
**CONTRIBUTION AGREEMENT
GOVERNED BY THE LEGAL REGIME FOR SPIN-OFFS**

BY AND BETWEEN

SUEZ
THE CONTRIBUTING COMPANY

AND

SUEZ ENVIRONNEMENT COMPANY
THE BENEFICIARY COMPANY

June 5, 2008

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BY AND BETWEEN THE UNDERSIGNED

- **SUEZ**, a French limited liability company (*société anonyme*) with a share capital of €2,617,883,906, having its registered office at 16, rue de la Ville l'Evêque, 75008 Paris, registered in the Paris Trade Register under number 542 062 559, represented by Mr. Gérard Mestrallet, Chairman and Chief Executive Officer, duly authorized for the purposes herein by resolution of the board of directors dated June 4, 2008;

(hereinafter referred to as “**SUEZ**” or the “**Contributing Company**”);

PARTY OF THE FIRST PART

AND

- **SUEZ Environnement Company**, a French limited liability company (*société anonyme*) with a share capital of €225,000, having its registered office at 1, rue d'Astorg, 75008 Paris, registered in the Paris Trade Register under number 433 466 570, represented by Mr. Jean-Louis Chaussade, Chief Executive Officer, duly authorized for the purposes herein by resolution of the board of directors dated June 4, 2008;

(hereinafter referred to as “**SUEZ Environnement Company**” or the “**Beneficiary**”);

PARTY OF THE SECOND PART

I — **PRESENTATION OF THE COMPANIES — REASONS AND PURPOSES OF THE TRANSACTION — FINANCIAL STATEMENTS USED TO ESTABLISH THE TERMS OF THE CONTRIBUTION-DISTRIBUTION — VALUATION PRINCIPLES**

1. **PRESENTATION OF THE COMPANIES**

1.1 **SUEZ (Contributing Company)**

1.1.1 SUEZ, a French limited liability company (*société anonyme*) with a board of directors, resulting from the merger of *Compagnie de SUEZ* and *Lyonnaise des Eaux* in June 1997, was initially established on February 23, 1880; its term was extended in 1941 for 99 years and will expire on December 31, 2040, unless extended or wound up in advance. SUEZ and all its direct and indirect subsidiaries are hereinafter referred to as the “**SUEZ Group**”.

1.1.2 On the date of this agreement, SUEZ share capital amounts to €2,617,883,906. It is divided into 1,308,941,953 shares, fully paid-up, each with a par value of €2 and all of the same class. They are listed for trading on the Euronext Paris market (Compartment A), on the Euronext Brussels market, on the official list of the regulated market of the Brussels Stock Exchange, on the Swiss stock exchange (SWX Swiss Exchange), and are traded as American Depositary Shares.

In addition, on the date of this agreement, SUEZ also holds 35,724,397 of its own shares; it is specified that the implementation of its share buyback program was suspended on May 28, after the trading session.

1.1.3 SUEZ has granted stock options by subscription or acquisition of SUEZ shares (the “**SUEZ Options**”) and has also granted free SUEZ existing shares on the ground of Article L. 225-197-1 of the French Commercial Code. The SUEZ Options and free shares plans, which shall be in force on the Completion Date, are listed in **Appendix I-1.1.3**.

SUEZ has decided to suspend the right to exercise the SUEZ Options for all plans, in accordance with the provisions of the option plans, from May 22, 2008, at the close of the Euronext Paris market (the “**Suspension Date**”) through August 22, 2008, subject to a reduction in the suspension period that may be subsequently decided; it is specified that the suspension period so reduced may not end before the completion of the Merger (as defined hereinafter) or the date on which the agreement relating to the Merger expires, as the case may be.

The SUEZ Options which have not been exercised before the Suspension Date and the allocated SUEZ free shares (*actions gratuites*) shall, as a result of the transaction described in this Contribution Agreement, be adjusted pursuant to laws and regulations and in accordance with the terms and conditions of the various related plans.

1.1.4 Based on the preceding elements, 1,273,217,556 shares issued by SUEZ on the date of this agreement (minus treasury shares) shall give right to the allocation of SUEZ Environnement Company shares in the framework of the contribution-distribution described herein.

1.1.5 SUEZ has not granted or issued securities, stocks or rights, either giving rights to capital or not, other than those described in Articles I-1.1.1 to I-1.1.4 above.

1.1.6 SUEZ fiscal year ends on December 31 of each year.

1.1.7 SUEZ corporate purpose is to manage and develop the value of its current and future assets, in every country and by all means, particularly:

a) to obtain, purchase, lease and operate any concessions and businesses related to supplying cities with drinking or industrial water, the evacuation and purification of waste water, drying and waste treatment operations, irrigation, and the establishment of all water transport, protection and retaining structures;

b) to obtain, purchase, lease and operate all sales and service activities to local authorities and individuals in city planning and environmental management;

c) to analyze, establish and carry out any projects and public or private works on behalf of any local authorities and individuals; and to prepare and enter into any agreements and contracts relating to the execution of such projects and works;

d) to acquire any equity interests in the form of subscription, purchase, contribution, exchange or by any other means of shares, units, bonds and all other securities of companies currently existing or to be formed;

e) to obtain, purchase, assign, license and use any patents and patent licenses and all processes; and

f) generally, to engage in any industrial, commercial, financial, personal and real property operations that may be related directly or indirectly to the corporate purpose or which could develop or promote the business of the company.

1.2 SUEZ Environnement Company (Beneficiary)

1.2.1 SUEZ Environnement Company (the former name of which “Houlival” was changed into SUEZ Environnement Company by a resolution of the shareholders’ meeting dated February 11, 2008) was registered in the Paris Trade Register on November 9, 2000, as a French limited liability company (*société anonyme*) with a term of 99 years to end on November 9, 2099. It has a share capital of €225,000 divided into 56,250 shares of common stock each with a par value of four (4) euros, fully paid up and all of the same class.

1.2.2 SUEZ Environnement Company has not issued securities, stocks or rights either giving rights to its capital or not other than the 56,250 shares representing its share capital.

1.2.3 SUEZ Environnement Company’s fiscal year ends on December 31 of each year.

1.2.4 On the date of this agreement, the corporate purpose of SUEZ Environnement Company, directly and indirectly, in all countries is:

- to study and carry out any and all projects of an industrial, commercial, financial, personal or real property nature;
- to acquire and manage any security;
- to acquire any equity investment or interest in any commercial, industrial, financial, personal or real property company, whether French or foreign, through the creation of new companies, the contribution, subscription or purchase of securities or corporate rights through merger, partnerships or otherwise; and
- more generally, to carry out any financial, commercial, industrial personal or real property operations that may be directly or indirectly related to the corporate purpose.

1.2.5 To date, SUEZ Environnement Company has never conducted any business activity.

1.2.6 The shareholders of SUEZ Environnement Company will be requested, at the combined ordinary and extraordinary shareholders’ meeting convened to approve this Contribution transaction, to vote the amendments to the bylaws of SUEZ Environnement Company.

1.3 Links between SUEZ and SUEZ Environnement Company

1.3.1 To date, SUEZ holds 56,244 shares representing 99.99% of the capital and voting rights of SUEZ Environnement Company.

1.3.2 To date, SUEZ and SUEZ Environnement Company have no corporate officer in common, with the exception of Mr. Gérard Mestrallet.

2. REASONS AND PURPOSES OF THE TRANSACTION

2.1 The contribution-distribution that is subject of this contribution agreement governed by the legal regime for spin-offs (the “**Contribution Agreement**”) will be implemented within the context of the merger by absorption of SUEZ by Gaz de France (“**GDF**”). This merger transaction shall be accompanied by the following transactions:

- internal reclassification operations, through the transfer of equity investments and assets, in order to gather into SUEZ Environnement and its direct or indirect subsidiaries (the “**SUEZ Environnement Group**”) all assets relating to its Environment Division which are not within the legal scope of the SUEZ Environnement Group; and

- the contribution by SUEZ of 100% of the shares composing the capital of the SUEZ Environnement (the “**Environnement Division**”) to SUEZ Environnement Company (formerly “Houilval”), to be compensated through the issuance of SUEZ Environnement Company shares, followed by the distribution by SUEZ to its shareholders-other than SUEZ-, in proportion to the rights they hold in SUEZ, of a portion of those shares representing 65% of the shares composing the capital of SUEZ Environnement Company at the end of the contribution; it is specified that the SUEZ Environnement Company shares shall be listed for trading on the Euronext Paris and Euronext Brussels markets after the completion of the merger between SUEZ and Gaz de France.

The listing of SUEZ Environnement Company shares for trading on the Euronext Paris and Euronext Brussels markets will give SUEZ Environment Company a greater visibility in line with the stature and ambitions of the group, with direct access to financial markets.

2.1.1 This second step in the restructuring will include the following operations, which will be completed concomitantly, in the order indicated below, at midnight on the date on which the SUEZ Environnement Company shares are listed for trading on the Euronext Paris market as described in the Euronext Paris listing notice (the “**Completion Date**”), and the SUEZ Environnement Company shares shall be listed for trading on the Euronext Paris and Euronext Brussels markets on the same day, at the opening of said markets:

- (i) SUEZ will proceed with the absorption of its wholly owned subsidiary Rivolam (a French limited liability company (*société anonyme*) with its registered office at 16, rue de la Ville l’Evêque, 75008 Paris, registered under number 430 440 586 RCS Paris), through a simplified merger resulting in the universal transfer to SUEZ of Rivolam assets and liabilities (consisting almost exclusively of SUEZ Environnement shares) and the dissolution without liquidation of Rivolam (the “**Rivolam Merger**”);
- (ii) Immediately after the completion of the Rivolam Merger, SUEZ shall proceed, pursuant to the terms of this agreement:
 - to a contribution, governed by the legal regime of spin-offs, of 100% of the shares composing the share capital of SUEZ Environnement, a French limited liability company (*société anonyme*) with a share capital of €3,323,457,083, having its registered office at 1, rue d’Astorg, 75008 Paris registered under number 410 118 608 RCS Paris (“**SUEZ Environnement**”) to SUEZ Environnement Company (the “**Contribution**”); and
 - to the allocation through the distribution of an issuance premium to its own shareholders — other than itself — of a portion of the new shares issued in payment for the Contribution representing 65% of the shares composing the share capital of SUEZ Environnement Company, in the ratio of one (1) SUEZ Environnement Company share for four (4) SUEZ shares; the eligible parties for SUEZ Environnement Company shares will be (i) the SUEZ shareholders, other than SUEZ itself, whose dematerialized shares are registered in an account in their name, at the close of the accounting day (*journée comptable*) preceding the Completion Date and (ii) for the SUEZ shareholders holding materialized shares, the holders of the corresponding paper coupon (the “**Distribution**”). (The Contribution and the Distribution are hereinafter collectively referred to as the “**Contribution-Distribution**”);
- (iii) Immediately after the completion of the Contribution-Distribution described in this Contribution Agreement, Gaz de France will absorb SUEZ by merger, and the SUEZ shareholders will thus become shareholders of Gaz de France, in the ratio, of twenty-one (21) Gaz de France shares for twenty-two (22) SUEZ shares (the “**Merger**”).

As of the Completion Date, SUEZ Environnement Company shall thus become the holding company for the operational entities that are currently composing the Environment Division.

2.1.2 The principle of the Rivolam Merger was approved by the boards of directors of SUEZ and Rivolam on June 4, 2008.

2.1.3 The principle of the Contribution-Distribution and this Contribution Agreement were approved by the boards of directors of SUEZ and SUEZ Environnement Company on June 4, 2008.

- 2.1.4** The Contribution includes all SUEZ Environnement shares held by SUEZ on the Completion Date, corresponding to 100% of the share capital of SUEZ Environnement (the “**Shares**”), i.e.:
- (i) 417,382,531 SUEZ Environnement shares which are, as of the date of this agreement, held by Rivolam and will be transferred to SUEZ on the Completion Date as a result of the Rivolam Merger, distributed as follows:
 - 5,977,680 Class A shares;
 - 143,194,127 Class B shares;
 - 19,655,248 Class C shares;
 - 7,020,782 Class D shares; and
 - 241,534,694 Class E shares
 - (ii) 2,381,363 SUEZ Environnement shares which are, as of the date of this agreement, held directly by SUEZ and distributed as follows:
 - 6 Class A shares;
 - 2,381,357 Class E shares.

In consideration for the contribution of the Shares, SUEZ Environnement Company shall issue new shares to SUEZ; it is specified that 65% of the shares composing the capital of SUEZ Environnement Company after the Contribution shall be immediately allocated by SUEZ to all its shareholders (other than SUEZ), in the ratio of one (1) SUEZ Environnement Company share for four (4) SUEZ shares.

It is specified that the Contribution-Distribution shall not result in the issuance of certificates representing SUEZ Environnement Company shares (*certificats représentatives d'actions*) (“**Stock Certificates**”); therefore, SUEZ shareholders may only obtain dematerialized SUEZ Environnement Company shares; and the Contribution-Distribution shall not result in the issuance of SUEZ Environnement Company Strips VVPR or SUEZ Environnement Company ADR.

- 2.1.5** The Contribution-Distribution consists of two related transactions that may be analyzed economically as a single partial contribution operation: first, the Contribution and, second, the Distribution immediately following the Contribution.

A request for clearance has been filed with the Office of Clearance (*Bureau des Agréments*) of the General Tax Administration (*Direction Générale des Impôts*) in order to submit the Contribution-Distribution to the favourable tax regime set out in Articles 210 A, 210 B and 115-2 of the French General Tax Code. By letter dated June 3, 2008, the General Tax Administration (*Direction Générale des Impôts*) gave its agreement in principle of the issuance of the requested tax clearances, subject to the satisfaction of certain conditions.

- 2.1.6** The shares composing the capital of SUEZ Environnement Company after the Contribution shall be listed for trading on the Euronext Paris and Euronext Brussels markets. The date currently planned for listing the SUEZ Environnement Company shares for trading on the Euronext Paris and Euronext Brussels market is July 22, 2008.

- 2.1.7** The principle of the Merger was approved by the boards of directors of SUEZ and Gaz de France on June 4, 2008.

