

June 3, 2008

VIA FEDERAL EXPRESS

Public Utilities Commission of Ohio Docketing Division, 13th Floor 180 Broad Street Columbus, Ohio 43215

RE: Renewal Application for Retail Generation Providers and Power Marketers

Suez Energy Resources NA, Inc. - Case No. 04-1015-EL-CRP

License No. 04-118(1) - issued 7/26/2004; renewal 04-118(2) - issued 7/24/2006

Dear Sir or Madam:

In accordance with the Ohio Administrative Code and the Commission rules and regulations, Suez Energy Resources NA, Inc. ("Suez") hereby submits it <u>2008 Renewal Application for Retail Generation Providers and Power Marketers</u>. Specific requests in the renewal application require Suez to disclose privileged and confidential information. Specifically, Suez's responses to Exhibit C-3 ("Financial Statements") and C-4 ("Financial Arrangements") are privileged and confidential. As per the Commission instructions, Suez has designated, at each point in the renewal application, where the answers require disclosure of privileged and confidential information and has, accordingly, marked such information as "CONFIDENTIAL." Pursuant to the instructions of the Commission, enclosed please find one original and ten (10) copies of the renewal application with the confidential information redacted.

Under separate cover, Suez has filed one (1) original and one (1) copy of its *Motion for Protective Order*, *Memorandum in Support of Protective Order* and Proposed *Protective Order*. Also filed under seal, one (1) original and three (3) copies of Suez's application which includes the confidential material, all marked as "CONFIDENTIAL."

If you have any questions in connection with this filing, please contact me at 713-636-1607 or via email at naveen.rabie@suezenergyna.com

Respectfully submitted,

PH 1900CKET NG

Naveen Rabie
Attorney – Regulatory Compliance

SUEZ EVERGY RESQUECES NA. 119C. 1999 Posi Oak Bools; ced. Softe 1906 1905/100, Vexas 17086 713-036-0080

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The Public Utilities Commission of Ohio

RENEWAL INFORMATION

A.



RENEWAL APPLICATION FOR RETAIL GENERATION PROVIDERS AND POWER MARKETERS

Please print or type all required information. Identify all attachments with an exhibit label and title (Example: Exhibit A-11 Corporate Structure). All attachments should bear the legal name of the Applicant. Applicants should file completed applications and all related correspondence with the Public Utilities Commission of Ohio, Docketing Division; 180 East Broad Street, Columbus, Ohio 43215-3793.

This PDF form is designed so that you may input information directly onto the form. You may also download the form, by saving it to your local disk, for later use.

	THE THE STATE OF T	
A-1	Applicant intends to be renew	ved as: (check all that apply)
	☑Retail Generation Provider ☐Power Marketer	☐ Power Broker ☐ Aggregator
A-2	Applicant's legal name, addr web site address	ess, telephone number, PUCO certificate number, and
A-3	List name, address, telephone does business in Ohio	number and we b site address under which Applicant
	Legal Name same as A-2 Address Telephone # Web	o site address (if any)

	at all names under which the applicant does business in North America
Co	ntact person for regulatory or emergency matters
Nai	me Jeffrey Levine
	e_Regulatory Affairs
	siness address 1990 Post Oak, Suite 1900 Houston, Texas 77056
Tel	ephone # (713) 636-0000 Fax # (713) 636-1601
E-n	ephone # (713) 636-0000 Fax # (713) 636-1601 nail address (if any) jeffrey.levine@suezenergyna.com
Co	ntact person for Commission Staff use in investigating customer complaints
	me Jason Austin
Titl	e VP and General Counsel
	siness address 1990 Post Oak, Suite 1900 Houston, Texas 77056
	ephone # (713) 636-1742 Fax # (713) 636-1601
E-n	nail address (if any) Jason.Austin@suezenergyna.com
Ap	plicant's address and toll-free number for customer service and complaints
	stomer Service address PO Box 25237 Lehigh Valley, PA 78002
	II-free Telephone # (188) 823-2620 Fax # (713) 636-1601
E-r	mail address (if any) <u>custsery@suezenergyna.com</u>
Ap	plicant's federal employer identification number #
Ap	oplicant's form of ownership (check one)
	ole Proprietorship Partnership
	Limited Liability Partnership (LLP) Corporation Limited Liability Company (LLC) Other
PR	OVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATE
ado	chibit A10 "Principal Officers, Directors & Partners" provide the names, tit dresses and telephone numbers of the applicant's principal officers, directors, partnother similar officials.
str sul	whibit A-11 "Corporate Structure," provide a description of the applicant's corporation, including a graphical depiction of such structure, and a list of all affiliate besidiary companies that supply retail or wholesale electricity or natural gas stomers in North America.

B. MANAGERIAL CAPABILITY AND EXPERIENCE

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED:

- B-1 <u>Exhibit B-1 "Jurisdictions of Operation,"</u> provide a list of all jurisdictions in which the applicant or any affiliated interest of the applicant is, at the date of filing the application, certified, licensed, registered, or otherwise authorized to provide retail or wholesale electric services.
- B-2 <u>Exhibit B-2 "Experience & Plans,"</u> provide a description of the applicant's experience and plan for contracting with customers, providing contracted services, providing billing statements, and responding to customer inquiries and complaints in accordance with Commission rules adopted pursuant to Section 4928.10 of the Revised Code.
- B-3 <u>Exhibit B-3 "Disclosure of Liabilities and Investigations,"</u> provide a description of all existing, pending or past rulings, judgments, contingent liabilities, revocation of authority, regulatory investigations, or any other matter that could adversely impact the applicant's financial or operational status or ability to provide the services it is seeking to be certified to provide.
- applicant's financial or operational status or ability to provide the services it is seeking to be certified to provide.
 B-4 Disclose whether the applicant, a predecessor of the applicant, or any principal officer of the applicant have ever been convicted or held liable for fraud or for violation of any consumer protection or antitrust laws within the past five years.

 □ No □ Yes

 If yes, provide a separate attachment labeled as Exhibit B-4 "Disclosure of Consumer Protection Violations" detailing such violation(s) and providing all relevant documents.
 B-5 Disclose whether the applicant or a predecessor of the applicant has had any certification, license, or application to provide retail or wholesale electric service denied, curtailed, suspended, revoked, or cancelled within the past two years.

 □ No □ Yes

If yes, provide a separate attachment labeled as **Exhibit B-5 "Disclosure of Certification Denial, Curtailment, Suspension, or Revocation"** detailing such action(s) and providing all relevant documents.

C. FINANCIAL CAPABILITY AND EXPERIENCE

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED:

C-1 <u>Exhibit C-1 "Annual Reports,"</u> provide the two most recent Annual Reports to Shareholders. If applicant does not have annual reports, the applicant should provide similar information in Exhibit C-1 or indicate that Exhibit C-1 is not applicable and why.

- C-2 <u>Exhibit C-2 "SEC Filings,"</u> provide the most recent 10-K/8-K Filings with the SEC. If applicant does not have such filings, it may submit those of its parent company. If the applicant does not have such filings, then the applicant may indicate in Exhibit C-2 that the applicant is not required to file with the SEC and why.
- C-3 <u>Exhibit C-3 "Financial Statements,"</u> provide copies of the applicant's two most recent years of audited financial statements (balance sheet, income statement, and cash flow statement). If audited financial statements are not available, provide officer certified financial statements. If the applicant has not been in business long enough to satisfy this requirement, it shall file audited or officer certified financial statements covering the life of the business.
- C-4 <u>Exhibit C-4 "Financial Arrangements,"</u> provide copies of the applicant's financial arrangements to conduct CRES as a business activity (e.g., guarantees, bank commitments, contractual arrangements, credit agreements, etc.,).
- C-5 <u>Exhibit C-5 "Forecasted Financial Statements,"</u> provide two years of forecasted financial statements (balance sheet, income statement, and cash flow statement) for the applicant's CRES operation, along with a list of assumptions, and the name, address, email address, and telephone number of the preparer.
- C-6 Exhibit C-6 "Credit Rating," provide a statement disclosing the applicant's credit rating as reported by two of the following organizations: Duff & Phelps, Dun and Bradstreet Information Services, Fitch IBCA, Moody's Investors Service, Standard & Poors, or a similar organization. In instances where an applicant does not have its own credit ratings, it may substitute the credit ratings of a parent or affiliate organization, provided the applicant submits a statement signed by a principal officer of the applicant's parent or affiliate organization that guarantees the obligations of the applicant.
- C-7 <u>Exhibit C-7 "Credit Report,"</u> provide a copy of the applicant's credit report from Experion, Dun and Bradstreet or a similar organization.
- C-8 <u>Exhibit C-8 "Bankruptcy Information,"</u> provide a list and description of any reorganizations, protection from creditors or any other form of bankruptcy filings made by the applicant, a parent or affiliate organization that guarantees the obligations of the applicant or any officer of the applicant in the current year or within the two most recent years preceding the application.
- C-9 Exhibit C-9 "Merger Information," provide a statement describing any dissolution or merger or acquisition of the applicant within the five most recent years preceding the application.

D. TECHNICAL CAPABILITY

Notary Public, State of Texas My Commission Expires

June 15, 2011

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED:

- D-1 <u>Exhibit D-1 "Operations"</u> provide a written description of the operational nature of the applicant's business. Please include whether the applicant's operations include the generation of power for retail sales, the scheduling of retail power for transmission and delivery, the provision of retail ancillary services as well as other services used to arrange for the purchase and delivery of electricity to retail customers.
- **D-2** Exhibit D-2 "Operations Expertise," given the operational nature of the applicant's business, provide evidence of the applicant's experience and technical expertise in performing such operations.
- D-3 <u>Exhibit D-3 "Key Technical Personnel,"</u> provide the names, titles, e-mail addresses, telephone numbers, and the background of key personnel involved in the operational aspects of the applicant's business.

Exhibit D-4 "FERC Power Marketer Li	icens	e Num	ber,"	prov	ide
disclosing the applicant's FERC Power Mark	keter	License	num	er. (1	Powe
only) u S. Aus					
Jason Austin, VP and General Counsel					
Signature of Applicant and Title					
- 17					
12					
Sworn and subscribed before me this 23rd day	of	Мау	_,2	008	
Month /				Year	
11 -					
171		Naveen	Rabie		
Signature of official administering oath	Prin	t Name a	nd Titl	e	
NAVEEN PARIE					

My commission expires on

5

statement Marketers

<u>AFFIDAVIT</u>

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State of	_:			
a thousand a		Houston (Town)	_ss.	
County of Harris	_:			
Jason Austin	Affiant, being du	ly sworn/affi	rmed according to law, depor	ses and says that:
He/She is the VP and Gen	. COunsel (Office	of Affiant) o	Suez Energy Resources NA f	. Inc. _(Name of Applicant);
That he/she is authorized to	and does make t	his affidavit f	or said Applicant,	

- 1. The Applicant herein, attests under penalty of false statement that all statements made in the
 - application for certification renewal are true and complete and that it will amend its application while the application is pending if any substantial changes occur regarding the information provided in the application.
 - 2. The Applicant herein, attests it will timely file an annual report with the Public Utilities Commission of Ohio of its intrastate gross receipts, gross earnings, and sales of kilowatt-hours of electricity pursuant to Division (A) of Section 4905.10, Division (A) of Section 4911.18, and Division (F) of Section 4928.06 of the Revised Code.
 - 3. The Applicant herein, attests that it will timely pay any assessments made pursuant to Sections 4905.10, 4911.18, or Division F of Section 4928.06 of the Revised Code.
 - 4. The Applicant herein, attests that it will comply with all Public Utilities Commission of Ohio rules or orders as adopted pursuant to Chapter 4928 of the Revised Code.
 - 5. The Applicant herein, attests that it will cooperate fully with the Public Utilities Commission of Ohio, and its Staff on any utility matter including the investigation of any consumer complaint regarding any service offered or provided by the Applicant.
 - 6. The Applicant herein, attests that it will comply with all state and/or federal rules and regulations concerning consumer protection, the environment, and advertising/promotions.
 - 7. The Applicant herein, attests that it will fully comply with Section 4928.09 of the Revised Code regarding consent to the jurisdiction of Ohio Courts and the service of process.
 - 8. The Applicant herein, attests that it will use its best efforts to verify that any entity with whom it has a contractual relationship to purchase power is in compliance with all applicable licensing requirements of the Federal Energy Regulatory Commission and the Public Utilities Commission of Ohio.
 - 9. The Applicant herein, attests that it will cooperate fully with the Public Utilities Commission of Ohio, the electric distribution companies, the regional transmission entities, and other electric suppliers in the event of an emergency condition that may jeopardize the safety and reliability of the electric service in accordance with the emergency plans and other procedures as may be determined appropriate by the Commission.
 - 10. If applicable to the service(s) the Applicant will provide, the Applicant herein, attests that it will adhere to the reliability standards of (1) the North American Electric Reliability Council (NERC), (2) the appropriate regional reliability council(s), and (3) the Public Utilities Commission of Ohio. (Only applicable if pertains to the services the Applicant is offering)

11. The Applicant herein, attests that it will inform the Commission of any material change to the information supplied in the renewal application within 30 days of such material change, including any change in contact person for regulatory purposes or contact person for Staff use in investigating customer complaints.

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That the facts above set forth are true and correct to the best of his/her knowledge, information, and believel expects said Applicant to be able to prove the same at any hearing hereof. Signature of Affiant & Title	f and that
Signature of official administering oath Sworn and subscribed before me this 13m day of May, 3008 Year Navier Rabie State of Print Name and Title	IX Notary
NAVEEN RABIE Notary Public, State of Texas My Commission Expires June 15, 2011 NAVEEN RABIE My commission expires on U-15-20 1	



EXHIBIT A-10

PRINCIPAL OFFICERS, DIRECTORS & PARTNERS

OFFICERS

- 1. Michel Sirat, President & CEO
- 2. Guy Braden, Senior Vice President Operations
- 3. Geert Peeters, Vice President, Chief Financial Officer & Treasurer
- 4. Jason Austin, Vice President, General Counsel and Secretary
- 5. Hall B. Clark, Vice President & Assistant Secretary
- 6. Jay Harpole, Vice President Supply
- 7. Cecilia Heilmann, Vice President Business Control
- 8. Rachel W. Kilpatrick, Vice President
- 9. Craig Sutter, Vice President Mid-Market Sales
- 10. Zin Smati, Vice President
- 11. David Coffman, Vice President, Marketing

All can be reached at:

1990 Post Oak Boulevard, Suite 1900 Houston, Texas 77056 p. (713) 636-0000; f. (713) 636-1601

DIRECTORS

1. Zin Smati, Chairman

1990 Post Oak Boulevard, Suite 1900 Houston, Texas 77056

2. Michel Sirat, Vice Chairman

1990 Post Oak Boulevard, Suite 1900 Houston, Texas 77056

3. Sam Henry

1990 Post Oak Boulevard, Suite 1900 Houston, Texas 77056

4. Mark Josz

1990 Post Oak Boulevard, Suite 1900 Houston, Texas 77056

5. Karim Barbir

1990 Post Oak Boulevard, Suite 1900 Houston, Texas 77056

6. Michael Thompson

Place du Trône, 1 1000 Brussels Belgium

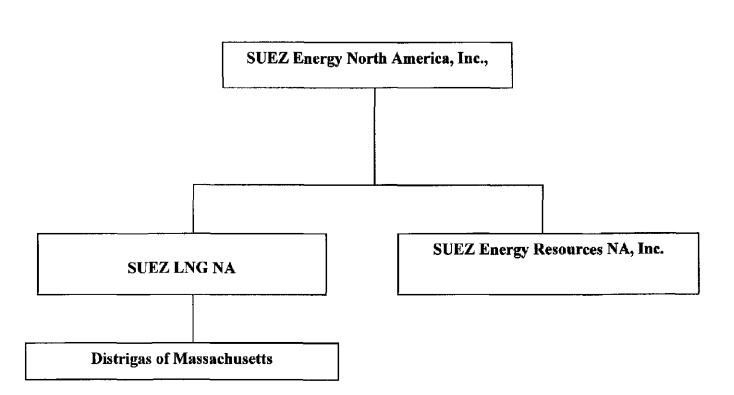
7. Patrick Vlerick

Place du Trône, 1 1000 Brussels Belgium



EXHIBIT A-11

CORPORATE STRUCTURE



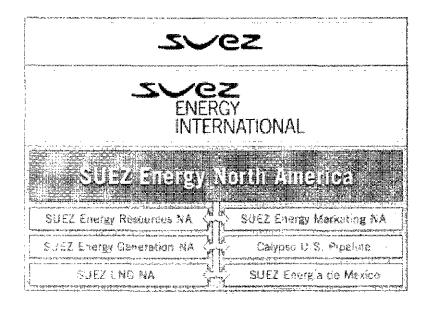




EXHIBIT B-1

JURISDICTIONS OF OPERATION

STATE OF LICENSE	License No.	LICENSE ISSUE DATE
Connecticut	Docket #04-06-11	9/29/2004
Delaware	Docket #04-325 11/23/2004 Order # 13472 1/5/2005 ICC Cert. No. 050257 6/7/2005 Docket #2003-120 3/14/2003 License #605 3/21/2004	11/23/2004
District of Columbia	Order # 13472	cket #04-06-11 9/29/2004 cket #04-325 11/23/2004 ler # 13472 1/5/2005 C Cert. No. 050257 6/7/2005 cket #2003-120 3/14/2003 ense #605 3/21/2004 ense # CS-037 5/15/2002 ense in Case No. U-14559 10/18/2005 ense # E-SL-0061 8/6/2003 Y does not issue license #) 9/13/2004
<u>Illinois</u>	ICC Cert. No. 050257	6/7/2005
Maine	Docket #2003-120	3/14/2003
Maryland	License #605	3/21/2004
Massachusetts	License # CS-037	5/15/2002
Michigan	License in Case No. U-14559	10/18/2005
New Jersey	License # E-SL-0061	8/6/2003
New York	(NY does not issue license #)	9/13/2004
Ohio	License #04-118	7/25/2004
Pennsylvania	License No. A-110156	9/25/2002
Rhode Island	Docket #D-96-6 (P2)	10/25/2004
Texas	License # 10053	8/5/2003

Headquartered in Houston, Texas, SUEZ Energy Resources NA, Inc. ("SERNA") currently serves customers in the following states: Connecticut, Delaware, District of Columbia, Illinois, Main, Maryland, Massachusetts, New Jersey, New York, Pennsylvania, and Texas. Affiliated interests of SERNA have FERC authorization to market wholesale electric power.



EXHIBIT B-2

EXPERIENCE AND PLANS

SERNA Experience. Contracting, Billing, Customer Service, and Inquiry/Complaint Response

Suez Energy Resources NA, Inc. ("SERNA") provides risk-managed retail electricity to commercial and industrial customers, with products and services that offer budget certainty, reduce energy expenditures, and set new standards in electricity supply. In-house expertise and market-based knowledge helps control costs and manage risks and volatility through a variety of energy products. SERNA is the 6th largest and one of the fastest growing retail electricity suppliers in the United States. SERNA serves over 25,000 accounts having peak demand ranging from 50kw to 200MW, for a total load of approximately 4500MW. SERNA serves customer accounts representing almost \$2 billion in contract value and to mare than 25,000 meters. SERNA has the financial backing of SUEZ, one of the works most established companies, dating back to 1822. SERNA maintains a centralized, scalable back office to enable competitive pricing.

Customer Service is SERNA's greatest strength. Our organization and culture are built around meeting the commitments made in the sales process. SERNA has invested significant resources to ensure that all customers receive on-time switching, timely and accurate billing, and immediate response to customer care issues. Our Customer Service and Support organization is designed to provide dedicated professionals to handle all aspects of energy supply, delivery, and risk management.

SERNA has received high marks in customer satisfaction, as evidenced by independent surveys placing SERNA in the top-tier of all energy providers. Additionally, SERNA enjoys industry leading receivables performance. SERNA firmly believes if customers switch on time, promptly receive accurate and understandable bills, and enjoy courteous and knowledgeable answers to their questions, it is a formula for success for all. That has proven to be true. SERNA publically guarantees an on-time enrollment. SERNA is recognized a leader in quick problem resolution, execution on price quotes, and on-time billing. SERNA will respond to all customer inquires and/or complaints in accordance with the Commission rules adopted pursuant to Section 4928.10 of the Revised Code.

SERNA has also instituted quality control and quality assurance practices to ensure our people, processes, vendors and systems operate at this highly level of quality. Key Performance Indicators (KPI's) have been developed to measure the performance of each critical function within out organization. The following are a sampling of key examples.

SERNA KPI Examples

Enrollment/Drops: 99.8% (.2% outside SERNA control)

Billing Timeliness: 98.7% within 48 hours

Bill Accuracy: >99%
Account Add / Delete: <2 Day

Customer Service Calls: >80% answered within 20 seconds
Payment Application: >80% same day, 100% within 48 hours



EXHIBIT B-3

DISCLOSURE OF LIABILITIES AND INVESTIGATIONS

None.



EXHIBIT C-1

ANNUAL REPORTS

See attached 2006 and 2007 Annual Reports of Suez Energy Resources NA. Inc.

SVEZ

REFERENCE DOCUMENT

2006

AME

This Reference Occument was filed with the French Finencial Markets Authority (Autorità des Montales Pinenciers – AMF) on April 4, 20,07, in accordance with the provisions of Antice 212-13 at the General Regulations of the AMF.

If may be used in support of a financial bensaction If it is supplemented by a prospectua approved by the AMF.

MCORPORATION BY REFERENCES

Pursuant to Article 28 of European Regulation Ato, 809/2004 of April 29, 2004, this Releants Decument incompresess by reference the Enfluency Information to which the residen is invited to reten.

- with regard to the facal year ended December 31, 2005; management report, consolidated friended stetements and related Shabitory Auditors' reports, as set out on pages 85-101, 164-275 and 201-202, respectively, of the English version of the Reference Document filed with the AMF on April 11, 2006;
- with regard to the faces year ended December 31, 2004; management report, consolidated financial statements and retailed Statutory Auditors' reports, as set out on pages 109-119, 132-198 and 198, respectively, of the English version of the Reference Document Bied with the AMF on April 14, 2008.

The Information included in these two Reference Documents, other than likat referred to above, its replaced or updated, where applicable, by the Information contained in this Reference Document. Both these Reference Documents are acceptate under the conditions described in Socillan 24 "Documents accessible to the public" of this Reference Document.

This Reference Document contrains forward-locking information to Sections 6.1 "Principal activities", 12 "Information on terracis" and 9.3 "Outbook for 2007". This information not constitute heliotical data and there is no assurance that such forward-locking lacts, data or objectives will occur or be met in the future. Such information is subject to external facilities, such as those desortised in Section 4 "Risk restragements".

Uniese capatasiy stabled to the company, the mantet data inclauded in this Reference Decument is based on internal estimates made by SUEZ using publicly evelicible information.

DELIVERING THE ESSENTIALS OF LIFE

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2 concerning the assets and liabilities, financial position and results of the issuer Financial information

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Report of the Chairman of the Board of Oberchar or SUSC on the kerns and on Oberchar or SUSC on the kerns and conditions governing the preparation and organization of the work performed by the Board of Dietutars, the internal control provocures implemented by the Gondon, then offices, and the previse of the oblide sourcite offices, and the principles and rules adopted by the Board of Directors in order to determine the Gongorattle offices, and the comparation and benefits granted is comparate officers.

2 Z Auditors' report on the review of environmental and social indicators Special report on the stock reporchase Statutory auditors' report

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349 351 program authorited pursuant to the sixth resolution of the for finany and Extractionary Strandards. Meeting of May 5, 2006, presented to the Ordinary and Extractionary Strandards. Strandards when the ordinary and Extractionary Strandards. Shareholders' annual and extraordinary Board of Directors' Report meeting of may 4, 2007

38 23 Statutory Auditors' spacial report on regulated agreements and commitments with related perties Statutory Auditors' Reports on the Shareholders' Amerial and Extraordinary Maeling of May 4, 2007

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Independent Expent's Report

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FOR THE REFERENCE DOCUMENT PARTIES RESPONSIBLE

Party responsible for the accuracy of the information in the reference document

Mr. Gerard Mestrallet, Chairman and Chief Executive Officer

Declaration by the person responsible for the reference document

*After taking all reasonable measures for this purpose, I attest that to my knowledge, the Information presented in this Reference Document fairly reflocts the current situation and ties no material. omissions have been made.

The company has ablained from its statutory auditors a letter drawn up at the end of their audit engagement in which they state that they have confed out an stidlt, in econtence with accounting

firstiture and standards applicable in France, of the financial position and the financial statements presented or incorporated by reference into this Reference Document and that they have read the Reference Document in full." **Gerard Mestralial**

Chairman and Chief Executive Officer

SA CELE 2008 REFERENCE DOCUMENT

STATUTORY AUDITORS

Names and addresses

2.1.1 Principal statutory auditors

Ernst & Young at Autres

41, rue Yory, 92576 NeuBysan Seine Dedex Represented by Ur. Christian Cleochen

May 4, 2001 for a period of six years and will expire at the close of the 2007 Ordinary Share-holders' Meeting held to approve the linancial Appointed on June 22, 1989, their term of office was racet recently ranswed by the Ordinary and Extraordinery Shareholders' Meeling of slatements for the facel year ending December 31, 2005.

of SLR.Z will ask shareholders to renew the appointment of Ernet & Young at Autres for a further skyper form. At the Shareholders' Meeting of May 4, 2007, the Board of Directors

· Deloiita & Associés

185, avenue Charles-de-Gaulle, BP 135. Represented by Mr. Jean-Paul Picard 92208 Neuthy-sur-Seine

renawed by the Ordinory and Extraordinory Sharchaiders' Meeting than 13, 2006 for a period of sty years and will expire at the close of the 2011 Ordinory Sharchdeer. Meeting had to approve the financial statements for the flocial year ending December 31, Apprinted on May 28, 1959, their term of office was most recently

2.1.2 Deputy statutory auditors

- Mr. Francis Gidoln

Faubourg de l'Arche - 11, attèe de l'Arche, 92400 Courbevole

41, nue Yory, 92576 Neutily-sur-Seine Cedex Daputy auditor for Ernst & Young et Autres

Extraordinary Shareholders' Meeting of the same date, his term of office wit expire all the close of the Ordinary Shareholders' Meeting. Appointed on May 13, 2005 by the Combined Ordinary and

held to approve the Beanclai statements for 2006, at the same time as the appointment of Emat & Young et Autres.

