets		Liabilities		Assets		Liabilities		Assets		Liabilities	
In millions of euros	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
Cash flow hedges	1,970.0	1,112.2	(2,615.2)	(1,603.7)	523.8	114.4	(201.7)	(179.7)	426.3	205.9	(366.0)	(228.3)
Fair value hedges	74.0	64.7	(73.0)	(64.7)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Derivative instruments used in energy trading activities	5,902.4	0.0	(5,527.9)	0.0	2,303.1	0.0	(2,285.5)	0.0	2,256.6	0.0	(2,155.4)	0.0
Other derivative instruments	1,271.3	585.4	(953.1)	(356.7)	515.6	228.8	(689.4)	(359.0)	590.9	170.9	(828.1)	(337.8)
TOTAL	**9,217.7**	**1,762.3**	**(9,169.2)**	**(2,025.2)**	**3,342.5**	**343.2**	**(3,176.6)**	**(538.7)**	**3,273.9**	**376.8**	**(3,349.5)**	**(566.1)**

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

	Dec. 31, 2008				Dec. 31, 2007				Dec. 31, 2006			
	Assets		Liabilities		Assets		Liabilities		Assets		Liabilities	
In millions of euros	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
Natural gas	673.1	79.0	(180.2)	(141.8)	57.5	22.0	(48.0)	(122.0)	98.5	8.3	(145.5)	(140.8)
Swaps	382.3	78.9	(106.6)	(77.3)	56.9	21.9	(47.2)	(121.9)	80.3	8.3	(137.0)	(135.9)
Options	0.0	0.0	(0.5)	0.0	0.0	0.0	0.0	(0.1)	0.0	0.0	0.0	(4.2)
Forwards/futures	290.8	0.1	(73.1)	(64.4)	0.6	0.1	(0.8)	0.0	18.2	0.0	(8.5)	(0.7)
Electricity	102.1	82.1	(262.8)	(192.3)	21.7	35.2	(39.1)	(16.5)	16.6	20.3	(43.6)	(19.9)
Swaps	15.7	6.2	(158.5)	(120.5)	13.0	10.1	(27.1)	(4.8)	1.8	3.5	(39.6)	(11.9)
Options	0.0	0.0	(1.0)	0.0	0.0	0.0	(0.4)	0.0	1.0	0.0	(0.1)	0.0
Forwards/futures	86.4	75.9	(103.3)	(71.8)	8.7	25.2	(11.6)	(11.7)	13.8	16.8	(3.9)	(8.0)
Coal	40.5	22.0	(34.6)	(5.9)	79.0	41.0	(0.7)	0.0	14.9	13.4	(3.0)	0.0
Swaps	40.5	22.0	(34.6)	(5.9)	79.0	41.0	(0.7)	0.0	14.9	13.4	(3.0)	0.0
Oil	1,144.8	928.7	(2,119.4)	(1,262.9)	289.3	0.0	(0.1)	(34.2)	137.7	106.0	(3.7)	(1.2)
Swaps	1,130.7	875.4	(2,118.9)	(1,262.9)	289.3	0.0	(0.1)	(34.2)	137.7	87.8	(3.7)	(1.2)
Options	14.1	53.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	18.2	0.0	0.0
Forwards/futures	0.0	0.0	(0.5)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	9.5	0.4	(18.2)	(0.8)	76.3	16.1	(113.8)	(6.9)	158.6	57.9	(170.2)	(66.5)
Swaps	0.0	0.0	(2.6)	(0.8)	75.3	0.0	(98.2)	(6.1)	157.7	57.9	(170.2)	(66.5)
Options	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.9	0.0	0.0	0.0
Forwards/futures	9.5	0.4	(15.6)	0.0	1.0	16.1	(15.6)	(0.8)	0.0	0.0	0.0	0.0
TOTAL	**1,970.0**	**1,112.2**	**(2,615.2)**	**(1,603.7)**	**523.8**	**114.4**	**(201.7)**	**(179.7)**	**426.3**	**205.9**	**(366.0)**	**(228.3)**

The fair values of fair value hedges by type of commodity at December 31, 2008 are as follows:

	Dec. 31, 2008			
	Assets		Liabilities	
In millions of euros	Current	Non-current	Current	Non-current
Electricity	68.6	64.7	(68.6)	(64.7)
Forwards/futures	68.6	64.7	(68.6)	(64.7)
Other	5.3	0.0	(4.4)	0.0
Swaps	5.3	0.0	(4.4)	0.0
TOTAL	**74.0**	**64.7**	**(73.0)**	**(64.7)**

See also notes 14.1.3 and 14.2.2.

The fair values shown in the table above reflect the amounts for which assets could be exchanged, or liabilities settled, at the balance sheet date. 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.

Cash flow hedges

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

	Notional amounts (net) (*) at Dec. 31, 2008						
In GWh	2009	2010	2011	2012	2013	Beyond 2012	Total
Natural gas, electricity and coal	2,515	(150)	4,232	3,831	300		10,728
Oil-based products	125,831	41,536	5,181	1,304			173,852
TOTAL	**128,346**	**41,386**	**9,413**	**5,135**	**300**		**184,580**

(*) Long position/(short position).

	Notional amounts (net) (*) at Dec. 31, 2008						
In thousands of tons	2009	2010	2011	2012	2013	Beyond 2012	Total
Greenhouse gas emission rights	1,525	271	(473)	312			1,635
TOTAL	**1,525**	**271**	**(473)**	**312**			**1,635**

(*) Long position/(short position).

At December 31, 2008, a loss of €1,050 million was recognized in equity in respect of cash flow hedges versus a gain of €376 million at end-2007. A gain of €387 million was reclassified from equity to income in 2008, compared with a gain of €30 million in 2007.

Gains and losses arising on the ineffective portion of hedges are taken to income. A loss of €2 million was recognized in income in 2008, compared with a loss of €26 million in 2007.

Fair value hedges

In accordance with IAS 39, changes in the fair value of a derivative instrument and the item hedged are recognized simultaneously in income for the period.

At December 31, 2008, a loss of €64 million was recognized in income in respect of the hedging instrument, and a gain of €65 million in respect of the item hedged.

15.3.3 Financial risks arising from the use of commodity derivatives

15.3.3.1 Market risk

The Group is putting in place market risk management policies aiming to harmonize the approaches adopted by the former SUEZ and Gaz de France groups. Accordingly, the Group's current policy for managing market risk is still in a transitional phase.

Energy Europe & International

Market risk arising from commodity positions is assessed, estimated and managed on a daily basis using Value-at-Risk (VaR) techniques, together with other market risk exposure limits. The use of VaR to quantify market risk provides a transversal measure of risk taking all markets and products into account. Use of these techniques requires the determination of key assumptions, notably the selection of a confidence interval and a holding period.

Value-at-Risk 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. The Group uses a 1-day holding period and a 95% confidence interval.

Value-at-risk *In millions of euros*	Dec. 31, 2008	2008 average (a)	2007 average (a)	2006 average (a)	2008 maximum (b)	2008 minimum (b)
Trading activities	4.0	5.0	4.6	5.8	13.0	1.0

(a) Average daily VaR.
(b) Based on month-end highs and lows observed in 2008.

At December 31, 2008, VaR on hedging instruments and other commodity derivatives stood at €30 million (€49 million at December 31, 2007). These instruments are used to manage the Group's exposure to market risk liable to impact the expected margin on its production assets.

Energy France and Global Gas & LNG

Market risk arising from commodity positions is assessed, estimated and managed using sensitivity analyses, together with other market risk exposure limits. These sensitivity analyses are calculated based on a fixed portfolio at a given date and may not be necessarily representative of future changes in income and equity of the two businesses concerned.

Sensitivity of income to market risk arises mainly on economic hedges not eligible for hedge accounting under IFRS.

Due to the low proportion of options contracts in the portfolios of Energy France and Global Gas & LNG businesses, the sensitivity analysis represents the aggregate exposure.

Sensitivity to commodity price risk

An increase of USD 10.00 per barrel in the price of oil-based products would have a negative impact of €64.3 million on income and a positive impact of €275.4 million on equity before tax at December 31, 2008.

An increase of €3.00 per MWh in the price of natural gas would have a positive impact of €42.8 million on income and a negative impact of €123.2 million on equity before tax at December 31, 2008.