As a result of the Merger, SUEZ shareholders shall receive Gaz de France shares in exchange for their SUEZ shares in the ratio of twenty-one (21) Gaz de France shares for twenty-two (22) SUEZ shares.

A following clearance decision has been filed with the General Tax Administration (*Direction Générale des Impôts*) so that the Merger does not result in the loss of the benefit of the clearance decisions requested by SUEZ to submit the Contribution-Distribution to the favourable regime set out in Articles 210 A, 210 B and 115-2 of the French General Tax Code. By letter dated June 3, 2008, the General Tax Administration (*Direction Générale des Impôts*) gave its agreement in principle on the issuance of the requested tax clearances, subject to the satisfaction of certain conditions.

- 2.1.8** Following the completion of these transactions, the new GDF SUEZ group resulting from the Merger will have stable ownership of 35% of the capital of SUEZ Environnement Company. It shall

participate in an agreement with some of the current main shareholders of SUEZ, future major shareholders of SUEZ Environnement Company, who are expected to represent 47% of the capital of SUEZ Environnement Company, which shall be designed to ensure the stability of the shareholding of that company and its control by GDF SUEZ (the “SUEZ Environnement Company Shareholders’ Agreement”). Therefore, the interest held in SUEZ Environnement Company will be fully consolidated in the accounts of the new GDF SUEZ group resulting from the Merger. This equity interest will allow the continuation of the strategy for the dynamic development of the Environment Division. This structure will also allow GDF SUEZ to continue to develop privileged partnerships between the environment and energy businesses.

- 2.2 In an order (*ordonnance*) issued on October 17, 2007, the presiding judge (*Président*) of the Commercial Court of Paris appointed Messrs. Dominique Ledouble and René Ricol as contribution auditors in order to prepare the reports provided by Articles L. 225-147 and L. 236-10 of the French Commercial Code.

3. FINANCIAL STATEMENTS USED TO ESTABLISH THE TERMS OF THE CONTRIBUTION-DISTRIBUTION

3.1 SUEZ financial statements

- 3.1.1 The terms of the Contribution were established on the basis of (i) SUEZ statutory financial statements for the year ended December 31, 2007, as approved by SUEZ annual shareholders’ meeting of May 6, 2008, which are included in Appendix 1-3.1.1, and (ii) a pro forma contribution balance sheet established for the purposes of the Contribution, which takes into account the Rivolam Merger, it being specified that the Rivolam Merger shall be completed at the net book value and shall be effective retroactively for fiscal and accounting purposes as of January 1, 2008 (the “**Contribution Balance Sheet**”).
- 3.1.2 Therefore, the Shares contributed by SUEZ to SUEZ Environnement Company under the terms of this agreement have been valued on the basis of the Contribution Balance Sheet.

3.2 SUEZ Environnement Company financial statements

- 3.2.1 The terms of the Contribution were established on the basis of the statutory financial statements of SUEZ Environnement Company as of December 31, 2007.
- 3.2.2 The statutory financial statements of SUEZ Environnement Company as of December 31, 2007 were settled by the board of directors of SUEZ Environnement Company on January 16, 2008 and approved by its shareholders on March 6, 2008.

4. VALUATION PRINCIPLES

- 4.1 Pursuant to regulation 2004-01 of the Accounting Regulatory Committee (*Comité de la Réglementation Comptable*) pertaining to the accounting treatment of mergers and related transactions, since the Contribution-Distribution does not result in a loss by SUEZ of control of SUEZ Environnement Company within the meaning of regulation 99-02 of the Accounting Regulatory Committee, the Shares will be contributed at net book value by SUEZ to SUEZ Environnement Company, i.e.:

- 4.1.1 For the SUEZ Environnement shares received by SUEZ through the universal transfer of assets and liabilities (*transmission universelle de patrimoine*) resulting from the Rivolam Merger (i.e., 417,382,531 SUEZ Environnement shares), the book value is equal to the book value for which these SUEZ Environnement shares were registered on Rivolam balance sheet as of December 31, 2007, it being specified that the technical loss (*mali technique*) incurred by SUEZ for the Rivolam Merger, which corresponds to the negative difference between the book value of the contributed net assets registered on Rivolam balance sheet as of December 31, 2007 and the net book value of the Rivolam shares registered on SUEZ balance sheet as of December 31, 2007 (the “**Technical Loss**”) shall be maintained on the asset side of SUEZ balance sheet.

The contribution value of the SUEZ Environnement shares received by SUEZ as a result of the Rivolam Merger and contributed by SUEZ is, therefore, established on the basis of the Contribution Balance Sheet, at €6,104,195,900.

- 4.1.2 For the SUEZ Environnement shares held as of the date of this agreement by SUEZ (i.e., 2,381,363 SUEZ Environnement shares), their book value is equal to the cost price of these shares in the

accounts of SUEZ as of December 31, 2007 and is established, on the basis of the Contribution Balance Sheet, at €53,194,433.

- 4.1.3** On the basis of the Contribution Balance Sheet, and in the absence of the payment of liabilities by SUEZ Environnement Company, the amount of the net assets contributed by SUEZ amounts to €6,157,390,333, based on the descriptions and valuations of the elements contributed as they appear in Section II-3 hereinafter.
- 4.2** Insofar as SUEZ currently holds and will be holding, after the Contribution, more than 99.99% of the capital of SUEZ Environnement Company, (and the shares received in payment for the Contribution will represent at least 99% of the capital of SUEZ Environnement Company), the payment terms for the Contribution were determined by agreement between SUEZ and SUEZ Environnement Company.
- 4.3** The Distribution of the 318,304,389 SUEZ Environnement Company shares in an amount equal to the net book value of the SUEZ Environnement Company shares thus distributed plus the portion of the Technical Loss relating to said shares, i.e. a total of €4,467,539,790 based on the SUEZ and Rivolam balance sheets as of December 31, 2007, shall be fully charged to the “Issue premium” account.

II — COMPONENTS OF THE CONTRIBUTION — OWNERSHIP, ENJOYMENT AND EFFECTIVE DATE — DESCRIPTION AND VALUATION OF THE CONTRIBUTIONS — GENERAL CONDITIONS OF THE CONTRIBUTION-DISTRIBUTION

1. COMPONENTS OF THE CONTRIBUTION-DISTRIBUTION

SUEZ shall contribute the Shares to SUEZ Environnement Company, which accepts them, under the conditions stipulated herein, it being specified that:

- 1.1** The Contributing Company and the Beneficiary declare that they are submitting the Contribution to the provisions of Articles L. 236-16 to L. 236-21 of the French Commercial Code pursuant to the option provided by Article L. 236-22 of said code, and expressly agree to eliminate any joint liability, particularly with regard to the liabilities of the Contributing Company, pursuant to Article L. 236-21 of the French Commercial Code.
- 1.2** Therefore, given the lack of joint liability and pursuant to the provisions of Articles L. 236-14 and L. 236-21 of the French Commercial Code, the creditors of the Beneficiary, other than bondholders, and the creditors of the Contributing Company whose claim is made prior to the publication of this Contribution plan shall be entitled to lodge opposition against such project within thirty (30) calendar days from the last publication of this project, as provided by Articles R. 236-2 of the French Commercial Code.
- 1.3** Any opposition raised by a creditor who is not a bondholder shall be filed with the Commercial Court of Paris which may either reject it or order the repayment of the debt in question or the constitution of guarantees if the Contributing Company, or if applicable, the Beneficiary so offers and if such guarantees are deemed sufficient. In accordance with legal provisions, the objection raised by a creditor who is not a bondholder shall not result in preventing the transactions related to the Contribution to continue.
- 1.4** The Contribution shall imply the universal transfer (*transmission universelle de patrimoine*) of the Shares. Therefore, the Beneficiary shall, as a result of the Contribution, assume all the rights and obligations of the Contributing Company in respect of the Shares.
- 1.5** Subject to the terms and conditions stipulated hereinafter, the Contribution is free of any liability.

2. OWNERSHIP — ENJOYMENT — EFFECTIVE DATE

- 2.1** SUEZ Environnement Company shall own and take possession of the Shares contributed by SUEZ as of the Completion Date.
- 2.2** The Shares shall be contributed with all financial rights attached, particularly the rights to any distribution of dividends, interim dividends or reserves or similar sums decided after the Completion Date.
- 2.3** Pursuant to the provisions of Article L. 236-3 of the French Commercial Code, SUEZ Environnement Company hereby represents that it will agree to take the Shares on the Completion Date as they exist on that date.
- 2.4** However, pursuant to the provisions of Article L. 236-4 2° of the French Commercial Code, the parties expressly agree that, for accounting and fiscal purposes, the Contribution shall be effective retroactively as of January 1, 2008.

3. DESCRIPTION AND VALUATION OF THE CONTRIBUTIONS

On the basis of the Contribution Balance Sheet, and given the completion of the Contribution at net book value, the valuation of the Shares is as follows:

3.1 Shares

- 3.1.1** The assets contributed by SUEZ consist only of the Shares, i.e.:
 - (i) The SUEZ Environnement shares held on the date of this agreement by Rivolam which shall be transferred to SUEZ on the Completion Date as a result of the Rivolam Merger (417,382,531 SUEZ Environnement shares); and
 - (ii) The SUEZ Environnement shares held on the date of this agreement by SUEZ (2,381,363 SUEZ Environnement shares).

3.1.2 On the basis of the Contribution Balance Sheet, the valuation of the net book value of the Shares as of December 31, 2007 is detailed below:

	Gross Value	Depr. / Prov.	Net Value
- 417,382,531 SUEZ Environnement shares that will be held by SUEZ as a result of the Rivolam Merger	€6,104,195,900	—	€6,104,195,900
- 2,381,363 SUEZ Environnement shares held by SUEZ on the date of this agreement	€53,194,433	—	€53,194,433

3.2 Net assets contributed

In the absence of liabilities assumed by SUEZ Environnement Company, the amount of the net assets contributed by SUEZ is, therefore assessed as of December 31, 2007 at:

- gross value: €6,157,390,333
- provisions: —
- net value: €6,157,390,333

4. GENERAL CONDITIONS OF THE CONTRIBUTION-DISTRIBUTION

4.1 General conditions of the Contribution-Distribution

4.1.1 The Beneficiary shall acquire the assets and rights contributed, whatever their nature, as is on the Completion Date, without being able to exercise any remedy against the Contributing Company for any reason whatsoever, with the exception of any action based on the inaccuracy of any of the representations and warranties set forth in Section II-4.3 below, and without resulting in the novation, nullity or cancellation of the Contribution.

It is specified that a dividend in the amount of €402,973,338.24 euros for the Shares (i.e. €0.96 per Share) shall be paid by SUEZ Environnement to the Contributing company and to Rivolam on June 9, 2008 (the “**Dividend**”), which shall be definitively and entirely acquired by the Contributing company.

Until the Completion Date, the Contributing Company shall not and shall ensure that Rivolam does not (except with respect to the Rivolam Merger) transfer, loan, pledge as security or guarantee, or grant any other right to the Shares and generally dispose of them in any manner, but it shall continue to exercise all prerogatives attached to said Shares.

4.1.2 The Contributing Company grants no warranty, other than those specifically listed in Section II-4.3 below, which is expressly recognised by the Beneficiary, particularly concerning the elements of the assets and liabilities and the activities of SUEZ Environnement and its subsidiaries, as well as the liabilities or commitments attached to said entities, which the Beneficiary declares that it knows, and for which the Beneficiary shall be responsible, notably in case of appearance of any element which is not known on the date of this agreement, or an increase in the amount of the aforementioned liabilities or commitments, and the Beneficiary shall have no right to legal action against the Contributing Company.

4.1.3 The Beneficiary must be responsible for any consequence arising from the completion of the Rivolam Merger, the Contribution-Distribution and the Merger on administrative authorisations and permits and on the contractual relations between entities of the SUEZ Environnement Group and third parties, including the consequences of the implementation of any change in control, termination or prepayment clause.

4.1.4 The Beneficiary shall pay all expenses relating to the Shares (income, duties, and other taxes, etc.) which are generated after the Completion Date and shall be personally responsible for payment of such expenses without any liability for the Contributing Company.

4.1.5 As of the Completion Date, the Beneficiary shall be legally substituted and subrogated in the benefit of all rights of the Contributing Company and in the responsibility for all obligations concerning the Shares and commitments of any kind related to the possession of the Shares.

4.1.6 As of the Completion Date, the Beneficiary shall have all power to, in lieu and place of the Contributing Company and concerning the assets contributed, as necessary, bring or pursue any and all actions, grant all agreements to all decisions, and receive or pay any sums due as of result of such actions, proceedings and decisions.

4.1.7 The Beneficiary shall complete all formalities required in order to render the transfer of the Shares enforceable against third parties; all powers are given to that effect to the bearer of a copy or excerpt of this agreement.

4.1.8 The Beneficiary shall ensure the performance at its expense of all formalities required as a result of the Contribution and related to the registration of the Shares in the shareholder account.

4.2 Undertakings of SUEZ Environnement Company concerning the undertakings granted by the SUEZ Group as a guarantee of the commitments by SUEZ Environnement and its subsidiaries (the “SUEZ Environnement Group”)

SUEZ Environnement Company, in its name and in the name and for the account of the entities of the SUEZ Environnement Group which it guarantees and with which it shall remain jointly liable, undertakes no later than the Completion Date to substitute itself to SUEZ (or, as the case may be, to any SUEZ subsidiary), or to replace SUEZ (or, as the case may be, any SUEZ subsidiary) with any subsidiary acceptable to SUEZ or, as the case may be, substitute a new credit institution in all guarantees, security interests, comfort letters, sureties and all other similar commitments (including all joint commitments) granted to guarantee the commitments of the entities of the SUEZ Environnement Group to any third party. SUEZ Environnement Company undertakes to release and indemnify (or to cause to release and indemnify by any entity of the SUEZ Environnement Group acceptable to SUEZ or any other entity acceptable to SUEZ) the relevant companies of the SUEZ group for each of the guarantees for which this substitution is not possible or is not made before the Completion Date.