7-9, villa Houssay, 92200 Naudiy-aur-Seine

of May 13, 2005 for a period of six years and will expise at the close of the 2011 Outherny Shareholders' Meeting field to approve the francial statements for the facel year ending Documber 31, 2000. Appointed on May 28, 1959, their term of office was most recently renewed by the Ordinary and Extraordinary Shansholders' Mediting

Resignation/non-renewal of appointment 22

Shareholders will not be asked to renew the term of Mz. Francis Grahn at the Shareholders' Meeting of May 4,2007.

At the above-mentioned Starcholders' Meeting, the Board of Directors of SUEZ will sek shareholders to approve the appointment

of Auditex as the deputy Statistory Auditor for Ernst & Young et Audres and Its term of affice shall beight at Its easts like as that of Audres and the Audres at the close of the Steetholdian's Meehing their deputs and the Steetholdian's Meehing held to approve the firmachel statements for fiscal year 2012.

S. CGZ. 2008 REFERENCE DOCUMENT 7

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SELECTED FINANCIAL INFORMATION

Financial information concentring the assets, it abilities, financial position, and notice and loss of 9UZZ has been provided for the last three esparitipg periods (entiad December 2004, 2005 and 2005) and about the been prepared in accordance with the European Regulation (EC) 1606/2002 on International Accounting Standards (FTRS) chaind July 15, 2002 as published by the International Accounting Standards Beard (IASS) and adopted for use in the European Union at that date.

Unit December 31, 2004, SUEZ's consolidated francial statements were prepared in accordance with French GAAP.

The schedules below set out the key figures reported by SUEZ find the four years ended December 31, 2004, 2003 and 2002, prepared in accordance with Fencial GAAP. The key figures reported by SUEZ for the peess ended December 31, 2006, 2008 and 2004 are presented in accordance with IFRS.

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N COLUMENT 2008 REFERÊNCE DOCUMENT

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Key figures

The key figures reported by SUEZ for the years ended December 31, 2006, 2005 and 2004 are presented in accordance with IFRS.

		SHEZHES	
Permittee of the sec	2002	2005	200
to the property of the second state of the sec	44,288,2	41,498.0	38,087.7
of which revenues generated outside France	33,480.3	31,789.2	29,481.1
2. lecter 6			
Cares coerafino income	7,083.3	6,508.2	5,932.4
	4,496.5	3,902.2	3,736.7
. Net income Group share	3,606.3	2,512.7	1,696.4
3, Cass (for			
Cash flow from operating activities	5,172,2	5,825.5	4,970.1
Cash generated from operations before income tax and semicine saciety executivements.	5,383.5	5,750.9	6,680.8
Court from freed in lovertime activities	(365.9)	(8,992.0)	124.0
Cash flow from (used in) financing activities	(6,938.1)	6,488.3	(8,083.4)
4. Ralande altest			
Sheeholders' equity	19,503,8	16,255.9	7,773.8
Total equilibrium	22,563.8	18,823.2	12,828.2
Total assets	73,434,6	80,443.1	50,292.3
5, Share Cata (in curst)			
- Average number of shares outstanding**	1,261,287,823	1,053,241,249	995,133,046
· Name of shares at year-end	1,277,444,403	1,270,766,265	1,020,465,386
- Not earnfres nor share	2.B6	2,39	1,70
- Disident distributed**	1,20	1.00	0.79
	186,198	206,391	CB1,715
- Fully consolidated combenies	198,678	157,918	160,966
- Proportionariest consolidated companies	38,567	41,673	50,614
building and the section for the section of the sec	8,953	9,300	6,600

(a) Examples por where to catachelad based on the elements thanker of shares outstanding, not of forestry shalles.

SELECTED FEVANDAL INFORMATION S



The key figures reported by the SUEZ Group for the three years ended December 31, 2004, 2003 and 2002, prepared in accordance with French GAAP:

		Steach GMP	
नेता एमी देशक वर्ष हें काहन	400Z	2003	2002
1, Revenues	40,738.4	38,621,B	48,034
of which revenues generated putside France	31,278.7	29,871.3	36,119.5
Pro forma trading reverses (excluding energy trading)	40,789.4	39,621.8	40,783.9
of which reventees generated autside France	31,278.7	29,871.3	31,241.6
2 fream			}
- Gross operating income	6,198.2	6,010.9	7,253.7
- Operating Income	3,601.3	3,204.9	3,707,6
- Net Income	1,804.4	(2,165.2)	(862.5)
2 Craffor			
Cash flow from operating activities	4,376.5	4,495.8	4,826.5
of which gross cash flow	4,486.6	3,726.9	4,856.7
Cash flow from (used in) investing activities	(281.6)	8,607,9	(3,200.9)
Cash flow from (used in) financing activities	(7,084.1)	(6,190.0)	1,719.8
4, Bafferte cheef			
Shareholders' equity	7,922.5	6.895.7	10,577,5
Total equity	12,693.0	11,742.9	15,768.2
Total assets	62,981.9	69,950.2	84,151.3
E. Share data (to eurox)			
- Average mumber of shares outstanding.	995,133,046	993,508,578	991,270,887
- Number of shares at year-end	1,020,465,386	1,007,679,806	1,007,422,403
 Net earnings/(loss) per share⁴⁶ 	1.81	(2.18)	(0.87)
- Dividend distributed	0.80	0,71	12.0
6. Total svenste worklerce	011,110	233,803	241,067
 Fully consolidated companies 	160,965	173,368	189,062
 Proportionately consolidated companies 	60,614	49,694	26,680
 Companies accounted for under the equity method 	5,600	9,947	256,865

(a) Eximings per stags is calculated based on the average neighber of shares outstanding, not of tressury shares.

4	Alsk management	F 13	Foreign exchange risk	2
4.3	Industrial risks and risks associated		interest rate was Counternanty risk	88
l			Stock price risk	8
	environment	P. M. 4.5	Sevimmental risks	2.0
	Regulatory risks	Z		
	Competaliye risks	絽	Water ordered to the meanthre of national manner plants	i E
	Economic Environment nistes	23	Direct related to the meaning of Sapera Chiefs	1
	Partnership risks	91	threshold allen	R
	Emerging market dates	25	Sirks orbital for climate changes	2
	Верепценса он самотить от виррійня	32		1
	Risks relating to accupational imposses	17 4.6	insurance	2
	Risk en retiesment commitments	1		75
			Employee Banadita	7
4	Legal tisks	므	CIVILIABILITY	52
4,4	Market risks	p. 18 47	Secretary and edels management	2
	Commodity medicals alsk			ļ
	Financial ricks	22		
	Under day	ź		

Risk management 4.1

The Group has adopted a polloy of integrated management of business riske (exterprites risk management, ERM) which organizes all the rectimitions for risk aspossment and management sineady a complete overview of the porticion of tricks by using common methodologies and tools throughout all divisions and support Departments, which are also responsible for operationally existing within the Group. The goal of this policy is to provide Implementing tisk management systems adapted to their specific activities (principle of subsidiarity).

of the Child Risk Officer (CRO), a position that separat directly to the George Chefman. He supervises the ERM process, along with interned Justic and business. A relevant of Risk Officers is ever by place within the various direction of the Group in order to desirily those welging the various direction of the Group in order to desirily those neglected and both. This network is discorded by the Group Risk Officer and he, along with the Tour harcitional directions (both, transmisses, thermal Cardott, Admirpant and Cardott Anderson and Risk Advisory Committee, which meads quantitatify. A risk respirate process for the entitle Group has also been in place for everral yours. Risks are Edmiffled, classified by collegaly (stralling), The coordination of Bits integrated approach is the responsibility

of addressing the risks is reviewed, a process which resetts in activities there is the Group. There is no automatic excitation towed on the nature of the risks identified and the hustress divisions covered within the scope of snelpsis of this risk mapping, in order to improve the quality and depth of the risk mapping process, a progrem of training in the risk assessment bechniques was set up in 2006 for the risk officers in the Group's Instructsi, operational, hazard), evaluated (in terms of significance and frequency), and quantified knoths as possible, and the means operational entities. This process allows the Oroup to create on arraval synthesis of its serior relax, bessed on the risk Identification work performed in the operational exhibits and on the work performed in the divisibles to Risk Officer and in the divisions by the network of Risk Officers. It is alreaded style and a shall significant in findfulent first early. If respectively, is aggregate harmogeneous disks. The disk isolated presented below are based printerfy on the resorts of this work. map major risks. This process is directed centrally by the Group

Through its original anlegation into the terr processes of the business, this ERM structure has became part of the company's



A RICK FREIGHTS (AND THE TREATHER STILL DIE MEDI. TREATHS, ESSEMIL, DERBETTEL LINE BEITER NEL SPREIGHTEN.)

internal control system and its accordingly evaluated by Audit on a regular basis. The an-wall schedule for the Group's internal endit inferior in 2006 was based primarily on the results of 1914.

The Group's principal risks were reported to the Executive Committee in 2005, Similar reparting is planned for 2007, as well as reporting to the Audit Committee.

Industrial risks and risks associated with the legal, regulatory, economic, commercial and contractual environment 4.2

Regulatory risks

6.1.1.6.6 for the environmental business functioning European regulations on environmental responsibility, cross-barder whate speciality, cross-barder whate speciality, etc.). Despite the monitoring systems that have been particularly in Section 6.1.1.E.A., for the energy business (including the liberalization and deregulation of the gas and power sections in Europa, with a risk of a feaze or cap on lates), and in Section Group, 19 operating the principal businesses in different countries coultipad valid their own interest regulation systems, describles this risk, in postmast, some changes in regulations bring new misfalt A greet many expects of the Group's businesses, particularly gas (LMI), water management, the operators and maintenance of rances plants, waste collection and tradiment, are subject to stringent regulations at the European, national and local levels (compatition, Romass, permits, actinorizations, etc.). Regulatory changes may affect the prices, margins, investments, operations, set up, it is impossible to predict all regulationy charges, but the production, bransmission and distribution of electricity, the rensport and distribution of natural gas and Aqueited natural systems and, therefore, the strategy and profitability of the Group Recent example of such regulatory changes can be found appointmilles for the Group's businesses.

health production, and safety standards. Those lexis govern air quality, worste water, the quality of drinding water, the treatment of hazardous and facestroid water, the crientagement of nucleas facilities and LNG terrainals, and soil contamination. A charge in facilities and LNG terrainals, and soil contamination. A charge in The Group's businesses are also subject in a large number of regulations or more stringent regulations could generalis additional costs or investments for the Group, which the Group cannot stale to offset the cost generated by ending the activity. Moreover, continued performance of its businesses essumes that it with Following such modified or softer regulations, the Group May have to cease an activity, without any assumence that it will be authorities, which implies an often long, unprodictable procedure, it bitain or center various permits and incenses from the regulation laws and regulations concerning respect for the environment quarantee that it will be able to cover with sufficient reversions

only by the Group, but elso by its customers, particularly the local government concessioneries, primarily bacsure of compliance obligations. Faithre by a coordinant to meet its obligations can ham Beyond Contractual precautions negotiated on a case-by-case beils, the Group works to limit its at these sists, particularly within an active confrormental parity (see Section & 6.1.1, "Environmental Pelicy") and by mandeling a comprehensive hisurance program is possible that such permits or licenses will not be obtained or will he operator, domaging its reputation and its capacity for growth. he obtained late, despite the payment of substantial sums. Finally the regulations invokes invostments and operating expenditures no (see Section 4.6 "Inaurance").

in addition, it is difficult to product the effective class or the form of new regulations or antiquement remeasures. A classical in the current elanges and environmental productions regulations could have a significant impact on the businesses of the foreits, and on the products and services and the yelver of its assets. If the Group does not success, or aspears not to succeed, in setisfacturity completing with a subdishability or enforcement measures, its reputation coard to setfetch, and the Group chain to exceed in sediment, and the Group chain to exceed in sediment figure . This could result in an increase in the The competent regulatory agencies have bread provipitives and powers in the area of energy and environmental services, which cover problems related to ethics, money leaned for made against the Group and expose the Group to combusory spirats to compay with the equitoble regulations, there are still a pronounce contradictory judgements. The regulatory agencies had legal bodies have the power to initiate administrative or legal proposedings agained the Group which coard, in particular, nearly ensuch and number of claims and requests for indemnification saferosities); measures, thes and penalities. Deeplie the Group's erge number of Asks, resulting primarity from the back of practsion in certain negutations, or the fact that the negutatory agencies may modify their instructions for implementation and that courts may In the suspension or resociation of one or reme persons or Resmeas personal privacy, data protection, and the fight against corruption.

Economic Environment risks

Industrial customers, are sensitive to economic cycles. Any slowdown in the economy, particularly in the developed countries, fluctuating demand results in substantial variations in the activity kevels of these businesses which, despite their efforts to control variable costs, cannot systematically other the impact of the decline in their revenues in certain periods, it should, however, be Certain of the Group's businesses, particularly the services to creates a negotive impact on industrial investments and, florefore, negatively influences the demand for the installation services and project engineering offered by the Group's sarvines extitles. This noted that this risk does not impact the energy and multi-technical services businesses, which profit from the growing band amang indistrial customers to cutsource those services.

indiabile customers may be temporarily seralified to the difficient of observations to low-wage coundries. Likewisee, in the energy sectors, region customers which are heavy power users (metallungs, In Western Europe, these businesses providing services to chemicals) may move their production to regions where analys

For other information concerning regulations, see Sections 6.1.1.5.4, 6.1.1.6.5 and 6.6.2.

held by the Group, or in Injunctions to cease or desigt from certain activities or services, or fines, chili penalities, criminal convictions or disciplinary sanctions, writch would materially and negatively or disciplinary sanctions.

impact the businesses and financial position of the Group.

Competitive risks

RECEDEN PROFILES FISHER BETTE BERBE FERBERG, STERBERGE IN SERBERCTEN ERFELDEREN BREIGEREN

In the Environmental sectors (Water and Waste Services), SUEZ's activities are also subject to strang compatitive pressures from both local and infernational operators, resulting in pressure on selling prices to Industrial and municipal customers, as well as a risk of noti-naisewal of major comfacts as they explor. We are currently observing a trend towards the consolidation of the market players in Wasta Services in Europe, particularly in the United Kingdom, Gornary, and the Beneloo countries.

in the energy sectors, the deregulation of the electricity and gas matriest, both in Europe and the United States, has operated the door to new competitions, introduced what till y in narriest prices

lisend towards the concentration of the major energy players has materialized in Europe. The increase in competitive pressure is also perceptible in the Group's operations in Latin America and

and called into question long-term contracts, in recent years, a

Asia. This could have a significant negative affect on setting prices. margins and the market share of the Group's businesses.

Most of the Chrup's businesses are subject to strug competitive pressure from major internalismal operators and from "niche" players to certain markets. (See Section 6.2, "Principal

industries customers.

costs are tower than in Western Europe. On the other hand, economic development in these other counties represents an These risks, tied closely both to the economic environment and to relocation, remain relatively low for the Group as a whole given apparately for strong growts.

to affection, most othen tomporantly. Plans for hadging this risk exists tooks for methoding false related to now materials used by the Group are explained in Section 4.4 below. the diversity of the countries where It operates and its portfolio of Similarly, changes in raw materials prices, particularly for petroleum products, which are subject to abrupt incresson, may have a significant impact on the costs of production supplies for some of the Group's activities. Although mest confracts contain contindexing chauses, it is possible that the indexing formula is imperfect or has a delayed effect so that the covarage would not be complete. The prefitability of these operations could, therefore,



A TOSE PACTORIS Anderbaiches and independented who the days, regulator, escausing, communical and communical designations and

Partnership risks

The Graup develops its operations in paramership with local public municipalities or with private forcel operators.

by lamiting its capital employed, and ensuring that it adapts bother to the specific context of the local markets. In addition, with partonerships may be required by the local regulatory environment. The peritial loss of operational control is often the price that must be These partnerships constitute one of the means for SUEZ to share the aconomic and financial risk inharant in certain major projects. naid to reduce the exposure in capital employed, but this studdon s managed contractually on a case-by-case basis.

context, or even in the economic position of the partner, may lead to the termination of a partnership, particularly through the exercise of options to buy or sell shares between the partners, a request to dissolve the joint venture by one of the partners, or the exercise of However, a changa in the project, the local political and acomomic a sight of first refusei.

financial commitments to certain projects or, in the case of conflicts with a gratinar or partners, to seek solutions in the competent counts or arcitration bodies. Such situations may also lead the Group to decide to increase (to

Emerging market risks

Europe and Narth America, which together represented 89.4% of consolidated revenues and 86.6% of capital invested in 2006. Athough the Group's activities are primarily concentrated in he Group is also active in global merkets, perficularly in smerging

potential state that are higher than those in developed countries, perfectlerly votestiffy in the GDF, economic and governmental headshiffy, regulatory changes or flaused application of regulations, nedonalization or expreptiestion of repropriestion of privalety hald esserts, recovery the Group's setivities in these countries carry a number of difficulties, social upheeval, eignificant fluctuations to interest and eachanga mas, taxes or related withholding lexied by governmonia and local authorides, currency control measures, and other disasseningens actions or restrictions imposed by governments.

negolistions adapted to each location. It makes its choice of tections in amorging countries by applying a selective strategy on The Group manages these risks tradugh partnerships or confraction the bests of an in-depth analysis of the country risks.

(especially the termination of the Aguas de Sente Fe and Aguas Argentines concessions) are described in Sections 6.1.1.6.4 and 20.6. Margover, the Group's energy schildes in Thalland stiffered from the upherwals caused by the coup of Mail in Stepheriber 2006, which had a finited Impect on Glow Energy as described in Section 6.1.1.5.4. Changes in 2005 in the albadish of SUEZ Environment in Argentina

Dependence on customers or suppliers

subsidiaries have signed contracts, particularly with public authorities, the parformance of which may depend on a few, or Whether in the anargy of the environmental sector, the Group's tven just one, customer.

This is the case, for example, for the water enampement agreements and cartain power production and electricity rates activities with madium and tongation prover purchase agreements, as well as household waste inchestor management. The ratural or the Institute of a customer to meel its contractual commitments, particularly in the area of rate adjustments, may compramilies the economic balance of the contracts and the profitability of any investments made by the operator. If the cocontracting parties fall to meet their obligations, despite contractival provisions for this purpose, this indemnification cannot always be openined, which ocald impact the Group's resenues and medits. The Group has encountened such elications in the past, particularly

units, on a linated namber of suppliers for their suppliers of water, insusation wests, various fuels and equipment. For exemple, the meries for turbines and foundry parts for electrical power plants is, by nature, ofigopolistic and will be perfouledly light in the coming In the some way, the Group's companies may depend, in managing water treatment plans, thermas power plants or waste breatment years. Any interruption in supplies, any supply delay or any fallure to controlly with the technical parformence werranty for a place of equipment, even those caread by the contract default of a supplier. could impact the profitability of a project, perticularly in the order of electricity production, with the arrival of new high-yield gas britings, despite the protective contractual measures set up.

The variety of the Group's businesses and their diverse geographic bostions result in a broad range of vitrations (payment terms for oustomers or suppliers, the use or nervese of subcontracting.

REK FACTORE And riche suid rich ungebered mit fine bend, togelichen; sonetwerfelt and contraversed announcered



individuals). The Group befleves that there is no relationship with a supplier, customer or subcontractor, the termination of which could have a substantial impact on the financial position and earnings of the Group, in particular, given the mix in its energy

supply providers and its geographic diversification, the Group is not dependent on a single source of energy or on a single supplier country for the pursuit of its activities.

Risks relating to occupational Illnesses

regulatory provisions governing health and safety at its various sites, and takes the measures messure the health and The Group carefully works to stay in compliance with all legal and safety of its employees, and the employees of sub-contractors. it may, however, be exposed to cases of occupational illnesses, which could result in court actions against the Group and result in the payment of damages and interest.

The principal exposures to this risk concern:

 activities involving work on facilities tocated in the hot zone of nuclear plants due to the risk of ionizing radiation;

activities involving want on pipes or technical leatifies which are insulated against heat or cod, or technical in insulated areas of buildings which present an asbects-related risk;

hot water network installations with the risk of Legionnaire's disease. activities involving work on refrigeration, air conditioning or

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disease are crecking monitored. In Exhibitoria, To car incrediscipation in the restinged current or found codes related to those problems are not likely to have a significant uniavantile kingact on the Group's francial position. The problems related to fortizing radiation, asbestos, or Legibrinaine's

Risk on retirement commitments

The Group has commitments on pensions and other posi-employment benefits for its employees. Where these commitments erise from defined-benefit plans, provisions are made in the accounts (see Note 24 to the consofideted financial statements, Section 20) and their financial is partially covered timough perestan funds and insurance companies. The risks related to the management of those plans pertain to both the emounts of the commitments and the vertation of their asset coverage.

The annumine of the commitments are calculated on the basis of estimates made using centain assumptions, including inflation, urge increases, mortality, employee turnover, reforment age, and henefits provided by logal plans.

contributions, Specifically, changes in national laws may result in the emergence of trew mandatory adjustments, for example in terms of discrimination among beneficiaries. This could have an Tixaso assumptions may, in the future, have to be adjusted, which could increase the Group's current commisments for pensiona and therefore, mean an increase in the amount of the corresponding provisions and, in certain cases, the payment of additional

unfavorable impact on the Group's balance shaet and financial

Escenti rate related to market interest rates, a decline in which could cause a substantial increase in the present value of the commitments which would not necessarily be offset by an aquivalent increase in the asset coverage. Considering the current level of these discount rates, it seems unlikely that a significant in addition, the calculation of the commitments is based on a drop would occur. For several years, the Group's policy has been to replace, to the clans, which are more transparent and for which costs are easier te control. This trend confinued in 2006 and win confinue, leading entent possible, defined-beneit plans with defined-contribution to a progressive reduction in the risks borne by the Group.

a major correction in the atook markels, for example, would not here a disproportionale impact on the Group's Thrancial position, pericolarly with regard to the market value of SUEZ. With regard to the sessi coverage for rediement plans, there is exposure to market risks. The risk policy on These investments mystyss muderate risk-taking and appropriate silversilication so Ital



4.3 Legal risks

in all its world markets. The legal risks straing from the legal and regulatory context, the partnerships set up, and the contracts signed wait customers and suppliers are discussed in Section 4.2. The significant disputes and additisation to which the Group is 3. The Graup faces legal risks in the conduct of all its businesses

of the Group's Legal Departments in implementing Internal control objectives within the Group is discussed in the Chalrman of the Board of Directors' Report on Internal control. are described in Section 20.5, in addition, the participation

4.4 Market risks

Commodity market risk

In conducting the business, the Group backs in commodifies makeds, perfectedry, in the markets for gas, excitoby and various petroleum products, either to obtain strort- and lang-term supplies or to optimize and selection and selection. The Group also takes on the European greenhouse gas emissions again and set in a section 4.5. Bretonians is a Section 4.5. Bretoniansists into extend to check or bretonians of the section 4.5.

in the energy sector, the Group also uses derivables products, either to offer price insignig instruments to its customers or as part of its

proprietary hedging.

Therefore, the Group is exposed to changes in the prioss of these commodities, a risk which it manages by using forward firm or optional derivative products on organized or over-the-counter

The exposure to energy trading is measured and managed on a daily basis in accordance with the limits and management pulty defined by Management. The mechanism to control the rises related to this commodity fading setting include a team pectained in controlling market and orealt risks (the Middle

Office), strengthened internal control guidelines (segregation of dutes, separation of tasks, verification of information such as price curves, etc.) and a set of formal policies to track and control marks) and credit risks.

"Value at Risk" (VAR) method, which quantifies the maximum amount of the risk of a position for a given holding period of a The evaluation of merbot risks to made based primarily on the position and confidence level.

porticilo manegad for trading activities (maximum risk for a 24-hour period with a cantidence level of 95%) was £5.5 million. The 62.5 million in 2006, Finally, the maximum VAR observed in 2005 As of December 31, 2305, the "Value at Rish" of the commodity average of delity VARs was 65.8 million in 2006, compared with ngs £10,1 million, while the minimum VAR was £3.5 million.

With regard to counterparty fishs, the credit finite are set besed on the reting of the counterparty risk is limited on the by obtaining latters of credit, guarantees, collateral, and neiting gneoments if appropriate,

Financial risks

The Group, through its Floance Committee, sets financial policies. particularly for managing tinancial risks.

Financial risks (thuiddly, mitts, foreign exchange and counterparty) we managed globally by specialized finandial learns of the central level, in the Divisions and in the operational entitles. They all level, in the private and in the uttimately report to the Group Chief Funacial Officer.

in order to monition changes in Branchi India and ensure the quality of the financial information, the Group has set up management

reporting, based on data that is systematically reconciled with the data consing from the consolidation reporting. This reporting covers all the comparises of the fibration and provides a very designed understanding of the fibration commitment; it is reporting its quarterly, and is distributed to the Group Chief Financial Officer and as the Distancial Officer. It ensures systematic transfer of fibra.

iquidity risk

The Group's financing policy is based on the following principles:

- centralization of external financings
- diversification of financing sources between the banking market and the capital markets.
- balanced repsyment profile of financial debt.