An increase of €5.00 per MWh in the price of electricity would have a negative impact of €2.4 million on income and a negative impact of €23.4 million on equity before tax at December 31, 2008.

Sensitivity to currency risk included in commodity contracts

An increase of 10% in the euro/dollar exchange rate would have a positive impact of €35.0 million on income and a negative impact of €135.6 million on equity before tax at December 31, 2008.

An increase of 10% in the pound sterling/euro exchange rate would have a positive impact of €0.2 million on income and a positive impact of €2.5 million on equity before tax at December 31, 2008.

Most of the exposure in 2008 is attributable to the former Gaz de France activities.

15.3.3.2 Liquidity risk

See note 15.1.2 for details of the Group's liquidity risk management policy.

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 balance sheet date.

Liquidity risk *In millions of euros*	2009	2010	2011	2012	2013	Beyond 2013	Total
Derivative instruments carried in liabilities	(8,095.0)	(2,350.0)	(653.0)	(127.0)	(9.0)	(26.0)	(11,260.0)
Derivative instruments carried in assets	7,871.0	2,182.0	856.0	144.0	3.0	3.0	11,059.0
TOTAL AT DECEMBER 31, 2008	(224.0)	(168.0)	203.0	17.0	(6.0)	(23.0)	(201.0)

15.3.3.3 Counterparty risk

The Group is exposed to counterparty risk on its operating and financing activities. Counterparty risk reflects the risk that one party to a transaction will cause a financial loss for the other by failing to discharge a contractual obligation. In the case of derivatives, counterparty risk arises from instruments with a positive fair value, including trade receivables. Counterparty risk is taken into account for the calculation of the fair value of derivative instruments.

For its financing activities, the Group has put in place procedures for managing and monitoring counterparty risk based on (i) the accreditation of counterparties according to external credit ratings and objective market data (credit default swaps, market capitalization); and (ii) the definition of risk exposure limits. To reduce its risk exposure, the Group may also use contractual instruments such as standardized netting agreements or margin calls with its counterparties.

As a consequence of the financial crisis that emerged in September 2008, risk management procedures were reinforced by introducing daily monitoring of exposure limits and weekly reporting to the Management Committee of the Group's exposure to its main financial counterparties.

The oversight procedure for managing counterparty risk arising from operating activities in the Group's business lines has been reinforced by second-tier controls placed under the responsibility of the Finance division. The Finance division monitors the Group's exposure to its key counterparties on a quarterly basis, within the scope of the Energy Market Risk Committee (CRME).

Counterparty risk [a]	Dec. 31, 2008		Dec. 31, 2007	
	Investment grade [b]	Total	Investment grade [b]	Total
In millions of euros				
Counterparties				
Gross exposure	12,424.0	13,091.0	4,185.0	4,512.5
Net exposure [c]	2,155.0	2,328.0	1,538.2	1,703.7
% exposure to investment grade counterparties	*92.6%*		*90.3%*	

(a) Excluding positions with a negative fair value.
(b) "Investment grade" corresponds to transactions with counterparties related at least BBB- by Standard & Poor's, Baa3 by Moody's, or an equivalent by Dun & Bradstreet. Counterparties are also qualified as investment grade based on publicly available credit ratings, taking into account collateral, letters of credit and parent company guarantees.
(c) After taking into account collateral netting agreements and other credit enhancement.

15.3.4 Commitments relating to commodity purchase and sale contracts entered into within the ordinary course of business

In the ordinary course of their activities, some Group operating companies enter 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 Global Gas & LNG, Energy France and Energy Europe & International business lines.

In TWh	Dec. 31, 2008	Within 1 year	1 to 5 years	More than 5 years	Dec. 31, 2007
Firm purchases of commodities, fuel and services	11,759.2	1,040.3	3,115.9	7,603.0	2,443.3
TOTAL COMMITMENTS GIVEN	**11,759.2**	**1,040.3**	**3,115.9**	**7,603.0**	**2,443.3**
Firm sales of gas, electricity, steam, oil and services	1,885.4	481.3	508.2	895.9	1,060.4
TOTAL COMMITMENTS RECEIVED	**1,885.4**	**481.3**	**508.2**	**895.9**	**1,060.4**

The Group is also committed to purchasing and selling future services in connection with the performance of long-term contracts.

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NOTE 16 EQUITY

16.1 Share capital

	Share capital			o/w outstanding shares	o/w treasury stock	
	Number of shares	Share capital *(in millions of euros)*	Additional paid-in capital *(in millions of euros)*	Number of shares	Number of shares	Par Value *(in millions of euros)*
At December 31, 2006	1,277,444,403	2,554.9	11,534.4	1,272,751,488	4,692,915	132.2
Shares issued	29,599,119	59.2	767.6	29,599,119		
Purchases and disposals of treasury stock				(25,845,657)	25,845,657	1,082.5
At December 31, 2007	**1,307,043,522**	**2,614.1**	**12,302.0**	**1,276,504,950**	**30,538,572**	**1,214.7**
Shares issued	1,898,431	3.8	44.0	1,898,431		
Gaz de France acquisition	1,207,660,692	1,207.7	16,878.9			
Conversion into GDF SUEZ shares	(325,069,965)	(1,633.8)		(325,174,359)	104,394	(193.4)
At July 22, 2008	2,191,532,680	2,192	29,225	953,229,022	30,642,966	1,021.3
Shares issued	2,111,140	2.1	33.4	2,111,140		
Purchases and disposals of treasury stock				(17,680,535)	17,680,535	720.0
At December 31, 2008	**2,193,643,820**	**2,193.9**	**29,258.3**	**937,659,627**	**48,323,501**	**1,741.3**

Shares were issued during the year as a result of the following operations:

- the merger of SUEZ into Gaz de France as approved by the Extraordinary Shareholders' Meeting of July 16, 2008 based on a ratio of 21 Gaz de France shares for 22 SUEZ shares. No treasury shares held by SUEZ or SUEZ shares held by Gaz de France were exchanged. The effective date of the merger was July 22, 2008, when 1.308.941.953 former SUEZ shares were converted into 1.207.660.692 GDF SUEZ shares;
- the exercise of stock subscription options, accounting for the issuances during the period.

Each shareholder is entitled to one vote per share at any Group Shareholders' Meeting. A double voting right is, however, granted to holders of fully paid-up registered shares when such shares have been registered for more than two years.

Since the transaction qualifies as a reverse acquisition of Gaz de France by SUEZ, the shareholders' equity of the former SUEZ Group forms the basis of GDF SUEZ's shareholders' equity. However, the capital structure of the new Group must represent the number of shares, share capital and treasury stock of Gaz de France SA, the acquirer of SUEZ for legal purposes. Accordingly, to reconcile the legal capital structure of the former SUEZ Group with the legal capital structure of the new Group, the difference resulting from this conversion of GDF SUEZ shares is presented under »Conversion into GDF SUEZ shares». This presentation for the purposes of the consolidated financial statements has no impact on shareholders' equity.

16.2 Instruments providing a right to subscribe for new shares

Stock subscription options

The Group has granted stock subscription options to its employees as part of stock option plans. These plans are described in note 24.

16.3 Treasury stock and stock repurchase program

The Group has a stock repurchase program resulting from the authorization granted to the Board of Directors by the Ordinary and Extraordinary Shareholders' Meeting of July 16, 2008. This program provides for the repurchase of up to 10% of the shares comprising share capital at the date of the meeting concerned. Under the program, the aggregate amount of acquisitions net of expenses cannot exceed the sum of €12 billion and the purchase price must be less than €55 per share. Details of these terms and conditions are provided in the report of the Ordinary and Extraordinary Shareholders' Meeting in the Resolutions section of the appendices to this document. In 2008, 19,374,173 shares were purchased for a total amount of €732 million.

Treasury stock comprised 48,323,501 shares at December 31, 2008 (30,538,572 at end-2007 and 4,692,915 shares at end-2006), with a total value of €1,852.3 million (€1,214.7 million at end-2007 and €132.2 million at end-2006). Of these, treasury stock owned by consolidated subsidiaries and deducted from equity amounted to €271.9 million.