4.3 Representations and warranties of the Contributing Company

4.3.1 Representations and warranties relating to the Contributing Company:

The Contributing Company hereby represents and warrants to the Beneficiary that, on the date of this agreement and on the Completion Date:

- (i) The Contributing Company is a limited liability company (*société anonyme*) legally organized in accordance with French law; and
- (ii) The Contributing Company has the legal capacity and the requisite power to enter into this Contribution Agreement, subject to the approval of the transactions set forth in this Contribution Agreement by the combined ordinary and extraordinary shareholders’ meeting of the Contributing Company to complete the transactions stipulated herein and, more generally, to meet its obligations arising from this agreement.

4.3.2 Representations and warranties relating to the assets and liabilities contributed:

The Contributing Company hereby represents and warrants to the Beneficiary that, on the date of this agreement and on the Completion Date, the Shares shall be transferred with full ownership, free of any pledge, lien, promise or right of any kind to anyone which might restrict the right of ownership; it is specified that the Shares are not subject to any pre-emption right or prior approval clause.

4.4 Representations and warranties of the Beneficiary

4.4.1 Representations and warranties relating to the Beneficiary:

The Beneficiary hereby represents and warrants to the Contributing Company that, on the date of this agreement and on the Completion Date:

- (i) the Beneficiary is a limited liability company (*société anonyme*) legally organized in accordance with French law;
- (ii) the Beneficiary has the legal capacity and the requisite power to enter into this Contribution Agreement, and subject to the approval of the transactions set forth in this Contribution Agreement by the combined ordinary and extraordinary shareholders’ meeting of the Beneficiary, to perform the transactions stipulated herein and, more generally, to meet its obligations arising from this Agreement;
- (iii) the Beneficiary does not conduct any activity on the date of this agreement and has never conducted any activity;
- (iv) the Beneficiary holds no equity interest.

III — CONSIDERATION FOR THE CONTRIBUTION — SUEZ ENVIRONNEMENT COMPANY CAPITAL INCREASE — CONTRIBUTION PREMIUM — ALLOTMENT TO SUEZ SHAREHOLDERS OF A PORTION OF THE SUEZ ENVIRONNEMENT COMPANY SHARES

1. CONSIDERATION FOR THE CONTRIBUTION — SUEZ ENVIRONNEMENT COMPANY CAPITAL INCREASE

Insofar as SUEZ currently holds and will be holding after the Contribution 99.99% of the capital of SUEZ Environnement Company (and the shares received in payment for the Contribution will represent at least 99% of the capital of SUEZ Environnement Company), the terms for payment of the Contribution were determined by agreement between SUEZ and SUEZ Environnement Company. Thus the latter, as payment for the Contribution, will complete a capital increase in a nominal amount of €1,958,571,240 through the issuance of 489,642,810 new shares, each with a par value of four (4) euros.

Therefore, as payment for the 419,763,894 SUEZ Environnement shares contributed and assessed at €6,157,390,333 based on the Contribution Balance Sheet, 489,642,810 new SUEZ Environnement shares will be issued.

The capital of SUEZ Environnement Company will be increased in a nominal amount of:	€1,958,571,240
and increased from:	€225,000
its current amount, to the nominal amount of:	€1,958,796,240

It will then be represented by 489,699,060 shares, fully paid-up and all of the same class.

As of the date of their issuance, the new shares will be fully ranked with the existing shares composing the capital of SUEZ Environnement Company and will be subject to all provisions of the bylaws of SUEZ Environnement Company. They will give right to any distribution of dividends, interim dividends or reserves or similar sums decided after their issuance.

No double voting right will be attached to the new SUEZ Environnement Company shares issued in the Contribution, as SUEZ Environnement Company has not instituted a system of double voting rights.

The new SUEZ Environnement Company shares shall be negotiable as of the completion of the SUEZ Environnement Company capital increase to remunerate the Contribution, pursuant to the provisions of Article L. 228-10 of the French Commercial Code.

The new SUEZ Environnement Company shares are expected to be listed for trading on the Euronext Paris and Euronext Brussels markets on July 22, 2008.

2. CONTRIBUTION PREMIUM

The amount of the net assets contributed by SUEZ is:	€6,157,390,333
And the amount of the SUEZ Environnement Company capital increase is:	€1,958,571,240
The difference represents the amount of the contribution premium, which equals to:	€4,198,819,093

The contribution premium, on which the existing and new shareholders of the Beneficiary shall have rights, shall be accounted for as a liability on SUEZ Environnement Company balance sheet. It may be allocated to the immediate credit of the entire legal reserve and any costs, charges or fees of any kind related to the transaction may be deducted from it. The remaining balance of the premium will be locked in for a period of three years as from the Completion Date, in accordance with the terms of the letter from General Tax Administration (*Direction Générale des Impôts*) dated June 3, 2008. At the expiry of that lock-in period, the premium may be allocated at any time in accordance with the rules in force as approved by the shareholders' meeting.

3. ALLOTMENT TO SUEZ SHAREHOLDERS OF A PORTION OF THE SUEZ ENVIRONNEMENT COMPANY SHARES

3.1 SUEZ allotment of a portion of the SUEZ Environnement Company shares

A portion of the new SUEZ Environnement Company shares issued in consideration for the Contribution, i.e. representing 65% of the share capital of SUEZ Environnement Company on the Completion Date after the Contribution, i.e. 318,304,389 SUEZ Environnement Company shares, shall be immediately allocated by

SUEZ to SUEZ shareholders — other than SUEZ — in proportion of their equity interest in the share capital of SUEZ at the rate of one (1) SUEZ Environnement Company share for (4) four SUEZ shares.

3.2 Beneficiaries of the allotment of the new SUEZ Environnement Company shares

The beneficiaries of the Distribution shall be the SUEZ shareholders — other than SUEZ — whose dematerialized shares are registered in an account in their name at the end of the accounting day (*journée comptable*) prior to the Completion Date for SUEZ shareholders owning materialized shares, the beneficiaries of the Distribution shall be the holders of the corresponding paper coupon.

3.3 Procedures for the allotment of the SUEZ Environnement Company shares — Fractional rights

- 3.3.1** In practice, and to allow the allotment of the SUEZ Environnement Company shares, attached to each SUEZ share held by a beneficiary of the allotment as defined in Article III-3.2 above shall be one (1) SUEZ Environnement Company share allotment right; it is specified that four (4) SUEZ Environnement Company share allotment rights shall give right to the allotment of one (1) SUEZ Environnement Company share.
- 3.3.2** SUEZ shareholders who hold fewer than four (4) SUEZ shares, or who do not hold a number of SUEZ shares equal to a multiple of four (4) shall have, for the number of SUEZ shares held less than four (4) or greater than a multiple of four (4), fractional SUEZ Environnement Company allotment rights, up to a maximum of three (3) fractional allotment rights per securities account. Pursuant to the provisions of the bylaws, these shareholders shall be personally responsible for acquiring the number of fractional allotment rights required to obtain one (1) SUEZ Environnement Company share or one (1) additional SUEZ Environnement Company share, as applicable, or to sell their fractional allotment rights.
- 3.3.3** For this purpose, the fractional allotment rights will be listed for trading on the Euronext Paris and Euronext Brussels markets for a three-month period from the date of the completion of the Contribution-Distribution, and then respectively in the compartment of securities delisted from the Euronext Paris regulated markets (*compartiment des valeurs radiées des marchés réglementés d'Euronext Paris*) and the temporary securities compartment of the regulated markets of Euronext Brussels (*compartiment des valeurs temporaires des marchés réglementés d'Euronext Brussels*) for an additional twenty-month period.
- 3.3.4** SUEZ undertakes to pay, subject to completion of the Distribution and for a period of three (3) months from the Completion Date, the related brokerage fees and VAT incurred by each SUEZ shareholder for (i) the sale of the fractional SUEZ Environnement Company allotment rights, which will be credited to his securities account in the context of the Distribution or, if applicable, (ii) the purchase of the fractional allotment rights to be credited to his securities account to allow the shareholder, given the number of fractional SUEZ Environnement Company allotment rights attributed in the context of the Distribution, to be allotted one additional SUEZ Environnement Company share, under conditions that will be specified in the Euronext notice on the transaction. This payment by SUEZ will be limited to a maximum of eight (8) euros, taxes included, and to the purchase or sale of three (3) SUEZ Environnement Company share allotment rights by shareholder securities account.
- 3.3.5** Pursuant to the provisions of Article L. 228-6 of the French Commercial Code, Gaz de France, acting as assignee of SUEZ, would be allowed to sell, pursuant to applicable regulations, the SUEZ Environnement Company shares for which the holders of fractional SUEZ Environnement Company share allotment rights have not requested delivery, on a decision of the board of directors and provided that it has announced this action at least two years in advance pursuant to the applicable regulatory provisions.

As from this sale, the fractional allotment rights shall be cancelled and the holders may then claim only the distribution in cash (without any interest) of the net proceeds from the sale of the unclaimed SUEZ Environnement Company shares, plus, as the case may be, the proportion of any dividends, interim dividends and distribution of reserves (or similar sums), subject to the five-year time-bar, which would have been paid by SUEZ Environnement Company between the Distribution date and the date of the sale of any unclaimed SUEZ Environnement Company shares.

The holders of fractional allotment rights shall be informed that SUEZ will hold the net proceeds from the SUEZ Environnement Company shares available for them for ten years in a blocked account with a credit institution centralizing the Distribution. The sums corresponding to the

dividends, interim dividends and the distribution of reserves (or similar sums) that would have been paid may be claimed only during a five (5)-year period from the payment date. After this period, the sums shall definitively inure to the State.

At the expiration of the ten-year period, the sums shall be paid to the *Caisse des dépôts et consignations* where they may still be claimed by the beneficiaries for a period of twenty years. After this period, the sums shall definitively inure to the State.

3.4 Charging of the Distribution by SUEZ

The Distribution, of the 318,304,389 SUEZ Environnement Company shares, in an amount equal to the net book value of the SUEZ Environnement Company shares thus distributed, plus that portion of the Technical Loss related to said shares, i.e. a total amount of €4,467,539,790 based of the balance sheets of SUEZ and Rivolam as of December 31, 2007, shall be entirely charged to the “share premium” account.

IV — CONDITIONS PRECEDENT OF THE CONTRIBUTION-DISTRIBUTION

The Contribution, the resulting increase in share capital of SUEZ Environnement Company and the Distribution shall become final subject only to the completion of the following conditions precedent:

- (i) Obtaining the approval from the French Financial Market Authority (*l’Autorité des marchés financiers*, the “AMF”) on the prospectus prepared for the purpose of listing SUEZ Environnement Company shares for trading on the Euronext Paris market;
- (ii) completion of the Rivolam Merger;
- (iii) approval by the combined ordinary and extraordinary shareholders’ meeting of SUEZ of this Contribution Agreement, the Contribution agreed to herein, and the Distribution;
- (iv) approval by the combined ordinary and extraordinary shareholders’ meeting of SUEZ Environnement Company of this Contribution Agreement, the Contribution agreed to herein, and the resulting SUEZ Environnement Company capital increase;
- (v) a decision by Euronext Paris SA authorizing the SUEZ Environnement Company shares to be listed for trading on Euronext Paris;
- (vi) a decision by Euronext Paris SA authorizing the SUEZ Environnement Company share allotment rights to be listed for trading on Euronext Paris;
- (vii) the signature of the SUEZ Environnement Company Shareholders’ Agreement;
- (viii) the fulfilment of all the conditions precedent contained in the merger agreement for the Merger (other than the completion of the Contribution-Distribution);

it is specified that (i) the Contribution, and the resulting increase in share capital of SUEZ Environnement Company, (ii) followed by the Distribution, will be completed one after the other on the Completion Date, immediately after the completion of the Rivolam Merger and immediately before the completion of the Merger.

If all the aforementioned conditions precedent are not completed by December 31, 2008 at latest, this agreement shall be considered null and void, without indemnity for either party, except if this period is extended or unless SUEZ and SUEZ Environnement Company, represented by their legal representative or another person duly authorised for this purpose, have waived claiming the unfulfilled condition or conditions before said date.

The parties expressly agree that the fulfilment of the conditions precedent shall not be effective retroactively to January 1, 2008, except for accounting and fiscal purposes as indicated in Article II-2.4 above.

The fulfilment of these conditions precedent shall be established by any and all appropriate means.

V — TAX DECLARATIONS AND OBLIGATIONS

The Contributing Company and the Beneficiary declare, with respect to their responsibilities that:

- The Contributing Company and the Beneficiary are companies with their registered offices in France, with the tax status of share companies and, as such, liable for the corporate income tax;
- The Contribution shall be remunerated by the allotment to the Contributing Company of rights representing the Beneficiary's capital as defined by Article 301 F of Schedule II of the French General Tax Code (*Code Général des Impôts*, the "GTC");
- In terms of corporate income tax, the Contributing Company and the Beneficiary intend to submit the Contribution to the favourable tax regime for mergers set forth by Articles 210 A and 210 B of the GTC.

As the conditions stipulated in the first paragraph of Article 210 B 1 have not been met, the Contribution is not automatically eligible for the favourable rules for mergers with regard to corporate income tax. Therefore, a request of approval as stipulated in Article 210 B 3 of the GTC, signed by the duly authorised representatives of the Contributing Company and the Beneficiary, has been filed with the Office for Clearance (*Bureau des Agréments*) of the General Tax Administration (*Direction Générale des Impôts*). The grant of the approval thus requested was addressed by an agreement in principle by the General Tax Administration (*Direction Générale des Impôts*) by letter dated June 3, 2008, subject to the satisfaction of certain conditions. The Contributing Company and the Beneficiary agree to comply, as necessary, with all obligations for which they will be held responsible under the approval.

- Immediately after the Contribution, the Contributing Company intends to apply the provisions of Article 115-2 of the GTC under which the free allotment to its shareholders, in proportion to their equity interests in the Contributing Company, of the new shares issued by the Beneficiary in consideration for the Contribution equal to 65% of the capital of the Beneficiary on the Completion Date, is not considered to be a distribution of taxable income. For this purpose, an application for clearance as stipulated in Article 115-2 of the GTC, signed by the duly authorised representatives of the Contributing Company and the Beneficiary, has been filed with the Office for Clearance (*Bureau des Agréments*) of the General Tax Administration (*Direction Générale des Impôts*). The grant of the approval thus requested was addressed by an agreement in principle by the General Tax Administration (*Direction Générale des Impôts*) by letter dated June 3, 2008, subject to the satisfaction of certain conditions. The Contributing Company and the Beneficiary agree to comply, as necessary, with all obligations for which they will be held responsible under the approval.