The centralization of financing needs and each flow surpluses for the Group is provided by its financing vehicles flong-term and

short-term) and its cash pooling vehicles.

eurpluses of the controlled companies. In 2006, the Group implemented an automated European cash pooting system that increases and systematites cash centralization. In 2007, the fulf Figures SA, Tracts bel Cash Management Scrubca, Electrobel Finance Traceury & Management for the European countries, and in Houston, Texas, (SUEZ Finance LP) for North America. The centralization of short-term needs and surpluses is organized on the basis of dedicated financial vehicles. These vehicles are managed in Parts and in the Grand Ducky of Luxemboung (SUEZ These vehicles centralize almost all of the cash needs and available unitedized will be connected to this cash pooling system.

Access to long-term capital markets is printedly concentrated in OIE Suez Alisance and Electrates, which carry or gustrankes 76% of the commercial paper leaved of the commercial paper leaved and 90% of the lines of coedit.

Group's subsidiaries in euros or in other currencies. The central financial vahicles cary 54% of the Group's net debt (meluding the The financial vehicles ename the refinancing of the needs of the debt carried by the parent company Susz).

is elso set up as part of the financing for protects in which the Group warts to share specific risks with providers of funds. This Non-recourse or limited recourse financing for the Group's enfilles type of financing totaled £1,386 million at the end of 2006.

The Group diversities its permanent capital recources by completing, as applicable, public or private bond issues in the within its Euro Medium Term Notes program and by issuing commercial paper (billets de trécoracie) in France and Balgium and Commercial Paper in the United States.

Note 26 to the consoliated financial statements). These programs are used its a cyclical or structural faithout to finance the Group's transfer and make because of their attractive cost and ther finaldsy. As of the outstanding anounts are becket by confirmed beat credit facilities so that the Group would be able to continue to As of December 31, 2006, bank resources represented 39% of gross debt, (excluding bank overdrafts, amortized costs and the effect of dentatives) with the balance financed by the capital markets (Including outstanding debt 69,633 million in bonds, representing 52% of gross debt). Outstanding shorteam paper (European and US commercial paper) represented 9% of gross debt and totaled 41,651 m/illion at December 31, 2006 (rafer to finance itself in the event that access to this linencing source were du yab a

contrasted, None of these Ries contains a default clause fied to of these confirmed credit facilibes represented 89,649 million as if December 31, 2006, of which 21,022 million was drawn down. Liquidity is besed on metriplang cach equivalents and confirmed credition. The Group has confirmed credition this group has confirmed creditionities. 90% of the tokel lines of cradil and 92% of the lines hat drawn are to its sizes with appropriate debt maturity schedules. The amount financial rathes or ratings.

policy. The management objective is to institute if the dicidity of the portfolio write ensuring a restum geoter than a tist-free that. The underlying instruments are primarily form deposits, money market hards and negotiable debt securities. Active cash (net of bank overdrafts) totaled £7.657 million at December 31, 2006. Surpluses are carbaited under a uniform

Foreign exchange risk

exchange rates at the time of the consolidation of the accounts of the londing substituties outside the Euro Zone. The finversate hald the the Broup in the United States, Brazil and Thelland generate most of the currency risks (see Note 3.2 to the consolidated financial Because of the geographic diversilication of its activities, the Broup is expaned to currency translation risk, which means that its belance sheet and income statement are sensitive to fluctuations in

For imparments in currenties not included in the Euro zone, the hydging policy consists of creating liabilities denominated in the serie curency as the cash flave generaled by these assets.

Of the hedging instruments used, debt in foreign currencies is the most natural hedge, but the Group also used currency derivatives

that synthetically recreate debt in currencies, cross-currency swaps, foreign excrenge symps, and foreign exchange upitons

(specifically the interest rate of the reference currency) is too high. This is the case for Brazil where, because of a rate differential that is too light and the local revenue indexing mechanism, the Group opis for catastrophic conerage, i.e. insurance against a major depreciation in the currency trisk of an abrubt temporary This poticy cannot, however, be implemented if the cost of heafging

monitored as often as needed in unerging countries to alternat to anticipate extremely sharp devaluations. The hedging ratio of the assate is reviewed periodically as a function of the market context The market context is reviewed monthly for the US dollar. It is

ω

The Group continues to watch developments in the situation in Theirand as described in Section 6.1.1.5.4.

The Group is also exposed, but to a leasor extent, to transaction risk. This risk is concentrated on the energy trading activity (commitment to deliver or take delivery of energy) for which the

cash flows on raw materials are normally paid in US Dollars. The cash flows are generally hedged by forward currency contracts.

The treasactional currency risk is managed by declicated learns. These specialized teams centrally and confirmally measure exproxures and implement policies and instruments to hedge or limit these risks (see Note 27.5 to the financial consolidated

he Group Chief cash flows are genetally hed too

Interest rate risk

The principal exposures to interest rates for the Group are the result of financing in euros and US Dollars, which represented 80% of the nat delat as of December 31, 2006.

The Group's objective to to reature as thrancing cost by familing the impact of changes in inferest rates on its income statement.

The Group's paticy is to cheasify the reference rates on the net debt among Read rate, earliet asts, and protected or "capped" variable refe. The Group's beginned as to have a balanced destitution money in the Group's aspective is to have a balanced destitution money in comparation and the testence rates at medium-term inchariot (5 years). The citerious may fluctualists around the testence depending at the restence obtained.

In order to manage the interest rate shucture for its net debt, the Group uses hedging instruments, primarily rate swaps and materials.

The positions are centerally managed. Rate positions are reviewed quantumy and at the time of any new themsofts. Any substantial change is the rate structure and receive prior approach from the Gougo Chief Frennick Offices. The cost of the Gnoup's debt is sensitive to changes in rates for all debt indexed to variable rates. The cost of the Group's debt is also imprected by the change in merket value on the financial

instruments not documented as headges pursuant to IAS 39. As of this deep, nane of the optional headges contracted by the Group is recognized as a headge under IAS 39, even if they after an accordant headge (refer to Nota 11.1 to the finnelled consolidated statements).

As of December 31, 2005, the Group had a portfolio of optional headges (speat) that profest. Pagistria an increase is the delian had a man stook statement of the notifical deliant heads.

As of December 31, 2005, the debut had a protect or pluminadays (abounder 31, 2005, the debut had a protect to the dollar and altos stoot rates. Amond all of the colorant dollar hadges (20,5 thibro) was artivated in order to fat the cost of the clast, as the Us Doubs river term make were higher brine capped levels. The euro aptional hedges (dowling 22,1 billion) have not yet been activated, desighe recent hillers in short term ouro rates. Homever, the value of his portfolio of obtains hadges appreciates when the short and long aptificing of obtains hadges appreciates when conveolables financial abstrates). As of December 31, 2005, effer taking into account the financial instruments, approximately 57% of the Group's gross orbit self at a suitable rate and 45% was at feet folks. Since shinest all of the group's surplus is twested storic-term, as of December 31, 2005, 78% of the net clerk was at these rate and 22% as a variable medical carroot all capped variable rates). The result of this distribution is to sharply limit the serratibility to rate increases.

Counterparty risk

Cash suptions are invested and financial instruments are traded with leading international banks. The Gratip's counterpatifies ere diversified and selected on the basis of raings provided by

witing agencies and the consolidated Group's knowledge of the counterparies lese Note 25.1 to the fluoridal statements.

Stock market risk

The Group holds a number of shakes in public traded componies from Note 19.1; to the consolidated financial shakenessit, the value of which floculation on the basis of the brands in the Words Staris markids, An oresid decline of 105 in the registe of these sounds shake would have an unyood of about 6130 million on the income or

4.5 Environmental risks

Risks relating to the management of facilities

The facilities which the Group owers or manages on behalf of third parties, whether manufacturers or belonging to local authorities retial risks from the natural environments in, water, and soil can make theigh fishes for consumers, residents, en ployees, as well and authorities of the consumers.

These santicitan and environmental fists are covered by rigorous and very spoetic inclinition and international regulations and see subject to regulations and see subject to regulations and see regulations or both governing environments responsibility and fabilities present the risk of the increased vulnerability of the company due to fine auchies. This unineability must be assessed for off feeting studies and the subject in the table of the feeting forms of the service desired dentale to repute in operation. It may also involve demange to habitation species in operation. It may also involve demange to habitation species in operation. It may also involve demange to habitation species contemunity, the makes the assessment of the risk over more difficult to getclaste.

In conducting its businesses, the Group handles, and aven generally changes to promise and by products. This is the case for failer majerials, fuely, and confor water teadment chemicals. In the waste sector, some of our facilities one anguged in the teadment of specific industrial or hospital waste that may be took.

in weste maregement, the gas emissions to be considered are generatives against the situation to careflectum, toxic gases and dust, in the wester segment, the posterial elementarial pullbants are primarily chiarine or gessous byproducts resulting from aresteed emissions of water treatment products, operations turity wester water and these treatment products arey also generate ordy problems. The Group's ectivities, without adoctuate management, cauld them as imposit on water in the fatture are imposit on water in the fatture are imposit on water in the fatture are impositely metals in the environment, and water deshinages from annote treatment and shader patient in the incharaction areas in the shader takes or waterways. The waste water to a footstand to water the restruction to a position of which takes or waterways. The waste water to stitute to study the solution of water destinated water from the natural environment. It is possible that they may not meet discharge astendants for organic toods, infragen and phosphorus for the stitute of exclusion or organic toods, infragen and phosphorus and a state of the stitute o

The bouse valating to soft pollution to the event of accidental spills the provisor to transfer of hazardous products or floulist, or teats from the proposote broade of hazardous products or floulist, or teats from the proposote broade of hazardous fequids, as well as the storage and application of treated dudge.

4

Control of all of the risks nearboard above is achieved intrough vectors mechanisms. The least and contracts limit farms the Group's operations carify the sharing of the responsibilities for meanaging the risks and like it is a surround to the contract and and like it is a surround contract and and like it is a contract and present and and contract and present as the developed for environmental risks. For the portion of risk towns by the operation intensity intensity and and the contract intensity these risks, teasify them in order of importenced at the definition intensity these risks, teasify them in order of importence, and control them. When sides previously managed by the londries as acquired, the Grano is protected to contracted risks and expenses risked to post-operating oversight of the landing and specific provideral been Societies for an subject of filtenside guerantees and surrounder such the Societies prevention of environmental risks?

Falkure to meet atendande may rekull in contractual financiali consiliase or inside see Section 56.1.13. Certain events, particubity, raindone accidents, are covered in Winke or in part by trusance systems (see Section 4.6., "Interpreta"). The European Perlament adopted a Regulation on Januery 18, 2000 (E.E.) Segondo, resulting & Buroasan register of generoes and Scied emissions' in the feet with year and early fitting and Perlament Release and Tenster Register, E-PRTRI, This register establishes the same principles as the providue FPR's register meating from commissions' adoption 2000/479/EC, but increases the number of politicism registered and the scope of enthines subject to the registers, The need expended in 2007. The large metality for the Genup's operations if Europe are subject to the Carops's operations to Europe are subject to the European of the Genup's operations of eliminating the environmental presentations and state in questions.

Risks related to the operation of nuclear power plants

The Group owns and operates the excites Tower plants in Beigham at Doel and Strarge. These seles, which have been operating sixts to Doel and one town that day incidents recalling in a danger for the workers, superantedors, general population or line environment.

One of the sofialy indicators for these facilities is their availability rate which was 88.7% in 2006.

The paramet in charge of the operational activity on the state hold special certifications obtained at the end of a specific program

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Compliance with safety rules and the conditions of the tacilities are subject to inspections by an independent agency (AVIV) and by a government agency responsible for nuclear safety (AFCN).

order to maintain a high dagne of salay. All nuclear altea ore certified ISO 14001 and audhad by Blufs (Exe-Monagement and Audit Schemel, The Group regularly mentions and reduces the volume of fow and madfum level waste produced during operation. Beigen publicagency CNOIXAF Obstanal Agency for Radioective Waste and Enriched Fissile Alterials); this is also true for the vibrillacy wasto constrig from the spent kust reprocessing programs The operators of nuclear plants share expentes at an wherational seval and submit to eachies (World Association of Nuclear Operators (WANO) and the International Atomic Energy Agency (MEA) in All nuclear waste management is under the responsibility of the operated at the Cogente site in The Happe. Spent nuclear final is

stored on the power production sites pending a political decision on the choice of the fuel cycle downstream process (recycling or The costs for managing spent fuel are recognized as costs of nuclear power production and provisioned (see Note 23 to the consolidated financial statements), in addition, other provisions are recognized for dismaniting facilities (refer to Note 23 to the consolidated financial statements). The Law of April 11, 2003, clearly defines the rates for using and monitoring the amounts providence for the Beigian plants. If the provisions of the Belgian law on the progressive withdrawal from nuclear energy for the purpose of electrical production, adopted in January 2003, are effectively applied, this could result in a loss of resembers proportional to the length of the discounted sechnical life of the plants as of the date of the first effective closing

Risks related to the operation of Seveso ("high threshold") sites

in the energy sector, Fluxys and Fluxys LNG (SEE) memaga the sister at Zeetruggo (lityrelled rethins) gas terminally and Loanhout (underground storage of rethins) gast, and Electrated operates the Gelderland and Durannend siles. Environment, operates the sites at Portede-Cleix Inchesistion of entandous enhanced convents) and Locus-Plage (inchesistion of hezardous industrial waste), and its subsidiary, STRA Remediation, is Germany Poland, Hungary and Germany. For the environmental businesses, Terfs, the restructor industrial waste treatment substitutions of SUEZ Within the boundaries of the European Union, the Group mornelies eight ingo thesings. operates the Heme plant Clezardous Industrial waste treatment.

Tests, Electrobal and Fluxys conduct a policy to prevent major accidents that guarantees a thigh level of protection to people accidents that guarantees a time level of protection option; the first protection option; and they are not accompanied for its fact protection of environmental described in Section 6.6.1.4. "Active protection of environmental described in Section 6.6.1.4. "Active protection of environmental

Europe, has eftes of the SUEZ Energy international Division would be adverted. SUEZ-LING-NA, a squalfed gas terminal in the United f the requirements of the Seveso directive were extended outside States, and Litoral Gas, a propante storage unit in Argentina.

The financial consequences of the dail liability which could be incured by the optimizer are guaranteed by the Group's insurance coverage (refer to Section 4.5 finurance).

Risks related to climate change

Particularly in the arcea of electricity and heat production and, to a lease, extent, in waste trestment and recycling and natural gas transmission, the Group carries out activities targeted by millional, infernational and community level programs to combot global warning as set forth in the Kyoto Protocols.

(EU STS) because a resulty on January 1, 2005. As of this date, it is the only multiradival markels in the world that throoses industrial adoptives for resolving corrient foods. Not all of the countries in the European Union have been in a position to like the medicates with a position to the produced markels in the foreign under the produced on the produced markels in the implementation of reforms analysisms stages for incharmentation. The implementation of reforms analysisms in Stappe, the market for trading greenwores gas emissions rights

registers was only finalized in 2006. In the short-term, the risks primarly include:

- the disclosure of the emissions audit results obtained at an unitmely noment;
- (2008-2012), which were supposed to be submitted for the approval of the European Certainston in June 2006 and approved no later than the end of September 2005. A significant delay has occurrede to date, only 12 plans have been approved subject to conditions by the Connerisation; the nelional eflocation plans for the eacond reduction period

quotas by tacilly is not yet known. It appears clearly, however, that the evaliability of European quotase during the approval (subject to conditions) of the first 12 plans, the quantity requested was access to the emissions credits coming from the market for reduced by an average of about 7%;

clean davelopment mechanisms and lolnt implementation (the in addition, discussions have been opened on the revision of the EU Emissions Trading Scheme (ETS) directive, including the scope of its application. Integration of new sectors of new gases could have a direct impact on the Group (if the new sectors included contespond to some of our activities) or an indirect impact. depending on the market's readfons to these new sectors. so-called "projects" market).

sector could featiff in a shortegs of project credits for the 2011-2012 period, as this sector is authorized to make up for its dailoft The proposal is modify the ETS directive to include the aviation using European auotes or project credits. In the longer term, one of the major risks identified in the EU ETS market is the renewal of the netional abotation plans every 5 years Deginning in 2008. This raview coans the possibility of adjustments in the volume of nucles placeases and the method of allocation listed. (including opting for a sale by auction). This situation does not allow materiaciusers to clearly analysis their long-term obligations. This uncertainty is also tied to the uncertainty of governments, which are heaving difficulty making progress on International inspetitions on the heaving and objective for wooding generated organization of the Residual search file large term ("post 2012"). The conference of the Netwol Parties in 2006 did not make significant progress in this

fact, the Commission requires that the member States comply with their Kyoto obligations without extensive purchases of rights on the international market. The change in prices on the quota market Based on the hittel decisions of the European Commission (11/2006) and 1/2007), it should be expected that the althouloun of quotas for the second period (2008-2012) will bring greater restrictions, in depends on numerous factors, including not only the shortage created, but also the availability of the means for businesses in reduce their emissions (including means that rely heavily on exismal factors such as rainfall towers for incometarizaty). Changes In prices for petroleum and, therefore, of natural gas, in relation to coal has a major impact on the changes in the level of CO, emissions and, thus, when the market is sufficiently liquid, on the price of the quotas.

A total of 129 SUEZ facilities are currently covered by the EU ETS

afoceted concerned facilities in France (primarily heat networks For SES, 75 feetilities were affected by the EU ETS directive in 2006. New Recibies were actied to the scape of the directive, particularly in Spain. However, the majority (93% in 2005) of the quotes and combustion facilities outsourced to inclusinal sites). The French plan was framewillted to the Buropean Commission on December 29, 2006, and the infel amount allocated for the second

period was reduced by 20% from the first period on a constant bests. This way substantial affort is also differentiated by business sectors. On the date of this document, the exact distribution of the

For Electrabel Balgium, 32 facilities are covered by the EU ETS directive. At the request of the Balgian government, supported by directive (including one 50% joint vanture with RWE). The request for temporary exclusion of the nuclear power plant backup facilities has been approved. Fluzys has six sites covered by the EU ETS the regional authorities, the tacilities located in Flanders have been temporarily excluded from the EU ETS for the period 2005-2007.

the Byo facilities will all be under restriction. New assessments to

reduce emissions are being studied to restore the balance.

Quibido Europe, no specific information allows any prediction of the difficulties or additional costs in the near future. However, it is still possible that a government will decide to adopt stringen measures in this area. in the United States, a change in "climate" policible is taibing place at the State level, which complicates the overall view of the risk. For the reason, SLEE Energy Numb America (SENA) chosely believe drived prodoments in the regulatory formoworth in each of the States in which the strong engages in business autholiate that count be affected by restrictive neasonrise in this area, the implementation of In the American political landscape after the November 2006 decidors, the implementation of more ambilians policies to light the "Regional Greenhouse Gas initiative" (RGGI) confinues, and the State of New York has introduced a proposal for Implementation. Implying among other measures the auciton of 100% of the emissions rights. The RGGI, which applies only to the electrical sector, will have impacts on the SENA facilities located in various states in the northeastern United States. Following the changes climate change could take place. The Group works to limit the "calmate" skits through active monitoring and diversification of its energy particity, which does not exclude maintaining, upgazing or even increasing the "post" facilities when economic and political circumstances justify it. in energy services, the optimization, operation and maintenance of the facilities help increase the energy efficiency of the facilities enimished to us and, therefore, help control energy demand.

carbon energy acuroes (natural gas, renewable energy) in the global energy mix, improve the capture of bioges from waste of waste. Landfills and aneerobic studge treatment facilities can by In the medium term, efforts are converging to strengthen low storage sites, and consider the energy produced by the incheseiter considered as renewable energy.

obsects and is now developing a program to upgrands awareness, as well as a demanstration project to capture and toolate coal entistions in order to make it possible to maintain its coal socialities In the long larm, the Group is focusing on efversitying its casery In the context of stricter carbon emission restricts

The insurance Department animohas our internal network of specialists, the SUEZ Worldwide Insurance Nativari, or SWIM, which provides in sequelise to the distinguishassouries units and comprate in this specialised as where sharing of experimens configures to more efficiency.

Our policy of tearniering "hazaro" risks to the insurance market is applied to the traditional areas of insurance the problection of properly intereducial damage and business interruption), the protection of instructions from the provestion of instructions from the provestion of instructions termally producible, that party recourse could listility and the area of eutomobilis broadmost.

In each of these areas:

- the transfer of severity fishs to the insurance market continues as often as possible, with the development of transversal programs in areas that are considered strellegic; and
- the optimization of the financing of hazard risks of low, or moderate amplitude, it fargety based on self-distrance plans, either directly though deductibles and retantions or indirectly through the use of captive tools.

Material Damage and Business Interruption

The protection of SUEZ assets inforus generally accepted principles for property damage and business interruption insurances and extends to assets owned and leased by, or entysted to, SUEZ.

The facilities are covered by programs contracted by the operational companies at the lovel of the Daksions and/or Business Units and/or Eutities. or Entities.

The mein programs provide for coverages based surretimes on total reported value but more often on mistrimum finitis anyone loss varying brieveen 8120,000,000 and close to US\$2,000,000,000.

varying bridween (1120,000,000 and close to US\$2,000,000,000.

In outer to cover their assets, the Erréronmental businesses favor a layered solution in two successiva lines, one designed to cover mediture-size sites and another which is reserved for the most vinparter Operating sites.

The Energy businesses, whose generation centers constitute a major asset, have paled for a regional approach, which takes determines of the capacity available in markets specialized in

function of the nature of the equipment. In addition to the evolution coverages for the and explication, generation facilities may subscribe fast extensions in the field of machinery breakdown according to the nature of the equipment, for example gas turbines or believe.

The nuclear plants operated by Electrabel in Doel and Thenga are covered in motariel clausage by the motitoil insurance company. Nuclear Electric Insurance Limited, or NETLONEX.

guainess interruption insurance is subseribed on a cesse by-case best in function of the idea for eached performed of the appropriate best which meay be the production until itsuif or set of units belonging in the same division of activities, located in the same geographic zone.

Curstruction projects are covered by "Exection All Misse" programs, subscribed to by the project owner, project manager or bead

Employee Benefits

in accordance with legislation in effect and with business agreements, entitione bonells programs covering against fist of accidents and meeting operations in developed at the level of the operations in entities.

These programs may be imenced by retention, depending on the capacity of the operational entity, or by transfer to the insurance market.

Civil liability

We subscribe CMI Rability insurance under the following

General civil liability

In excess of the underlying coverage betching to each division of business sail, which normally amounts to 650 million, we have a underlied excess fability program which, subject to certain each sub-side and sub-sides mosted by the market, provides to led eacherings misposed by the market, provides to led capacity of 6500 million, all indemnifies combined.

Maritime liability

Our global gowerd liability program is placed in the non-maritime market and excludes from its scope specific types of risks such as, for example, maritime risks, which are covered by specialized

As imparitors part of our activities recessitates the use of ships for the transport of liquicities fround size and sometimes also for resit. The libitity that could be incurred as a distribute or currier of ships he covered by appropriate profiles.

Nitclear liability

In its role as operator of nucker plants in Doel and Titlenge, Balgiue, Becitabol's incise operator's liability is regulated by the Paris and Brussa's conventions. These conventions have established an original system, derogatory from common lew,

inspired by the destre to provide compensation to victims and to encursege solidarity among European countries.

RESK FRETORS Salety and trial management The Nuclear Eability falls contained on the operator of the facility where the nuclear excited a couldness in excerting the this sinch lability, the emount of compensation is capped up to a random amount per accident and to limited in time to 10 years. Beyond fife maximum amount, an additional instandiation mechanism has been established by the governments algestery to the conventions.

The Belgian national law of naticeallor requires the operator to subscribe to cay fielding insurance and Electrabet's insurance program conforms to the obligation.

Environmental Damage civil liability

We are covered for environmental damage risks within the termework of our global workfulte liability program.

However, environmental damage risks are subject to a special appraach because of special conditions imposed by the revenuesmust environmentally which generally finite coverage for eucliden and excidental demages.

As an exception to this principle, the Environment businesses use the coverage from the specialistical pool through a reinsurance plan. If these available is pockage whose capacities are limited in amount and geographically, but which cantee extensions of generalness such as depollution costs and the coverage of events occurring sowiny and geodelution.

4.7 Security and crisis management

In fiscal year 2009, the kiternelismel political contend remained highly vioible and lever. Various rounlied in North Africa and the highly vioible and vioible as Southeast Ack, again suited particularly violent acts of transfers. It has a southeast to during a south of the arm of the, Darops also confirmed to quifer from the effects of Western Information is lengt and has most existent by broads affects to the Information in lengt and has most of which have been thwarted by the leastwention of and exchanges among of which have been thwarted by the leastwention of and exchanges among changings evoluces.

The larged intervention in Lefrancon in July 2005 lessified in a very targe scale evercuellon operation of the populations threatened, including French nationels.

At the same time, the legal framework has also evolved toward greater rigor and is new characterized by the empleance of new provisions recorded in the French Defense Code with the Lew of

December 12, 2006, and the implementing decree of February 23, 2006. This is we registive on parallels of vital infrastructures to participate in the fight against herroten, in addition, the French Februaries Security Act Fequitine the Same sectors, (anextry and very in prevention in the French Personal Security Act Fequitine the Same sectors, (anextry and very in prevention in Personal Security Act Fequitine the Same sectors, (anextry and very in prevention in Personal Security Act Fedural Sectors (anextry in Security Act Fedural Sectors In Security Act Fedural Sectors In Security Act Fedural Sectors In Security Sectors In Sector

Finally, count recognishm and sanction of a "safety of result cockeation in favor of the widthm of an ettack was recently appried by the counts to a workplace accident. This type of event he rouger considerate in failed it leaf as an event of force magheror exceeds exceptional files in the files of the employer force or should known the employer force or should known the type of threat to which he employers no

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may have to confront, by creating in 2004 the Security Department. This depentment operates through a network: the SUEZ Global Security Network (SSSN) starting from the center and then ewtending to the divisions, and subsequently to the operational SUEZ decided to develop the resources necessary to meet these new obligations and anticipate the major crises which the Brown which is pleased directly under the authority of the Group Secretery. subsidiarias jocated throughout the world.