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16.4 Changes in fair value (attributable to equity holders of the parent company)

In millions of euros	Dec. 31, 2006	Change	Dec. 31, 2007	Change	Dec. 31, 2008
Available-for-sale financial assets	1,098.4	353.7	1,452.1	(669.1)	783.0
Net investment hedges	(8.6)	4.2	(4.4)	55.4	51.0
Cash flow hedges	(17.0)	(62.0)	(79.0)	(303.0)	(382.0)
Commodity cash flow hedges	91.5	342.9	434.4	(1,436.8)	(1,002.4)
Actuarial gains and losses	(298.6)	381.5	82.9	(571.3)	(488.4)
Deferred taxes	13.7	(247.4)	(233.7)	781.5	547.8
Translation adjustments on items above	0.4	14.6	15.0	(54.8)	(39.8)
SUB-TOTAL	**879.9**	**787.5**	**1,667.3**	**(2,198.0)**	**(530.7)**
Translation adjustments on other items	242.7	(386.8)	(144.1)	(529.2)	(673.3)
TOTAL	1,122.6	400.7	1,523.2	(2,727.2)	(1,204.0)

16.5 Other disclosures concerning additional paid-in capital and consolidated reserves

Total additional paid-in capital and consolidated reserves at December 31, 2008 (including net income for the year) amounted to €58,499 million, of which €219.2 million related to the legal reserve of GDF SUEZ SA. Under French law, 5% of the net income of French companies must be transferred to the legal reserve until the legal reserve reaches 10% of share capital. This reserve cannot be distributed to shareholders other than in the case of liquidation.

The distributable paid-in capital and reserves of GDF SUEZ SA totaled €50,797.9 million at December 31, 2008 (€33,916.4 million at December 31, 2007 and €28,908.7 million at December 31, 2006).

Income tax recognized directly in equity is detailed in note 7.2.

16.6 Dividends

Dividends paid by SUEZ SA

Fiscal year	Amount distributed In millions of euros	Net dividend per share In euros
2006 (paid May 7, 2007)	1,513.8	1.20
2007 (paid May 14, 2008)	1,727.7	1.36

Dividends paid by Gaz de France SA

Fiscal year	Amount distributed In millions of euros	Net dividend per share In euros
2006 (paid May 30, 2007)	1,082.0	1.10
2007 (paid May 27, 2008)	1,214.0	1.26

Dividends paid by GDF SUEZ

Fiscal year	Amount distributed In millions of euros	Net dividend per share In euros
2009 interim dividend (paid November 27, 2008)	1,723.9	0.80

Recommended dividend for 2008

Shareholders at the GDF SUEZ Shareholders' Meeting convened to approve the financial statements for the year ended December 31, 2008 will be asked to approve a dividend of €1.4 per share, representing a total amount of €3,071.1 million. An interim dividend of €0.8 per share was paid on November 27, 2008, representing a total amount of €1,723.9 million.

Subject to approval by the Shareholders' Meeting, this dividend shall be paid from Monday May 4, 2009 and is not recognized as a liability in the accounts at December 31, 2008. The consolidated financial statements at December 31, 2008 are therefore presented before the appropriation of earnings.

Exceptional dividend

Shareholders at the GDF SUEZ Shareholders' Meeting convened to approve the financial statements for the year ended December 31, 2008 will be asked to approve an additional exceptional dividend of €0.8 per share, representing a total amount of €1,754.9 million. This exceptional dividend is not recognized under liabilities in the consolidated financial statements at December 31, 2008.

16.7 Spin-off of 65% of SUEZ Environnement Company

Prior to the merger with Gaz de France, SUEZ distributed 65% of the share capital of SUEZ Environnement Company to SUEZ shareholders. The spin-off led to a €2.289 million decrease in consolidated shareholders' equity and a corresponding increase in minority interests.

16.8 Capital management

GDF SUEZ aims to optimize its financial structure at all times by pursuing an appropriate balance between net debt (see note 14.3) and total equity, as shown in the consolidated balance sheet. The Group's key objective in managing its financial structure is to maximize value for shareholders, reduce the cost of capital and maintain a high credit rating, while at the same time ensuring the Group has the financial flexibility to leverage value-creating external growth opportunities. The Group manages its financial structure and makes any necessary adjustments in light of prevailing economic conditions. In this context it may choose to adjust the amount of dividends paid to shareholders, reimburse a portion of capital, carry out share buybacks, issue new shares, launch share-based payment plans or sell assets in order to scale back its net debt.

The Group's policy is to maintain an 'A' rating with Moody's and S&P. To achieve this, it manages its financial structure in line with the indicators usually monitored by these agencies, namely the Group's operating profile, financial policy and a series of financial ratios. One of the most commonly used ratios is operating cash flow less financial expenses and taxes paid expressed as a percentage of adjusted net debt. Net debt is primarily adjusted for nuclear waste reprocessing and storage provisions, provisions for unfunded pension plans, and operating lease commitments.

The Group's objectives, policies and processes for managing capital have remained unchanged over the past few years.

GDF SUEZ SA is not obliged to comply with any minimum capital requirements except those provided for by law.

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NOTE 17 PROVISIONS

In millions of euros	Dec. 31, 2006	Dec. 31, 2007	Allocations	Reversals (utilizations)	Reversals (surplus provi-sions)	Changes in scope of conso-lidation	Impact of unwinding discount adjust-ments	Translation adjustments	Other	Dec. 31, 2008
Pensions and other employee benefit obligations	2,797.5	2,346.2	172.5	(405.5)	(33.5)	1,608.7	191.2	(41.9)	313.2	4,150.8
Nuclear fuel reprocessing and storage	3,031.1	3,182.4	103.1	(23.6)	(2.8)	8.8	158.2	0.5	(1.4)	3,425.1
Sector-related risks	260.4	205.8	55.8	(79.3)	(3.4)	6.7	0.0	0.3	17.9	204.0
Dismantling of plant and equipment [(a)]	1,820.7	2,044.3	8.1	(5.3)	0.0	1,154.0	157.0	(28.1)	162.1	3,492.0
Warranties	65.3	79.1	33.3	(40.3)	(4.5)	2.6	0.0	1.6	7.7	79.4
Disputes, claims and tax risks	461.2	336.1	129.5	(129.9)	(10.7)	973.5	0.0	(9.3)	(8.7)	1,280.5
Site rehabilitation	485.9	525.0	30.8	(54.4)	(2.8)	551.3	30.0	(38.7)	(19.5)	1,021.7
Restructuring costs	80.8	54.1	33.9	(42.2)	(0.6)	14.3	0.3	(0.8)	(10.8)	48.3
Other contingencies	782.9	782.1	199.7	(158.1)	(60.0)	324.6	5.8	(22.4)	19.2	1,091.0
TOTAL PROVISIONS	**9,785.8**	**9,555.1**	**766.7**	**(938.7)**	**(118.2)**	**4,644.5**	**542.5**	**(138.9)**	**479.6**	**14,792.7**

(a) Of which €1.990.6 million in provisions for dismantling nuclear facilities at December 31, 2008.

Movements in the "Changes in scope of consolidation" column result primarily from the merger with Gaz de France for €4.947 million. The fair value of these provisions is set out in note 2 – "Main changes in Group structure".

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

For pensions and other employee benefit obligations, the "Other" column relates to actuarial gains and losses recognized in equity and arising in 2008 mainly due to the impact of the market downturn on the fair value of plan assets.

"Dismantling of plant and equipment" reflects the increase in provisions set aside by GDF Production Nederland following the NAM project, and by GDF Norge following the start-up of production at the Snohvit gas field (no impact on income), as well as the reclassification of certain provisions from the site rehabilitation caption.

Allocations, reversals and changes relating to unwinding discount adjustments are presented as follows in the consolidated income statement:

In millions of euros	Net allocations (reversals)
Income from operating activities	(348.5)
Other financial income and expenses	542.5
Income tax expense	58.3
TOTAL	**252.3**

The different types of provisions and the calculation principles applied are described hereafter.

17.1 Employee benefit obligations

See note 18.

17.2 Nuclear dismantling liabilities

In the context of its nuclear power generation activities, the Group incurs decommissioning liabilities relating to the dismantling of nuclear facilities and the reprocessing of spent nuclear fuel.

17.2.1 Legal framework

The Belgian law of April 11, 2003, amended by the law of April 25, 2007, granted Group subsidiary Synatom responsibility for managing provisions set aside to cover the costs of dismantling nuclear power plants and managing radioactive fissile material from such plants. One of the tasks of the Nuclear Provisions Committee set up pursuant to the above-mentioned law is to oversee the process of computing and managing these provisions. The Committee 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 Committee 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 calculate these provisions.