Therefore, the options and commitments concerning this Contribution Agreement are as follows:

1. Concerning registration fees

The Contributing Company and the Beneficiary intend to submit the Contribution-Distribution to the special rules stipulated in Articles 816 and 817 B of the GTC, pursuant to which the Contribution shall be registered by payment of a lump sum duty of €500.

2. Concerning corporate income tax

As stipulated by the agreements above, the Contribution-Distribution takes effect on January 1, 2008.

In order to ensure for the Contribution-Distribution the benefit of Articles 210 A and 210 B of the GTC because of the approval stipulated in Article 210 B 3 of the GTC, the Beneficiary undertakes to comply with all provisions and requirements of Articles 210 A and 210 B applicable to this case, subject to the provisions of the approval decisions, in particular:

- (i) to add back to its liabilities the provisions relating to the Shares the taxation of which would have been deferred, which do not become inapplicable because of the Contribution;
- (ii) to substitute itself for the Contributing Company for the reintegration of the income, the taxation of which would have been deferred at the level of the Contributing company with respect to the assets included in the Contribution;
- (iii) to compute, the future capital gains realised upon disposal of non-amortisable assets (and the portfolio securities classified with said assets pursuant to the provisions of Article 210 A 6 of the GTC) which are contributed to it by reference to the fiscal value which said elements had, for tax purposes, in the books of the Contributing Company;

- (iv) to add back to its taxable income, in accordance with the methods set out in section d of Article 210 A 3 of the GTC, the capital gains realised by the contribution of amortisable assets, without failing to attach to the taxable income for the year of transfer the portion not yet reintegrated of the capital gains on the assets transferred before the expiration of the reintegration period;
- (v) to register in its balance sheet the items other than fixed assets (or assets classified with such assets pursuant to the provisions of Article 210 A 6 of the GTC) included in the Contribution for the fiscal value of such items had in the books of the Contributing Company if applicable and, if not, attach to the income of the year of the completion of the Contribution the profit equal to the difference between the new value of these elements and their fiscal value in the books of the Contributing Company;
- (vi) Insofar as all the contributed assets are recorded on the basis of their book value, to recognise on its balance sheet all the accounting entries of the Contributing Company relating to the items contributed (original values, amortisation, and provisions for depreciation).

In order to ensure for the Contribution-Distribution the benefit of Articles 210 A and 210 B of the GTC based on the clearance stipulated in Article 210 B 3 of the GTC, the Contributing Company undertakes to comply with all provisions and requirements of Articles 210 A and 210 B applicable to this case, subject to the provisions of the approval decisions and, in particular, to:

- (i) retain for three years the SUEZ Environnement Company shares received in consideration for the contribution to SUEZ Environnement Company of the SUEZ Environnement shares which are not allotted to its shareholders, in proportion to their equity interests in the Contributing Company;
- (ii) calculate the transfer gains that may be realised on the subsequent sale of the SUEZ Environnement Company shares thus retained by reference to the value that the SUEZ Environnement shares contributed had, for tax purposes, in its own books.

2.1 The Contributing Company and the Beneficiary also agree to:

- (i) attach to their tax return as long as necessary a follow-up statement of the deferred capital gains corresponding to the model provided by the administration and showing, for each type of assets included in the Contribution, the information necessary to calculate the taxable income from the subsequent sale of such assets, pursuant to Article 54 *septies* I of the GTC and Article 38 *quindecies* of Schedule III to the same code;
- (ii) maintain the register showing capital gains on non-amortisable assets eligible for deferred taxes as stipulated in Article 54 *septies*-II of the General Tax Code.

2.2 The Contributing Company agrees to keep the register stipulated in 2.1 (ii) available to the tax administration until the third years after the removal from assets of the last asset shown in said register.

2.3 The Contributing Company and the Beneficiary have decided to make the Contribution-Distribution effective retroactively for tax and accounting purposes as from January 1, 2008.

Therefore, the Beneficiary agrees to declare its income and to pay the corporate income tax for the current years both on its own activities and on the Contributed Activities beginning January 1, 2008.

3. Prior transactions

The Beneficiary declares that it will assume, as applicable under the provisions of Article 210 B *bis* of the GTC, the profit and/or loss from all tax commitments relating to the Shares which may have been previously made by the Contributing Company at the time of merger, contribution, partial asset contribution transactions or any similar transactions.

VI — POWERS — REMITTANCE OF SECURITIES AND ARCHIVES — COOPERATION — PUBLICATION — CONFIDENTIALITY — ELECTION OF DOMICILE — APPLICABLE LAW — JURISDICTION

1. POWERS

All powers are hereby expressly given to:

- the undersigned, in their official capacities as representatives of the companies which are parties to the Combination-Distribution, with the option of acting together or separately, for the purpose, if applicable, of performing what is necessary using any additional or supplemental documents; and
- the bearers of originals or certified true copies of this agreement and of all documents acknowledging the completion of the Contribution-Distribution, in order to perform all formalities and make all declarations, notices, notifications, all filings, registrations, publications and, more generally, to complete all legal formalities that may be necessary.

2. REMITTANCE OF SECURITIES — ARCHIVES

The accounting books, documents, archives and files relating exclusively to the Environment Division shall be transmitted by SUEZ to SUEZ Environnement Company or to SUEZ Environnement and, reciprocally, the accounting books, documents, archives and files relating exclusively to the activities other than the Environment Division shall be transmitted by SUEZ Environnement Company or by SUEZ Environnement to SUEZ immediately after the Completion Date.

The accounting books, documents, archives and files partially relating to the Environment Division and partially to activities other than the Environment Division shall be kept by SUEZ and kept available for SUEZ Environnement Company or SUEZ Environnement (with the right to make a copy) for a period that expires six months after the end of the applicable legal time limit.

For the purpose of preparing its tax returns and/or in the situations required by law or an administrative or judicial authority, the parties shall provide all reasonable cooperation for a period that expires 12 months after the expiration of the applicable legal time limit. The parties shall exercise their best efforts to retain all these documents for the period required by law and general practices.

3. COOPERATION

The Contributing Company and the Beneficiary shall cooperate in order to obtain, within the required deadlines, all approvals and authorisations necessary for the completion of the transactions stipulated herein, and to make the notifications and declarations necessary to third parties and competent authorities.

The parties must contribute to the preparation of all documents that complete, modify, supplement, reiterate or confirm this instrument and provide all justifications and signatures that may be necessary to ensure the legal conveyance of the assets and rights contributed.

In the event of action by a third party to this agreement against either of the parties because of the Rivolam Merger, the Contribution-Distribution or the Merger (the “**Proceeding**”), the party involved agrees to keep the other party informed in a timely manner of the developments and progress of the Proceeding and must provide the other party, at its request, with any information or document that will keep it fully informed of such developments and progress. Moreover, each of the parties agrees, in such a case, to cooperate in good faith to allow, to the extent possible, the best defense of the interests of the party involved in the Proceeding.

4. PUBLICATION

This Contribution Agreement shall be filed with the clerk of court of the Commercial Court of Paris.

5. ELECTION OF DOMICILE

For the enforcement of this agreement and the consequences thereof, and for all notices and notifications, the representatives of the companies in question, in their legal capacity, elect domicile at the respective registered offices of the companies they represent.

6. APPLICABLE LAW — JURISDICTION

This Contribution Agreement is subject to French law.

Any dispute arising from the enforcement and/or interpretation of this Contribution Agreement shall be submitted to the exclusive jurisdiction of the Commercial Court of Paris.

Executed in Paris
June 5, 2008
In eight originals, one for each party

SUEZ
Represented by
Mr. Gérard Mestrallet

SUEZ Environnement Company
Represented by
Mr. Jean-Louis Chaussade

Appendix I-1.1.3

**SUEZ Option and Free Share Allotment Plans
in force on the Completion Date**

- Stock option plan — November 28, 2000
- Stock option plan — December 21, 2000
- Stock option plan — November 28, 2001
- Stock option plan — November 20, 2002
- Stock option plan — November 19, 2003
- Stock option plan — November 17, 2004
- Stock option plan — December 9, 2005
- Stock option plan — January 17, 2007
- Stock option plan — November 14, 2007

- Free share plan — February 13, 2006
- Free share plan — February 12, 2007
- Free share plan — July 16, 2007
- Free share plan — August 23, 2007
- Free share plan — November 14, 2007
- Free share plan — May 6, 2008

Appendix 1-3.1.1
SUEZ statutory financial statements as of December 31, 2007

07

STATUTORY FINANCIAL STATEMENTS 2007

suez

DELIVERING THE ESSENTIALS OF LIFE

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INCOME STATEMENT

Statutory Financial Statements for the year ended December 31, 2007

<i>In millions of euros</i>	Note	2007	2006	2005
OPERATING INCOME		176.5	163.9	256.9
Revenues		87.5	72.1	79.9
Production for own use		8.0	6.3	3.1
Write-back of provisions, depreciation & amortization, and expense transfers		80.9	85.1	173.8
Other operating income		0.1	0.4	0.1
OPERATING EXPENSES		399.6	311.5	366.7
Movements in inventories		0.0	0.0	1.0
Other purchases and external charges		242.6	211.1	287.1
Taxes and similar charges		9.6	6.3	(5.5)
Personnel costs		74.7	65.9	60.3
Depreciation, amortization and provisions		72.0	27.4	19.5
<i>depreciation and amortization charges for property, plant & equipment and intangible assets</i>		<i>5.0</i>	<i>4.8</i>	<i>5.0</i>
<i>charges to provisions for current assets</i>		<i>0.0</i>	<i>1.5</i>	<i>5.4</i>
<i>charges to provisions for contingencies and losses</i>		<i>67.0</i>	<i>21.1</i>	<i>9.1</i>
Other operating expenses		0.7	0.8	4.3
NET OPERATING INCOME/(LOSS)	2	(223.1)	(147.6)	(109.8)
Share in income/(loss) of joint ventures		0.0	(0.6)	0.2

<i>In millions of euros</i>	Note	2007	2006	2005
FINANCIAL INCOME		839.6	7,106.6	1,679.1
From equity investments		711.0	7,019.7	1,563.0
From other marketable securities and long-term loans		0.1	0.1	0.1
Other interest and similar income		120.6	78.6	95.1
Write-backs of provisions and expense transfers		0.1	1.2	13.6
Foreign exchange gains		0.4	0.8	3.8
Net proceeds from sales of marketable securities		7.4	6.2	3.5
FINANCIAL EXPENSES		605.8	575.0	350.8
Charges to depreciation, amortization and provisions		11.7	6.4	20.6
Interest and similar expenses		590.9	566.3	323.0
Foreign exchange losses		2.2	0.4	5.7
Net expenses on sales of marketable securities		1.0	1.9	1.5
NET FINANCIAL INCOME/(LOSS)	3	233.8	6,531.6	1,328.3
NET INCOME FROM ORDINARY ACTIVITIES BEFORE TAX		10.7	6,383.4	1,218.7
EXCEPTIONAL INCOME		18,701.3	1,251.4	1,035.2
From non-capital transactions		0.1	0.3	0.3
From capital transactions		18,320.1	393.1	639.9
Write-backs of provisions and expense transfers		381.1	858.0	395.0
EXCEPTIONAL EXPENSES		13,126.5	850.7	1,389.8
On non-capital transactions		60.0	20.2	32.2
On capital transactions		12,952.8	533.7	1,063.3
Charges to depreciation, amortization and provisions		113.7	296.8	294.3
NET EXCEPTIONAL INCOME/(LOSS)	4	5,574.8	400.7	(354.6)
Employee profit-sharing		(3.3)	(1.1)	(0.6)
Income tax expense	5	178.7	187.1	136.9
NET INCOME		5,760.9	6,970.1	1,000.4

BALANCE SHEET

BALANCE SHEET ASSETS

Statutory Financial Statements for the year ended December 31, 2007

	Note	Dec. 31, 2007			Dec. 31, 2006	Dec. 31, 2005
		Gross	Depreciation, amortization & provisions	Net	Net	Net
<i>In millions of euros</i>						
NON-CURRENT ASSETS						
Intangible assets	6	34.1	18.3	15.8	11.3	8.7
Property, plant and equipment	6	13.1	8.6	4.5	5.0	5.3
Land		1.6	0.0	1.6	1.6	1.6
Buildings		0.3	0.2	0.1	0.1	0.0
Equipment, tools, fixtures and fittings		2.7	2.3	0.4	0.5	0.8
Other fixed assets		8.5	6.1	2.4	2.8	2.9
Financial fixed assets	7	39,656.9	2,751.7	36,905.2	48,038.9	36,244.5
Equity investments		38,203.6	2,509.4	35,694.2	47,898.1	35,910.9
Receivable from equity investments		240.7	240.7	0.0	0.1	0.2
Other long-term investments		1,204.2	0.4	1,203.8	113.7	306.4
Loans		2.7	1.2	1.5	1.8	2.3
Other financial fixed assets		5.7	0.0	5.7	25.2	24.7
TOTAL NON-CURRENT ASSETS		39,704.1	2,778.6	36,925.5	48,055.2	36,258.5
CURRENT ASSETS						
Inventories		10.3	10.2	0.1	0.1	0.1
Advances and downpayments on orders		1.0	-	1.0	4.9	4.4
Operating receivables		103.2	2.0	101.2	101.9	111.7
Trade receivables and related accounts		77.8	2.0	75.8	71.9	80.8
Other receivables		25.4	-	25.4	30.0	30.9
Miscellaneous receivables		485.6	0.4	485.2	200.4	169.3
Marketable securities	9	99.9	-	99.9	91.0	60.3
Cash at bank and in hand		77.7	-	77.7	126.3	14.9
TOTAL CURRENT ASSETS		777.7	12.6	765.1	524.6	360.7
Prepaid expenses and other accrual accounts	10	46.4	-	46.4	7.7	8.7
Unrealized foreign exchange losses		0.0	-	0.0	0.1	0.9
TOTAL ASSETS		40,528.2	2,791.2	37,737.0	48,587.6	36,628.8