The missions entrusted to this department relate primarily for

Employee security

measures for expelhate employees of the Group, to deal with the emergence of threats of oil types to which they may be exposed. There should be coordination and centralization of security

This mission ziso includes monitoring practices for sending employees on business trips and preventive measures to be implemented in the event of potentially dangeraus To accomplish this mission, SGSM may rely on autiside service providers who are accessed in the ereo of neath as well as escured of the ereo with the appropriate appropriate agreements operatively, and it has size created does lets with the appropriate for agreements operatively, particularly those of the Ministrias for agreements operatively. Foreign Affairs and Carlenta.

It was in this capacity that SASM served as the general coordinator for the execuation of our employees working in Lebanon during the conflict with tyrusi. Finally, and for preventive neasons, a perhibition i country watch list" has been thickfulled with the establishment of an infanat site specifically dedicated to brankling employees. A chostication of fast

goves and alaris directed to the appropriate entitles is included in this program.

Security of facilities

of information through possible confidentially breaches. This mission is based on the pontrumanca of security audits and the implementation of stendands (particularly for critical facilities) The issue here is to ensure prevention and the protection of the Group's assets in light of the crnexgence of new threats that can result in material property losses through their destruction, but aisp and in perticular, to address indirect losses from the theft currently under construction).

Given the retorn of the Franch Defence Code, \$6514 has developed a methodology to enelyze vulnerskilities and protect sensitive sites. This methodology is currently being deployed in the operational units located in France, but it will become the reference standar tor the SUEZ Group worldwide.

importance of developing operational continuity plans to deal with Finally, the operating subsidiaries have been made aware of the the occurrence of unconventional shubitom such as, for example, the conditions that would result from a global flu pandamic.

Crisis management

The SGSN may also be configured as a ordsts unit, in this case, it would receive the support of the Communications and Human Resources Departments and help from speciaired outside safvice

The crists unit would take action primarily in the event of en attack on includuals or assets, and in the event of natural, industrial, and even political, catastrophic events.



INFORWATION ON THE COMPANY

History and growth of the company Copants name and name of issuer 5.1 History and growth of the cen 5.1.1 Corporate name and name of issuer 5.1.3 Incorporation 5.1.3 Incorporation 5.1.4 Corporate headquartersingual form 5.1.5 Significant needs

Majer investments in progress Principal investments planned by the Group investments. Principal investments

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表表数数

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History and growth of the company L)

5.1.1 Corporate name and mame of issuer

SUEZ.

5.1.2 Registration

Commercial Register: Paris 542 052 559 APE Code: 741J

5.1.3 Incorporation

The Congany was incorporated on Pabruary 23, 1880, and extended in 1941 for a parted of 99 years. The tenn of the Company will end on December 31, 2040 unless wound-up or extended.

5.1.4 Corporate headquarters/legal form

Corporate headquartens: 16, rue de la Ville l'Evéque Telephome; 33 (0)1 40 06 64 00 79008 Parts -- France

SUEZ is a "sociéfé anonyme" (French corporation) with a Boand of directors

Commercial Code (Code de commerce), applicable to conservation companies, as well as all other produkters of French law arphitoches to economercial companies. It is governed by current and fukue benefand regulations, applicable to conpositions, and its bylaws. SUEZ is subject to the provisions of Book II of the French

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5.1.5 Significant events

History of the creation of SUEZ

SUEZ is the result of a merger between Compagnic de SUEZ and Lyonnaise des Ears, which took place in June 1997. At the time, was still a holding company with diversified equity invastments energy sectors. Lyanmaisa des Eatox was a civersified company Compagnie de SUEZ, which had built and operated the SUEZ in Seigium and France, mainly in the financial services and Canal until II was nationalized by the Egyption government in 1956, involved in water and waste menagement and trootment as well as construction, exeminations and the management of technical

individuals. It sees its mission as responding to assential needs in In accordance with announcements made in 1997 at the time of the merger, SUEZ gradunity ceased to be a congiomerate, becoming an international industrial and services group, Today, SUEZ designs sustainable and innovetive solutions for the management of public utilities not a partner of public sutherities, businesses and electricity, gas, energy services, water and waste management.

Please refer to Section 6.1.1.3 below for the significant evants of

Investments 2 2 3

5.2.1 Principal investments

in 2005, in Grapp's investments in property, part and equipment and indengates ereads totaled 62,367 & million (see each flow gatherward, Section 20). Cosh Hows used in Investing schalles are expelied in Section 9.42 of the manigement report.

5.2.2 Major investments in progress

In 2007, investment outlays are estimated at £3.4 billion in the energy basiness and £1,1 bitton in the anvironment business.

In the entitronment sector, the major investments underway are in Europe and the United States.

In oddizion to maintenance kneestments, the major energy investments underway are in Europe, the US and South America.

5.2.3 Major investments planned by the Issuer

See Section 5.1.1,4 below,

OVERVIEW OF ACTIVITIES ဖ

p. 72	р. 72		p. 72	S.
6.4 Depondence on patenta, licenses or contracts	6.5 Competitive position	6.6 Sustainalité development	information Envioremental information	Historia reservors information
3	6.5	9,6	3	799
p.28	2.	2 2	p. 72	
6.1 Principal activities 6.1.1 Types of operations	Main markets	6.2.2 Main methods — environment	8.3 Exceptional events	
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Principal activities <u>ب</u> ق

6.1.1 Types of operations

6.1.1.1 Description of Group activities

SUEZ provides services that respond to the basic needs of its

on performance, imposation, and the exchange of ideas. Their technical and managerial expertise anedice them to control energy grawth, urbanization, improvad standards of living, and environmental protection. The Group's subaldiaries respond to This challenge every day at the local level, with partnerships based natural resolutions, and give access to servitation services, suits providing strict control of raise that could affect the health and SUEZ responds to the needs of local municipalities, consumers and businesse that are facing new demands due to population consumption. Emit the release of greenhouse gases, preserve safety of local populations.

governments, and incividuals, SLEZ strives to bring them the and managing systems and networks in each of its businesses that best most the needs of its customers; businesses, local SUEZ has a spoots tolent for concerning, diesigning, implementing innovative and sustantized solutions they expect.

of services that is based on the Group's wide-tenging expentive, its forg expensives and many seatshed customents, a filtencial and gaugagate of flexibility that provides dependable cash flows, and testy on the internetional securor. As a result, the Group's growth depends on a diversified offering

in both its energy and amironment sectors of activity, SUE2 holds Orst May morket positions:

- managament of itensport and distribution networks, services including constitution and operation on the silves of cogeneration · In the Energy sector, SUEZ is a major participant, with a reputation for expedise in various engrients of the value chain, activities, transport and marketing of electricity and natural gas units, technical monagement of facilities owned by customers. from electricity generation to energy Wading and suppor optimization of systems, and engineering softeties:
- Industrial companies with a wide range of services. SUE2 is also a world-class player in waste instrugement for municipal related pervious. It designs and manages the production and distribution of systems for dishining water and the Measurent In the Environment soutor, SUE2 is a major participant in water. of wastewater, performs engineering activities, and supplies customers and busineses. Its capabilities cover the entire value chain; collection, wating and recycling, incharation, landfill - and the majority of categories of waste, both hazardous and

SUEC believes that his diversified customer base constitutes the basis for organic growth greater than that or the GDP. The Group shapped up the bace of performance improvements in 2006, possing 625. Billion in the bronse group strane degrate growth ignose operating fractions and current operating incurre, a respectively 11.2% and 15.9%, outprond organic researce growth

Organic growth in revenues and grass operating income both come in above the medium-term objectives set by the Group for the period 2004-2005.

Cash generated from operations before income tax and working capital requirements also improved, investment expenditure for

disposals (non-strategic assets and irterests in Flenish mided htter-ranskipal comparies) when up slightly on 2005. As a result, and statis at December 31, 2006 decreased to \$10,4 billion from 0.15.8 billion one year earlier, and represented 46,3% of sequity (73,4% at becominer 91, 2009). the year fell within the 2004-2006 largel framework, and asset

6

On account of the Group's inbust performence and outlands going format, the Barned of Direction tree decided to stage up indistriating expension over the confing times years, and to distribute a thirdward of 81.20 per state in 2007 (up 20% on the divisions paid in

Revenue and earnings trends <u>ල</u>

(1995), subjects	2006	2005	2005 (Schaigs Sepaged Insks)
Revented	44,219	41,489	6.7%
Grass operating this as	7,083	5,508	8.8%
Current operating fracome	4,497	3,902	15.2%
income from operating activities	5,368	4,522	18.7%

Unless otherwise forbated, of case is based on the consentients Reserved statements property in secretaries with 1995.

Growth in revenues on a reported basis, amounting to 62,800 million, can be braken down as follows:

- arganic growth of 63,289 million.
- a positive £1,144 million impact driven by higher gas prices:
- e regative 61,724 million impact retaing to changes in the scope
- exchange rate fluctualisms, generating a positive impact of east million, due princarily to changes in the value of tine Smalfer reat (2)OA million). Fluctuations in the US dollor had a negative 428 million impact.

Organic revenue growth, at 8,2%, was boosted by higher sevenue contributions from:

- SUEY Energy Europe (up 61,461 million, or 10,4%), on the back of surging sales outside of the Benelux segion, in particular in France, Germany, Italy and Spain, as west as higher electrically prices across Europi
- to a stoole stills monerature. Energy sales clinibod (£179) million (£16.7%) year-cer-year in the Asta-Middle East region, and E163 million (£3.4%) to salen America, which American sales cann in £135 million (£3.5%) highes, with the George benefities front stronger direct sales to industrial and commercial casionings. SUEZ Energy international (up 6636 million, or 11.4%), thanks en the US:
- SULE? Energy Services (up 65)5 million, or 5.1%), due notably to the sharp actorice in installation and amongy services in France (up 6427 million), and to the exponence of climate engineering activities in Europe;
- SUEZ Environment (up 8677 million, or 6,5%), owing to (I) strong 7.2% organic growth in the water segment in Europe (up \$249 maten), melrify in Frence and Spelin; and (ii) a 5.4% increase in the waste pervices furthers in Europe (2249 million). notably in Prance, the United Kingdom and Germany.

or 11.2% on a liber-for-like heals (after adjusting for changes in Group siructure and exchange rates), Changes in Group structura Srees operating income reparted by the Group achenous A.BM. led to a negative impact of 6189 million, mainly in connection

operating income bears testimony to groupwide efforts to scale gas and electricity prices in Europe, However, this improvement was targely offset by the negative \$170 million Angect of special takes introduced by the Belgian government at the end of 2005 with environment activities in Chille (water), Argentins (water) and Brazii (weter and waste services), and the reduction of the Group's The 659 million positive currency impact results mainly from the appreciation in the value of the Brazelan rest. Grewth in grass back costs and improve profitability, and also reflects lawnable Interest in various Flerdish mixed inter-municipal companies ("gas vouchers" and a tax on idle sites),

Growth in current operating income (15.2% hased on reported figures and 15.9% on an organic basis) reflects:

- mainly, operating terms with an Impact on gross operating income (accounting for a rise of 6575 million of organic growth);
 - the non-recurring nature of the provision booked in 2005 for the AEP dispute in the US (positive impact of £111 million);
- 2005 relating to the retorm of electricity and gas industry (EGD) paralons prongements in France (a positive impact of 233 million and conversely, the absence of the positive impacts recorded it in 2005), and of valious other provisions write-backs.

from capital gains on asset disposale amounting to \$1,003 million, including the sale by \$5.LEZ Disposale Stonger of whitever interest in the Ferminal miles interest companies, spot of disposale of Cidition and Intelligible Stonger Stonger of Cidition and Intelligible Stonger Stonger of Cidition and Intelligible Stonger Stonger International and in 2005 amounted to £1,530 million, and essenfially consisted of the proceeds from the partial sate of the Group's Interest in Elia. of Reva by SUEZ Energy Services; and the safe of the nesidual ncessa from operating activities surged 18,7% in 2005, benefiting stakes in M6 and Meuf Cegetel. Capitel gains on asset disposal as well as the remaining stake in Modhumbrian.

Changes in the fair value of commodity derivatives recognized Income from operating activities (versus a regative impact of In secondance with IAS 32/39 had a positive £17 million impac E151 million in 2005). Income from operating activities was also imperced in 2005 by asset with adverse amounting to 6 4150 million in 2005, in particular concerning property plent and equipment in the US, as well as restructiving casts labeling 689 million.

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Business trends ري در

9.2.1 Electricity and gas

9.2.1.1 Key figures

			2006			7005	วีรีณีรี "aclange
Samulana (fee 5.)	SEE	SE	Tatal	338	SEI	Teral	(33)
Rewnues	15,971	6,242	22,213	22,213 14,193	5,879	20,072	10.7%
Gross operating income (a)	3,060	1,566	4,626	2,854	1,335	4,188	10.4%
Depreciation, amortization and provisions (b)	(893)	(322)	(876)	(385)	(493)	(878)	0.4%
Stock option costs (c)	Ð	9	8	e	Ē	Ø	N/A
Share in net income / (toss) of associates (d)	326	18	344	474	ĸ	507	35.1%
Financial income not related to net debt (e)	R	124	159	30	8	5	77.9%
Cerrent operating income = a + b + c - d - e	2,141	1,099	9,240	1,963	747	2,710	19.6%
Mark-to-mentet on commodity contracts other than trading instruments	99	(48)	18	(229)	ድ	(150)	W
larpalment	23	98	(64)	(<u>6</u> /)	(309)	(348)	N/S
Restructioning costs	8		8)	ន		13	NAME OF THE PERSON
Disposals of assets, net	288	145	433	714	245	960	16
Income from operating setivities	2,509	1,110	3,619	2,383	203	3,184	13.74

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9.2.1.2 SUEZ Energy Europe

Newomuse reported by SUEZ Energy Europe Increased by Bt. 778 million or 12.5% on a reported basis compared to 2005 on a 18-de-fer-free basis, and excluding the profite 8055 million impact of higher gas prices and the sale of Bectrabel Neiten Valenderen. rganic reveribe growth came out at £1,481 million.

Electricity

amounted to E9,094 million, representing organic growth of 15,4% or 16,9% on a reponded basis. This increase essentially reflects the overall rise in market prices intgered by lighter fossil fuel prices. More than bon-thirds of revenue growth in 2006 is powered by Specificity volumes sold totaled 156.3 TWN in 2006, including 100.1 TMh in the Benetux region. Seles of electricity in the year and higher sales volumes outside the Benetux region (up 24,5%). salas outside this area.

of lower wholesale viblinites. Reventue growth of 4.2% was obtain in the bookiness argement followithings and readers), bookined by the member of contractar for an itember of individual conformation for an itember of individual conformation in the basis of upstand price revisions, so well as on increases on the basis of upstand price revisions, so well as on increases. $^{\circ}$ in Beigium, takes volumes dropped by 2.4%, making as a result in volumes sold.

development of the contoner portfolio, increases in selling prices and the complication of Rendo and Coges from the fourth querter contributed to a 26% sarge in revenues. In the Netherlands, volumes sold climbed 4.7%. The favorable

digit growsh on almost all markets, in terms of both value and whome. This performance comes on the back of a stong sales cartain production facilities which entered into an returned to service (positive impact of 692 million in connection with the shaft-up of the combined cycle gas turbine plant of Castefrou in Spain in July 2006), and higher selling pricts. In the rest of Europe, electricity sales continue to second double. momentum, adiably in France (up 48.6% in wates), Germany (up 43.1% in value) and italy top 34.6% in value). It also reflects

Š

Detinding the positive 6259 million impact of higher gas paices, gas sakes recorded by Electrated swelled by 6172 million on an organic basis, up 7.9% on the prins-year figure. Sales volumes greef by 15.7% thanks to a strong performance in the industrial sector in the Netherlands, the first-line contolifation of Ranco and Oagas, and violation of Ranco and Oagas, and violation to the violation to the violation of the violation to the violation of the year.

Distrigus posted a rise in Industrial sates, rivatably in France (113 industrial sites now supplied) and the Notherisands. On an expension sand source of 574, and applied basis, however, sales conductor by 6152 million or 6.74, as a result of base (10 sales dather the one-off apporturities in 2005) and a fail-off in sales to porver plans outside the Group.

Ther

The creation of a single operator (Eardis) in first-quency 2005 internal in the set of the Group's substitute the better visualization and the Eardis and its Eardis is a windip-owned substituting of the mixed inter-numbiols companies that operate the Floritain grid, Electrobel Nation Visuanderen has been therefore documenticated, and this essentially explaints the decrease unafficient, and this essentially explaints the decrease unaffected.

Current operating income as reported by SLIEZ Energy Europe 128 to 62.141 (Million, Inclining organic growth of 9.5%, or 4.185 million, This figure reflects two exceptional measures involoced by the Seligian government in 2005.

- on December 8, 2005, the Beignin paritament when to third to third to the on-lide production betilities; Electrated beld 670.4 million in this respect at end-2006;
- of the end of December 2008, the Belgian multiprient vibed a cree-off contribution from the main players in the natural gas resule and delibulan market, designed to offset price notacitors granted by the Belgian State to and customers. The full amount of this contribution was pair by Electrobel and Distriguat for a sum of EUO militar.

Excluding the Impact of these apachal tax mensures, expants, growth, in current operating theorine as reported by SUEZ. Bluings Europe was if the region of ESKs, in little with the performance observed in freshell 5000s.

Gross operating lincome shows organic grouth of 9.2% for E257 million), to 68,460 million, but was also impated by the Beigist government's incardion measures discribed above. Excluding the impact of these twos and confidulions, regardony in gross operating income comes in closer to 15%. The growth in these two parternance indicators was broyed by sound operating fundamentals and feverable market conditions.

The electricity business profiled from stetained increases in whether profiles, dressle the when in the survey prices if fessible the side in the survey prices of fessible the side in the demonstration editing prices, changes in newfors crading medicalment to establish selling prices progressively, whereas increases in fixed fared prices have a more herosoftels leupest an invaries in fixed fared prices have a more thereaded by this demandy of the cloudy's production seems and kneek, as well as by the current hedging portor, in particular, generated by the fact has different and fared as well as by the current hedging portor, in particular, from mand in the Benedia region is from sucher's securities or mangine is the Benedia region in from sucher's such securities output

Gross operating income was also boosted by inspersed capacity systability at power stutions in the Netherlands, which suffered

expanded shutdowns in 2008, and by the full effect of the startup or tenovation of production itselflies in recent months, mainly in flast the 270 MW plant at Voghera and the 1,495 MW Torrevoldelips 5 and 6 until thot came orstream in 2005) and in Spain (the 800 MW) prover plant at Castletnou). At the series littine, Electrated's growth drivers outside the Bondlax region continues to acknow Cup 27%, or 058 million), due to the start-up of new assets as described above and to preveiling market conditions in 2006. The impact of the fromese in alectricity setting prices is particularly marked in Frence, which was able to finish advantage of improved typico conditions as well as greater sensitivity to the market environment, and in fally, which benefited from favorable intrody sales.

Gas sales, essentially connenting Distribute, were boostad by a strong sales performance autistice downestic markets and greater stibility in sport-term pay a priots. The abvence in greas apparishing immans visa bidderived by a priots. The abvence in great apparishing cassatidity conforming the resolution of metaling issues that grose in the wake of metal chargulation. SUEZ Dietagy Europa ropostad a 5.3% increases in Incenne from postate gestificates on a repontation brais, let 2.500 antitio, driven by the postitive 605 million innact of marking-to-anticion commondly derivedeus at December 31, 2006, athributable mainst to the universitiety or remeasuriement in 2006 of examement bacties of gas commendation. This tenn also included et.288 million in carbiar gales on deposels, mainly consisting of 4236 million from the deposal multiplation commandes. In 2005, capital gales of a portion of the Group's interest is the Filmskin most finar-mind from the deposal multiplation companies. In 2005, capital gales on disposals the consistence of the Group's threatest in the Filmskin most finar-mind from the deposal control and consistence of 1005.

9.2.1.3 SUEZ Energy International

SUEZ Energy International reported revenue growth of 5.2%, or 1.4% (MSSS million) or a Re-for-like basis (alter adjusting for 11.4% (MSSS million) or a Re-for-like basis (alter adjusting for thanges in Grow up straction, exchange rotes and gas prices) organic growth stems from:

- North America (up £193 millian), essentially due to the commercial success of Serre (SUEZ Energy Resources) North America), the number three supplier of electricity to business and included customers in the US, and to the improvement in the enerchean energy business (GSS millian), notably in Teams
- the Acio/Affoide East region (up E179 million), where sales increases in Theilland (459 million) and Turkey (447 million) are sesentially attributable to the Impact of higher electricity prices.
- Latin America (up £163 million), and particularly Brazil, where about increase by £143 million following the replacement in 2005 of the last tenths of hittle contract voluntes by lathered contracts with displiculars and inclusinal customers. In addition, the machinel less such and first in Elbon, assertiely inslecting howing the RZS in Illion, assertiely inslecting hormones in addition.

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the LiqueRed Natural Gas (LNG) business, which pasted revenue vedounts by flighter transpin bisserial particles were growth of R101 million compared to the previous year, increase in net power purchases at tight spoil ratioes due to the

Current operating income as reported by SURZ Energy Informational teach by 47.2% to £1,099 military, with organic growth coming in at

45.7%, or £345 million.

drought suffered in the south of the country.

 organic growth in gross operating income in the Likiddie East and Adia region came in at 9 SS4, thanks to a mise advance in Thisland (with a notable improvement in culput availability at plants in 2008, as well as to EPC conflect less and insights on now projects in the Maddle East.

lastity, increases in gas prices drove up dividends and production payments received from Alemic LNG.

elperating frecine which, once changes in scope and exchange rates are factored out, grew by 17,1% companed in the previous year. Growth in gross operating income can be braken down by

 North America speatheads the growth momentum (49.2%), cesswittilly as ensuit of the certomentor recorded by SLMSNA (SUEZ LNG North America), the Improvement in the mechanic energy business, robleby in Texas (Ercal), and improved sales violantes and freefish broked by Serra (SUEZ Energy Resources North America);

region, as follows:

Excluding the £113 million non-tecurring impact of the AEP provision for Bigalton in the United States booked in 2005, organic growth in current operating income comes to £234 million. This

performance is chiefly due to the sustained improvement in grass

SUEZ Érbeigy linternational delivered a 38.6% increases in taxoune logico que atributios on a reported basis, to £1,110 million. In addition by the shared remotivered liems impacting current operating through & the change reliads:

- * a decrasse in impairment oxpanses, which amounted to destriber in 2006 (wenue sche) relibion in 5005), and mainly correspond to write-deems on marchant power plants in the US;
- the regalive ¢48 million impact of markins-to-market commundity derivatives at lanearise 31, 2005 (vente a positive ₹73 million lingual at December 91, 2008), eabing in particular to economic hedges or gas and electricity puintises and sales enferred into in respect of North American operations.

• SLNGTAL reported ergentic growth in gross operating faccome of 136%, despite the drongs downward pretexture on gas prices in 136%, despite the facustra. This storag the facustra related a robust performance in the second half of the year secund by the heldging policy, continend to an extremely difficult second half

in 2005, where results were improved by production outsiges at

the Atlantic LNG stles;

Latin America prosted organic grawith of 2,7%, held beck by a modest performance in Brazil where the positive impacts of increased seles witures and evenage selling proces (becasted increased seles witures and evenage selling proces (becasted

by the raplacement in 2005 of the has tranche of initial contract

capible gains of \$145 milton from disposely, relating metally to the sale of the Group's interests in Colben in Chile and Hangin Chy Gas in South Yorse (proceeds of \$245 milton in 2,005 mainly inflacted the partial sale of Tracebuel Divergis, Enersus and Clann;

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9.2.2 Key figures for SUEZ Energy Services

			See Ellering
An amplitude of the second of	2005	2005	(rejented besis)
International Control of Control	10,637	10,329	3.0%
Committee Institute 191	185	363	5.0%
Dervedanter, emeritzeton and provisions (b)	(163)	(140)	-16.1%
Met expenses on connections/stock entions (c)	(6 Z)	[1]	NOA
Share in ce) income ((loss) of associates (d)	9	85	MA
Financial income not related to not debt (e)	10	E	-23.1%
Consequent and the second seco	392	359	\$6.0 \$4.00
Marketo-market on commodity contracts other than trading instruments			NIA
	(23)	<u>&</u>	MA
Restructuring costs	(25)	(283)	NA
District Assets 160	112	4	NA
Selfellow with the self and se	456	230	98,5%

SAIZZ Enargy Services delibered arganic revenue growth of eSSE million, or 5,1% in 2006, ancluding the impact of higher gas prices are factored back in organic macana growth reported by SUGZ Energy Services connes in at

Organic growth held firm in installation and metrionerice services in France (up 6399 million, or 12,1%) driven note by by strong performences from lineo and Adma.