On January 15, 2007, Synatom submitted its most recent triennial review of nuclear provisions to the Monitoring Committee (since renamed the Nuclear Provisions Committee by the April 25, 2007 law). Its recommendations do no impact the core inputs described in the previous report, notably in terms of the estimation methods, financial parameters and management scenarios to be used. The changes put forward were aimed at incorporating the latest economic data and detailed technical analyses into the calculations.

The provisions set aside also 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 calculation could vary. However, the Group is not aware of additional planned legislation which would materially impact the value of the provision.

17.2.2 Provisions for dismantling nuclear facilities

Nuclear power stations have to be dismantled at the end of their operational lives. 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. The nominal 5% discount rate approved by the Monitoring Committee in its opinion on the 2007 triennial review is based on an analysis of the average benchmark long-term rate and expected changes in this rate (yield on 30-year Belgian OLO linear bonds, 30-year euro benchmark rate and 30-year interbank swap rate);
- dismantling work is expected to begin between five and eight years after the facilities concerned have been shut down, taking into account a useful life of 40 years as of the date the facilities are commissioned;
- payments are spread over approximately seven years after the date the dismantling work starts;
- 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 charge 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.

The nuclear facilities for which the Group holds capacity entitlements are also provisioned in an amount reflecting the Group's share in the expected dismantling costs. This provision is calculated and discounted each year in the same way as provisions for nuclear facilities located in Belgium.

17.2.3 Provisions for nuclear fuel reprocessing and storage

When spent nuclear fuel is removed from a reactor, it remains radioactive and requires processing. There are two different procedures for managing radioactive spent fuel, based on either reprocessing or essentially on conditioning without reprocessing. The Belgian government has not yet decided which scenario will be made compulsory in Belgium.

The Nuclear Provisions Committee bases its analyses on deferred reprocessing of radioactive spent nuclear fuel. The Group therefore books provisions for all costs resulting from this spent fuel management scenario, including on-site storage, transportation, reprocessing by an accredited facility, storage and removal of residual spent fuel after treatment.

Provisions for nuclear fuel reprocessing are calculated based on the following principles and parameters:

- costs are calculated based on the deferred reprocessing scenario, whereby the spent fuel is reprocessed and ultimately removed and buried in a deep geological depository;
- payments are staggered over a period through to 2050, when 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 deferred reprocessing scenario, the last residual spent fuel would be buried in about 2080;

- the long-term obligation is assessed based on estimated internal costs and external costs resulting from firm offers received from third parties or fee proposals from independent organizations;
- the 5% discount rate used (actual rate of 3% plus 2% inflation) is the same as that used for the facility dismantling provision;
- charges to the provision are calculated based on the average unit cost of quantities used up to the end of the facility's operating life;
- an annual allocation is also recognized, corresponding to the impact of unwinding the discount.

In view of the nature and timing of the costs they are intended to cover, the actual future cost may differ from 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 at the date of this report and which have been approved by the Nuclear Provisions Committee.

17.2.4 Sensitivity to discount rates

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 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. Changes arising as a result of the review of the dismantling provision would not have an immediate impact on income, since the matching entry in certain cases would consist of adjusting the corresponding dismantling asset in the same amount.

Sensitivity to discount rates, 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 including in the evaluation. Moreover, the frequency with which these provisions are reviewed by the Nuclear Provisions Committee in accordance with applicable regulations ensures that the overall obligation is measured accurately.

17.3 Dismantling obligations arising on other plant and equipment

Certain plant and equipment, including conventional power stations, transmission and distribution pipelines, storage facilities, LNG terminals and exploration/production facilities, 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.

The related liability is calculated using the most appropriate technical and budget estimates. Payments to be made over the long-term are discounted using the discount rate applied to provisions for dismantling nuclear facilities (5%).

Upon initial recognition, the Group books a provision for the present value of the obligation at the commissioning date and recognizes a "dismantling" asset as the matching entry for the provision. This asset is included within the appropriate line of property, plant and equipment and is depreciated over the useful life of the facilities.

The amount of the provision is adjusted each year to reflect the impact of unwinding the discount.

17.4 Sector-related risks

Provisions for sector-related risks include provisions covering guarantees given in connection with disposals which are likely to be called on.

17.5 Site rehabilitation

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 during 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 as counterparty to the provision and depreciated in line with the depletion of waste storage volume or the need for coverage during the period.

The amount of the provision for site rehabilitation (at the time the facility is shut down) depends on whether a semi-permeable, semi-permeable with a drainable facility, or impermeable shield is used. This has a considerable impact on future levels of leachate effluents and hence on future waste treatment costs. To calculate the provision, the cost to rehabilitate the as-yet untreated surface area needs to be estimated. The provision carried in the balance sheet 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).

The Group also sets aside a provision for the rehabilitation of exploration and production facilities. A provision representing the present value of the estimated rehabilitation costs is carried in liabilities with a matching entry to property, plant and equipment. The depreciation charge on this asset is included within current operating income and the cost of unwinding the discount is booked in financial expenses.

17.6 Provisions for disputes, claims and tax risks

See note 28.

17.7 Other contingencies

Other risks mainly include provisions for miscellaneous employee-related litigation, environmental risks and various business risks.

NOTE 18 POST-EMPLOYMENT BENEFITS AND OTHER LONG-TERM BENEFITS

18.1 Description of the main pension plans

18.1.1 Companies belonging to the Electricity and Gas Industries sector in France

18.1.1.1 Description of pension plan

Since January 1, 2005, the CNIEG (Caisse Nationale des Industries Électriques et Gazières) has operated the pension, disability, death, labor accident and occupational illness benefit plans for electricity and gas companies (hereinafter “EGI”). 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 Group companies covered by this plan are GDF SUEZ SA, GrDF, GRTgaz, ELENGY, STORENGY, DK6, Cycofos, CPCU, TIRU, GEG, Compagnie Nationale du Rhône (CNR) and SHEM.

Law 2004-803 of August 9, 2004 (concerning electricity and gas public services and electricity and gas utilities) and its implementing decrees allocated specific benefits already vested at December 31, 2004 (“past specific benefits”) between the various EGI entities. For each entity, the law also distinguished between (i) benefits related to gas and electricity transmission and distribution businesses (“regulated past specific benefits”), and (ii) benefits related to other activities (“unregulated past specific benefits”). Specific rights under the special pension plan applicable to EGI companies are on top of the standard benefits payable under ordinary law.

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 are funded by EGI sector entities to the extent defined by decree no. 2005-322 of April 5,.2005. For GDF SUEZ, this funding obligation represents 3.69% of the past specific benefit obligations of all EGI sector companies.

The specific benefits vested under the plan since January 1, 2005 will be wholly financed by EGI sector companies in proportion to their respective share of the electricity and gas market as measured by total payroll costs.

18.1.1.2 Main features of the EGI pension reform in 2008

In accordance with the "Guidance Document on the Reform of Special Pension Plans" published by the French Ministry for Labor, Social Affairs and Solidarity on October 10, 2007, the special pension scheme for electricity and gas utilities was amended by decree no. 2008-69 of January 22, 2008. Following a transitional phase, the decree brings the pension scheme for these utilities into line with standard public sector pensions.

Decree no. 2008-627 of June 27, 2008 on the pension and disability scheme for employees of electricity and gas utilities amends Appendix 3 of the national statute for EGI sector employees. The decree reiterates the core principles of the pension reform enshrined in decree no. 2008-69 of January 22, 2008 and lays down the basis for the new rules governing the special EGI pension scheme since July 1, 2008.

This decree is supplemented by decree no. 2008-653 of July 2, 2008 which updates various provisions of the EGI statute.

The amendments made to the existing scheme came into force on July 1, 2008 and chiefly concern:

- an extension of the period during which employees pay in contributions;
- introduction of a discount/premium mechanism;
- the methodology for recalculating pensions.

During the transitional phase, the period over which employees have to pay in contributions before they can retire on a full pension – previously set at 150 quarters – will rise gradually up to 160 quarters on December 1, 2012. The scheme will then evolve in line with standard public sector pensions.

Discounts will be gradually introduced for employees who have not completed the required pay-in period.

The discount consists of applying a financial penalty to employees who have not paid in contributions over a sufficient period to qualify for a full pension. Conversely, a premium will be applied to employees who, under certain conditions, continue to work beyond 60 and have paid in contributions over more than 160 quarters.