BALANCE SHEET EQUITY AND LIABILITIES
Statutory Financial Statements for the year ended December 31, 2007

<i>In millions of euros</i>	Note	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005
SHAREHOLDERS' EQUITY				
Share capital		2,614.1	2,554.9	2,541.5
Additional paid-in capital		20,887.9	20,126.2	19,972.1
Reserves		7,529.0	2,067.9	403.4
Legal reserve		261.4	255.5	254.2
Special long-term capital gains reserve		-	-	-
Other reserves		7,267.6	1,812.4	149.2
Retained earnings		0.0	0.0	1,923.1
Net income		5,760.9	6,970.1	1,000.4
Tax-driven provisions	12	1.2	3.6	6.2
TOTAL SHAREHOLDERS' EQUITY	11	36,793.1	31,722.7	25,846.7
PROVISIONS FOR CONTINGENCIES AND LOSSES	12	249.7	243.7	350.3
LIABILITIES				
Borrowings and debt	13-14	499.6	16,480.5	10,224.2
Bond issues		0.0	1,715.2	1,715.2
Bank borrowings		0.0	25.6	3,231.0
Miscellaneous borrowings and debt		292.9	10,402.9	2,645.0
Current accounts with subsidiaries		206.7	4,336.8	2,633.0
Operating payables	14	145.5	137.2	199.8
Trade payables and related accounts		101.5	98.6	162.2
Tax and employee-related liabilities		43.9	38.6	36.6
Other operating payables		0.1	0.0	1.0
Miscellaneous liabilities	14	4.6	3.4	2.7
Amounts payable on property, plant & equipment and related accounts		3.5	2.3	0.8
Other		1.1	1.1	1.9
TOTAL LIABILITIES		649.7	16,621.1	10,426.7
Deferred income and other accrual accounts	10	44.3	-	-
Unrealized foreign exchange gains		0.2	0.1	5.1
TOTAL EQUITY AND LIABILITIES		37,737.0	48,587.6	36,628.8

CASH FLOW STATEMENT

1

Statutory Financial Statements for the year ended December 31, 2007

<i>In millions of euros</i>	2007	2006	2005
Cash flow from operations ⁽¹⁾	170.0	2,583.5	451.9
Other operating cash flow	66.4	(70.1)	(57.0)
CASH FLOW FROM OPERATING ACTIVITIES	236.4	2,513.4	394.9
Acquisitions of property, plant & equipment and intangible assets	(10.9)	(7.5)	(14.1)
Disposals of property, plant & equipment and intangible assets	6.4	2.4	0.7
Acquisitions of securities; loans and advances granted to equity investments during the year ⁽¹⁾	(1,656.2)	(11,827.6)	(9,697.7)
Disposals of securities; loans and advances to equity investments repaid during the year	18,381.3	393.7	2,450.7
CASH FLOW FROM (USED IN) INVESTING ACTIVITIES	16,720.7	(11,438.9)	(7,260.4)
New borrowings	1,302.4	12,300.9	6,177.5
Repayments of borrowings and debt ⁽²⁾	(13,142.7)	(3,828.6)	(2,712.2)
Increase in shareholders' equity	826.8	168.8	3,808.3
Dividends paid	(1,514.9)	(1,260.4)	(806.7)
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES	(12,528.3)	7,380.8	6,466.9
NET CHANGE IN CASH AND CASH EQUIVALENTS⁽³⁾	4,428.8	(1,544.7)	(398.6)

(1) In 2006, the portion of the SUEZ-TRACTEBEL SA interim dividend paid by setting off the amount against debt arising on the acquisition of Electrabel shares, was netted in the cash flow statement and did not impact cash flow from operations or repayments of borrowings.

(2) In 2007, this relates to repayment of the debt owed to Cosutrel (€7,498 million), the redemption of bonds (€1,715 million), and the repayment of borrowings from GIE SUEZ Alliance (€2,602 million) following the sale of SUEZ-TRACTEBEL to Electrabel.

(3) Cash and cash equivalents in the cash flow statement include cash at bank and in hand, marketable securities, bank overdrafts and current accounts with subsidiaries.

SIGNIFICANT EVENTS IN 2007

The main significant events in 2007 were as follows:

Sale of all SUEZ-TRACTEBEL shares to Electrabel at a price of €18,200 million, resulting in a capital gain of €5,392.8 million.

Repayment of the €7,498 million loan to Cosutrel following the share sale.

Squeeze-out bid on 755,403 Electrabel shares (1.38% of the capital), which ran from Tuesday, June 26, 2007 to Monday, July 9, 2007 inclusive, after which SUEZ directly owned 53,818,428 Electrabel shares (98.07% of the capital), with the remaining 1.93% owned by Genfina.

Redemption of the €473.9 million bond issue maturing in November 2007 and bearing interest at 6.25%.

Transfer of the 2009 bond issue to Electrabel subsidiary Belgelec Finance for €1,220 million along with the related hedging instruments. This transaction was approved by the general bondholders' meeting of December 3, 2007.

Reimbursement, at the same date, of loans totaling €2,602 million owed to **GIE SUEZ Alliance**. These transfer and repayment transactions were financed by SUEZ's current account with SUEZ Finance and **generated a loss of €29 million** included in financial income, resulting from the mark-to-market of the financial instruments concerned.

ACTIVITY IN 2007

Net income for 2007 came in at €5,760.9 million, compared with €6,970.1 million in 2006. The change in this item is explained below.

- Net income from ordinary activities in 2007 (€10.7 million, compared with €6,383.4 million in 2006) did not benefit from interim dividends paid by SUEZ-TRACTEBEL or Electrabel. In 2006,

the Company had collected interim dividends from these entities totaling €4,198.5 million and €944.5 million, respectively.

- Net exceptional income amounted to €5,574.8 million in 2007 (see Note 4), compared with €400.7 million in 2006, boosted mainly by proceeds from the sale of SUEZ-TRACTEBEL shares to Electrabel (€5,392.8 million).

Note 1**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The 2007 financial statements have been drawn up in euros in compliance with the general principles recommended by French accounting standards and the valuation methods described below. French accounting standards result from Regulation No. 99.03 issued by the French Accounting Standards Committee (*Comité de la Réglementation Comptable – CRC*).

French accounting standards were waived to exclude exceptional items from financial income and expenses and provide a meaningful comparison between all periods presented. This was done by recording all financial operations concerning equity investments and the related receivables in exceptional items. These operations consisted mainly of movements in provisions for equity investments and the related receivables, and where appropriate gains or losses from the associated hedging instruments or losses on these receivables (see Notes 4 and 7.2). The recognition of these items in exceptional income and expenses, which typically include capital gains and losses on sales of equity investments, makes the presentation of the income statement more consistent.

Valuation methods**1.a Intangible assets:**

Intangible assets mainly comprise:

- office software programs amortized over 12 months;
- other software programs along with specific adaptations and successive modifications providing practical management applications, which are amortized over four years using the straight-line method.

1.b Property, plant and equipment:

All property, plant and equipment with the exception of land are depreciated using the straight-line method. The depreciation periods for the main asset classes are as follows:

- 3 to 10 years for tools, vehicles, and office and IT equipment;
- 10 years for furniture and fittings.

1.c Financial fixed assets:

- Equity investments:

Equity investments represent long-term investments providing SUEZ with control or significant influence over the issuer or helping

to establish business relations with the issuer. Equity investments are recorded at their acquisition cost including external incidental expenses directly attributable to their acquisition, in accordance with the treatment authorized under CRC Regulation No. 2004-06 as of January 1, 2005.

A provision for impairment may be recorded for investments that SUEZ intends to hold over a long-term period, in order to reduce the cost of these investments to their value in use. Value in use is assessed by reference to intrinsic value, yield value, and stock market prices, taking into account any currency hedges where appropriate.

The book value of securities that SUEZ has decided to sell is written down to their estimated sale value if the latter is lower. If sale negotiations were ongoing at the balance sheet date, the best estimate is used to determine sale value.

Amounts receivable from equity investments are recorded at face value. A provision for impairment is recorded if the value in use of these receivables falls below their face value, reflecting the treatment adopted for equity investments.

SUEZ may set aside provisions for contingencies if it considers that its commitment represents an amount in excess of the value of assets held.

- Other long-term investments:

This caption relates to investments intended to be held over a long-term period, but which do not meet the definition of equity investments. A provision may be set aside in accordance with the criteria described above for equity investments.

- Treasury shares:

SUEZ shares owned by the Company are recorded:

- in marketable securities within assets if they are expressly intended to be awarded to employees or used to stabilize the share price. Treasury shares acquired for other purposes are recorded;
- in other long-term investments.

Treasury shares is measured based on the average share price for the last month of the financial period, or according to the price guaranteed to employees if the shares are explicitly reserved for this purpose.

Dividends received from equity investments and other long-term investments are recognized in financial income in the year in which the decision to pay the dividend is taken.

1.d Inventories

Inventories consist of products held for sale and are recorded at their acquisition cost net of any rebates, discounts or reductions. A provision for impairment is recorded if the probable or agreed sale value falls below the book value.

1.e Current receivables

Current receivables are recorded at their face value on the balance sheet. Credit risk is analyzed on a case-by-case basis, and a provision is set aside as appropriate.

1.f Marketable securities

Marketable securities are shown on the balance sheet at the lower of acquisition cost or market value. For listed securities, market value is determined based on the price at the balance sheet date.

1.g Bond redemption premiums and issuance costs

Bonds to be redeemed at a premium are recorded in liabilities at their total amount including the redemption premium. Redemption premiums are recorded under asset within prepaid expenses and other accrual accounts, and amortized over the life of the bond pro rata with the accrued interest.

In accordance with the preferred treatment recommended by the French National Accounting Board (*Conseil National de la Comptabilité* – CNC), issuance costs are recognized on a straight-line basis over the term of the contracts concerned. These costs relate mainly to advertising expenses (for a public offer of bonds) and fees due to financial intermediaries.

1.h Provisions for contingencies and losses

A breakdown of provisions for contingencies and losses is provided in Note 12.

SUEZ applies CRC Regulation No. 00-06 on liabilities.

1.i Pensions and other employee benefit obligations

In accordance with the preferred treatment recommended by the CNC, a provision is set aside in the financial statements for pensions and other employee benefits representing defined benefit obligations.

SUEZ's obligations in respect of retirement, early retirement, severance payments and other post-employment benefits are assessed based on actuarial criteria. These calculations include mortality, staff turnover and future salary assumptions, and a discount rate determined by reference to the yield on high-quality corporate bonds at the measurement date.

Gains and losses resulting from changes in actuarial assumptions used to calculate pensions and other employee benefit obligations are recognized only when they exceed the higher of (i) 10% of the fair value of the defined benefit obligation, and (ii) 10% of the fair value of plan assets. The fraction of actuarial gains and losses outside the 10% corridor is then spread over the employees' average remaining working lives.

1.j Foreign currency transactions

Income and expenses denominated in foreign currencies are recorded at their equivalent value in euros as of the date of the transaction.

Foreign currency receivables, payables and cash at bank and in hand are converted at the exchange rate prevailing at December 31. Translation differences are taken to income when they arise on cash at bank and in hand, or to the balance sheet under "Translation adjustments" when they arise on receivables and payables. A provision is set aside for unrealized losses after taking account of any associated hedging instruments.

1.k Financial instruments

SUEZ uses derivatives to manage and reduce its exposure to market risks arising from fluctuations in interest rates and exchange rates or to secure the values of certain financial assets.

Gains and losses arising on derivatives qualifying as hedges for accounting purposes are recorded in the income statement symmetrically with the gains or losses on the hedged items.

Outstanding transactions are marked to market at the balance sheet date and are accounted for as follows:

- unrealized losses on interest rate and equity derivatives are generally recognized for, while unrealized gains are not recognized in the income statement;
- changes in the market value of currency derivatives relating to liquid currencies are recorded in income or expenses. Changes in the market value of currency derivatives contracted in respect of non-liquid currencies are treated in the same way as interest rate or equity derivatives.

Notional amounts and market values are presented in Note 17.

1.l Individual training entitlement (*Droit Individuel à la Formation*)

In accordance with Opinion 2004 F issued by the Emerging Issues Taskforce (*Comité d'Urgence*) on the recognition of the statutory training entitlement, no provision has been recorded for individual training in the 2007 financial statements. Accrued training entitlement at end-2007 is approximately 21,268 hours.

1.m Income tax expense

On December 20, 1990, SUEZ opted to become, as of January 1, 1991, parent company of a tax group as defined by the provisions of Articles 223.A *et seq.* of the French Tax Code.

SUEZ pays the French Treasury tax on the aggregate taxable income of the companies in the tax group after offsetting any gains and losses. The corresponding gain or loss for SUEZ is taken to income.

Given the tax consolidation provisions applying within the Group, in particular the fact that tax savings are not passed on to loss-making subsidiaries, no provision was made in the 2007 financial statements based on the opinions issued by the CNC's Emerging Issues Taskforce on March 2, 2005 and October 12, 2005.

Note 2**NET OPERATING INCOME****2.1 Breakdown of revenues by activity**

<i>In millions of euros</i>	2007	2006
Services provided to subsidiaries	87.5	72.1
TOTAL	-	72.1
Including services provided outside France	26.0	18.1

2.2 Other purchases and external charges

<i>In millions of euros</i>	2007	2006
Purchases of supplies	1.2	1.4
External staff	7.3	7.9
Rental expenses	20.2	19.2
Fees and remuneration due to intermediaries	110.9	110.5
Maintenance expenses	10.7	8.1
Other external services	92.2	64.0
TOTAL	242.6	211.1

The items above include the expenses for the proposed GDF-SUEZ merger, breaking down as follows:

- €39.9 million in 2007 included within prepaid expenses via an expense transfer;

- €57 million in 2006 included within exceptional items via an expense transfer.

2.3 Personnel costs

<i>In millions of euros</i>	2007	2006
Wages and salaries	48.4	46.1
Payroll taxes	26.3	19.9
TOTAL	74.7	65.9

Net allocations to provisions for pensions and other employee benefit obligations totaled €2.3 million in 2007 and €5.6 million in 2006.