Service activities in France (E)ro) reported organic revenue growth of 687 million, or 4%, on the back of incretised belos minansham and additional desires producted. The impact of climatic conditions easi to year was broody nearing, with mild weeting in Knosentham and December 2006 behaving out the harsher conditions experienced in the early morths of the year.

in the rest of Europe, SUEZ Energy Services benefited from the overall expension of operations, notably in the climate engineering business,

Bross operating income reported by SUEZ Energy Services came in at 6591, relifior. The year-on-year increase sterre from sustained activity level and operational (monotements, including)

- congoing communicial expansion in services provided in Frence and Europe, which inspose there are costs structure of these humbnesses. The confidence is a service of these businesses, octobe a shiftles were hampered by the businesses shear support outlege at the Tru plant in key-Lee-Mouthnesses, ference, as well as by the impact of caps on stackfully revenues from cogeneration feedibles.
- the imagistion business in France enjoyed robust commercial solityly as well as ongoing structural and productivity inspraements;

- the Cerem installetten business boosted its praffability thanks to organizational streamlining meetwee. At the rame time, services exchibite positivities to expend very substancibility.
- the instructional installation business also confined to gain ground, naturally the NHAC sector. However, the treatils of SES Injentional ways affected by overture to several projects reporced by UK subsidiary ARS;
- In the Netherlands, GTI continued its recovery and adjusted lits organizational shuckurs to allow it to focus on improving margins, rather than increasing volutios;
- Tradabel Englistering extoyool broatstrooughs in seweral sectors (energy, infrashuctures, etc.), and despite latwing otherwinsel life turney gas infrastructures, businesse, conflinted to provide unglessing consulting services in that sector.

SUEZ Energy Starkess recorded 9.3% growth in current operating interrupt which the 4525 million, Operating provide to current operating income came to 258 million, or class to 11%, growth at where the pace of revenues, 925 wars trayed by improved operating where the pace of revenues, 925 wars trayed by improved operating of operating it terms bookled to this provincia: year, individual solice/binned to providents for beneficion obligations relating to 50% compense (prostitute for beneficion obligations relating to 50% compense (prostitute for beneficion obligations relating to 50% compense (prostitute for beneficion obligations relating to 50% or providents in pract of 50% million on current operating incomed by 60% of 11 tiest was not longer leadings.

2005 was cheracterized by further nativicalities measures forgearently or years a regalive forgate around or 625 million, versus a regalive expensive or 627 million in 2006), particularly at 011 and Adma Baldani, Sawket in his UK, Assar Ingalizanshi provinited to 623 million, dama sherpty on the 684 million figure recorded in 2005, which chiefly consisted of 4650 million wills down on GTI goodwil. These chiefly consisted of a 650 million wills down on GTI goodwil. These

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positive impacts were boistered by capital gains on disposable of non-stategic businesse, and assets in an amount of \$112 million (compared to \$412 million in 2005), essentiably in connection with the sale of the which generated a gain of \$120 million.

On the back of this parjormance, SUEZ Energy Sawloss delivered a 6455 million receases in Income from operating activities – abmost double the prior-year figure.

9.2.3 Key figures for SUEZ Environment

			1 47 116 113 44
(in must anne transa)	2005	5002	tricpementiatis)
Royentes	11,439	11,089	3.2%
Gross operaling income (a)	1,983	1,914	3.6%
Depreciation, emortization and provisions (b)	(685)	(693)	7,4%
Net expenses on concessions/stock uptions (c)	(207)	(167)	£3.8%
Share in not income / (loss) of associates (d)	21	*	11.5%
Financial income not related to not debt(e)	82	52	4.5%
Current operating income = a + b + c - d - e	1,044	1,004	4.0%
Mark-to-market on commodity contracts other than trading instruments	ជិ		N/A
Impairment	ĵĝ	(203)	WW
Restructuring costs	-	(22)	N/W
Disposals of assuts, net	154	493	W.
income from operating activities	1,143	1,256	20.7%

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SUEZ Environment delivered strong 6,5% (4677 million) organic revenue greath in 2008. Revenue growth on a reported basis was this by chenges in the structure of the international operations, mathy fine decorrotiolistics of Left Armston companies furber to the fearmant of the Aguas Argentina certificat at the end of February, which contributed to a £356 million fall in earneaus. Organic growth performence by region breaks down as follower:

- European water services postod revenue growth of 62/8 million or 7.2%, on the back of strong results from Agbar (up 241 million, 0.2/%), particularly its water and waterwater business – and france (up 667 million, or 8,0%), boosted by bed-pared commercial expansion.
- wernites generated by European waste services achenicad accoss the region, fluidad by whiter favorable price and volume effects, particularly in France (effor million or 4.2%) and the UK (£1) million, or 55%, or by the statisty of new week sarting and proceesing units in the second half of 2005, porticularly performed to extend Europe which both delibered a robest performance drewnius up £28 million or 6.4%, and 6.46 million of 44.1%, respectively).
- Degretook benefiled from an advance in reajor inhanalional contracts (Perth in Australia, Helifax in Canada, Afgeria, Mexico, etc.), which illied organic growth to EEI million, or 8,7%;

international operations reported regards grown of 603 million, or 6.7%, reflecting methy the samp-up of waters and waste services controlled for the factor of the water controlled in Mights, and the expansion of the water and services in Authorities (4.7.3%).

Themis to divestments carried out in 2005 and 2006 (adilutioned internal and internal assets of the North American wests services business, partial sales of Payla in Jakeste, etc., and the early-2007 sale of the Bodsian operations, SUEZ Eminorament has completed its goodprophical staff, and control a strong Emopean base and a deep bissensional footbirity, centely the yearst base with a deep bissensional footbirity, centely the yearst base has been staged and the Model Section of the Model Section of the Model Section of the Model Sect. This new strateging prographical first has breath to have paid off, with Emopre combishing more than 185% of SUEZ Environment's organic reserves the 12005.

Current spereting interine for SUEZ Environment come in at EQ. 2444 million in 2006, up 45 for a reported basis or 7.3% or m organic basis. Building on an akrangy excellent year for 2005. the static advance in SUEZ Environment's operating period at 2006 outprood revenue growth. Operating results are making powered by a surge in gross separating inserine. Which jumped 6140 million or 7.2% date edicabing for changes in the scope of corrections and earthering rates.

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his excellent showing is attributed to

- o capital development between Altura genanding sustained organic growth in vests services (Dorbes, Spokes, Seco, SCP), etc.l and water businesses (year concession contracts evended to LDE in Valleuris, Bristopen and Dunkirk),
- further improvement in extilles, operating partamance on the back of a more favorable economic climate in Europe;
- vathe-chem external growth to ransoltate SUEZ Eminourant's strong positions, notably through anglestions carried out by SIa Former, Sta UK, Sia Mordin, Sta NL, etc.;
- schedue commercial development, mainty focused on noncapital-intensive models, and including services provided by the French water business, FFI UK, Chineso weller operations and the Appelon tentural.

By region, this soluest performance was feed by European washe services, which reported an excellent either fills of 65-95 organic costs, which reported an excellent either being of 4 fight bein an costs, film inspinose volvernes and the service of new healtheis, falls, the Midde East and Affect also confilled to the with the Midde East and Affect also confilled to the with the service of a 42.5%, in gross operating manufat, with paganto growth of 421 million, at 24.5%, in gross operating

become, thanks motivity to the Algiers contract, Site Australia and Lydeo, Comretisity, Elappean water service delivened modest 23% organic growth, with Aghar reporting a downtum to bras conveying the best of the late of the late of the conveying and the properties downtoon to be a failed in the certification businesse, drawful reported by the Smartle and from, however, at 4.65%, mainly as a result of the possible non-security immed of clerks in Arganica during 2005.

Organic growth in current operating income lags slightly behind operating growth is groun operating income, chiefly due to the betan-than-councied outcome upon fermitten of the Puttin Rico contract in 2006 (4530 million compared to 2006). SUEZ Environment reported €1.145 million in Income from operabling activities, down \$17% on 2005 which was infaled by proceeds of €423 million from asset disposals (melhin) the casistal khacesi in Modernabrah, comparat to capital share of £154 million in 2005 generabled on sales carried out by Acter.

Impairment tasses taking 664 million and were takon making on property, stant and equipment in Vogenities and France, impairment losses in 2005 were 620cm million and driskly concerned property plant and equipment ordinangulae assets.

9.2.4.Key figures for Other

Care Care				Ca Charate
1177) (158) (170) (180) (170) (157) (157)	li, qu	990	2005	frepended bacies
(180) (170) (1577) 150 (1577)	8	<u>(1)</u>	(158)	25,9%
150 (157)		(28)	(170)	-6.1%
	ncome(Ness) from operating activities	81	11571	MA

deous operating less for the Other asgment in 2006 includes: a 672.8 milion non-necamining gain on SI Finance's private errolfy poeffolio.

The "Chies" Segment deficiend process than operating activities of (\$150 million in 2006, compared to a loss town operations activities of EST million in 2009, inclining liet geocourt costs of 677 million hoursed in obvisedom with the SURZ-class de Primos merges piem.

Income from appraints activities was boosted by expital gains from asset disposes (E335 million in 2005 versus 426 million in 2005), further to sakes of insettual fruitessa in Mis (E120 million) and brauf Cagastel (E220 million). These positive results were only very slightly offset by the minor increase in ensure operating less (E130 million) in 2005 versus (E120 million).

MANAGEMENT REPORT

9.3 Other income statement items

(m millions of curs.)	2206	2005	(stand bedeter)
Income from operating activities	5,368	4,522	18.7%
Financial loss	CLAD	(725)	-0.8%
Income tax	(815)	(\$38)	39.2%
Share in net income of associates	372	565	34.2%
Net Income	₩.194	3,776	21.7%
Minority interests	9899	1,264	-53.6%
Net brome Group share	3,606	2,513	43.5%

Filmandial loss for the years presented remained eachs (6731 million in 2006 compared to 6725 million in 2005).

This eaflects

- the stable cost of net debt (e830 million in 2008 versus 6800 million in 2005), based on average net debt of 612 billion, up approximately 81 billion on the 2005 figure (due to fands released at the end of 2005 to finance the cash and shere bit for Enchandel;
- a £191 million frevense in other financial income and expenses, primerity due to a rise in dividends received from non-
- the non-recurring gain in 2005 on the contyrederophism of bonds repayable in Fortis shares, embouring to £167 million.

frome tax expense climbod (228) millon year-on-year following the Group's earnings growth. The effective has rate loss by 2.2 percentage points to 17,6%, yeasus 15,4% in 2005, malerly

reflecting ferver non-taxeible capital gains included within the Group's income before law as compared to 2005.

Share in not froome of asserciates fell 6193 million year-on-year, due melniy to:

 a #1/3 million fail in contributions from the mixed intermutables companies turbles to its paried disposes of Femilies therround-para autilise, and the positive non-nounting impost recognized in 2005 on the sais of Februar.

6

* the positive non-recurring impact on certain SES subsidiants of the reform of ESI penatural 0.005, smounting to 225 unitions.

Minantly Interests fell 6676 million, reflecting the impact of the cash and share both for the Interests or and abread by SUEZ in an extensible (46.9% of Michaelands on Dicounter 6, 2005; and the ownership of 96.9% of Discharbands on Dicounter 6, 2005; and the tanastign of 96.9% of Discharbands on place in the full year. This tanastign contributes an additional 6786 million after impact on equings per share of 401.13.

			75 clinnae
for any first of the second	2000	2005	(१६३०) (१६३०)
Change in the state of the stat	4,367	3,913	11.5%
CLUST Comm Farmers	2,953	2,646	11.6%
SUEZ Energy International	1,414	1,267	3.071
Child Carles	COS	457	2.4%
CLEAN CONTRACTOR OF THE CONTRA	1,785	1,656	7.8%
Other Centices	(269)	(27.5)	22%
California	6,383	5,751	11.0%

Precuring froms that did not carry over into 2006. Growth in this cash flow item banefilm, however, from a 4138 million fall in restructoring casts compared to 2005, which reported not expensions mainly in relation to SUEZ Environment's withdrawal Income (8,8%), Unitie gross operating income, this cosh flaw fine is not effected by the lower year-on-year contribution of associates but reflects a 8111 million decrease in dividends from associates in 2005. Furthermore, 2005 was booked by the Impack of actual year-on-year at £6,383 million, outpacing growth in gross operating due to the partial sale of the Flormah Inter-monicipal companies On a reparted basis, cash How generated from operations hafan become tax and working capital Mgutuments came in 11% higher

iby and vortaing capital requirements is only partly affact by the 6226 mallon increase in svortable capital requirements for which 6180 mallon makes to operating working capital, makely at SUEZ. Strengy Europe. The 4395 million increase in operating working. Growth in cash flow generated from operations before income

additional cash deposited to meet mergin calls relating to porificite activities in the wates of voisitie electricity prices in Elimpse. in 2006 (in particular, a significant backles of outstanding involves n respect of network costs). Working capital in 2006 was hit by the capital requirements at Electrabel is due to the non-securing nature of ceftain Rema which find a positive effect in 2005 not carried over

The 6153 million rise in operating working comilia requirements of Distrigaz nelates to climatic conditions drilld early wanter months? morking capital requirements, which centracted 6411 million. The instruction was mainly resourced in the US, where the fall in gas priose at the end of 2008 had a possible impact on evolving capital requirements for SUEZ LAQ North America and led to fewer margin and market pardiment (doernlarm in spot prices), and was only peritally office; by the improvement in working capital at the office three segments. SD in particular delivered an improvement in cells on hedging activities.

Gweral, operating activities generated surplus cash of E6.2 billion in 2006.

9.4.2 Cash flow from investing activities

Investments in 2006 inteled £3.8 billion and include:

- financisi invesiments amounting to £1.4 billion, including 40.5 billion releafing to the acquisition of the shares in WifeWood already carried by the Group:
- maintenance expenditure totaling £1.4 batton (£1.5 billion in 2005), to which the main coholibetore were Electrabel (£0.5 billion, relating to conventional and rectain power stailons in Belgium and the Notherlands, so well as origining repowering.

programs in BMM) and SUEZ Environment (60.7 billion, including 60.2 billion in European welce services and 60.9 billion for European wadle services);

development bependiker of almost g1 billion, concerning mainty tabilities in Spech (Carterioru), fish (Roelector and Lains), the tabilities decompletion of the merchant program), and Brait.

Disposals totaled close to 63 billion in 2005 (as in 2005) and

the sale of the residual interests in M6 and Neuf Cegetel for a Interest and dividends from non-current linancial assets generated in total, investing activities resulted in a 60.4 billion cash

total amount of 6633 million. 60.4 billion in cash flows.

- , the sale of interests in Flemish inter-municipal companies and the corresponding repayment of capital totaling $\ell^1.224$ millions
 - the sale of Colbon and Manjin City Gas by SEI for €341 million and £108 militon, respectively:
- the sale of Revs by SES for C175 million; and

9.4.3.Cash flow from financing activities

edific million in dividentis pald by various substituaries to minimity snareholders, retoressenting a significant decreases on the 2005 figure (E715 million) further to the busout of minimity interests Dividends peld in 2005 based E1.7 billion (E1.5 billion in 2005), and include dividends paid by SUEZ SA to its shareholders amounting to €1,260 million versus 6807 million in 2005, due to the increase in both dividends per share as well as the number of sname comfine dividend rights. This item also includes in Ejecotabel at the end of 2005. Net interest expense totalog G754 million in 2003 vaxsus G682 million a year earlier.

in the context of the Group's policy of optimizing its financial structure, repsyments of dots were higher than new borroungs and lost to an outliew of 65,205 million in easts. Capital increases and movements in the parent company's states refate metalty to stock subscription and pumpiase options airanded to Group escriptopees, representing cash leftous of 8596 militan.

Overell, financhig activities resulted in a cash outflow of 06,9 billion

6

9.4.4 Net deht at December 31, 2006

After edging up alignity to \$13.8 billion at ench2008, seal debt was passed back to \$10.4 billion at December 31, 2008. In parallel, table equity was reinforced, requiting in a historically box greating safon 46.3% at end-2006 versus 73.4% at December 31, 2009. Net dabl, Including the impact of financial instruments, is 48%-denominated in euros, 32% in US dellars and 7% in pounds sterfing (49%, 37%, and 3%, respectively, at year-end 2005).

ls of fined rates.

inducting the impact of financial instruments, 43% of gross debi

Due to significantly high liquidity at December 31, 2006 (87.9 billon) and the Group's policy of favoring fixed-rate dets when interest enter are at a Misorically two lesel, 72% of net debt is 4t fixed rates. The average materity of net debt is 8.1 years.

At December 31, 2006, the Group had ungrawn credit (acilibes and bessey note back-up lines totaling 68.6 billion, versus £7.1 billion at December 31, 2005.

MANYABEMENT REPORT Other balance chart Routs

Other balance sheet items i S

Property, plant and equipment, not stands at 821 billion, command to 620.2 billion and end-2005. This 60.8 billion forcess was driven prinatily by sapilal sepanditar (ELS. billion) and changes in the scope of consolication (ELS. billion), which first dependence depreciation details and imperment losses recognized in the period for an emperit of 61.8 billion.

Goodwill remained relatively stable, at 613.4 billion.

investments in esociatos fell by aimosi 62 billion, due mainy to the sales of interests in Plenish inter-municipal companies and to the full committation of CNR.

Total equity rose 63.7 billion year-on-year, 30 922.6 billion, despite the 41.7 billion divident perput and a negative 60.4 billion in transletion adjustments. The increase is stributable to net income for 2006 (64.2 billion) and the impacts of 1AS 20.739 (€1,1 billion).

where 60.3 billion telesis to the unwinding of the discount) were at the same level as previsions trafeseed (8.1.1 lithra), while changes in the scools of consultation had a negative 60.9 billion tempact, eliefly reflecibling the transfer of personnel (personn adgrations) in concrection with the resonvolving of the distribution sector in Provisions decreased 61.2 billion to 69.8 billion, from 611 billion at end-2005. Provisions sat aside in the parted (61.1 billion, of

Onhaltic Instruments (Incitating commodity deviratives) recorded in excets amount to 64.3 billion (86.7 billion at December 31, 2005), while the same them in facilities amounts to 64.1 billion (24.5 billion 42.4 billion at an end-2005). These movements chiefly reflect a decrease in wirefurces between market and contracted prices between market and contracted prices by year-end 2006.

Parent company financial statements

9

MANAGEMENT REPORT

The full version of the perent company financial statements is available from SUEZ on request.

Key figures of the parent company financial statements, prepared in accordance with French GAAP, are presented below

रम त्यार आहरा है जिस्स	2606	2002
1. Incores statement		
Income from operating activities	6,383	1,218
Exceptional incometitors:	401	(956)
Income tay, profit-sharing & incentive softenes	186	137
Net income	6,970	1,000
2, Cash flow statement		
Costs flow from operating ectivities	2,513	395
of which gross cash flow	2,583	462
Cash flow from (used in) investing activities	(11,439)	(7,260)
Cash flow from (used in) financing activities	7,581	5.467
3, Balance sheet		
Property, plant and equipment & intangible assets	16	14
Financial assets	48,039	36,245
Prepaid expanses and other current assola	315	5 2
Martatable securities and cash & cash equivalents	217	78
TOTAL ASSETS	48,587	36,629
Shareholders' equity	31,723	25,847
Provisions	244	350
Barrowings and long-term debt	16,480	10,224
Deforted income and other liabilities	180	208
TOTAL SHAREHOLDERS' EQUITY AND LIABBLITHES	48,587	36,629

6

The main events reflected in the 2006 financial statements are

611/421 million. Payment of this acquisition has been deferred until December 31, 2007. SUEZ SA also increased its direct the purchase of Electrobal shares from SUEZ-Tractebal for shmeholding in Electrabel to 95.7% linkugh punchases of shares from 925 millions ordinary and interim dividends received from SUEZ-Trackebel and Electrobal for ES,065 million and EL,387 million, respectively.

The year-on-year increase in net income reflects:

 e foe of 85,165 million in income from operating activities, meinly ethtbulatile to the dividend poyouts detailed above, which only paritely offset the reduction in dividencis received from Gealins and Si Finance; exceptiones income of 6401 million, broaded by write-backs or provisions on stares further in the sale of Neaf Caggalal. The sersplanal 6305 million (see reported in 2005 headed: parturally the impact of the early recomplitive of backs respecte he Ports

Outlook for 2007

9.7

with the dynamism of its soles teams, the inquestral authors for Theritis to buoyant energy and emitronmental meticits, coupled SUEZ going forward is excellent.

The Group's compatitive positioning across its trusinesses, its experience and its technological leadership are strong growth drivers in markets that are continually evolving (increased concentration of major oppositors, now energy market regulations and water treatment technology, etc.).

estimated of £15 billion over the period 2007-2009 companed with £10.2 billion over the period 2004-2006 excitating the cesh and share bid for Electrobell, while ensuring stated financial discipline In this context, the Group will press ahead with its industrial expansion (with investments excluding major acquisitions by mointaining its A railing and selective investment criteria.

emnounced at the time of the cash and state bid for Electrobal has been raised to 4450 raffort, Lastly, 94272 will carry finough its branchest electrobaling program, and will learch a subsection on the remaining 1,39% of Electrobal's stare capital raised when owned by the Group (Inestiment in the tragion of P450 million in and fiquidity states all of its tradiness lines, and is set to benefit from operational synargies stemaning from the full integration of Electrobel (the target of #350 million in synergies by 2008 SUEZ intends to guitate to efforts to increase operating profitability

Improvement glan have been surpassed. The cost reduction program aimed at beanomizing 6550 million Brough 2005-2006 steps with its afforts in this domain through a fresh round of The Group's targets as set out in the Oplinax performance utimately achieved 6591 million in sovings. The Group will press ongoing improvements to operating performance.

The Group's operating objectives for 2007 are

- an Increase in gross operating income of more than 10%;
- a rise of more than 15% in current operating incenter.
- thereby allowing the Group to remain on leach to meet its ROCE (return on capital employed) terplate.

Firmly upholding the Group's outlook for each of its business, at its meeting of Natch 7, 2007 the Board of Directors announced that it would continue to pursue its vigorous dividend payout policy. It also specified that

on the dividends paid in respect of 2005;

Proliminary work was undertaken in 2006 in connection with this harmanism, which will be submitted to the respective extraordiscrey

- the implementing decrees that will allow the French State to
- the two Boards have approved the meager agreement:

2006 and the implementation of the planned merger in 2008/2007. The nearly created SUEZ/Gaz de France Group will be among the

- in respect of 2006, It will recommend an ordinary dividend of \$1,20 per share at the Annual Shareholders' Meeting, up 20%
- (or subsequent years, a dividend payout representing at least 50% of pacuiting net income.4

The Group also intends to learnch a share buyback program.

of this project is unquestionable, and it will create value for all In 2007 the Broup's teams will continue to work on the planned atstyer between SUEZ and Gez de France. The industrial logic of the stakeholders concerned: shareholders, employees and CUSTOMBRS. Stransholders' Mestings of the two groups as spon as the following legal formaffiles have been completed:

10.1 Issuer capital

- reduce its interest in Gaz de France to balow the current calling of 70% flave been published;
- the comparent authorities have been notified of the

Building on the successful cash and share bid for Electrates in companies best positioned to capitalize on the decembation of the energy sector in 2007.

As indicated below in Section 10.3.1, the Group's net debt amounted to \$10.4 billion. As a result, the geseing ratio dust debt eithoded by take equity) improved from 73.4% at end-2005 to

Total equity rose 63.7 billion year-on-year, to \$22.6 billion, despite the 61.7 billion diddend payout and translation losses of 62.4 billion. Equity was broated by net largense for the year

(64.2 billion) and the impact of (AS 32/39 (61.1 billion).

46,3% at December 31, 2006.

10.5.1 Contractual commitments 10.5.2 Planeed sources of timeschig

10.3 Financing structure and borrowing conditions applicable to the issuer

10.3.1 Debt sharture

10.5 Planned sources of Thencing to meet the commitments stemning from treesment decisions

10.4 Restrictions regarding the use

of capital

년 22 전 전 22 전 전

10.2 Source and amount of issuer cash flows and description of cash flows

10.2.1 Cash flow from operating activities 10.2.2 Cash flow from Investing activities 10.2.3 Cash flow from Intending nativities

율료

10.3,2 Main developments in 2006 10.3,3 Dreup coolit ratings

F 121

10.1 Issuer earillat

CASH FLOW AND SHARE CAPITAL

Recording test imposts in set all this little become actionized for 40 capitals (gains, (ii)) the Impost of this depictation of 145 30/09 cm income from operating activities, and (iii) any other imposts incorrecently from



CASH FLOW AND SHARE CAPITAL
Source and consumption of being conf. Howe and death flows

10.2 Source and amount of issuer cash flows and description of cash flows

10.2.1 Cash flow from operating activities

Cash generaled from operations before income has and worlding capital requirements

		١	
A publish supplement	2006	2005	2005 % change (reported basis)
Electricity & Gas	4,367	3,913	11.6%
SUE2 Energy Europa	2,953	2,646	11.6%
SUEZ Energy International	1,414	1,267	11.6%
SUEZ Etergy Services	200	457	9.4%
SUPEZ Endronment	1,785	1,656	7.8%
Other	(269)	6	25. 24
SUEZ Grayp	6,383	5,751	11.0%

companies in 2006. Furthermore, 2005 was boosted by the Impact of general man-securing fearrs that did not carry over Into 2006, Growth in this base from benefits, frowers, from a £138 milton feature is restricted and expenditure costs compared to 2005, which reported not expenditure mainly in relation to SUEZ Environment's withortened from Argenthas. at 66,503 million, outpacing growth in gross operating income (8.5%). Unlike gross operating income, this cash flow is not affected by the lower year-un-year contribution of associates but reflects a 6112 million decrease in dividends reached from Cash flow ganarated from operations before income tax and working capital sequinaments came in 13% ligher year-on-year associates due to the portial sale of the Flamish inter-municipal

Growth in cash flow generated from operations before income tax and working capital requirements is only partly offset by the 6226 million increase in working tapital nequipernenie (of which E180 million relatos la opasellar, working capital), mainty at SUEZ Energy Europe, The 6595 million forcease in operating working capitel requirements at Electrabel is due to the non-recurring nettax

at centrin teans which had a positive effect in 2005 not carried over in 2005 (in perdicular, a significant backing of outstanding involves in respect of network costs). Working capital in 2006 was hit by the editional costs deposited to meal mangin catis releting to portfolio achifics in the watte of totalitie electricity prices in Europe.