Pensions and disability annuities will be recalculated as of January 1, 2009 on the basis of the retail price index (excluding tobacco).

As part of the pension reform and in accordance with the principles laid down by the Guidance Document, a first agreement was signed on January 29, 2008 for EGI sector companies. The agreement provides for the revaluation of the basic national salary for 2008 applicable to active and retired employees, modification of salary bands and changes in end-of-career indemnities.

The latest measurements of these and other "mutualized" obligations relating to EGI sector companies were carried out on January 1, 2008 by the CNIEG based on the assumption that employees would defer retirement in order to receive an identical level of benefits and avoid the risk of incurring a discount. In future, assumptions will be adjusted in line with actual behavior, which may have an impact on the financial statements.

18.1.2 Companies belonging to the electricity and gas sector in Belgium

In Belgium, the rights of employees in electricity and gas sector companies, principally Electrabel, Electrabel Customer Solutions (ECS), Distrigas, Fluxys and Laborelec, and some SUEZ-Tractebel SA 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 are 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, in order to verify that the minimum legal financing requirements are met and that the benefits will be financed in the long term.

"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, Belgian 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 continued to be recognized by the Group as defined contribution schemes, mainly because no material net liability has been identified. In light of the crisis in the financial markets, the actual rate of return was compared with the guaranteed minimum rate of return. The unfunded portion was not material at December 31, 2008.

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 jubilee benefits and early retirement schemes. These benefits are not pre-funded, with the exception of the special "allocation transitoire" termination indemnity (equal to three months' statutory pension), managed by an external insurance company. Since 2007, the long-service awards scheme has also been managed by an external insurance company.

The valuation of obligations takes into account, within the framework of the current regulatory context and of the collective bargaining agreements in force, the methods used by the electricity and gas supply sector in Belgium. With regard to the separation of production and distribution activities, the breakdown of obligations has been reviewed and the consequences taken into account at December 31, 2006.

In 2007, new defined benefit plans with a step rate formula[1] were offered to managerial staff recruited before May 1, 1999 and "wage-rate" employees recruited under the prior status (before June 1, 2002).

(1) *A formula guaranteeing members a set level of benefits independently of the statutory pension.*

The Group has an additional obligation of €51 million as a result of the above, €12 million of which is funded by a reimbursement right on certain inter-municipal companies (see below).

Moreover, measures concerning employees affiliated to the B scheme (providing for the payment of annuities) launched at the end of 2007 continued apace in 2008:

- retirees were given the opportunity to opt for a single lump-sum payment to replace their staggered annuity payments. This resulted in a settlement of €81 million in 2008 (excluding the cost of the capital paid to retirees in the amount of €63 million);
- active employees were given the opportunity to join the Elgabel pension plan (new funded step-rate formula), which led to a positive impact of €15 million.

The projected benefit obligation relating to these plans represented around 24% of total pension obligations and related liabilities at December 31, 2008.

18.2 Other post-employment and long-term benefit obligations

18.2.1 Other benefits granted to current and former EGI sector employees

Post-employment benefits:

- reduced energy prices;
- end-of-career indemnities;
- bonus leave;
- immediate bereavement benefits;
- partial reimbursement of educational expenses.

Long-term benefits:

- allowances for occupational accidents and illnesses;
- temporary and permanent disability allowances;
- long-service awards.

18.2.1.1 Reduced energy prices

Under article 28 of the national statute for electricity and gas industry personnel, all employees (current and former employees, provided they meet certain length-of-service conditions) are entitled to benefits in kind which take the form of reduced energy called the "employee rates".

This benefit entitles employees to electricity and gas supplies at a reduced price. For the retirement phase, this represents a post-employment defined benefit which is recognized over the period during which the employee services are rendered. Retirees must have accumulated at least 15 years' service in EGI sector companies to be eligible for the reduced energy price scheme.

In accordance with the agreements signed with EDF in 1951, Gaz de France provides gas to all current and former employees of Gaz de France and EDF, while EDF supplies these same beneficiaries with electricity. Gaz de France pays (or benefits from) the balancing contribution payable in respect of its employees as a result of energy exchanges between the two utilities.

The methods used to calculate these obligations have been harmonized within the new Group, which measures the obligation to provide energy at a reduced price to current and former employees as the difference between the energy sale price and the preferential rates granted.

18.2.1.2 End-of-career indemnities

Further to the reform of EGI pensions as of July 1, 2008, retiring employees (or their dependents in the event of death during active service) are entitled to end-of-career indemnities which increase in line with the length-of-service within the utilities.

18.2.1.3 Compensation for occupational accidents and illnesses

Like other employees under the standard pension scheme, EGI sector employees are entitled to compensation for accidents at work and other occupational illnesses. These benefits cover all employees or the dependents of employees who die as a result of occupational accidents or illnesses, or injuries suffered on the way to work.

The amount of the obligation corresponds to the likely present value of the benefits to be paid to current beneficiaries, taking into account any reversionary annuities.

18.2.2 Other companies

Most other Group companies also grant their staff post-employment benefits (pension and early retirement plans, end-of-career indemnities, medical coverage, benefits in kind, etc.) and other long-term benefits such as jubilee and length-of-service awards.

The main post-employment and other long-term benefit plans in the Group's French and foreign subsidiaries are described below.

- In France, retirement bonuses are paid to employees, and the amount, set by the applicable collective bargaining agreement, is defined in terms of a number of months' salary calculated based on the employee's length of service at retirement. Certain French subsidiaries also offer supplementary defined benefit plans that guarantee a level of annuity upon retirement.
- In Germany, the Group's various subsidiaries have implemented some or all of the following plans: defined benefit plans, early retirement plans, length-of-service bonuses, benefits in kind, and individual retirement commitments.
- In Italy, employees are entitled to deferred compensation ("Trattamento di Fine Rapporto - TFR") at the end of their employment contract, for example upon retirement.
- In the United States and United Kingdom, annuities paid on retirement are generally determined as a percentage of the final salary.

Defined benefit pension plans may be fully or partly pre-funded by employer contributions to a pension fund (as is the case in the United States and United Kingdom) or a dedicated fund managed by an insurance company (France). Plan assets are funded by contributions paid by the company and, in some cases, by employees.

With the exception of the United States, other employee benefit plans and other long-term benefits are generally not pre-funded.

18.2.3 Multi-employer plans

Employees of some Group companies are affiliated to multi-employer pension plans, covering pension, death and di, sability benefits legally paid in the form of annuities. 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.

Multi-employer plans can be classified as either defined contribution or defined benefit plans, depending on the terms and conditions applicable to the plan (and any constructive obligation beyond the formal terms and conditions of the plan). In the absence of any regulations governing the calculation of the share of the underlying financial position and the performance attributable to each participating employer, and in the absence of a contractual agreement between the scheme and the participants on the financing of any shortfall (or distribution of any surplus), these multi-employer plans are treated by GDF SUEZ as defined contribution plans in accordance with IAS 19.

This concerns mainly Energy Services subsidiaries based in the Netherlands (mainly GTI Nederland and Axima Services B.V.), together with Electrabel Nederland and SITA Nederland, which participate in three multi-employer plans: Pensioenfonds Metaal en Techniek (PMT), Stichting Bedrijfstakpensioenfonds voor het beroepsvervoer over de weg (BPF Vervoer) and Algemeen Burgerlijk Pensioenfonds (ABP).

The financial crisis has lowered the funding status of the majority of Dutch multi-employer plans, and all three plans are required to raise their funding levels. In November 2008, the ABP and PMT funds, which had a funding surplus of 140% at end-2007, announced that they were 103.9%-funded and 86%-funded, respectively.

The Dutch pensions regulator, De Nederlandse Bank, requires pension funds to be at least 125%-funded. Funds that fail to meet this requirement must produce a funding program covering a period of 15 years. If the level of funding falls below 105%, a three-year refinancing plan must be put in place to restore the funding level to the required minimum rate.

Accordingly, none of these funds will be indexed to current retirement annuities, unlike the large majority of Dutch pension plans. The level of contributions will be lifted in 2009, up 2.04% for ABP, between 6% and 8.33% for PMT, and up 0.5% for BPF Vervoer (employer contributions only). The amount of the exemption applied to the salary that determines thus the portion of salary to be taken into account in the pension calculation has been increased 2.5% by ABP, 3.5% by PMT, and 2% by BPF Vervoer. This will result in a reduction of the future benefit obligation. To date, there are no plans to require employers to make a one-off catch-up payment.