2.4 Movements in depreciation, amortization and provisions for operating items, and expense transfers

Movements in depreciation, amortization and provisions for operating items break down as follows:

<i>In millions of euros</i>	2007		2006	
	Allocations	Write-backs	Allocations	Write-backs
Depreciation and amortization	5.0	-	4.8	-
Intangible assets	4.2	-	3.8	-
Property, plant and equipment	0.8	-	0.9	-
Provisions	67.0	9.9	22.6	10.2
For current assets	0.0	2.0	1.5	5.4
For expenses	67.0	7.9	21.1	4.8
Expense transfers	-	71.0	-	74.9
TOTAL	72.0	80.9	27.4	85.1

Expense transfers recorded in 2007 mainly comprised (i) capitalizable GDF-SUEZ merger expenses reclassified to prepaid expenses for an amount of €39.9 million; and (ii) costs relating to Spring corporate savings plans recognized against issue premiums for an amount of €5 million.

Note 3

NET FINANCIAL INCOME

<i>In millions of euros</i>	2007	2006
Dividends from equity investments	685.3	7,003.6
Net expenses on investment transactions	(89.3)	(129.8)
Net expenses on financing transactions	(350.1)	(349.3)
Other financial income and expenses	(12.2)	7.2
TOTAL	233.8	6,531.6

The sharp €6,297.9 million fall in financial income over 2007 is mainly attributable to the absence of the dividends paid by SUEZ-TRACTEBEL and Electrabel, which totaled, in 2006, €5,066.5 million

and €1,386.8 million, respectively, including interim dividends of €4,198.5 million and €944.5 million.

Note 4**NET EXCEPTIONAL INCOME**

The main components of net exceptional income in 2007 (€5,574.8 million) were capital gains on the sale of SUEZ-TRACTEBEL to Electrabel (€5,392.8 million based on a sale price of €18,200 million), and write-backs of the provisions for Genfina securities (€140.4 million further to the increase in the Gas Natural share price) and Ondéo securities (€115 million further to the increase in the market prices of listed securities held by some of its subsidiaries). Net exceptional income also includes the negative impact of a €65.6 million charge to the provision for SI Finance securities.

The main components of net exceptional income in 2006 (€400.7 million) mainly comprised:

- net write-backs of provisions for impairment of equity investments (€507.8 million), chiefly including the €260 million write-back

in respect of SUEZ Communication following the sale of shares in 9Cegetel, Ondéo (€119.4 million following the increase in the price of listed securities held by some of its subsidiaries), Genfina (€96 million reflecting the increase in the Electrabel share price), and SI Finance (€45 million);

- net capital gains of €10.1 million on the sale of the Group's residual interest in M6;
- net losses of €67.7 million on Argentine operations;
- expenses of €62.6 million relating to the proposed GDF-SUEZ merger.

Note 5**INCOME TAX EXPENSE**

SUEZ is the parent company of a tax group consisting of 238 companies at December 31, 2007.

<i>In millions of euros</i>	Theoretical tax income/ expense in the absence of tax consolidation	Tax income/expense after tax consolidation
Tax on net income from ordinary activities	-	-
Tax on net exceptional income	-	-
Tax consolidation impact for the period	-	178.7
TOTAL	-	178.7
Net tax saving in the income statement	-	-

The tax consolidation group has approximately €2.3 billion in tax loss carryforwards.

Note 6

PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS

6.1 Movements during the year

6.1.1 Gross values

<i>In millions of euros</i>	Dec. 31, 2006	Movements during the year		Dec. 31, 2007
		Increases	Reductions	
Intangible assets	30.4	10.5	6.8	34.1
Property, plant and equipment	14.3	0.4	1.6	13.1
TOTAL	44.7	10.9	8.4	47.2

6.1.2 Depreciation and amortization

<i>In millions of euros</i>	Dec. 31, 2006	Movements during the year		Dec. 31, 2007
		Increases	Reductions	
Intangible assets	19.1	4.1	4.9	18.3
Property, plant and equipment	9.3	0.8	1.5	8.6
TOTAL	28.4	4.9	6.4	26.9

6.2 Analysis of property, plant & equipment and intangible assets by category

6.2.1 Intangible assets break down as follows:

Net book values

<i>In millions of euros</i>	Dec. 31, 2007	Dec. 31, 2006
Software programs	11.4	5.6
Software programs under development	4.4	5.7
TOTAL	15.8	11.3

6.2.2 Property, plant and equipment break down as follows:

Net book values

<i>In millions of euros</i>	Dec. 31, 2007	Dec. 31, 2006
Land	1.6	1.6
Buildings, fixtures and fittings	0.5	0.6
Furniture, office equipment and IT equipment	2.4	2.8
TOTAL	4.5	5.0

Note 7

FINANCIAL FIXED ASSETS

7.1 Gross values

In millions of euros	Dec. 31, 2006	Movements during the year		Dec. 31, 2007
		Increases	Reductions	
Consolidated equity investments ⁽¹⁾	50,357.1	446.7	12,809.3	37,994.5
Non-consolidated equity investments ⁽¹⁾	268.6	2.1	61.7	209.0
Other long-term investments	114.1	1,185.8	95.7	1,204.2
Receivable from equity investments	223.2	37.9	20.3	240.7
Loans and other financial fixed assets	28.1	21.1	40.8	8.4
TOTAL	50,991.1	1,693.6	13,027.8	39,656.9

(1) A breakdown of the main consolidated and non-consolidated equity investments at December 31, 2007 is provided in the table "Information concerning subsidiaries and investments".

The €12,422.2 million decrease in equity investments over the period reflects:

- the sale of SUEZ-TRACTEBEL shares to Electrabel (negative impact of €12,807.2 million);
- the acquisition of 755,403 Electrabel shares at a price of €446.7 million;
- reclassification of Gas Natural shares to "Other long-term investments" (negative impact of €35.3 million).

Other long-term investments comprise mainly the 29,473,508 treasury shares with a gross value of €1,166.4 million at end-2007 (€87.5 million at end-2006).

During the year SUEZ introduced a stock repurchase program. The value of the shares bought back under this program totaled €1,150.5 million at December 31, 2007.

7.2 Provisions

In millions of euros	Dec. 31, 2006	Movements during the year		Dec. 31, 2007
		Increases	Reductions	
Consolidated equity investments	2,514.2	73.6	268.2	2,319.6
Non-consolidated equity investments	213.4	2.3	25.9	189.8
Other long-term investments	223.1	37.8	20.2	240.7
Receivable from equity investments	0.4	-	-	0.4
Loans and other financial fixed assets	1.2	-	-	1.2
TOTAL	2,952.3	113.7	314.3	2,751.7

Charges to provisions mainly concerned an amount of €65.7 million allocated to the provision for SI Finance securities.

The main provision write-backs concerned Genfina securities (€140.4 million) and Ondéo securities (€115 million).

Note 8

RECEIVABLES BY MATURITY

<i>In millions of euros</i>	Gross value at Dec. 31, 2007	Maturity		2013 and beyond
		End-2008	2009-2012	
FIXED ASSETS	249.1	216.2	7.7	25.2
Receivable from equity investments ⁽¹⁾	240.7	215.7	-	25.0
Loans and other financial fixed assets	8.4	0.5	7.7	0.2
CURRENT ASSETS	588.8	578.4	10.4	-
Trade receivables and related accounts	77.8	77.8	-	-
Other receivables and sundry receivables ⁽²⁾	511.0	500.6	10.4	-
PREPAID EXPENSES	46.4	46.4	-	-
TOTAL	884.3	841.0	18.1	25.2

(1) These receivables have been written down in full.

(2) At end-December 2007, this item includes the SUEZ Finance SA current account (€293.3 million), and the tax receivable owed to SUEZ by its subsidiaries in the tax consolidation group (€178.9 million).

Note 9

MARKETABLE SECURITIES

This item consists of shares in the Dresdner RCM Eurocash mutual fund. Marketable securities are shown on the balance sheet at a gross

amount of €99.9 million and had a market value of €100.7 million at December 31, 2007.

Note 10

PREPAID EXPENSES, DEFERRED INCOME AND OTHER ACCRUAL ACCOUNTS

Assets

<i>In millions of euros</i>	Dec. 31, 2007	Dec. 31, 2006
Prepaid expenses	46.4	5.6
Outstanding bond redemption premiums	-	2.1
TOTAL	46.4	7.7

Liabilities

<i>In millions of euros</i>	Dec. 31, 2007	Dec. 31, 2006
Cash instruments	44.1	-
Other deferred income	0.2	-
TOTAL	44.3	-

Note 11**SHAREHOLDERS' EQUITY****11.1 Movements in shareholders' equity***In millions of euros*

Shareholders' equity at December 31, 2006	31,722.7
Dividends paid out of 2006 income	(1,514.9)
Subscription to the Spring corporate savings plan	432.3
Employee share subscriptions	394.6
Changes in subsidies, tax-driven provisions, revaluation adjustments and others	(2.4)
Net income for the period	5,760.9
Shareholders' equity at December 31, 2007	36,793.1

11.2 Composition of share capital

	Number	Nominal value (€)	Amount (€m)
Shares making up the share capital at January 1, 2007⁽¹⁾	1,277,444,403	2	2,554.9
Shares issued during the financial year:			
Subscription to the Spring corporate savings plan	13,148,576	2	26.3
Employee share subscriptions	16,450,543	2	32.9
Shares making up the share capital at December 31, 2007⁽²⁾	1,307,043,522	2	2,614.1

*(1) Including 4,078,502 treasury shares.**(2) Including 29,473,508 treasury shares.*

Note 12

TAX-DRIVEN PROVISIONS AND PROVISIONS FOR CONTINGENCIES AND LOSSES

<i>In millions of euros</i>	Dec. 31, 2006	Movements during the year		Dec. 31, 2007	
		Increases	Reductions		
		(surplus provisions)	(utilizations)		
Tax-driven provisions	3.6	0.4	-	2.8	1.2
Special revaluation provision	0.0	-	-	-	0.0
Other (accelerated tax depreciation and provision for investments)	3.6	0.4	-	2.8	1.2
Provisions for contingencies and losses	243.6	78.2	10.0	62.1	249.7
Guarantees on sales	32.6	1.4	-	8.3	25.6
Subsidiary risks	116.5	0.3	9.5	43.5	63.8
Pensions (see Note 16)	71.6	10.1	-	7.8	74.0
Other	22.9	66.4	0.5	2.5	86.3
TOTAL	247.3	78.6	10.0	64.9	250.9
Including allocations and write-backs:					
• operating items		67.0		7.9	
• financial items		9.5		0.1	
• exceptional items		2.1	10.0	56.9	

Provisions for subsidiary risks relate mainly to the Group's Argentine operations. These provisions are written back in line with expenses paid, and totaled €63.4 million at December 31, 2007 compared to €115.9 million at end-2006.

Other provisions for contingencies and losses cover miscellaneous risks concerning staff and tax disputes. They also include the provision for employee bonus share awards, which is set aside on a straight-line basis over the vesting period. This provision will ultimately cover the capital loss on the sale, equal to the book value of the treasury shares awarded free of charge to employees.

Note 13

BORROWINGS AND DEBT

13.1 Analysis of borrowings and debt by type

<i>In millions of euros</i>	Dec. 31, 2007	Dec. 31, 2006
Bond issues	-	1,715.2
Loans from the Group	154.3	10,264.4
Bank borrowings	-	-
Current accounts with subsidiaries	206.7	4,336.8
Cash	0.8	4,211.4
Other	205.9	125.4
Bank overdrafts and other debt	138.6	164.1
TOTAL	499.6	16,480.5

The €15,980.9 million fall in borrowings and debt mainly reflects repayments of debt owed to Cosutrel (€7,498 million) and GIE SUEZ Alliance (€2,602 million), the redemption of 1999 and 2000 bond

issues for €1,715.2 million, and the repayment of the current account with SUEZ Finance SA in an amount of €4,203.2 million following the sale of SUEZ-TRACTEBEL to Electrabel.

13.2 Analysis of borrowings and debt by interest rate types

<i>In millions of euros</i>	After hedging		Before hedging	
	Dec. 31, 2007		Dec. 31, 2007	Dec. 31, 2006
Floating rate	190.8	15,924.3	190.8	14,626.3
Fixed rate	308.8	556.2	308.8	1,854.1
TOTAL	499.6	16,480.5	499.6	16,480.5

Note 14

BORROWINGS, DEBT AND PAYABLES BY MATURITY

<i>In millions of euros</i>	Gross value at Dec. 31, 2007	Maturity		
		End-2008	2009-2012	2013 and beyond
BORROWINGS AND DEBT	499.6	207.0	154.0	138.6
Miscellaneous borrowings and debt	292.9	0.3	154.0	138.6
Current accounts with subsidiaries	206.7	206.7	-	-
OPERATING PAYABLES AND MISCELLANEOUS LIABILITIES	150.1	150.1	-	-
Trade payables and related accounts	101.5	101.5	-	-
Tax and employee-related liabilities	43.9	43.9	-	-
Other operating payables	0.1	0.1	-	-
Amounts payable on property, plant & equipment and related accounts	3.5	3.5	-	-
Other	1.1	1.1	-	-
TOTAL	649.7	357.1	154.0	138.6

Note 15

INFORMATION CONCERNING RELATED AND ASSOCIATED COMPANIES

<i>In millions of euros</i>	Related companies	Associated companies
Equity investments	35,693.6	0.5
Receivable from equity investments	-	-
Loans	-	-
Trade receivables and related accounts	43.6	17.4
Other receivables (including current accounts with subsidiaries in debit)	472.5	-
Miscellaneous borrowings and debt	154.0	-
Current accounts with subsidiaries in credit	206.7	-
Trade payables and related accounts	13.0	-
Other	3.9	-
Interest on amounts receivable from equity investments	3.7	35.0
Interest on amounts payable to equity investments	0.3	-
Interest on current accounts with subsidiaries in credit	98.3	-
Interest on current accounts with subsidiaries in debit	36.4	-

Note 16

PENSIONS AND OTHER EMPLOYEE BENEFIT OBLIGATIONS

The main defined benefit plans operated by SUEZ SA and valued on an actuarial basis are as follows:

- the 1953 supplementary pension plan, which has been closed since December 31, 1988;
- the supplementary pension plan for senior executives covering all water companies (annuity plan based on end-of-career salaries);
- plans created by the former Compagnie de SUEZ (annuity plans based on end-of-career salaries), which have now been closed;
- retirement indemnities and jubilee benefits;
- supplementary medical insurance plan for retirees.