The ELEC million field in expending wanking capital requirements at Distrigus relates to climatic conclitions (mild early where manable) and market sentiment (obserterm in scot) entres), and was only partielly offset by the improvement in worlding capital at the other. If we estimate, SEI in particular delivered an improvement in warking capitis requirements, which contracted £411 million. The reduction was mainly reported in the US, where the fall in gas prices at the end of 2006 had a positive impact on working capital requirements for SUEZ LING North America and led to fewer margin calls for hed ging activities.

Overall, operating activities generated surplus cash of 45.2 billion

CASH FLOW AND SHARE CAPITAL.

10.2.2 Cash flow from investing activities

nvestments in 2006 lolated £3.8 billion and include:

- EO.S billion relating to the acquisition of the shares in SHEM not o (insocial investments emounting to GLA billion, including sheady owned by the Group,
- ongoing rapowering programs in italy and SUEZ Environment (60.7 billion, including 60.2 billion in European water services maintenance expenditure totaling E1.4 billion (€1,5 billion in 2005), to which the main contributors were Electrabel (60.5 billion, chiefly relating to conventional and nuclear power stations in Belgium and the Netherlands, as well as and 60.3 billion for European waste services);
- development expanditure of aknoti 61 billion, concerning mainly greenflety plants in Spain (Caelebroth, Ibrit (Roselectre and Lenkly, the United Steins (compatibilion of the inderchent program), and Bezat.

Cash flows generated by disposats totaled close to #3 batten in 2006, and mainly relate te:

- the partial sale of SUEZ's (referest in the capital of the Plemish) mixed inter-municipal companies (61,234 million);
- the sale of SEI's stakes in Colbin in Chile (634) million) and Hanjin City Gas in South Koses (@108 million);
- + the soft of 49% of the shares held in Paija (Jakaria, Indonosia) the sale of Reva in Spain by SES for £175 million; and in e32 million.
- The Group's refocueing around its core businesses was completed by the divestment of its regidual interest in Neur Cagastes

(8470 million) and M5 (8163 million).

Interest and distributes from non-current thursolal assets generated 60.4 billion in cash flows.

in hole), cash flow from investing exhiber resulted in a 40.4 billion

10.2.3 Cash flow from financing activities

rights. This flom also institutes 6466 million in divisione's guid by various substitutes to mitrority structriotiens, representing a significant decreases on the 2005 figure (6715 million) further to the buyout of minority interests in Bedombel at the end of 2005. Net interest expense tratefed 4754 million in 2005 versure 6602 million Dividencis paid in 2006 amounted to 61.7 billien, and include dividencis paid by SUEZ SA to its shareholders (81,280 million versus 6307 unition in 2005), due to the increase in both dividends Der Strave palid as wed as the number of shares carrying dividend

In the frame of the Group's policy of optimizing its financial structure, repayments of Celti were flighter then new bornowings, and fed to cash outliew of 66,206 million.

10

Capital increases and movements in the betrent company's where relate mainly to stock subscription and purchase options evention to droup simplyees, representing seah linkows of \$35K suillon.

Overall, financing activities resulted in a casts autiliow of 66.0 billion in 2006.



CASH FLOW AND SHARE CAPITAL

Parament envenue and nutroking conditions sipalizable to the Assist

Financing structure and horrowing conditions applicable to the issuer 10.3

10,3,1 Debt structure

at the end of 2006 compared to 73.4% at the end of 2005). In addition, the Group no longer consolibries the compenées operating dering 2006. This policy, copriored with the capital increase, led to a substantial improvement in the Group's gesting ratio (46.3% the concession contracts learningsed in Buenos Alres and Sakta The Group pressed shead with its policy of scaling down debt ė

the end of 2009, compared to \$24.3 billion at enty-2008, Gross dobt, consists of \$9.5 billion in bonds (89 billion in 2005), and \$7.1 billion in bank tears, including literase leaves (\$12.8 billion Due to improved cash circutation within the Group, gross debt (excluding bank avardrafts) decreased by 24% to \$18.4 billion at

Short-lerm loans represent 29% of total gross debt in 2006 versus 33% in 2005.

Excluding the impact of behaling instruments and measurement at amortized cost, not debt belond \$10,7 billion of December 31, 2006, compared to \$13.5 billion at end-2005.

as amontized cost, 48% at not debt is denominated in euros, 32% in 195 delians and 7% in potenties stating, compared to 50% in euros, 37% in 155 delians and 3% in pounds statifing at the end of 2005. Excluding the impact of derivative instruments and measurement

of higher interest ratus, the average cost of gross cloth comes to 5,2%, and remarks to line with the 2005 figure. At December 31, 2005, the average maturity of net cloth is 8.1 years compared to 43% of gross debt and 78% of net debt are at fixed rates. In spile 7.9 years at the end of 2005.

10.3.2 Main developments in 2006

In 2006, the Group set up an eufometred cash pooling system between its various subdicitales with the aim of optimizing treesury management. Thanks to this east pooling abucture, the Group of Electrobal, and rafunded borrowings under commercial paper and bank lines of credit in an amount of \$1.8 billion. repoild the outstanding 63.2 billion from used out to purchase 49%

Note for £1 billion, designed to botter the Group's liquidity via the representation between the representation of bonoverlags under consinerability topics and lines In January 2006, Electrobal hand on 18-month Floating Rate

During the same menth, the Group also completed the financial restructuring of cerptir That assets through the boothy-contracted bank loans amounting to 884 million and 6 billion That banks.

in the first half of the year, the Group set up a USD 1,169 million mon-secourse financing facility in cooperation with Infernational

Power, to fund the sequisition and extension of a power plant at capital of this project company, this facility is not fully constalled in the Group's consolitated floatical statements. Al Hidd in Bahrain. As the Group rokis a 90% interest in the share

program in Luxumbourg at order to comply with new European disections. This program is for a tolis amount of 65 billion, and now incerdes Electrated SA among the Issuers, alongside GIE SUEZ In July 2006, the Group modified its European Neofurn Term Notee Aftence and SUEZ Finance SA. All bond issues under this program ave guaranteed by GIE SUEZ Aflance.

QE SUEZ Allance for an amount of \$1,255 million (6570.5 million on the band maturing in February 2009 and \$564.5 million on the band maturing in June 2010), in order to smooth out the On February 28, 2007, the Group bungfit back bonds fasted by reperment profile of its band debt.

CASH FLOW AND SHARE CAPTAL. Respection suppling the use of septil

10.3.3 Group credit ratings

SUEZ and some of the autoaldiaries have been given a senior debt reting by the rating agencies Standard & Poor's and Nooky's. On February 27, 2005, Standard & Poor's and Mooky's pieced their ratings for SLEZ Altanoa GIE, and SUEZ SA under review, dub to the plannest magnet with CQP. Finding the results of this review, GRE SUEZ Altimose maintains for rating of AZP-1. from Moozy's and A-A-A-Z nom SLAP, SUEZ SA notations to precious the A-rating with SLAP.

Refings agencies have made the following adjustments to the calculation of the Group's net debt:

- Inclusion of provisions concerning nuclear power generation (site dismantling and reprocessing of nuclear fuel, see Section 20, Note 23;
- inclusion of the pension fund deficit (see Section 20, Note 24);
- Inclusion of unconditional discounted future minimum payments under aperating leases (see Section 20, Note 30).

10.4 Restrictions regarding the use of capital

At December 31, 2008, the Group had 63.6 Millor in undrawn confirmed cracil; lacitities (that can be used as back-up thes for commercial paper and tressury bills). 90% of these facilities are managed centrally and are not surbled to financial covenants or credit ratios.

(unding requirements. Drawdowns on the facilities depend on compliance with financial raitos (forom as coverants) set for the horrows. These lines of credit are not guaranteed by SUEZ SA or The Group also arranges credit facilities to cover subsidiaries' GIE SUEZ Allienca. The definition and the level of these covernments are determined in agreement with landers and may be reviewed during the life of the loan.

debt (debt-service cover rette, equal to tree cash flow divided by With most leans subject to coverants, lendors require sobsidiaries to comply with certain ratios assessing their ability to service the arincipal plus interest costs) or the related interest (interest cover ratio, equal to ESITDA divided by intensal costs).

In the case of project financing, a loan the cover radio is soundiness requested in addition to the debi-service cover ratio. This is equal to the net present value of cash avoidable for debt service divided by outstanding debt.

10

for other financing facilities that are not guaranteed by the parers company, bunks samethnes require compliance with a balance sheet rotio - ohiefly afther a debi-equity ratio or a strputated epinimum bees of equity.

documentation, with the exception of a deby-service cover ratio on At December 31, 2006, these were no reported payment defaults on the Groun's coreolidated debt. All Group companies comply with the covergate and representations stipulated in their financial s 62.5 million stan (which is not in delaut) and a coverant relebing to insutance giver on two projects for which a walver is currently being discussed.

33



CASH FLOW AND SHARE CAPITAL.
Paperd wouldes of fromony to ment the especificants constring from brooken stackbear

Planned sources of financing to meet the commitments stemming from investment decisions 10.5

10.5.1 Contractual commitments

The following table presents an estimate of contractual commitments at Datestiber 31, 2005 which may have an impact on the Group's future cash flows. This estimate bases account of

Group gross borrowings, operational finance leases and irrespossible commitments made by the Group to acquire fixed assets and other bag-tem commitments.

		Amounts by makerity	r stadarilis	
Seaso he motion of	Doe'n est than 1 year	Dae is 1 to 5 years	Due in 1 to - Due in normalian Synara - Synara	Tute
Net debt (including finance leases)	(2,302)	8,067	4,955	16,720
Operating leases	221	563 5	821	1,705
Non-cancelable purchase commitments*	342	752	241	1,835
Firm purchases and soles of commodities and fuels	(2,753)	5,392	18,127	20,766
Financing commitments given	199	409	2,547	3,617
Financing commitments received	1,095	2,218	5,834	9,147
Other leng tem commitments	298	182	290	869

Net from state committee

income or Group sources of financing, in the event of changes in Confractual commisments may have a material impact on operating the parameters underlying these specific arrangements.

exceeded plan assets in an emount of 62,776 million, excluding (I) the amount due to the Group from Belghan municipalities further to the transfer of obligations relating to carely destination companies to a third party, and (B) The fair value of the seack of and other emphyse benefits. At Desember 31, 2005, payment doligations relating to pension and employee beneat obligations The table above does not include chigations related to penalm

Contassur - SUEZ Group's pension fund management company in Seigiem. For further information on these obligations, please refer to Section 20, Note 24 of this Reference Document.

to the construction of seweral power generation plants, and include purchases of furthering gas power plants, cogeneration plants and inchestors (6493 militar), and investments in connection with Capital expenditure commitments in an amount of approximately long term commitments". These commitments are primerly relebed 8859 million are also included in the above lable under "Othe concession contracts (\$275 million).

10.5.2 Planned sources of financing

by cash on hand, each flows from operating activities and, if need The Group expects that its funding requirements will be covered be, extelling credit facilities. The Group may set up specific districing facilities on a projectby-project basis.

matures in 2007. SUEZ (droup also has 67.8 billion in avoidable cash st December 31, 2005 and, as described in Scellen 10.4, 69.6 billion in analysiable lines of credit textbuling chandours on the commencial paper progents.

A total of E4.5 tillion of the Group's credit facilities and Unancing

AND DEVELOPMENT, PATENTS INNOVATION, RESEARCH AND LICENSE POLICY

11.1 The Innovation-Initiatives Trophies

11.2 Value creation (aftet

11.3 Patents and licenses

p. 136

P. 137

<u>1.</u>

At SUEZ, Innovation is a strategic diement that enables the Group to model the expectations of its customers with respect to their current and future needs, improve the productivity of its production copecity, and increase financial profitability. This policy is developed based on the work of experts in the operational units, research programs developed in the Group's R&D centions, and the sharing of requise and exchange of information among researchers and experts.

The Group has also established a preactive approach to alimitate and promote initialives and imposative projects in the technical. sales and managedal delds by carefully examining proposals for various projects submitted by teams in the field.

in 2006, three goals underphased this strategy.

- satisfying increasingly rigarous requirements in terms of sustainable development due to its presence in both the energy and environmental sectors, reduce CO, emissions, Improve anangy efficiency for all client use, cut down on environmental
- developing new services for private, municipal and Industrial customers with targeted offers to match their expectations;

pollution, and increase the use of renewable energies,

improving the productivity of production capacity, especially fivough the increased sharing of advances between entities, a high level of use of new information and communications achinologies, and advances in the simulation field. I the technical field, 5UEZ relies on Retearch and Development (R&D), where it invested a total of 436 million in 2006. On a like-for-like basis, SUE2 spent 834.3 million in 2005, 685 million in 2004 and 679 million in 2003. In all, there are over 600 featerchers and experts working on tochnological Research and Development projects in the R&D Centure and in expert networks.

Research activities are primarily conclusted in specialized R&D

 Laberelee is based near Brussels and specializes in activities related to the production, distribution, and use of effectivity and relebed forms of energy and sustainable development. It is on the cutting edge in the control of energy quality and the knowledge of procedures and equipment for energy production, including renewable energy sources (perticularly from (domests).

vibratory control of methy mechines, is a special strength, as well as expedite on the behavior of gas Luchina meterials, sterm The monitoring of the behavior of equipment, particularly the generators and high-pressure bollers. Laborelec has developed and applied specialized senices for industry experitially focused on energy efficiency.

the experiesc is existent in all its four product lines.

- Technology for sustainable procedures", - "Electric and metrological systems".
- *Electrotechnical angineering materials and equipment", *Meterials and sound and vibratory control (ectavology)*
- A mail-functional management provides underlying support to

these 4 areas of expertise:

For certain highly sensitive activities, Leborelec's professionalisms and impartielity are guaranteed by ISO 17026 and ISO 9001

 Eign Cyling's based neer Lyan. Ils capabilities are used in the entiting services business. Special empirests is placed on energy officiarsy, minimizing environmental impact, Iverith and nambet. and monitoring perbandace commitments.

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16

ACTIVITIES OF THE BOARD OF DIRECTORS AND MANAGEMENT STRUCTURES, MEMBERS AND FUNCTIONING **OF THE BOARD OF DIRECTORS**

F 173	p. 173	173
16.1 Dates on which Directors' ferres	16.2 Information on agreements	moderne i de la 2006
of office expire	involving Olivetors	moderne in 2006

7

16.3 Jeformalion on the Audit Committee and the Compensation Committee

17 16.4 Compliance with corporate governance regulations is the country of origin

Article 15 of the Bylaws defines the powers of the Board of

purpose and subject to those powers expressly granted by law to shareholders' medings. "The Sourt of Directors determines has strategic direction of the Company's activities and ensures its implementation. It considers all issues concerning the proper functioning of the Company and settes at matters releting thereto, within the scope of the corporate

The Board of Directors performs all compose and verifications it considers appropriate. Each Director receives all information receives and may request any documents he or she considers necessary."

earing the interests of the Company and its shareholders, and set out with that transporency the rights and obligations of Onectors (those documents are available at the Company's corporate Reaffirming its commitment to ruise of corporate governance, the Board of Otrecturs adopted Internal Regulations in May 2001, which have been amended on several accadens, and a Offectoral the channets and means necessary to operate efficiently, while Charter in January 2002, These documents provide the Board with headquarters and on its websiter www.suez.com).

approval of the financial statements which begins thirty calendar days prior to the date of the Board of Directors meeting held to to days after this meeting. This general measure is exeptemented by Aufoca & of the Directors Cheres, with hequine Directors to see and cabin the advice of SUZE Company Secretary before inersoling with or having a trainguistic carried out by a first party. any of its listed subsidiaries during the period of preparation and are applicable to Directors. These documents forbid Directors, in particular, from tracking in SUEZ socurities or the securities of approve the armual and interim financial statements and terminates in addition, the SUEZ Ethics Charter and related documents netably the "Confidentially and Privileged Information" guide In the securities of Group companies.

performance, by an independent Director. Jacques Lagarde was asked to perform such evaluations of the Board of Directors and Article 5 of the atorementioned Charter also provides for the completion of regular evaluations of the Board of Directors' fis committees in 2002 and 2003

for both from three specialized consultancy firms, it appointed an external consultant to carry out this evaluation. This procedure has been repeated each year since 2004. Development Committee clease a meltodology for mediciling the Board and Its Committees based on a cocument prepared by an external consultancy firm, and after having braued an invitation In October 2004, the Ethics, Environment and Sustainable

Board of Directors meeting held on January 18, 2006 resorded the suggestions for improvements in the transfording of the Board of Chockers and its Committees and and exercise their implementation. the responsibility of Etlenna Davignon, was approved by the Eliks, Environment and Sustainable Development Committee at its meeting of January 18, 2006 and was submitted to the The summary report on the evaluation work, carried out under meeting of the Board of Directors held on the same day. The The evaluation for 2005 was decided at the Ethics Committee meeting on December 8, 2005. Pursuant to Article 11 of the Company's Bylans, each Director must hold at least 2,000 SUEZ shares thoughout his/her term of office The Board of Directors magis whenever required by the intercets of the Company and, in any event, at least four times a year. It met 12 times during flacel year 2005 and the passall attendance rate was 82%. From January 1, 2007 to the end of March 2007, the Board of Directors med twice.

annunt of which was set during the General Shareholders' Meeting of April 55, 2002 at an aggregate of RECOLOGO per year for flexis year 2002 and all guitaequent figoril years until a near decidion is made in this respect. Directors receive directors' fees based on attendence, the total

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MODERATE DOCUMENT SYNCH STATES



MEMPERS AND TUNCTIONING OF THE BOARD OF DIRECTIONS AND NANAGEMENT STRUCTURES, ACTIVITIES OF FIRE DOMED OF MIRECTIONS

Petrs.and to the recontinentation of the Compensation and Nembralion Committee made on April 27, 2004, the Board of Directors meeting hold on the same day set the februing aflocation fules:

Directors	
Fixed fee	635,000 per year
Variable fee, dependant on attendance	E1,500 per meeting
Committee chairmen (other than Audit Committee)	
Fixed fee Variable fee, dependent on attendence	e16,000 peryear Name, given that the Board considers that a Committee meeting cannot be held in the absence of its Chaliman.
Contailise mention (other than Audit Committee)	17
First fee	67,000 per year
Variable See, dependant on attendance	euros1,000 per meating

Taking into excount the substantial horders in the Justi Committor's workbad due to the impromentation of the French Financial Scoulty. Act it at 62 Security manner and the US Surbures Chiefy Act, the Board of Directors, acting on a recommendation from the Compensation and Nomination Committee, decided at its meeting hald on May 13, 2005, to increase the Audit Committee's annual frees as follows:

Audit Committee Chairman	
Fixed fee Variable fee, dependent on ottondence	4255,000 per year. Name, given fact the Basid considers that a Committee meeting cannot be hald in the absence of its Chairman.
Audil Committee member	
Firm fee	£10,000 per year
Variable fee, dependent on aftendance	E1,000 per year

Gérard Mestrallet, as Cinatroan of the Board, and Jean-Jesques Stalens, as a Group emphyen, do not receive directors' fees. On this bades, the cabouing absordance fees were paid to Utresters in neptec of fincal year 2006.

Edmend Alotander, Antonio Budau Reas Carror Gentral Comma	659,500° 572,000 577,000° 674,500°° 684,000°°
Anthrio Burfau Reas Carror Gentral Comma Eletro Lerigoro	E51,500 ¹⁴ E72,000 E77,500 ⁴⁴ E77,500 ⁴⁴
Rea6 Carton Gerbard Comma Eletro Derigeron	E57,000** 877,500***
Gerhard Comma Eleone bardgom	657,000** 875,500***
Eleme Dadgnon	875,500°09
	634,000 ⁵⁶
Part Deynard's 1r.	
Richard Bober d'Alviella	₩ 4 003,£39
Lovules Leaving	E72,000
Anne transferin	686,500
Asan Paratraria	648,500
Thery de Rudder	E51,500am
Lord States of Historia	660,500

Degeo efforteging of 84 20% Memberg at Venes of states in the past to various removement of the Memberg at Venes of states in the past of the Memberg at Venes of states of the Memberg of Necktri the respectively makes of 152,800 earth, 85,512 family 84,104 (that states) between the Memberg of Necktri the respectively memberg of Necktri the Necktri the Memberg of Necktri the Ne

in 2006, the total amount of attendance less distributed was 4793,500, compared with 6767,334 in 2006.

2004 NETERIOR S. DOCUMENT. S. V. C. Z.

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16.1 Dates on which Directors' terms of office expire

MEMBERS AND CONCTIONAND OF THE COAND OF MRECTORS AND MANALOGMENT STRUCTURES.
ACTIVINES OF THE DAMED OF DIRECTORS IN THE DAMED INCOMEDIATES.

See Section 14.1 "Members and functioning of the Board of Directors and management structures".

16.2 Information on agreements involving Directors

Regulated related-party agreements approved in 2006

Acquisition by SUEZ from SUEZ Tractebel of 47.55% of the share capital of Electrabel

in order to simplify the Group's structures, SUEZ decided that it would hold the entite states owned by the Gramp in Electrobal.

interest held by SUEZ-Tractebal in the capital of Electrobel, namely 26,096,262 Electrobel shares, thus increasing its direct As the first step, SUE2 acquired from SUEZ-Tractabel the 47.55% shareholding in Electrobel from 48,55% to 96,10%. The purchase price was set on the basis of the average of the closing bading privas for the Dectrated ahure for the last 20 healing assisted prior to the transaction, J.e., 6437.54, On this basis, the sale price amounted to £11.4 billon, leading Tractobel, The princhese agreement included a patos activaterent clause that ran until November 30, 2005. This capital gain had to an accounting capital gain of around 65.3 billion for SUEZno hayact on the consolidated financial statements insenuch as A knowed on Intercompany transaction, This transaction was expressly approved by the Board of Directors at its meeting on June 7, 2006.

Sale of the remainder of the interest held by SUEZ in MG

basis of a unit sale price of \$26.11, representing a total sale price of \$1 billion and a net capital gain of \$752.8 million. in February 2004, SUEZ and 29.2% of the capital of M6 on the

In the spring of 2006, SUEZ decided to sell its menaining 5% interest in MG to a Luxembourg company, called SWILLIX S.A., a whelly-curred subaliciary of the Belgian company, Compagnia Nationale à Portefeuille. SUEJ time sold 6,694,436 Mis shares, representing 5% of the copied and 6,885% of the voltag rights, on live bests of a smit sele price of 224,70, representing a tokal shere price of 61,92,9 million.

The consolidated capital gain, recorded in the financial statements for the first half of 2005, is 6120 million.

carried out off the stock market in accordance with Article 512-2 At the request of the purchaser, SWILLX S.A., the transaction was of the General Regulation of the AMF.

SUEZ had previously informed the Conseil Supstrieur de PAutionium the French Regulatory Authority to Becaclessing) of the crivisaged transaction and this authority did not make any objection or apposition to its completion. This transaction was expressly approved by the Brand of Ottectors at its meeting on June 7, 2006.

Toulouse & Associés (renamed Leonarto France in November 2006)

With the scope of its strategic endow and arbivals of closedspriners of other bits the closed or markets, soprieved by the Board of Directors as its medifing of Jenney 19, 2006 and undertaken as from Fobruary 2005 at the request of SUEZ by Liboration France. R appresed appropriate to sign a new consulting agreement with such company with regard to a proposed marger or partiel business combination with Gaz de France and the methods of defense in the event of a hostille bid for SUEZ. This agreement was approved by the Board of Directors at its meeting on November 22, 2006.

and may be extended, where explicable, by successive 6-month The engagement is scheduled to last until December 31, 2007,

In consideration for its work, Léonardo France would receive less in the event of:

- a merger belween SUEZ and Gaz de Promoe;
- acquietton of a contrating interest in Gaz de France by SUE2
- takeover of SUE2, toticowing a heatite bid heading to SUE2 ectocating delense anechanisms



MENDERS AND FUNCTIONERS OF THE BONDO OF DIRECTORS AND MALAGEMENT STRUCTORES.

ACTIVITIES OF THE BONDO OF DIRECTORS.

Considers with corporate conformant requires to the country of with-

The amount of the flavice commission payable on completion of the transaction would be £2.5 million exclusive of bases. This flability accompanies to world to accompanied by a variable commission canculated on the basis of the oldering price of the SLIE2 ships on the day busine the date of completion of the brasiscition.

Fuch remove, for the event that the transaction were to take place in a different form to those provided for in the agreement, SUEZ and Leonardo France would discuss the conditions of a flat-fee compensation.

16.3 Information on the Audit Committee and the Compensation Committee

See Section 14 "Corporate Governance".

16.4 Compliance with corporate governance regulations in the country of origin

See Section 16 "Activities of the Board of Directors".



17.1 Number of employees and breakdown by principal business segment and by site

13

Stock-options exercited during 2006 by the ten-Group employees Who are not comparate efficiers who exercised the greatest number of stock options

51 51 51

17.3 Agreement with regard to employee numership of the issuer's capital Employee profit thadby and incentive plans Employee shareholdings

See Section 6.6.2. "Human resources policies."

17.2 Shareholdings and stock options

Reference shruid be made to Section 18.1 which contains a table shaving the number of shares and stock options owned by the members of the Board of Directors as of December 31, 2006 and Mote 33 of Section 20.2 relating to financial information.