18.3 Defined benefit plans

18.3.1 Change in projected benefit obligation

The GDF SUEZ Group's defined benefit obligations are as follows:

		Dec. 31, 2008			Dec. 31, 2007			Dec. 31, 2006		
In millions of euros		Pension benefit obliga-tions [a]	Other benefit obliga-tions [b]	Total benefit obliga-tions	Pension benefit obliga-tions [a]	Other benefit obliga-tions [b]	Total benefit obliga-tions	Pension benefit obliga-tions [a]	Other benefit obliga-tions [b]	Total benefit obliga-tions
A - CHANGE IN PROJECTED BENEFIT OBLIGATION										
Projected benefit obligation at January 1		(4,065.8)	(713.1)	(4,778.9)	(4,412.9)	(804.2)	(5,217.1)	(5,446.4)	(1,060.7)	(6,507.1)
Service cost		(152.5)	(38.3)	(190.9)	(113.3)	(41.5)	(154.8)	(115.9)	(26.6)	(142.5)
Interest cost		(262.7)	(72.6)	(335.4)	(208.8)	(32.7)	(241.5)	(200.3)	(32.2)	(232.5)
Contributions paid		(7.8)		(7.8)	(7.8)		(7.8)	(8.6)		(8.6)
Amendments		7.1	6.0	13.1	(55.7)		(55.7)	1.4	(1.5)	(0.1)
Acquisitions/disposals of subsidiaries		(1,698.1)	(1,420.3)	(3,118.4)	8.7	(0.6)	8.1	918.6	250.7	1,169.3
Curtailments/settlements [*]		105.0	0.3	105.4	154.9	4.1	159.0	129.4	1.5	130.9
Special terminations		4.3	(2.0)	2.4	(6.0)	(2.5)	(8.5)	(8.8)	(1.6)	(10.4)
Actuarial gains and losses		(24.1)	(24.5)	(48.6)	273.0	115.1	388.1	21.8	1.3	23.1
Benefits paid		337.7	82.5	420.2	297.1	39.9	337.0	306.1	48.1	354.2
Other (translation adjustments)		122.8	(5.2)	117.6	5.0	9.1	14.1	(10.1)	16.8	6.7
Projected benefit obligation at December 31	**A**	**(5,634.0)**	**(2,187.0)**	**(7,821.0)**	**(4,065.8)**	**(713.1)**	**(4,778.9)**	**(4,412.9)**	**(804.2)**	**(5,217.0)**
B - CHANGE IN FAIR VALUE OF PLAN ASSETS										
Fair value of plan assets at January 1		2,452.0	46.9	2,499.0	2,406.4	46.9	2,453.3	2,561.0	47.8	2,608.8
Expected return on plan assets		199.4	3.1	202.5	132.7	3.3	136.0	126.9	3.2	130.0
Actuarial gains and losses		(528.0)	(11.5)	(539.5)	49.8	1.5	51.3	31.0	0.4	31.4
Contributions received		275.8	40.3	316.0	238.9	39.1	278.0	282.6	47.5	330.1
Acquisitions/disposals of subsidiaries		1,856.5		1,856.5	(2.3)		(2.3)	(259.6)		(259.6)
Settlements		(9.3)		(9.3)	(63.5)		(63.5)	(16.6)		(16.6)
Benefits paid		(330.1)	(40.3)	(370.4)	(297.1)	(39.9)	(337.0)	(306.1)	(48.1)	(354.2)
Other (translation adjustments)		(84.8)	1.5	(83.3)	(12.9)	(4.0)	(16.9)	(12.7)	(3.9)	(16.6)
Fair value of plan assets at December 31	**B**	**3,831.3**	**40.0**	**3,871.3**	**2,452.0**	**46.9**	**2,498.9**	**2,406.4**	**46.9**	**2,453.2**
C - FUNDED STATUS	**A+B**	**(1,802.7)**	**(2,147.0)**	**(3,949.7)**	**(1,613.8)**	**(666.2)**	**(2,280.0)**	**(2,006.5)**	**(757.3)**	**(2,763.8)**
Unrecognized past service cost		12.3	(14.2)	(1.9)	(1.2)	(15.3)	(16.5)	5.6	(17.4)	(11.7)
Asset ceiling [**]		(10.0)	(0.7)	(10.7)	(1.9)		(1.9)	(0.3)		(0.3)
NET BENEFIT OBLIGATION	**A+B**	**(1,800.5)**	**(2,162.0)**	**(3,962.3)**	**(1,616.9)**	**(681.5)**	**(2,298.4)**	**(2,000.9)**	**(774.8)**	**(2,775.7)**
ACCRUED BENEFIT LIABILITY		(1,987.3)	(2,163.5)	(4,150.8)	(1,662.1)	(684.1)	(2,346.2)	(2,019.6)	(777.4)	(2,797.0)
PREPAID BENEFIT COST		186.9	1.6	188.5	45.2	2.6	47.8	18.7	2.6	21.3

(*) In 2008, this item includes €82 million in plan curtailments and €23 million in plan settlements.
(**) Including additional provisions set aside on application of IFRIC 14.
(a) Pensions and retirement bonuses.
(b) Length-of-service awards, healthcare and other post-employment benefits.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 A

Changes in the scope of consolidation in 2008 essentially reflect the net obligations of Gaz de France companies which were consolidated for the first time at July 1, 2008, in an amount of €1.355 million.

To comply with IFRIC 14, an additional provision of €10.7 million was booked at December 31, 2008. The loss is recognized in equity in the statement of recognized income and expense (SORIE).

The Group considers that the calculation of statutory lay-off indemnities resulting from article 11 of the National Interprofessional Accord ("ANI") signed in January 2008 does not apply to indemnities due in the event of voluntary retirement. This was confirmed by an interpretation signed by the ANI on December 15, 2008. The application of these provisions would have had no impact on the Group's earnings or on its pension obligation.

18.3.2 Change in reimbursement rights

The Group's obligations as presented above are grossed up with the reimbursement rights resulting from the pension obligations of the inter-municipal companies and against the portion of plan assets held by Contassur following its reclassification as a related party[1]. Reimbursement rights described below are recorded in the balance sheet under "Other assets".

18.3.2.1 Electrabel reimbursement right

Obligations towards employees of Electrabel's distribution business are covered by a reimbursement right granted by the inter-municipal companies. The inter-municipal companies in the Walloon region do not have staff of their own and use Electrabel's distribution services, skills and experience for the day-to-day operation of the networks. All related personnel costs (including pension costs) are billed by Electrabel to the inter-municipal companies based on actual costs incurred.

In light of Electrabel's right to reimbursement from the inter-municipal companies, pension obligations in relation to distribution employees (€296 million at December 31, 2008) are subsequently grossed up with the receivable recognized as an asset in the same amount.

This item decreased significantly in 2006 due to the transfer of distribution employees to Eandis and BNO.

Changes in the fair value of Electrabel's reimbursement rights during 2008 may be summarized as follows:

In millions of euros	2008	2007	2006
Fair value at January 1	**310**	**377**	**1,353**
Changes in scope of consolidation			(915)
Actuarial gains and losses	40	(27)	15
Net proceeds for the year	(14)	24	(23)
Contributions paid	(40)	(64)	(53)
FAIR VALUE AT DECEMBER 31	**296**	**310**	**377**

18.3.2.2 Reimbursement right relating to Contassur

Modifications to IAS 19 in 2000 concerning the notion of related parties led the Group to gross up its pension obligations against the plan assets held by Contassur, and to recognize them as reimbursement rights under assets on the consolidated balance sheet. This operation had no impact on the consolidated income statement.

(1) *Although Contassur is subject to the same management and control obligations as any insurance company, due to the structure of its customer base and the composition of its executive management, it is considered that the GDF SUEZ Group has the power to influence the company's management.*

Changes in the fair value of the reimbursement rights relating to Contassur during 2008 are summarized below.