The following main actuarial assumptions were used to estimate the benefit obligation at December 31, 2007:

- Inflation rate: 2.0%;

- Discount rate excluding inflation: 2.9%;
- Estimated return on plan assets excluding inflation: 2.5%;
- Average remaining working lives of participating employees: 10 years;
- Mortality tables: accredited 2005 generation tables;
- Estimate future increase in salaries: 2.7%;
- Estimated future increase in healthcare cost: 2.5%.

Virtually all the obligations were under-funded at December 31, 2007.

Defined contribution plans

In 2007, SUEZ SA recorded an expense of €1,865 thousand in respect of defined contribution plans. The related contributions are presented under "Personnel costs" in the income statement.

<i>In millions of euros</i>	Pensions	Other employee benefit obligations	Total
Service cost	(228.1)	(28.0)	(256.1)
Fair value of plan assets	167.6	0.0	167.6
Unrecognized actuarial differences	15.2	2.2	17.4
Unrecognized past service costs	(2.8)	0.0	(2.8)
Provision recorded at December 31, 2007	(48.1)	(25.8)	(73.9)

Balance sheet reconciliation	Pensions	Other employee benefit obligations	Total
Balance at December 31, 2006	(45.5)	(26.1)	(71.6)
Period expense, net of employers' contribution	(6.8)	(1.6)	(8.4)
Employers' contribution	4.2	1.9	6.0
Balance at December 31, 2007	(48.1)	(25.8)	(73.9)

Analysis of projected benefit obligation for 2007	Pensions	Other employee benefit obligations	Total
Service cost	(4.0)	(0.2)	(4.2)
Interest cost	(10.3)	(1.2)	(11.5)
Expected return on plan assets	7.1	0.0	7.1
Amortization of past service costs	0.3	0.0	0.3
Actuarial gains and losses	0.1	(0.1)	(0.1)
Gains and losses on curtailments, terminations and settlements	0.0	0.0	(0.0)
TOTAL	(6.8)	(1.6)	(8.4)

Note 17

FINANCIAL COMMITMENTS

17.1 Commitments given

In millions of euros	Total at Dec. 31, 2007	Maturity		
		End-2008	2009-2012	2013 and beyond
MARKET COMMITMENTS				
Performance and other guarantees	755.3	0.0	0.2	755.1
FINANCING COMMITMENTS				
Personal sureties given ⁽¹⁾	7,355.1	2,108.7	3,451.3	1,795.1
Collateral given	0.0	-	-	0.0
Commitments to provide financing	0.0	-	-	0.0
OTHER COMMITMENTS GIVEN				
Contractual guarantees for sales of businesses ⁽²⁾	2,439.0	51.1	61.7	2,326.2
Operating lease commitments	142.3	19.1	86.5	36.7
Trading commitments	988.7	-	-	988.7
Other commitments given	2.7	2.7	0.0	0.0
TOTAL	11,683.1	2,181.6	3,599.7	5,901.8

(1) This item relates primarily to debt issued and commitments given by GIE SUEZ Alliance to members of the GIE (excluding SUEZ). SUEZ has stood surety for each member in the event that they receive a call for funds above and beyond their share in GIE SUEZ Alliance.

Each member's responsibility for the payment of its share is recorded in commitments received (see Note 17.2). SUEZ also guarantees contracts hedging changes in interest rates and exchange rates set up by GIE SUEZ Alliance. At December 31, 2007, these contracts had a positive market value.

(2) This amount includes commitments given in connection with the sale of Northumbrian, Nalco and SUEZ-TRACTEBEL:

- for Northumbrian, SUEZ is second-ranking guarantor in the event of default by the sellers and SUEZ Environnement, counter-guarantor;
- for Nalco, SUEZ is counter-guarantor in the event of default by the sellers, Léo Holding and Nalco International SAS;
- for SUEZ-TRACTEBEL, the transaction is accompanied by a seller's warranty for a maximum amount of €1,500 million, expiring in March 2013 at the latest.

Other commitments have been given in respect of performance and completion guarantees:

- to Naperville Property Trust (acting on behalf of NCC Solar Company), banks and investors. These guarantees cover all payment obligations, notably for outstanding rent (€149.6 million) under the lease agreement for the premises occupied by Nalco, an entity based in Naperville which was sold in 2003 and whose head office is still in Naperville. The lease was taken over by Léo Holding following the sale of Nalco. SUEZ received an equivalent counter-guarantee from Ondéo Nalco, which remains liable to the Group and the lessor for all obligations under the lease;
- to the Hong Kong authorities, in respect of contracts awarded to SITA (now SUEZ Environnement), which counter-guaranteed SUEZ for the same amounts. These contracts relate to:
 - the operation of the Nent landfill in partnership with Newworld and Guandong groups,
 - the operation of various landfill sites, including Went, NWNT and Piller Point, in partnership with Swire Pacific Ltd (with the two groups splitting ultimate liability 50/50);
- to Surrey County Council for a BOT contract awarded to SUEZ Environnement, which stood as guarantor for SUEZ under the contract;
- to two Scottish companies, Ayr Environmental Services and Caledonian Environmental Services, for contracts for the construction of wastewater purification and sludge treatment plants awarded to the Degrémont SA/AMEC Capital Projects Ltd group of construction companies;
- to the Lord Mayor, Aldermen and Burgesses of Cork, in respect of a contract for the construction and operation of the Cork city wastewater purification plant awarded to a consortium comprising two SUEZ subsidiaries, Vinci subsidiary Dumez GTM, PJ Hegarty & Sons and Electrical & Pump Services. Each consortium member and Vinci agreed to counter-guarantee SUEZ;
- to the Halifax Regional Municipality in respect of a contract for the construction of Halifax, Dartmouth and Herring Cove water treatment plants awarded to D & D Water Solutions Inc, a 50/50 joint venture owned by Degrémont Limitée (a subsidiary of Degrémont) and Dexter (a subsidiary of Municipal Enterprises Limited). SUEZ is

acting as second-ranking guarantor and Degremont as first-ranking guarantor for its share of the contract;

- to investors and BNP Paribas for financial commitments made by three subsidiaries (SITA, Elyo and Fabricom) in connection with the securitization of their trade receivables up to a maximum amount of €800 million;
- in connection with the Neptune project for the construction and operation of an offshore LNG regasification terminal off the coast of Boston, SUEZ granted two unlimited guarantees to the US Department of Transportation – Marine Administration regarding:
 - the fulfillment by Neptune LNG LLC (a special purpose entity created by SUEZ Energy International) of its obligations under the Oil Pollution Act of 1990,
 - Neptune LNG LLC's obligations under its Deepwater Port License, for which SUEZ guarantees the operating company's compliance

with the terms and conditions of the licence and the applicable statutory framework;

- as part of the spin-off of water and wastewater activities in 2000, a performance guarantee was granted by SUEZ in the context of its transfer of local public service franchise contracts to Lyonnaise des Eaux France. There are some 950 such contracts.
- SUEZ has also undertaken to:
 - guarantee the consequences of any proceedings initiated against SUEZ-TRACTEBEL subsidiary INEO in connection with the fire at Crédit Lyonnais' head office,
 - indemnify GE Capital UIS for a period of ten years starting December 2002, for all legal and/or financial consequences resulting from a third party disputing its title to the premises at 16 rue de la Ville l'Evêque, Paris (which it acquired after taking over the leasing contract held by SUEZ subsidiary SSIMI), on condition that it exercises the call option granted by the lessor.

17.2 Commitments received

In millions of euros	Total at Dec. 31, 2007	Maturity		
		End-2008	2009-2012	2013 and beyond
Market commitments				
Guarantees received	-	-	-	-
Financing commitments				
Undrawn credit facilities	1,555.0	0.0	1,555.0	0.0
Other financing commitments received	-	-	-	-
Other commitments received				
Counter-guarantees for personal collateral	2,220.0	1,184.6	796.2	239.2
Counter-guarantees for trading commitments	-	-	-	-
Operating lease commitments	53.1	7.8	35.3	10.0
Other commitments received ⁽¹⁾	763.5	378.6	382.5	2.4
TOTAL	4,591.6	1,571.0	2,768.9	251.6

(1) The sale price of SUEZ-TRACTEBEL shares acquired by Electrabel from SUEZ on July 19, 2007 may be adjusted in line with the price at which Distrigas shares are sold to non-Group entities. At December 31, 2007, this represents a positive price adjustment of €376.5 million for SUEZ, included in other commitments received. This price adjustment will lapse on July 19, 2008.

17.3 Contractual obligations involving an outflow of economic benefits

The following table shows estimated contractual obligations at December 31, 2007 that involve a future outflow of economic benefits for the Company:

<i>In millions of euros</i>	Total at Dec. 31, 2007	Maturity		
		End-2008	2009-2012	2013 and beyond
Net debt and current accounts with subsidiaries	(150.8)	(443.4)	154.0	138.6
Operating leases	89.2	11.3	51.2	26.7
Commitments to provide financing	-	-	-	-
TOTAL	(61.6)	(432.1)	205.2	165.3

17.4 Disputes and arbitrations

Disputes with the Argentine government

The International Center for Settlement of Investment Disputes (ICSID) arbitration proceedings in relation to the protection of foreign shareholders' investments in two Argentine contracts are currently in progress. ICSID found that it had jurisdiction to rule on both cases. The decision on jurisdiction in the Aguas Provinciales de Santa Fe case was delivered on May 16, 2006 and the decision regarding the Aguas Argentinas case on August 3, 2006. Hearings on the merits of the cases took place between April 28, 2007 and May 2, 2007 for the Aguas Provinciales de Santa Fe case, and between October 29, 2007 and November 8, 2007 for the Aguas Argentinas case.

A claim was filed with the Federal District Court of New York in late September 2006 by an entity entitled "Aguas Lenders Recovery Group", in order to obtain the payment by SUEZ, Agbar and AYSA (the Argentine state-owned company that succeeded Aguas Argentinas) of US\$ 130 million owed by Aguas Argentinas to unsecured lenders.

Electrabel squeeze-out

On July 10, 2007, Deminor and two other funds initiated proceedings before the Brussels Court of Appeal against SUEZ and Electrabel under which they sought additional consideration following the squeeze-out bid launched by SUEZ in June 2007 on Electrabel shares that it did not already own. At the time the squeeze-out bid was launched, Deminor and the other funds held 58,309 Electrabel shares. The case will be heard on February 29, 2008.

On July 11, 2007, MM Geenen and other parties also initiated proceedings before the Brussels Court of Appeal seeking additional consideration. Electrabel and the Banking, Financial and Insurance Commission were joined as parties to the proceedings. At the time of the launch of the squeeze-out bid, MM Geenen and the other parties held 231 Electrabel shares. The case will be heard on February 29, 2008.

Note 18

ASSESSMENT OF UNREALIZED TAX EFFECTS AT YEAR-END

Type of temporary difference	Unrealized taxes: assets (liabilities)		
	<i>In millions of euros</i>		
	2006	Change	2007
Temporarily non-deductible expenses or non-taxable income ^(*)	65.1	3.4	68.5
Provisions for pensions and other employee benefit obligations	24.5	0.8	25.3
Tax-deductible expenses not yet recorded	0.0	0.0	0.0
Taxable income not yet recorded	(0.0)	(0.1)	(0.1)
Differences between book value of securities and their tax base ^(*)	0.0	0.0	0.0
TOTAL	89.6	4.1	93.7

(*) Exemption for net long-term capital gains at January 1, 2007.

Note 19

AVERAGE NUMBER OF EMPLOYEES

	2007	2006
PERMANENT STAFF	348	342
Managerial staff	242	225
Senior technicians and supervisory staff	96	100
Other	10	17
Staff placed at the disposal of the Company	25	22

Note 20

EXECUTIVE COMPENSATION

Compensation paid by SUEZ to the Chairman and Chief Executive Officer, members of the Executive Committee and the members of

the Central Management Committee totalled €16.9 million in 2007 and €11.6 million in 2006.

Directors' fees totaled €658,500 in 2007 and €793,500 in 2006.

Note 21

SUBSEQUENT EVENTS

On January 7, the European Consultative Committee (ECC) gave its opinion on the planned merger between GDF and SUEZ. Consequently, and in view of the opinions previously given, the employee representative body consultation process within the Group was closed.

The French courts rejected Gaz de France's request that it order the employee representative bodies to give their opinion on the merger, which is needed for the transaction to move forward.

Further to Crédit Agricole's decision to sell its direct interest in SUEZ, three major SUEZ shareholders decided to increase their stakes in SUEZ by purchasing one-third of Crédit Agricole's interest. Sofina has decided to participate in the SUEZ Environnement shareholders' agreement. The interest held by SUEZ and its major shareholders in SUEZ Environnement will remain unchanged as a result of these developments.