REFERENCE DOCUMENT 2007

incorporation by reference:

Pursuant to Ariboe 28 of European Regulation Na. 829/2004 of April 29, 2004, this Reference Document incorporates by reference the following information to which the reader is invited to

with regard to the fiscal year ended December, 31, 2006: management report, cortabilished financial spararetz and related Statutory Auditins' reports, as set out on pages 117-130, 196-307, 306 and 308, respectively, of the English version of the Reference Document filled with the AMF on April 4, 2007;

ewith regard to the fiscal year ended Decamber 31, 2005; montgement report, consultated finesodal selectments and related Stationy Auditors' reports, as set out on pages 89-101, 154-280 and 281-382, respectively, of the English version of the Relatence Decument filled with the AMF on April 11, 2005.

The information included in these two reference documents, other than their reference to above, is replaced or updated, where application, by the information contained in this Reference Decument. Both of these references documents are accessible under the conditions described in Section 24. Documents accessible in the public" of this Reference Document.

This Reference Document conteins forward-tooking information in Sections 6.1. Principal actables, 19.7 Information on transit and 9.7. Toutlook for 2008; This information does not consider to blacked state and there is no assurance that such forward-tooking facts, data on objectives will aroun or be met in the future. Such information is subject to external factors, such as those described in Section 4 "Risk management".

Unless concessly staked to the contrary, the market data included in this Relimence Document is based on informal adjustes mede by SUEZ using publicly evallable information

AME

The original Ferral teasien of this Reterence Document was filed with the French Financial Renders Authority (Juliodis dus Marchés Financies — ANRF) on March 18, 2009, in accordance with the provisions of Anticle 212-13 of the General Registations of the ANRF. If may be used in support of a financial transaction if it is supplemented by an offering

memorandum approved by the AMF.

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PARTY RESPONSIBLE FOR THE ACCURACY OF THE INFORMATION IN THE REFERENCE DOCUMENT

Mr. Gerard Meatrallet, Chairman and Chief Executive Officer

DECLARATION BY THE PERSON RESPONSIBLE FOR THE REFERENCE DOCUMENT

I hereby certify, after having taken all reasonable measures to this effect, thet the hermation contained in this reference document is, to my browledge, in accordance with the facts and makes no omission likely to affect its integer.

I certify, to say knowledge, that the accounts have been prepared in accordance with applicable accounting abundants and give a fair view of the apesse, labilities and financial position and profit to itse of the Company and all the undertaings included in the correctediation, and that the management report on pages 117 to 130 presents a fair review of the development and performence of the business and

finencial position of the company and all the undertaints included in the consoliciation as well as a description of the main risks and uncertainties to which they are exposed.

I have received a contribution letter from the Statutury Auditors stating that they have audited the information contained in this reference document about the financial position and accounts and that they have read this document in its entirety.

Chalman and Chief Executive Officer

Gérard Mestrattet

STATUTORY AUDITORS

NAMES AND ADDRESSES 27

• Emit & Young at Author

2.1.1 PRINCIPAL STATUTORY AUDITORS

Represented by Mr. Pascal Mactoce et Ms. Micote Marris

41, nas Ybry, 92576 Neully-star-Seine Cedex

renewed by the Ortheary and Extrandinary Strateholders' Meeting of May 4, 2007 for a posted of six years and will expire at the chool of the 2013 Ortheary Shareholders' Meeting held to appare the financial Appointed on June 22, 1983, its term of office was most recently statements for the listed year onding December 31, 2012.

o Dehalifie & Associés

165, avenue Charles-de-Caulle, BP 136, 92203 Naufly-sur-Seine Represented by Mr. Jean-Past Pleand and Mr. Pascal Pincernin

renewed by the Ordinory and Extraordinary Shereholdran' Meeting of May 13, 2005 for a period of sty years and will suppre at the chars of the 2011 Ordinory Straetedders' Meeting field to propose the financial statements for the fixon year ending December 31, 2010. Appointed on May 28, 1999, its term of office was most recently

2.1.2 DEPUTY STATUTORY AUDITORS

• AUDITEX

Appointed on May 4, 2007 by the Ordinary and Extraordinary Sharsholder's Meeting of the same date, its term of office will exilte a fit the stores of the Ordinary Sharsholder's Meeting had to approve the firthcodel settlements for the Besal year ending Desember 31, 2002, at the come time as the expiration of the term of office of Entl & Young Faubeung de l'Arche – 11, alée de l'Arche, 92037 Paris La Défersa

7-9, villa Houssay, 82200 Neutly-sur-Seine

Appointed on May 28, 1999, its term of office was most recently renewed by the Ordinary and Extraordinary Streeksideer's Meeting of May 12, 2003 for a period of sky wars and will upping at the close of the 2011 Coldinary Streeksideer's Meeting that to approve the financial statements for the fiscal year ending December 31, 2010.

RESIGNATION/NON-RENEWAL OF APPOINTMENT 22

Sharakolders wern ind esked in ronew the bern of Deputy Shikusy Auditor of Mr. Francis Glidolin at the Sharakolders' Meeting of May 4, 2007.

At the above-mentioned Stevetoolders' Meeting, the Board of Directors of SUEZ extend shewholders to approve the appointment of Auditex as

In deputy Statutary Auellar for Breat & Young et Autres. The term of office of Audites, et depres at the serve fine as the office of Struck August, i.e., at the close of the Structurdest Weeling held to approve the finencial statements for fiscal year enting December 31, 2012.

3

KEY FIGURES

SELECTED FINANCIAL INFORMATION

SELECTED FINANCIAL INFORMATION

Financial information concerning the stracks, liabilities, fruncial pastition, Ut and profit and tase of SUEZ has been provided for the test four reporting on periods (enclad December 2004, 2005, 2005 and 2007) and itself been my repensed in accordance with the European Regulation (EQU 1605007) and informational Accounting Stendards (ETIS) dated, July 114, 2002 as in published by the Privansational Accounting Stendards (ETIS) dated July 114, 2002 as in additional by the Privansational Accounting Stendards (ETIS) dated (IASE) and additional for use in the European Linion at first dates.

Until December 31, 2004, SUEZ's consolidated thrancial statements were prepared in accordance with French GAAP.

The schedules below set out the loay figures reported by \$4.52 for the three years ended December 31, 2004, 2003 and 2002, prepared in accommons with French GAAT. The leay figures reported by \$4.02 for the years ended December 31, 2007, 2005, 2005, and 2004 are presented in extradence with FRS.



124.0 217,180 3,736.7 1,695.4 (8,083.4) 1.79 S 2004 38,017.7 29,481.1 5,932.4 4,970.1 5,680.8 7,773.8 12,828,2 60,292.3 1,020,455,386 995,133,046 3,902.2 2,512.7 6,625.5 5,750.9 (8,992.0) 11507015152: 1,277,444,403 1,270,756,256 2.39 3 3005 41,488,9 31,769.2 6,488.3 80,443,1 203,891 18,823,2 1,053,241,249 4,496.5 1,286(926(216 1,261,287,823 286 3.20 156,196 44,259.2 7,083.3 3,606.3 5,172,2 6,383.5 (365.9) (6,938.1) 2006 33,460.3 22,563.8 73,434.6 19,503.8 201 5,175.3 3,923.3 6,016.6° (4,68122) (2,51.7.5) 722,192.8 24,8500 791272 ·192,621 47,475.4 7,964.7 7,266,6 20107 35,542.9 OW cash generated from operations before knowns tax and working capital requirements - Average number of shares outstanding (a) Cash flow from (used in) operating activities of which revenues generated outside France Cash flow from (used In) investing activities Cash flow from (used in) financing activities Number of shares at year-end - Earnings/Closs) per share (a) · Current operating income . Net Income Group strans Gross operating income - Dividend distributed S, Strave data (In eurus) Shareholders' equity 4, Bulance sheet in millions of elecs 3, Cash florus Total equity Total assats 2, Inchase

(a) Estrings per where a calculated beload on the average number of shared autobanding, net of freedowy when 2007 divisions as recommended.

5,600

9300

8,953

160,966

157,918 41,673

138,678

146350

38,567

137,592 28 B79

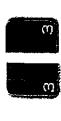
Proportionately correctedated companies

Equity-accounted companies

Fully consolidated companies

6. Total average werkforce





In millions of surces	2004	2003	2002
Personal	40,739.4	39,621.8	46,089,8
of which nevenues generated outside France	31,278.7	29,871.3	36,119,5
Proforms trading resences (excluding energy trading)	40,739.4	39,621.8	40,783.9
of which revenues generated outside France	31,278.7	29,871,3	31,241.6
2. Income			
- Gross operating income	6,198.2	6,010,9	7,253.7
- Coerating income	3,601.3	3,204.9	3,707.6
- Net Income/Rossi Group share	1,804,4	(2,165,2)	(862.5)
3, Cash Have			
Cash generated from operating activities	4,376,5	4,495.6	4,826.5
of which gross cash flow	4,486,6	8,726.9	4,856.7
Cast gengrated from (used in) investing activities	(97,192)	3,607.9	(3,200.9)
Cash generated from (used in) financing activities	(7,084.1)	(6,190.0)	1,719.8
4. Ballathe sheet	**************************************		y f y ann ann ann an belle belle an ann an seile eil er eile
Shareholders' equity	7,922.5	6,895.7	10,577.5
Total equily	12,693,0	11,742.9	15,768.2
Total sessifis	62,981.9	69,950,2	84,151.3
5. Share data (In sures)			
Average number of strares outstanding (a)	995,133,046	993,508,578	991,270,887
- Number of shows at year-eard	1,020,465,336	1,007,679,806	1,007,422,403
- Ewnings(floss) per share (a)	18.1	(2.18)	(0.87)
- Dividend distributed	0.80	0.71	0.71
for Takes severage wanteferre	217,180	233,009	241,600
- Fully consolidated companies	160,966	173,368	189,062
Preparty consolidated companies	50,514	49,694	26,680
Fourty-constrained communical	5,600	796,6	25,865

- Equify accounted companies (a) Emisso per sinte is catesiand feed on the everys natifier of share

RISK MANAGEMENT

and support departments, which are also responsible for operationally implanted or consequently, which are also responsible for operationally implanted specimes obtained by the specime and the operation of an indepartment specimes obtained by the second and the corresponding generators have been presented for the year, 2007. O corresponding generators have been presented for the year, 2007. recommendation of the Executive Committee, in 2004 the Group edopped a podicy of integrated management of business risks (Enterprise Risk Management or ERNIF) which includes of the techniques for risk espessment and management stready estelling within the Group. The purpose of this policy is to provide a complete overview of the portfolio within a general policy of risk menagement for the Group's risks, a of risks by using common methods and tools throughout all divisions document approved by the Exactities Committee in June 2007.

The coordination of Briti Integrated approach is the responsibility of the Chief Risk Officer (CRO), a position flust reports descrip to the Group Chainman. The Chief Risk Officer oversess the ERM process, shrug with

various Graup divisions and covers of business units in order to deploy these methods and tods. This network is led by the Graup Risk Officer Cumpfigures, Insulance, Management Control), forms part of the Posk Advisory Committee, which meets quantary with a view to exchanging who, along with the four functional directors (Audit and Internal Control best practices and provide recommendations to management.

for several years. Risks are identified, cassabled by catagory (stratego, fearing), fearings, occational, housed), assessed (in learns of eignificance and Risefrood), and quantified innotes as possible the means of advicesing varions havels of the business. There is no automatic exclusion beamd on the nature of the risks (destiffed and the business divisions covered A risk mapping process for the entire Caroup has also been in place the risks is reviewed through a process which results in action plans of within the scape of analysis of this risk mapping. In order to improve the quality and depth of the exercise, a program of training in the risk

fintermal Auxilliand Insurance. A notwork of Rick Diffosis is in place in the

RISK FACTORS Risk management ユ

assessment techniques was set up for the retaky officers in the Group's

risks. Certain cross-tisks are subject to specific governance and may be assumed, treated, and followed by a specific operating or functional risks, based on the sids identification work performed in the business units and on the work performed in the divisions to map major risks. divisions by the network of Risk Officers. It includes steps to select significant individual risks and, if relevant, to aggregate homogeneous line (in this regard, see the examples mentioned in Chapter 2.3 of the This process allows the Group to build an annual summary of major The process is directed centrally by the Group Risk Officer and in the Report from the Chaliman on (nternal control).

annual planning of the Group's internat gudits, the report on major risks to the Group's evecutive bodies, and the risk factors as disclosed to investors in this document.

Through its ongoing integration into the key pracesses of the business, the ERM structure has become part of the company's internal control system and is accordingly evaluated by the Audit Department on a regular basis. A report to the Executive Committee on the Group's principal risks was compiled in 2007. A similar report is planned for 2008, as well as a report to the Audit Committee.

INDUSTRIAL RISKS AND RISKS ASSOCIATED WITH THE LEGAL, REGULATORY, ECONOMIC, COMMERCIAL AND CONTRACTUAL ENVIRONMENT 4.2

REGULATORY RISKS

by operating its principal businesses in different countries equipped with their earn regulatory epistems, diversifies this risk, in addition, some orienges in regulators, in contrast, bring new market opportunities for A great many aspects of the Group's businesses, particularly the production, transmission and distribution of electricity, the transport and distribution of natural gas and liqueshed natural gas (LPKS), water menegement, the operation and maintenance of nuclear plants, waste collection and trastment, are subject to stringent regulations at the European, netional and tocal levels (competition, licenses, permits, authorizations, etc.). Regulatory changes may affect the prices, morgina, investmenta, operations, systems and, therefore, the strategy changes can be found, particularly in Section 6.1.1.5.4, for the energy business (including the Aberalization and deregulation of the gas and power sectors in Europe, including a rick of a freeze or cap on rates), and in Section 6.1.1.5.6 for the environmental business (including European regelations on environmental responsibility, transboundary weste exchange, etc.). Despite the monitoring systems that have been est up, it is impossible to predict all regulation changes, but the Group, and profilebility of the Group. Recent example at such regulater, the Group's businesses.

The Group's tousinesses are also subject to a large manifer of laws and inguistions concerning respect for the environment, health protection, and safety standards. Those texts grown at quality, waste water, the waste, the management of nuclear facilities and LMG terminate, and soft quality of driniding water, the treatment of hazardous and houseficid stails generate additional costs or investments for the Group, which the Group cannot guarantes that it will be able to cover with sufficient

and its capacity for growth. Beyond contractual pracautions negotiated on a case by name basids, the Group works to limit all these ricks, despite the payment of substantial sume, Finally, the regulations imply investment only by the Group, but also carticularly within an active andronneants) policy (see Section 6.6.1.1, may have to cease on activity, without any essurance that II will be continued performance of its businesses assumes that it will obtain mitch implies on often long, unprediciable procedure. It is possible that such permits or (teamest will not be obtained or will be obtained (are, by its customers, particularly the local government concessionalines, to meet its obligations can injure the operator, hamping its reputation -Ewformartel Policy») and by managing a compactaceby Insurance able to officet the cost generated by ending the activity. Moneover primarily because of complance obligations. Failure by a custome reversions. Following such changed or drinter regulations, the Grow program (sae Section 4.5, «Insurance»).

Group, and on its products and services and the value of its assets. If the Group does not stocked, a reflectably the Group does not stocked, a reflectably related to ethics, money laundering, respect for personal privacy, data protection, and the fight against comption, in addition, it is difficult to regulations could have a significant impact on the bushnesses of the The competent regulatory agencies have boast prerogatives and prevent in the area of energy and environmental services, which cover issue: measurus. A disnigs in the current energy and environmental proheditor complying with each changes or enforcement measures, his repulsible could be affacted, and the Group could be exposed to additional legal practict the effective date or the form of new regulations or enforcement

<u>*</u>

from the lack of pracision in certain regulations, or the fact that the regulatory agencies may modify their instructions for kindementation and that courts may reverse themselves. The regulatory agencies risks. This could regult in an increase in the amount and number of chains and applications for indomnification filed against the Group and ponalites. Despite the Group's efforts to comply with the applicable expose the Group to compulsory enforcement measuries, (thes and regulations, there are still a large number of risks, resulting primarily and legal bodies have the power to inhiste administrative or legal

or services, or fines, chili penelliles, oriminal convictions or disciplinary sanctions, which would materially and negatively impact the businesses proceedings against the Group which could, in particular, result in the suspansion or revocation of one or more permits or licenses held by the Group, or in injunctions to cease or desist from certain activities and Inanctal position of the Group.

For further information on regulations relating to business lines, see Sections 61.1.54 and $6.1.1.6.5, \,$

4

COMPETITIVE RISKS

Most of the Group's businesses are subject to strong competitive as from major international operators and from «niche» players in certain markets. (See Section 6.2. ePrincipal markets».)

The impresses in the compactive pressures is also perceptible in the Group's operations in Latin America and Asia. This could have a significant negative effect on selling prices, imprifins and the market In the energy sectors, the deregulation of the electricity and gas markets, both in Europa and the United States, has operad the door to new compatitors, intractused votablity in market prices and called to new compatitors, intractused votablity in market prices and called concessions held by cartain operators. In recent years, we have seen a Into exaction lang-term curiosets. It may also open up to compatition trand toward live concentration of the major energy players in Europe. share of the Group's besinesses

toward the consolidation of the market playors in Waste Services in Europe, particularly the Linked Mingdom, Germany, and the Bensalta countries. Added to this are new forms of competition that have expensed recently, agreeable kinds investment strategy, throchement of certain public sector operators, adompts at the remunicipalization In the Environmental sectors (Water and Waste Services), SUEZ's sotivities are also subject to strong competitive pressures from ballh local and infernational operators, resulting in procords on scaling prices to inclusifial and municipal customers, as well as a risk of non-renewal of major contracts as they expire. We are currently observing a trend of services by local administrations, elc.

ECONOMIC ENVIRONMENT RISKS

Certain of the Group's businesses, particularly the services to industrial economy, peritorlately in the developed countries, orestee a regarbin impact out industriet invasionates and iterative, negables inflamoca the demand for the institution services and engineering offered by the service ordition of its Googs, The fluctuating domand results in subadential verietions in the activity levels of fluces businesses which despite their afforts to control variable costs, carms systematically offset the impact of the decine in their revenues in certain partods. It should, frowever, be noted that this risk does not impact the entity and multi-technical earniess businesser, which profit from the growing trend customent, are settelitive to economic cycles. Any slowdown in the among industrial customers to entecure those services.

customers may be temporently sensitive to the offshorting of oppositions to be vego countries. Likewise, in the entrug-intensive section, major customers which are heavy power assets (metallurgy, chemicals) they In Western Europe, these businesses providing services to Andustrial

move that praduction to reploys where oversy conts are bower than in Weesen Burges. Comensely, economic desclopment in these other ecutaties represents an opportunity for shong growth.

reoccation, remain relatively low for the Group given the diversity of the countries where it operates and its portions of industrial customers. These risks dad closely both to the economic andronness and to

fector as that the coverage would not be complete. The profibbility of those eparations could; therefore, be effected, most either temporarity. Necessives for hedging this risk exist bods for myreging risks related to terpart on the costs of production supplies for some of the Group's activities. Alterugh most contracts contain cost indexing plauses, it is possible that the indexing formula is imperised or that there is a lag Similarly, charges in raw materials prices, particularly for patroleum products, which are subject to about increases, may have a significan raw materials used by the Group are explained in Section 4.4 below

4

RISK FACTORS Industrial risks and risks associated with the legal, regalatory, economic, commercial and contractual environment

PARTNERSHIP RISKS

The Group dayalops its operations in partnership with local public municipalities or with private local operators.

the economic and financial risk thereof in certain major peojects, by limiting its captule employed, and ensuring that it adapts botter to the speaking content of the local ensuring that it adapts better to the equalities content of the local engatets in addition, such partineaships may be equalled by the local engatetory emicroment. The partied less of operational centrol is allen the price that exust be paid to reduce These partnerships constitute one of the means for SUEZ to share the exposure in capital employed, but this situation is managed contractually on a case-by-case basis.

end of that partnership, particularly through the exercise of put or call options among the partners, a request to dissolve a joint venture by one context, or even in the acanomic position of a partner, may lead to the However, a change in the project, the local positical and econor of the partners, or the exercise of a right of first refusal. Such situations way also lead the Broup to decide to increase its financial commitments to certain projects or, in the case of conflicts with a partner or partners, to seek solutions in the compositor counts or arbitration bodies.

EMERGING MARKET RISKS

Althrugi the Group's activities are prioratly contraviated to Europe and North, America, which largetter represented BBJ% of concellebed reservines and 85.9% of concellebed reservines and 85.9% of capital employed in 2000, the Group is also eather in global markets, notably in emerging countries such as Brazil and China.

upheard, aignificant fluctuators in therest and exchange takes, taxes or related withholding levied by governments and local suthorities, currency control measures, and other disationageous solitors or The Group's activities in these countries carry a number of potential risks that are higher then those in developed countries, perdoulerly validitily in the GDP, economic and governmental instability, regulation changes or flawed application of regulations, nationalization or expropristion of privately held assets, recovery difficulties, social restrictions imposed by governments.

The Group mandges these risks willtin partnerships or contractual regolisitons adopted to each location. It makes to shore of lacations in emerging countries by applying a selective strategy on the basis of an in-depth analysis of the counity risks.

Arganitina and the protonged acteance of defivation of Angentine gas to the Group's electrical power plonts in Chille have had a negative intract on the profitability of tweat pethylises over the past three years. (specifically, termination of the Aguas de Santa Fa and the Aguas Argentinas concassions), As described in Sections & 1.1.6.2 and 20.5, associated with these two terminations. In addition, the gas crisis in the Group resorted to international erotoration (ICSID) for the penalties The year 2006 saw SUEZ Enveronment's final withdrawal from Augentina

DEPENDENCE ON CUSTOMERS OR SUPPLIERS

Whether in the energy or the environmental sactor, the Group's subsidiaries have signed contracts, particularly with public authorities, the performance of which may depend on a few, or even just one, customer. This is the case, for example, for the wider management agreements and cetain power production and electricity sales activities with medium and long-term power punchase agreements, as well as household waste inchrarator management.

of any lavestments made by the sperator. If the co-connecting parties The refusal or the mability of a customer to meet its centractual commisments, particularly in the area of rate adjustments, may compromise the economic balance of the contracts and the proffsbillty fait is meet their obligations, despite centractual provisions for this purpose, full indemnification central sharps be obtained, which could Impact the Group's revenues and results. The Group has encountered uch alturions in the post, perticularly in Agentina.

water treatment plans, thermal power plants or waste treatment units, on a limited surface designisher for their apposite or weets, hearandood weets, hearandood weets, verifus bails and equipment. For exemptic, the market for tertables and touridry parts for electrical power plants 8. by nature. in the same way, the Group's companies may depend, in managing olgopolistic and will be perfeatenty tight in the coming years.

Any interruption in supplies, any supply detay or any fature to comply with the technical performance warrantly for a place of aquipment, even those caused by the contract default of a supplier, could impact the profibility of a project, particularly in the area of electricity production, with the ambel of new Nigh-yield gas furbhres, cleapfia the projective contracted measures set up. The variety of the Group's businesses and their diferens geographic installors stall in a broad range of fallulative (payments between for continuous crossingless, the use or men-use of sub-contraction, dec.) and types of galaximes (holdeling for term installulation and helicitation). The

Group believes that there is no relationship with a supplier, customer or obsects, the termination of which could have a significant impact of the financial position and earthigs of the Group. In particular, given

file mix in its greegy supply providers and its geographic diversification, the Group is not dependent on a single source of energy or on a single suppler courny for the pursuit of its activities.

kecus on negoliation platforms common to the entire Group, despite

RISKS ASSOCIATED WITH HUMAN RESOURCES

The Group operates its various businesses through a broad range of experts from among its stall of technicians and managers. Demographic aging in Europa affects SUEZ in general and several of its technical ereas. To do khis, in 2007 SUEZ managament blunched an action pien based on a major recrutiment campaign and trads promoting employees toyethy and employability (see Society 65.2.1 and 65.2.1 businesses in particular, particularly the nuclear business. To avoid the loss of key skills, the Group must anticipate labor scarcity in cortain In this regard).

Moreaver, the Group's growth by meens of a series of mitigats and acquisitions tess contributed to the emergence of fermionized demonstrate by respected that works councile. Collective bergelinks could hanceforth

signed ambilidua, group-vidde, collective agreements on subjects as bestive as the employability of employees, wardonce cheretty, and a perfecte and medicare file employees, wardonce cheretty, and a perfecte and medicare file fittoduction to Section 6.6.2 and Section 6.8.2. sometimes differing needs in the field, because of the characteristics of each business and each region of implementation. The implementation Ottrenvise, the traute of negotations in this regard could result in staff resement/dissolution, as wet as frave a financial impact on SUEZ. of (miormation) and consultation with stall representatives, and also of compensation mechanisms common to all SUEZ amployaes could Aware of this situation, in 2007 Management expanded its process be placed on the agenda, implying significant additional costs

RISKS RELATING TO OCCUPATIONAL ILLNESSES

The Group carefully works to stay in complemes with all legal and regulatory provisions governing health and selety at its various sittes, and lakes the measures necessary to ensure the health and salety of its employees, and the employees of sub-confercion. It may, however, be exposed to cases of occupational librasies, which could result in court actions against the Group and result in the payment of damages.

The paincipal exposures to this risk concerns

socityities involving work on facilities to saind in the hot zone of ruckear plents cue to the risk of lonizing radiation

e archivitate invading work on pipes or technical facilities which are bracked against heat or code, or located in insulated areas of buildings which present an astractor related risk.

 activities involving work on reinigeration, air conditioning or hot water network fratellations with the risk of Legionnaies's disease. The problems related to institute redistron, exbestion, or Legionnaire's disease are carefully understood by Divisions. To our Involvation, the estimated current or future codes related to these problems are not Bridgy in terms of gentlems and the state is againfacent uniforcable intenect on the Chaup's finencial position.