In millions of euros	2008	2007	2006
Fair value at January 1	179.3	187.2	308.0
Expected return on plan assets	8.6	10.8	12.8
Actuarial gains and losses	(33.7)	4.7	0.7
Actual return	(25.0)	15.5	13.5
Employer contributions	12.2	8.4	12.3
Employee contributions	2.7	2.5	2.6
Acquisitions/disposals excluding business combinations	(6.6)	(6.1)	(50.5)
Curtailments		(12.5)	(82.1)
Benefits paid	(15.4)	(15.7)	(16.6)
FAIR VALUE AT DECEMBER 31	147.2	179.3	187.2

The decrease in fair value in 2006 also reflects the transfer of employees to Eandis and BNO.

18.3.3 Actuarial gains and losses recognized in equity

Net actuarial gains recognized in equity amounted to €600 million at December 31, 2008 compared to net actuarial losses of €85.9 million at end-2007.

In millions of euros	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
At January 1	(85.9)	310.6	365.0
Actuarial (gains)/losses generated during the year	685.9	(396.5)	(54.4)
AT DECEMBER 31	600.0	(85.9)	310.6

Actuarial gains and losses presented in the above table include translation adjustments. In the statement of recognized income and expense, translation adjustments are shown separately.

18.3.4 Reconciliation with provisions carried in the balance sheet

The table below shows the reconciliation of pension liabilities with provisions carried in the balance sheet:

In millions of euros	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Provision for pensions	1,987.3	1,662.1	2,020.6
Provision for other post-employment and long-term benefits	2,163.5	684.1	776.9
TOTAL PROVISION	4,150.8	2,346.2	2,797.5

The yearly changes in pension liabilities and prepaid costs carried in the balance sheet can be broken down as follows:

In millions of euros	Liabilities	Assets
Balance at December 31, 2006	**(2,797.0)**	**21.3**
Exchange rate differences	(2.0)	(0.4)
Changes in scope of consolidation and other	8.9	(9.0)
Actuarial gains and losses	348.4	35.0
Period pension cost	(165.3)	(8.7)
Contributions	260.7	9.5
Balance at December 31, 2007	**(2,346.3)**	**47.7**
Exchange rate differences	34.3	
Changes in scope of consolidation and other	(1,610.6)	348.7
Actuarial gains and losses	(383.5)	(204.6)
Period pension cost	(234.6)	23.3
Asset ceiling/IFRIC 14	14.1	(2.4)
Contributions/Benefits paid	375.7	(24.2)
Balance at December 31, 2008	**(4,150.8)**	**188.5**

18.3.5 Components of the net periodic pension cost

The net periodic cost recognized in respect of defined benefit obligations for the years ended December 31, 2008, 2007 and 2006 breaks down as follows:

In millions of euros	2008	2007	2006
Current service cost	**190.8**	**154.7**	**142.5**
Interest cost	335.3	241.4	232.5
Expected return on plan assets	(202.5)	(136.0)	(130.0)
Actuarial gains and losses	2.2	(55.9)	3.9
Past service cost	(31.2)	59.3	1.0
Gains or losses on pension plan curtailments, terminations and settlements	(91.7)	(99.9)	(114.3)
Special terminations	8.4	10.3	10.4
Asset ceiling		0.0	(0.3)
TOTAL	**211.3**	**174.0**	**145.6**
o/w recorded in current operating income	78.5	68.6	43.2
o/w recorded in net financial income/(loss)	132.8	105.4	102.5

18.3.6 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 income streams and liquidity to cover pension and other benefit payments; and as part of risk management, to achieve a long-term rate of return higher than the discount rate or where appropriate, at least equal to future required returns.

When plan assets are invested in pension funds, investment decisions and the allocation of plan assets are the responsibility of the fund manager concerned. For French companies, where plan assets are invested with an insurance company, the latter manages the investment portfolio for unit-linked policies and guarantees a rate of return on assets in euro-denominated policies. These diversified funds are actively managed by reference to composite indexes and adapted to the long-term profile of the liabilities, taking into account eurozone government bonds and shares in front-ranking companies within and outside the eurozone.

The insurer's sole obligation is to ensure a fixed minimum return on assets in euro-denominated funds.

The funding of these obligations at December 31 for each of the periods presented can be analyzed as follows:

	Projected benefit obligation	Fair value of plan assets	Unrecognized past service cost	Asset ceiling (*)	Total net obligations
Underfunded plans	(4,686.8)	2,251.0	(12.6)	(8.5)	(2,456.9)
Overfunded plans	(1,426.3)	1,620.3	(1.5)	(2.2)	190.4
Unfunded plans	(1,708.0)		12.2		(1,695.8)
TOTAL AT DECEMBER 31, 2008	**(7,821.0)**	**3,871.3**	**(1.9)**	**(10.7)**	**(3,962.3)**
Underfunded plans	(3,319.5)	1,890.5	(12.0)		(1,441.0)
Overfunded plans	(561.8)	608.4	(2.0)	(1.9)	42.7
Unfunded plans	(897.7)		(2.4)		(900.1)
TOTAL AT DECEMBER 31, 2007	**(4,778.9)**	**2,498.9**	**(16.4)**	**(1.9)**	**(2,298.4)**
Underfunded plans	(3,729.6)	2,119.6	(5.8)		(1,615.8)
Overfunded plans	(322.7)	333.6	0.0	(0.2)	10.8
Unfunded plans	(1,164.7)	0.0	(5.9)		(1,170.6)
TOTAL AT DECEMBER 31, 2006	**(5,217.0)**	**2,453.2**	**(11.7)**	**(0.2)**	**(2,775.7)**

(*) Including additional provisions set aside on application of IFRIC 14.

The allocation of plan assets by principal asset category can be analyzed as follows:

	2008	2007	2006
Equities	26%	32%	33%
Bonds	47%	47%	45%
Real estate	3%	6%	7%
Other (including money market securities)	24%	15%	15%
TOTAL	**100%**	**100%**	**100%**

18.3.7 Actuarial assumptions

Actuarial assumptions are determined individually per country and company in association with independent actuaries. Weighted discount rates are presented below:

	Pension benefit obligations			Other benefit obligations			Total benefit obligations		
	2008	2007	2006	2008	2007	2006	2008	2007	2006
Discount rate	5.2%	5.6%	4.8%	5.2%	5.1%	4.2%	5.2%	5.5%	4.7%
Estimated future increase in salaries	3.5%	3.6%	3.7%	3.5%	3.4%	3.5%	3.5%	3.6%	3.7%
Expected return on plan assets	6.9%	6.1%	5.6%	6.4%	6.9%	6.5%	6.8%	6.1%	5.6%
Average remaining working lives of participating employees	13 years	12 years	12 years	13 years	14 years	13 years	13 years	12 years	12 years

18.3.7.1 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 likely maturity of the plan.

The discount rates used for EUR, USD and GBP represent 10, 15, and 20 year rates on AA composite indexes referenced by Bloomberg. In Switzerland, the discount rate is the yield on government bonds with the same maturity as the pension plans.

According to the Group's estimates, a +/-1% change in the discount rate would result in a change of approximately 8.8% in the obligations.

18.3.7.2 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 geographical area.

The expected return on reimbursement rights is 5%.

In light of the crisis in the financial markets, the value of plan assets relating to the Group's Belgian entities in 2008 was estimated assuming a positive 5% return on plan assets managed by insurance companies and a negative 20% return on assets managed by pension funds. This assumption was in line with the returns calculated at year-end.

The return on plan assets for companies eligible for the EGI pension scheme was a negative 10% in 2008.

18.3.7.3 Other assumptions

The rate of increase in medical costs (including inflation) was estimated at 3.2%.

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	4.4	(3.6)
Impact on pension obligations	45.4	(37.9)

18.3.8 Experience adjustments

The breakdown of experience adjustments giving rise to actuarial gains and losses is as follows:

	Dec. 31, 2008		Dec. 31, 2007	
In millions of euros	Pension benefit obligations	Other benefit obligations	Pension benefit obligations	Other benefit obligations
Projected benefit obligation	(5,634.0)	(2,187.0)	(4,065.8)	(713.1)
Fair value of plan assets	3,831.3	40.0	2,452.0	46.9
Surplus/deficit	(1,802.7)	(2,147.0)	(1,613.8)	(666.2)
Experience adjustments to projected benefit obligation	(95.0)	12.0	(11.9)	(61.7)
Experience adjustments to fair value of plan assets	528.0	11.5	(9.0)	1.2

18.3.9 Geographical breakdown of obligations

In 2008, the geographical breakdown of the main obligations and actuarial assumptions (including inflation) were as follows:

	Eurozone		UK		US		Rest of the world	
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
Net benefit obligations	(1,464)	(2,028)	(20)	(0)	(73)	(67)	(244)	(66)
Discount rate	5.2%	5.2%	6.4%	-	6.4%	6.2%	7.8%	5.0%
Estimated future increase in salaries	3.4%	3.4%	3.9%	-	3.5%	3.5%	4.3%	4.6%
Expected return on plan assets	6.9%	6.4%	7.2%	-	8.5%	8.5%	5.7%	5.4%
Average remaining working lives of participating employees (years)	13	13	13	-	13	13	9	14

18.3.10 Payments due in 2009

The Group expects to pay around €152 million in recurring contributions into its defined benefit plans in 2009, including €57 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.