INFORMATION CONCERNING SUBSIDIARIES AND INVESTMENTS

		Share capital	Shareholders' equity (excluding share capital) ⁽²⁾	% capital held	Book value of shares owned	
					Gross ⁽¹⁾	Net ⁽¹⁾
					Dec. 31, 2007	Dec. 31, 2007

In millions of euros unless otherwise stated

A - DETAILED INFORMATION CONCERNING SUBSIDIARIES AND INVESTMENTS WHOSE GROSS VALUE EXCEEDS 1% OF SUEZ'S CAPITAL (€26,140,870)

I. Subsidiaries (more than 50%-owned by SUEZ)

S.E.S., Le Voltaire, 1, place des Degrés, 92059 Paris La Défense cedex	C	574	967	99.99	2,220	2,220
Genfira, Rue Royale 30, 1000 Brussels, Belgium	C	100	141	100.00	977	628
GIE SUEZ Alliance, 16, rue de la Ville l'Evêque, 75008 Paris	C	100	(28)	58.00	58	58
Ondeo, 16, rue de la Ville l'Evêque, 75008 Paris	C	2,348	(712)	100.00	2,580	1,746
Rivolam, 16, rue de la Ville l'Evêque, 75008 Paris	C	5,737	799	100.00	7,251	7,251
SI Finances, 68, rue du Faubourg Saint-Honoré, 75008 Paris	C	120	19	100.00	373	146
Sopronor, 16, rue de la Ville l'Evêque, 75008 Paris	C	N.S.	9	99.92	245	9
SSIMI, 18, rue de la Ville l'Evêque, 75008 Paris	C	61	66	100.00	96	96
SUEZ Communication, 16, rue de la Ville l'Evêque, 75008 Paris	C	31	239	100.00	900	270
SUEZ Finance LP, Nalco Center, Naperville, Illinois 60583 1198, USA	C	80	(4)	99.90	85	62
Electrabel, Boulevard du Régent 8, 1000 Brussels, Belgium	C	2,073	6,803	98.07	23,131	23,131
Aguas Provinciales de Santa Fe, Calle 9 de Junio, Santa Fe, Argentina		60	(294)	51.69	37	0

II. Investments (between 10%-50%-owned by SUEZ)

Aguas Argentinas, Reconquista 823 CP, 1003 Buenos Aires, Argentina		159	(1,151)	39.94	144	0
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III. Other investments (less than 10%-owned by SUEZ)

SUEZ Environnement, 1, rue d'Astorg, 75008 Paris	C	3,323	752	0.57	53	53
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B - GENERAL INFORMATION CONCERNING OTHER SUBSIDIARIES AND INVESTMENTS

I. Subsidiaries not included in section A

a) French subsidiaries (aggregate)					35	12
b) Foreign subsidiaries (aggregate)					15	11

II. Investments not included in section A

a) French companies (aggregate)					0	0
b) Foreign companies (aggregate)					3	1

C = consolidated companies

(1) The figures in these columns are given in millions of euros (including foreign subsidiaries).

(2) Prior to appropriation of income for the year, including investment subsidies, premiums and tax-driven provisions.

() At December 31, 2004.*

*(**) At December 31, 2005.*

Loans and advances granted and not yet repaid ⁽¹⁾	Value of sureties and endorsements given by the Company ⁽¹⁾	Revenue		Income/(loss)		Dividends received by the Company during the financial year ⁽¹⁾	Comments
		2006	2007	2006	2007		
Dec. 31, 2007	Dec. 31, 2007					Dec. 31, 2007	
-	-	1,330	1,379	139	204	170	Excluding corporate income tax
-	-	-	-	36	(35)	-	
-	-	0	0	(1)	(28)	-	
-	-	-	-	67	55	-	
-	-	-	-	412	445	416	
-	-	-	0	71	17	82	
-	-	-	-	NS	NS	-	
-	-	3	4	1	16	-	
-	-	-	-	267	10	-	
-	-	-	-	13	(5)	13	Consolidated data in millions of US dollars
-	-	12,396	12,174	1,866	1,036	0	
0	0	110 ^(*)	109 ^(**)	(208) ^(*)	(20) ^(**)	0	In millions of Argentine pesos at December 31, 2005
0	0	648 ^(*)	726 ^(**)	(1,190) ^(*)	(190) ^(**)	9	In millions of Argentine pesos at December 31, 2005
-	-	165	288	125	128	0	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	

4

TOTAL AND PARTIAL TRANSFERS OF ASSETS AND ACQUISITIONS OF SUBSIDIARIES AND INVESTMENTS WITHIN OR OUTSIDE STATUTORY DISCLOSURE THRESHOLDS

4

TOTAL AND PARTIAL TRANSFERS OF ASSETS

Company <i>In euros</i>	% at Dec. 31, 2006	% at Dec. 31, 2007	Reclassification within the Group	Transfer outside the Group	Book value of shares held at Dec. 31, 2007		Sector
					Gross	Net	
SUBSIDIARIES (MORE THAN 50%-OWNED)							
SUEZ-TRACTEBEL	100.00	0.00	X		0.00	0.00	Energy
Les Fermes du Cheliff	54.85	0.00		Liquidation	0.00	0.00	Various
Lyonnaise Deutschland	100.00	0.00	X		0.00	0.00	Various
Safege Transport Brevet	99.80	0.00		Transfer of all assets and liabilities	0.00	0.00	Various
Aguas Del Illimani	55.15	0.00		X	0.00	0.00	Water
Lyonnaise Vietnam Water Company	93.26	0.00	X		0.00	0.00	Water
INVESTMENTS (MORE THAN ONE THIRD-OWNED)							
	-	-					
INVESTMENTS (MORE THAN 20%-OWNED)							
	-	-					
INVESTMENTS (MORE THAN 10%-OWNED)							
Semac	16.67	0.00		Liquidation	0.00	0.00	Various

ACQUISITIONS OF SUBSIDIARIES AND INVESTMENTS WITHIN OR OUTSIDE STATUTORY DISCLOSURE THRESHOLDS

Company <i>In euros</i>	% at Dec. 31, 2006	% at Dec. 31, 2007	Reclassification within the Group	Acquisition outside the Group	Book value of shares owned at Dec. 31, 2007		Sector
					Gross	Net	
SUBSIDIARIES (MORE THAN 50%-OWNED)							
Electrabel	96.69	98.07		X	23,130,928,625.38	23,130,928,625.38	Energy
Houlival	0.00	99.76	X		38,365.70	38,365.70	Various
INVESTMENTS (MORE THAN ONE THIRD-OWNED)							
	-	-					
INVESTMENTS (MORE THAN 20%-OWNED)							
	-	-					
INVESTMENTS (MORE THAN 10%-OWNED)							
	-	-					

DETAILS OF SECURITIES AT DECEMBER 31, 2007

In millions of euros

Main equity investments (book value exceeding €0.8 million) and other marketable securities		Number of shares	% capital held	Gross book value	Net book value
Unlisted French equity investments					
SUEZ ENERGY SERVICES (formerly ELYO)	C	35,873,497	100.00	2,220	2,220
GIE SUEZ Alliance	C	58	58.00	58	58
Ondeo (SEIS)	C	179,517,844	100.00	2,580	1,746
SSIMI	C	4,006,112	100.00	96	96
Rivolam	C	1,434,220,518	100.00	7,251	7,251
S.I. Finance	C	7,527,610	100.00	373	146
Sopranor	C	6,294	99.92	245	9
SUEZ Communication	C	1,949,493	100.00	900	270
Culture Espaces		60,300	86.14	3	3
Formival		101,488	99.99	2	2
SUEZ University		129,428	99.99	10	4
Sperans		23,455	99.98	1	1
SUEZ Environnement	C	2,381,363	0.57	53	53
Celizan	C	104,309	100.00	18	2
Unlisted foreign equity investments					
Electrabel	C	53,818,428	98.07	23,131	23,131
Genfina	C	22,033	100.00	977	628
SFAP SA	C	84,999	100.00	3	2
SUEZ Finance LP	C	999	99.90	85	62
Bogotana de Aguas	C	25,500,000	51.00	2	
Aguas Argentinas		63,679,017	39.94	144	
Aguas Cordobesas		1,500,000	5.00	2	
Aguas de Santa Fe		31,014,220	51.69	38	
Consortium Intesa Aretina		9,545,175	51.00	10	10
Equity investments with a book value of less than €0.8 million				1	1
TOTAL EQUITY INVESTMENTS				38,204	35,694
Other long-term investments				1,204	1,204
Marketable securities				100	100

C = consolidated companies

	2007
I. CAPITAL AT YEAR-END	
Share capital (<i>in euros</i>)	2,614,087,044
<i>called</i>	2,614,087,044
<i>uncalled</i>	0
Number of ordinary shares issued and outstanding	1,307,043,522
Maximum number of shares to be issued:	
by converting bonds ⁽¹⁾	0
by exercising stock options ⁽²⁾	41,290,066
II. RESULTS OF OPERATIONS FOR THE YEAR (<i>in millions of euros</i>)	
Revenues excluding VAT ⁽³⁾	927.1
Income/(loss) before tax, employee profit-sharing, incentive payments, and depreciation, amortization and provision expense	5,391.9
Income tax expense/(saving)	(178.7)
Employee profit-sharing and incentive payments	3.3
Income/(loss) after tax, employee profit-sharing, incentive payments, and depreciation, amortization and provision expense	5,760.9
Total dividends ⁽⁴⁾	1,777.6
III. EARNINGS PER SHARE (<i>in euros</i>)⁽⁵⁾	
Earnings after tax, employee profit-sharing and incentive payments but before depreciation, amortization and provision expense	4.26
Earnings after tax, employee profit-sharing, incentive payments, and depreciation, amortization and provision expense	4.41
Dividend per share	1.36
IV. PERSONNEL	
Average number of employees during the year	348
Total payroll (<i>in millions of euros</i>)	48.4
Total social security and other benefits paid in the year (<i>in millions of euros</i>)	26.3
⁽¹⁾ The 1996 convertible bonds were redeemed ahead of maturity on August 11, 2005.	
⁽²⁾ Stock options granted to Group employees.	
⁽³⁾ Including all financial income.	
⁽⁴⁾ Before cancellation of dividends on treasury stock.	
⁽⁵⁾ After adjustment to reflect the cash capital increase of October 12, 2005 with preferential subscription rights for existing shareholders:	
Earnings after tax, employee profit-sharing and incentive payments but before depreciation, amortization and provision expense	4.26
Earnings after tax, employee profit-sharing, incentive payments, and depreciation, amortization and provision expense	4.41
Dividend per share	1.36

⁽⁶⁾ Including the consequences of the job protection scheme.

2006	2005	2004	2003
2,554,888,806	2,541,512,510	2,040,930,772	2,015,359,612
<i>2,554,888,806</i>	<i>2,541,512,510</i>	<i>2,040,930,772</i>	<i>2,008,722,708</i>
0	0	0	6,636,904
1,277,444,403	1,270,756,255	1,020,465,386	1,007,679,806
0	0	13,536,092	12,969,640
46,172,707	55,216,835	53,416,204	44,194,969
7,178.7	1,759.0	1,058.6	1,221.6
6,245.3	770.9	(854.5)	393.3
(187.1)	(136.9)	(126.3)	(162.6)
1.1	0.6	1.8	0
6,970.1	1,000.4	1,743.5	(1,848.0)
1,532.9	1,271.1	816.4	869.7
5.03	0.70	(0.72)	0.23
5.46	0.79	1.71	(1.83)
1.20	1.00	0.80	0.71
342	333	338	376
46.1	44.0	48.8	44.0
19.8	16.3	19.0	30.5 ⁽⁶⁾
<i>5.03</i>	<i>0.70</i>	<i>(0.70)</i>	<i>0.20</i>
<i>5.46</i>	<i>0.79</i>	<i>1.68</i>	<i>(1.82)</i>
<i>1.20</i>	<i>1.00</i>	<i>0.79</i>	<i>0.70</i>

Financial statements at December 31, 2007*In euros***Amount**

Total expenses and costs excluded from deductible expenses (Article 39.4 of the French Tax Code)	151,120.30
Total directors' fees excluded from deductible expenses (Article 210 sexies of the French Tax Code)	124,747.00
Total expenses shown on the special statement of overheads (Article 223 quinquies of the French Tax Code)	
• Remuneration and other costs relating to the highest paid employees	9,345,266.00
• Gifts and entertainment costs	1,273,155.65
• Amount of foregoing expenses included in taxable income	zero

Employee-related information

The employment report specified in Articles L. 438-1 *et seq.* of the French Labor Code is available to shareholders upon request.

ANNUAL FINANCIAL STATEMENTS - FISCAL YEAR ENDED DECEMBER 31, 2007

This is a free translation into English of the statutory auditors' report issued in French and is provided solely for the convenience of English speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the Company financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the Company financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the Company financial statements. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In accordance with our appointment as auditors at your Annual General Meeting, we hereby report to you for the year ended December 31, 2007 on:

- the audit of the accompanying financial statements of SUEZ;
- the justification of our assessments;
- the specific procedures and disclosures required by law.

These annual financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements, based on our audit.

I. OPINION ON THE FINANCIAL STATEMENTS

We conducted our audit in accordance with the professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall

financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the financial position and the assets and liabilities of the Company as of December 31, 2007 and the results of its operations for the year then ended in accordance with the accounting rules and principles applicable in France.

II. JUSTIFICATION OF OUR ASSESSMENTS

Pursuant to Article L. 823-9 of the French Commercial Code (*Code de commerce*) governing the justification of our assessments, we bring to your attention the following matters:

As specified in Note 1 to the financial statements, the carrying value of investments which SUEZ intends to hold on a long-term basis are written down to their value in use if lower. Provisions for contingencies and losses may be recorded if the Company believes that its commitment will be higher than the value of assets held. Our

work consisted in assessing the data and assumptions on which the SUEZ estimates were based, reviewing the Company's calculations and examining the procedures used by management to approve these estimates. Based on these procedures, we have assessed the reasonableness of the estimates used.

These assessments were performed as part of our audit approach for the financial statements taken as a whole and contributed to the expression of the unqualified opinion in the first part of this report.

III. SPECIFIC VERIFICATIONS AND DISCLOSURES

We have also performed the specific verifications required by law, in accordance with professional standards applicable in France.

We have no matters to report regarding:

- the fair presentation and consistency with the financial statements of the information given in the Board of Directors' report and in the documents addressed to shareholders with respect to the financial position and the financial statements;

- the fair presentation of the information given in the Board of Directors' report on the compensation and benefits paid to relevant directors as well as commitments granted in connection with, or subsequent to, their appointment, termination or change in current function.

Pursuant to the law, we have verified that the Board of Directors' report contains the appropriate disclosures concerning the purchase of investments and controlling interests and the identity of the shareholders (and holders of the voting rights).

Neuilly-sur-Seine, March 17, 2008

The Statutory Auditors

ERNST & YOUNG et Autres



Pascale MACIOCE




Nicole MAURIN

DELOITTE & ASSOCIES



Jean-Paul PICARD



Pascal PINCEMIN



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The present brochure was first distributed along with the 2007 Reference Document at the Group's Annual General Meeting held in Paris on May 8, 2008. Its English edition had a print run of 1,500 copies. This document is also available in French, Spanish and Dutch from the Group's website (www.suez.com) where all SUEZ publications can be downloaded.

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Our values

Professionalism

Sense of partnership

Team spirit

Value creation

Respect for the environment

Ethics



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