In light of the financial crisis, the Group expects a slight rise in its contributions for 2009. A one-off premium of €30 million will also be paid in 2009 under the Elgabel plan.

18.4 Defined contribution plans

In 2008, the Group recorded a €113 million charge in respect of amounts paid into Group defined contribution plans (€99 million in 2007).

These contributions are recorded under “Personnel costs” in the consolidated income statement.

NOTE 19 EXPLORATION & PRODUCTION ACTIVITIES

19.1 Exploration & Production assets

This caption includes the following items:

In millions of euros	Licenses	Plant and equipment	Total capitalized E&P assets
A. GROSS AMOUNT			
At December 31, 2007	**0**	**0**	**0**
Changes in scope of consolidation	**171.8**	**5,516.1**	**5,687.9**
Acquisitions	186.3	1,293.8	1,480.1
Disposals		(63.2)	(63.2)
Translation adjustments	(15.4)	(501.8)	(517.2)
Other	61.1	(71.2)	(10.1)
At December 31, 2008	**403.8**	**6,173.7**	**6,577.5**
B. ACCUMULATED AMORTIZATION, DEPRECIATION AND IMPAIRMENT			
At December 31, 2007	**0**	**0**	**0**
Changes in scope of consolidation	0	0	0
Amortization, depreciation and impairment	42.5	372.2	414.7
Disposals		(14.5)	(14.5)
Translation adjustments	(5.6)	(164.6)	(170.2)
Other		0.0	0.0
At December 31, 2008	**36.9**	**193.0**	**230.0**
C. CARRYING AMOUNT			
At December 31, 2008	**366.9**	**5,980.7**	**6,347.5**

Changes in scope of consolidation chiefly reflect the first-time consolidation of Gaz de France and its subsidiaries, while acquisitions for the period mainly include oil and gas fields located in the Dutch North Sea for €768 million.

19.2 Capitalized exploration costs

The following table provides a breakdown of the net change in capitalized exploration costs:

At December 31, 2007	**0**
Changes in the scope of consolidation	206
Capitalized costs pending determination of proven reserves	163
Amounts previously capitalized and expensed during the year	(53)
Amounts transferred to assets in progress	(41)
Other	0
At December 31, 2008	**275**

NOTE 20 FINANCE LEASES

20.1 Finance leases for which GDF SUEZ acts as lessee

The carrying amounts of property, plant and equipment held under finance leases are broken down into different asset categories depending on their type.

The main finance lease agreements entered into by the Group primarily concern Novergie's incineration facilities, the Choctaw power station in the United States and Elyo's co-generation plants.

The present values of future minimum lease payments break down as follows:

In millions of euros	Future minimum lease payments at Dec. 31, 2008		Future minimum lease payments at Dec. 31, 2007		Future minimum lease payments at Dec. 31, 2006	
	Undiscounted value	Present value	Undiscounted value	Present value	Undiscounted value	Present value
Year 1	240.3	227.0	156.6	151.1	153.5	148.9
Years 2 to 5 inclusive	803.5	706.6	483.0	421.4	516.8	462.0
Beyond year 5	913.6	485.8	924.8	501.2	1,064.3	606.2
TOTAL FUTURE MINIMUM LEASE PAYMENTS	**1,957.3**	**1,419.4**	**1,564.4**	**1,073.7**	**1,734.7**	**1,217.1**

The following table provides a reconciliation of maturities of liabilities under finance leases as reported in note 14.2.1 with the maturities of undiscounted future minimum lease payments:

In millions of euros	Total	Year 1	Years 2 to 5 inclusive	Beyond year 5
Liabilities under finance leases	1,532.4	185.0	561.7	785.7
Impact of discounting future repayments of principal and interest	425.0	55.3	241.8	127.9
UNDISCOUNTED FUTURE MINIMUM LEASE PAYMENTS	**1,957.3**	**240.3**	**803.5**	**913.6**

20.2 Finance leases for which GDF SUEZ acts as lessor

These leases fall mainly within the scope of IFRIC 4 guidance on the interpretation of IAS 17. They concern (i) energy purchase and sale contracts where the contract conveys an exclusive right to use a production asset; and (ii) certain contracts with industrial customers relating to assets held by the Group.

The Group has recognized finance lease receivables for Solvay, Total (Belgium), Bowin (Thailand) and Air Products (Netherlands) in relation with co-generation plants. It has also recognized finance lease receivables on the sale of transmission capacities in Mexico.

In millions of euros	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Undiscounted future minimum lease payments	628.5	399.5	464.5
Unguaranteed residual value accruing to the lessor	27.5	21.8	24.0
TOTAL GROSS INVESTMENT IN THE LEASE	**656.0**	**421.3**	**488.5**
Unearned financial income	**125.9**	**137.8**	**165.7**
NET INVESTMENT IN THE LEASE	**530.2**	**283.5**	**322.8**
• o/w present value of future minimum lease payments	518.6	274.9	312.8
• o/w present value of unguaranteed residual value	11.6	8.6	10.0

Amounts recognized in the consolidated balance sheet in connection with finance leases are detailed in note 14.1.2 “Loans and receivables carried at amortized cost”.

Undiscounted future minimum lease payments receivable under finance leases can be analyzed as follows:

In millions of euros	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Year 1	106.5	36.4	37.2
Years 2 to 5 inclusive	283.7	142.4	147.2
Beyond year 5	238.3	220.7	280.1
TOTAL	628.5	399.5	464.5

NOTE 21 OPERATING LEASES

21.1 Operating leases for which GDF SUEZ acts as lessee

The Group has entered into operating leases mainly in connection with LNG tankers, and miscellaneous buildings and fittings.

Operating lease income and expense for 2008, 2007 and 2006 can be analyzed as follows:

In millions of euros	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Minimum lease payments	(653.6)	(359.8)	(403.4)
Contingent lease payments	(139.9)	(149.3)	(161.6)
Sub-letting income	20.7	8.5	4.1
Sub-letting expenses	(99.4)	(25.6)	(2.5)
Other operating lease expenses	(72.7)	(86.1)	(115.9)
TOTAL	(944.9)	(612.3)	(679.3)

Future minimum lease payments under non-cancelable operating leases can be analyzed as follows:

In millions of euros	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Year 1	439.3	296.1	221.3
Years 2 to 5 inclusive	1,209.6	913.1	663.1
Beyond year 5	1,077.2	1,105.4	820.5
TOTAL	**2,726.2**	**2,314.6**	**1,704.9**

21.2 Operating leases for which GDF SUEZ acts as lessor

These leases fall mainly within the scope of IFRIC 4 guidance on the interpretation of IAS 17. They concern primarily the HHPC plant in Thailand, the BAYMINA plant in Turkey, and the HOPEWELL and RED HILLS plants in the United States. Operating lease income for 2008, 2007 and 2006 can be analyzed as follows:

In millions of euros	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Minimum lease payments	310.4	676.4	668.5
Contingent lease payments	0.0	0.0	43.1
TOTAL	**310.4**	**676.4**	**711.6**

Future minimum lease payments receivables under non-cancelable operating leases can be analyzed as follows:

In millions of euros	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Year 1	551.4	422.4	458.0
Years 2 to 5 inclusive	2,002.2	1,463.2	1,591.1
Beyond year 5	2,186.9	2,084.7	2,487.3
TOTAL	**4,740.5**	**3,970.3**	**4,536.4**

NOTE 22 SERVICE CONCESSION ARRANGEMENTS

SIC 29, Disclosure – Service Concession Arrangements 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 a concession operator.

IFRIC 12 published in November 2006 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).

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; and

(b) 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.