RISKS ON RETHEMENT COMMITMENTS

consolidated financial statements, Section 20) and their financing is Group has commitments on pensions and other post-employment benefit plans, provisions are made in the secounts free Mate 20 to Tre benefits for its employees. Where there commitments arise from defined pertially covered through pension funds and insurance companies.

The risks related to the management of these plans pertain is both the amounts of the commitments and the growth rate of their asset The ancents of the commitments are calculated on the basis of edinage made using certain assumptions, including inflation, wage fromesas, morsily, employee fermoner, refrement age, and benefits provided by lagal plans.

could increase the Group's current commitments for pensions and, therefore, mean an increase in the amount of the corresponding provisions and, in certain cases, the payment of additional contributions. Specifically, changes in relitant laws may result in the entergence of These assumptions could, in the fature, have to be adjusted, which new mandatory adjustments, for example in terms of discrimination

among subsidiertes. This could have an unferovable impact on the

Group's balance sheet and financial carrings.

rate nabled to markel interest rates, a decisie in which could cause a substantial increase in the discriminate which would not necessarily be offset by an equivelent furnesse in the asset would not necessarily be offset by an equivelent furnesse in the asset in addition, the valuation of the commitments is based on a discount

RISK FACTORS Legal risks 4

covadage, Considering the current level of these discount rates, it seems unikely that a significant drop would ecour.

extent possible, and where the social contact and regulatory and text constraints so parrell, defined-benefit plans with defined-contribution For several years, the Group's policy has been to replace, to the plans, which are more fransparent and for which costs are easier to control. This trend continued in 2005 and will continue, leading to a progressive reduction in the risks born by the Group,

to step rate formules and a portion of the target proudation has elected in 2007, defined-benefit refirement plans in the Belgien gas-electricity sector (closed to new entrants for several years) have been converted to switch to on defined-contributions plans,

Assets for hedging refrement plans are exposed in market risks. Risk taking in the policy of investing these assets is moderate and well would not have a dispropartionate impact on the Group's financial position, particularly relative to the market value of SUEZ. diversified to that a major correction in the stock markets, for example,

LEGAL RISKS

global markets. The legal risks sitting from the legal and regulatory context, the partnerships in place, and the contexts entered into with customers and suppliers are discussed in Soction 4.2. The significant The Group faces lags! risks in the conduct of all its businesses in its disputes and arbitration to which the Group is a party are described

In Section 20.5, in addition, the participation of the Group's Lagal Departments in implementing internal cantrol objectives within the Group is discussed in the Chairman of the Board of Disectors' Report on internel control

MARKET RISKS 4.4

COMMODITY MARKETS RISK

on the European greathause gas emissions rights market flor details particularly, in the mathets for gas, efectricity and various oil products, either to obtain short- and long-term supplies of to optimize and on this specific market, see Section 4.5. Environmental rieks related in confucting his business, the Group trades in commodities markets, sectire its energy production and sale chain. The Group also trades to climate change).

to offer palos heaging instruments to its customers or as part of its In the energy sector, the Group also uses derivative preducts, either preprietary hadging.

consmodities, a risk which it manages by using forward firm or aptional Therefore, the Group is exposed to changes in the prices of these derhatible products on organized or over the counter merkets.

by Managament, The mechanism to control the false related to this trading activity includes a team specialized in contrasting market and credit risks (the Middle Office, systelled by the Back Office for The exposure to anargy trading is measured and measured to basis in accordance with the limits and management policy defined

information such as price curves, alc.), and a sat of formal policies to guidelines (segregation of chities, separation of tasks, verification of the accounting), a dedicated Risk Committee, strict imarrial control pack and control market and credit risks Meniot risks are assessed primarily based on the "Value at Risk» (WAR) method, which quantities the mooimum amount of the risk associated with the given holding period of a position and confidence leval.

of delty VARs was 64.6 million in 2007, compared with 65.9 million in 2006. In conclusion, the maximum VAR observed in 2007 was As of December 31, 2007, the «Value at Rist» of the commodity portfolio managed for trading activities (maximum max for a 24-hou period with a certificace level of 95%) was (4.34 million. The average 69.01 million, while the minimum VAR was 62.12 million.

set based on multiple criteria, including the financial raling of courtings. Counterpary fisk is british by absolving labors of credit. With regard to counterparty field to the business, credit firstin are guerantees, collatoral, and neithing agreements if appropriate.

> REFERENCE DOCUMENT 2007 S CRX

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REFERENCE DOCUMENT 2807

9

N) GK

The Group, through its Finance Committee, sets tinencial polidies, particularly for managing financial risks.

managed globally by specificad financial lawns at the central level, or in the operational entities. They all utimately report to the Group or in the operational entities. Financial risks (liquidity, rates, foreign exchange, and counterparty) are Chlef Finencial Officer.

commitments. This reporting is quenterly, and is distributed to the Group Chief Financial Officers. It based on data that is systematically reconsited with the data coming from the comoditation reporting. This reporting covers all the companies of the Group and provides a very detailed understanding of the financial the financial information, the Group has set up management raporting ensures systematic tracking of the risks.

マ

RISK FACTORS Market risks

FOREIGN EXCHANGE RISK

Because of the geographic diversification of its activities, the Group is exposed to the currency translation risk, which means that its balance theet and income statement are sensitive to fluctualizans in exchange subsidiaries outside the Euro zone. The interesis held by the Group In the United States, Brazil, Thailand, and the United Kingdom generate parities at the time of the consolication of the accounts of its foreign most of the currency risks (see Note 3.2). For investments is currencies not included in the euro zone, the hedging palley consists of creating liabilities denominated in the same currency as the cash flows generated by these assets. Of the hedging instruments used, debt in foreign currencies is the most natural hadge, but the Group also used currency derivativas that synthetically recreate debt in currencies, cross currency swaps, exchange rate eveps, and exchange rate options. This policy caratot, however, be implemented if the cost of hedging This is the case for Brazil where, because of a rate differential that is too high and the local revenue indexing mechanism, the Group opts for catestrophic coverage, i.e. instrance against a major depreciation (specifically the interest rate of the reference currency) is too high. In the currency (fek of sudden jump).

paper) represented 11% of gross debt and totaled 62,179 million at Decomber 31, 2007 (refer to Note 14,2 to the linancial statements). These programs see used in a cyclical or sfructural festion to finense.

Outstanding stirrt term paper (billels de bésoverie and commercial

diversities of insucing sources between the banking market and

The Graup's financing pulley is based on the following principles:

LIQUIDITY RISK

centralization of external financhig.

The centralization of tinencing needs and cash flow suphases for the Group is provided by its financing welvides (flatg. Jerm and shoft-term)

balanced repayment profile of financial debt.

the capital marketa

As of December 31, 2007, bank resources (excluding bank overdrefts amortized costs and the effect of derivatives, represented 43% of gross debt, with the balance financed by the capital markets (Including 69,308 million in bands, representing 46% of gross debt) and their gravialty. Alt of the outstanding amounts are backed by confirmed bank cradit facilities so that the Group would be able to

continue to finance ligalf in the event that access to this financing Liquidity is based on maintaining cash equivalents and confirmed credit facilities. The Group has confirmed credit facilities appropriate

source were to dry up.

through decitated financial vehicles. These vehicles are centrafted in Paris and in the Grand Ducity of Losembourg (SUEZ Finance

The centralization of short-term needs and surpluses is organized

and its east pooling vehicles.

Tressory & Management) for the Europeen countries, and in Houston. Tense (SUEZ Finance LP) for Morth America. These vehicles centraliza

almost all of the cash needs setd evallable surplanes of the controlled

SA, Tractabel Cash Management Sorvices, Electrabel Finance

the Group's photolern requirements because of their attractive cost

The market context is reviewed monthly for the US dallar and pound countries in order to anticipate any soutien devaluations. The hadging rate of assets is reviewed perfectionly as a function of market context and standing. It is monitored, as other as needed, by raviews of emerging sach time an asset is added or removed. Any extotantial change in the redging ratio is first approved by the Group Chief Financial Officer.

(committed onargy sales or purchase), where commodities flows are The Group is also exposed, but to a tesser extent, to transaction risk

Specialized (earns measure exposure on an ongoing back and call

to its size with appropriate debt makinity acheristics. The amount of these confirmed credit facilities represented 610,762 million as of

Opcomber 31, 2007, of which 61,706 million was drown down, 89% of the jobal lines of credit and 91% of the lines not drown are centralized.

None of these thes contains a default clause had to financial ratios

or rathress.

companies, in 2005, the Group implemented an automated European cash pooling system that increases and systematics cash centralization. In 2007, strong the entire managed perimater was connected. The few

GIE SUEZ Allance and Exectabel, which carry or guarantee 75% of the Group's bond debt, 100% of the commercial paper keued, and

29% of the those of credit (including the links cambel by the SUEZ

perent company).

The Group diversities its permanent capital resources by completing. as applicable, public or private band issues in the framework of its Euro Modium Term Noves program and by issuing commondal pupic Lifficia de frésontile) in Prance and in Belgium, sed Commendal Proper

Access to the long-term capital markets is primerly contembaled in

remaining menual cash pools will be automated in 2008.

Cost (net of turns evertents) totaled 85,540 million as of December 31, 2007. Surpluses applied by central offices are managed within a singlepoloy framework. The management objective to maintain the liquidity of the postissio while ensuring a return greater than a stak-free fund. Given the votatifity of mutual fund yields following the US motigage

The principal exposures to interest rates for the Group are the retuit of financing in sures, and US Dollars, which represented 82% of the net debi as of December 31, 2007.

among Bood sate, wastable rate, and protected or «cappad» variable rate. The Group's objective is to have a balanced distribution among the efficient medium-term reference rates (the years). The distribution may The Group's policy is to diversity the reference rates on the net debt

The positions are centrally managed. Rate positions are reviewed questings and at the time of enty new financing. Any substantial change in the rate structure must recalle prior approval from Management.

Liabilities denominated in foreign currencies represent 43% of the Group's net debt, excluding amortized costs and the derivative effect (refer to Note 15.1.3), A change in currency exchange rates vs. the euro affects manife only reporting currency of companies bearing times installibles that belance sheet, to the extent that these liabilities have not been documented as net investment hedges, in fine, the impact of an unfavorable, uniform with regard to liabilities denominated in another currency, than the change of 10% in the Euro exchange rate has an immaterial effect On Arestriks.

exchange rate has an equity impact of \$172 million. This change is For financial liabilities (debts and derivatives) classified for not investment hedging, a uniform unfavorable change of 10% in the Euro offset by an opposite effect on foreign currencies prosts.

county settled in US deflars and Sharling pounds. The cash flows are This risk is concentrated on transactions involving energy commodities generally hadged by forward currency contracts. The tangactional currency risk is managed by dedicated terms. These upon ine competence center (headquarters team also nesponalible for translational risks management) in order to define and implement hedging instruments for these risks (see Note 15.1.3).

NTEREST RATE RISK

The Group's objective is to reduce its financing cost by limiting the impact of changes in inferest rates on its income statement.

fluctuate pround the balance depending on the market contest,

In order to manage live interest rate structure for its net date, the Group uses hedging instruments, prinselly rate swape and options.

Cash surplayes and being able to be controlled iminatly presence) are invested in selected instruments on a base-by-case basis as a function of local financial mentet constraints and the financial

coundness of counterparties

in the United State

loan crisis, viriually all surpluses as of Decomber 31, 2007 have been

Invested in time bank deposits.

contracted by the Group are Recognized as hadges under IAS 39, even though they offer an economic hedge (refer to Note 6.2). The cost of the Group's debt is sensitive to rate changes for all debi indexed to variable rates. The cost of the Graup's debt is also affected by as hedges under IAS 39. As of this date, none of the spitions hodges the changes in market value of financial instruments not chourner

As of December 31, 2007, the Group had a portfolio of optional hedges (cam) that protect it against an harease in the cure, doilsn and stailing short rales. Almost all of the apskond euro, dollar sterling the capped fereit, However, the value of this portfolio of optional hedges appreciates when the short and long rates increase together Nedges (63.1 billion) were activated in order to the time oost of the debt. as the euro, US dollar and sterling short torm rates were righter ther and depreciate inversely (refer to Note 16.1.3).

instruments, approximately 51% of the Graup's gross debt was of a variable rate and AS% was at a fixed rate. Since almost all of the Group's surplus is invested short-term, as of December 31, 2007, 78% of the not debt was at a fixed rate and 22% et a vadable rate. The result of this distribution is to sharply limit the sensitivity to rate increases.

of claricatives, would lead to an increase of net intower expenses by ESS million. A decline of 1% in short-term interest rates would result in a drop of ESS million in ret interest expenses. The esymmetry of the A 1% tecnesse in short-term interestrates (uniform across all currenctes) on the balance of net varietie-rate debt, and the varietie-rate portions Impact is linked to the impact of the caps portfolio

classified for net investment hedging. Conversely, a drop of 1% in literate rests would generate a best of 8th millor. The abjunishity of the strope is generabled with the casts confiding, reason for which the loss is furfied to the MMA value posted to the betance sites: with the change in fair-market value of derivetives undocumented or A 1% increase in interest rates (identical for all currencies) would generate a gain of £153 million on the income statement, associated

A uniform change of 1%, in Interest retes, upweids of downwards (Josenical for all currencies), would generate a gath or lass of EED million in shareheidess" equay, associated with the change in the fair market value of derivatives documented as cash flow hadges.



COUNTERPARTY RISK

Zas) surpluses are invested and financial instruments are traded with leading titemeticnal banks. The Group's countesparies are diversified and selected on the basis of astings provided by rating agencies and the Broup's knowledge of the counterparties (refer to Note 15.1.1). Oue to the nature of its activities and its financial organization, SUEZ Group has limited exposure to the instability of the financial meriests Ang the SubPotne cotals in the United States. The Group's cash translesses, to the extent possible, controlled and under shick

the exposure to the ridis inferrent to qual surplus investments. The double is certaintied to sentimited the intervention instruments and with top-rated counterpredites. The other custod investments laws also undergone evaluates and do not present rides evaluate to the American control for, among other Bhings, woldfling and financial counterparty risk. Over the past law years, the amount of step investments has also been greatly reduced as a rasuR of the increased chautetion of cash among the Group's entities which has led to equally reducing Sub-Pairma market.

STOCK PRICE RISK

statements, the value of which fluctuates on the basis of the fronds in the world's stock markets. An everal decline of 10% in the vetue of As of December 31, 2007, the Group holds a number of Makes in these securities would have an impact of about 6236 million on the public traded companies (see Note 14,1.1 to the correctionted financial

incurs or granticions' orgaly of the Grup, depending on whether the desires is considered significant and entended. The Gracus's portfolio of sisted and unitated stocks is managed with a specific inventorent policy. and is regularly reported to management.

ENVIRONMENTAL RISKS 4.5

RISKS RELATING TO THE MANAGEMENT OF FACILITIES

Facilities the Group owns or manages for third parties—manufactorers or boost governments—are subject to rists affacting the freatch of communers, shortilline residents, employees, and sub-contractors, as well as rists of demayes to the natural environment (air, weter, solis) and any protected species and habitate.

dangerous products and byproducta. This is the case for fissile In conducting its businesses, the Group handles, and even generates materials, fusits, and certain mater treatment chambrais. in weste management, the gascous emissions to be considered are greenhouse gasta, gases that stimulate air ectollication, toxic gases

RISK FACTORS Environmental risks マ

and dust. Some of our facilities are involved in treating specific menutacturing or hospital wastes that may be toxic.

in the water segment, the potential atmospheric pollutants are primarily chorine or gaseous typroducts resulting from accidental emissions of varies treatment products. Operations to purify waste water and treat weste products may also generate odor problems. These activities, absent adequate facilities management, may, in This politition may tryolve surface waters (watersourses) as well as discharges, diffusion of heavy metals into the environment, watery week from incharation facility amole processing systems, discharges to standards in terms of organic load, nitrogen, and phosphone, as addition to nulsances (noise, odors), cause variaus kinds of politidion. subternings waters (water tables): leaching of poorly controlled of uniresisk waste water (raw waste water), discharges not conforming well as non-conforming dischanges of rain water.

from the strasge of deagarous products or Equids or leads in processes Involving deagerous liquids, as well as the storage and uncontrolled It may also involve sell poliution in cases of accidental spills nesulting preading of treatment studge. These ficultinand environmental risks are subject to strict and precise netional and international regulations. These evolving regulations themselves essentially constitute a risk with regard to evelkating the company's vuinerability in terms of both feath and environmental liability, as well as environmental liabilities. This wulnerability is to be assessed for after currently being operated as mal as for other facilities (such as closed dischlarges or decommissioned gas plants) within a specifically European context that sizargithens the public's Information. Thus, a regulation detect January 18, 2006 (EC 166/2005) creeing a European registry of gas and liquid emissions nto the ait, water, and soil (Eutorean Pollution) Release and Transfer

the Garup's activities in Burops and covered by this European regulation, over if capacity thestholds are defined by such-live, limiting the reamber resulting from Commission Decision 2000/479/EC. The great majority of Register, E-PRTR) has increased the number of pollutants in question and the scope of activities aready Subject to the previous EPSR registr of facilities and sites covered by this delaited mapping. Control of all the rhaks mentioned shows is achieved through various risk. Fallure to comply with the standards, evidencing certain shortsonings, may result in contraction financial panalibes or criminal and/or administrative that (see Sociaton 6.6.1.4). Certain events, perfectionly random accidents, are covered in whole or in part by mechanisms. The various controls by the public authorities guerrantes good management by the Group or contribute to identifying cases of non-conformence that relight result in an Industrial or environmental Insurance systems (refer to Section 4.6, "Insurance").

confractual clauses and the consorminy, detailed archis in this series. The risks and accounts and accounts and managed by the County are the subject of formacing generations and specific provisions (refer to Section 6.6.1.4.* Active prevention of internal controls to seek cases of non-compitance are performed on a seguier basis, in tains of legal feaves, leves subject to eather monitoring financial responsibilities that may wealt from it. When sites previously processes are implemented of the children level or appointedly at the lavel of the cubicidaties in order to identify these operational risins. and contracts that cover the Group's operations systematically clerify the sharing of responsibilities in terms of rick management and the managed by third parilies are acquired, the Group is protected by For the portion of risk born by the operator, internel management classify them in order of importance, and preventively control from. environmental riphs»).

RISKS RELATED TO THE OPERATION OF NUCLEAR POWER PLANTS

The Group curts and operates two nactear power plants in Belgium at Doel and Thengo, These sites, which have been operating stare 1975, here never hed any incidents negating in a danger for the workers. sub-contractors, general population or the environment. The personnel responsible for the operational activity on the sites hold special certifications obtained at the end of a specific program of both Presection and practical training anduding simulator exercises. Compilence with safety rules and the conditions of the facilities is subject to inspections by an independent agency (AVN) and by a government agency responsible for nuclear safety (AFCM).

level and subonit to audits (Warld Association of Reudeon Operators (WyakC) and the international Atomic Energy Agency (IAEA)) in order to maintain a right degree of safety. An insportant event in 2007, a team of The operators of nuclear plants share expertise at an international

management is under the respondibility of the Belgian public agency OMD/RAF (National Agency for Railboache Waste and Enrichad Flestle 18 experts from the Informational Athraic Energy Agency (IAEA) audited audit, known as an OSARY (Operational Sahay Readow Team), nestried In a prosifive wordtd as to the saledy levels of the Thiange plant. This evaluation by an imbependent inhamational authority confirmed the priority given at our nuclear plants to salaty. All nuclear glass see ISO Schema). The Group regularly maribus and reduces the volume of tow and medium feval weste produced during operation. All nuclear equate Materials); this is also true for the virtilisd waste conting from the spent (Lei Frencoestie gropates, spensiols at the Objection site is the Hages, Spent hacker the is stored on the power probabilism this periodic periodic probabilism on the chaine of the fall cycle downshipm process In detail the safety procedures and systems of the Thange plant. Title 14001 certified and earthed by EMAS (Eco-Management and Audi (recycling or not).

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RISK FACTORS Marranca

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If the provisions of the Belgian law on the progressive withdrawal from nuclear energy for the purpose of electrical production, adopted in January 2003, are effectively applied, this could result in a loss of reventions proportional to the length of the discounted technical life of the plants as of the date of the first effective closing (2015),

2003, clearly defines the rules for using and maniforing the amounts provisioned for the Belgian plents.

RISKS RELATED TO THE OPERATION OF SEVESO («HIGH THRESHOLD») SITES

Remadiation (Tests) operation the Hame plant in German (processing of special including varieties, in the entering sector, Plangs and Fluxys LNG (SED manage like sites at Zeobniggs (figurelled instead ges terminal), and Leerheast (proteignound gasage of merical gess), and Electrichal operates the Geldoriand and Dumannent sites. Within the bounderles of the European Unlan, the Group manages by which thresholds Seveso cleosified sites in Belgium, Hongary, the Methodanda, and Germany, For the envisormental bushress lines. SITA

teris, Electrated and Plutys conduct a policy to prevent major scattlents that guerantees a fight swal of protection of people and the emisorment

RISKS RELATED TO CLIMATE CHANGE

for its facilities. This risk prevention polloy is described in Section 6.6.1.A Active prevention of estudromental risks.

Europe, two sales of the SUEZ Energy International Division would be officients SUEZ-LING-NA, a figurated gare territorial to the United States, If this requirements of the Seveso directive were extended outside and Littres Gas, a property statege unit in Argentine.

The Answelst coverequences of the cival fatolity that might be incurred by operators are covered by the Group's Insurance trafer to Section

In the longer form, one of the major risks identified in the EU ETS market is the renewal of the national allocation plans every five years beginning to 2008. This renewal opens the possibility of adjustments to the wokane of quotes allocated and the method of allocation lessif Including opting for a sale by auction). This situation does not allow manufacturers to clearly envision that bing-term obligations. in Europe, the market for trading green home gas emissions rights (EU ETS) became a mailty on January 1, 2005. As of this defic, it is the only The Group is engaged in activities covered by national, international, and Community programs against climate change implemented within

enuiting blond market in the world first imposes inclustrial objectives for •the disclosure of the emissions sudit results obtained at an national altocation plans for the second reduction period (2008-2012) the availability of European quotaes during the approval (subject to

the trammwork of the application of the Kyote Perford.

rectualing cartion disorde. Short-term risks specifically Protude:

The change in prices on the quote market depends on numerous factors, including not only the shortege created, but also the svallability of the means for businesses to reduce their emissions (including hydroelectricity). Changes in prices for petroleum and, therefore, of request gas, in relation to coal has a mejor impact on the changes in means that rety heavily on external factors such as rainfall levels for the level of CO, emissions and, thos, when the market is sufficiently figured, on the price of the quotes.

A total of 182 SUEZ facilities are currently covered by the EU ETS directions.

conditions) of the RSS 12 plans, the quantity requested was reduced access to the emissions credite condng from the merkel for closes development mechanisms and joint implementation (the so-called

by an everage of about 7%;

that were negotated and approved in 2007;

untimely moment;

For SES, 77 facilities are covered by the EU ETS directive in 2007, 65 of then in France (primarily heating networks and outsounced combustion facilities for granufacturing affest.

directive (Including one 50:50 joint ventions with RWE). The request for temporing acclusion of the nactions bower plant backup facilities has been approved. For SEE onlaide Belgium, 23 sites were privoked. For Electrobal Bolgium, 29 facilities are covered by the EU ETS

imong others, may have a direct inspect on the Group through the ntegration of new sectors or new guais, or an indirect impact according to market reactions with regard to these new sections (refer to Section 6.6.1.3 (b) Chinate changel.

donower, the review of the RM ETS directive in its field of application.

aprojects» market).

In 2007, Plurys had a site covered by the EU ETS. At the request of the Beiglan government, supported by the regional authorities, the facilities focated in Flanders have been temporarily excluded from the EU ETS for the partod 2005-2007. Outside Europe, no specific information allows any pradiction of the difficulties or additional costs in the near fature. However, it he still possible that a government will decide to adopt stringent measures in this area.

developments in the regulatory framework in each of the states in which the Group engages in business activities that could be effected by sestrictive measures in this sees. The implementation of the «Regional Greenhouse das initiative» (RGGD confinues and the State of New In the United States, a change in the «climate» policies is taking place at the state lavel, which complicates the merall wave of the risk. For this season, SUEZ Energy North America (SENA) cheesty follows York hat introduced a proposal for implementation, implying emeniging other massures the encion of 100% of the emissions eights. The Riddl, which applies only to the eladyfical sector, will have impacts on the SENA facilities lacated in various states in the Northeastern United States. Following the changes in the American political landscape alter

the elections, the implementation of more embitious policies to fight climate change could take place. In energy sarvices, control of energy demand is a service we provide to customens, optimization of greenhouse gas emissions therefore forms an integral part of our business line.

monitoring and diversification of its energy portfolio, which does not exclude maintaining, upgrading or even increasing the coast- facilities Finally, the Group is worlding to limit «climate» risks through active when economic and political circumstances justify it. in the medium term, efforts are converging to strengthan low carbon energy sources (natural gas, renewable energy) in the global energy mit, improve the capture of biogas from waste storage sites, and consider the energy produced by the incheration of weste discharge In the long term, the Group is focusing on charaliging its energy sources and anaerobic sindge treatment facilities as renewates energy.

and is now developing a demonstration program to capture and feolate coal emissions in order to make it possible to maknaw its coal tacillates in a context of trapper carbon emission restrictions.

INSURANCE 9.4

The Insurance Department animates our internal network of epecialists. the SUEZ Horidwide Insurance Metwork, or SWIPI, which provides its expertise to the divisional business units and the Cappaiste in this specialized area where straing of experiences conhibutes to more

applied to the teatitional muss of insurances the protection of property (material damage and business insurancian), the protection of includuets (employee barefits), third porty recours (chif Bahlith) and Our policy of transferring "hazard" take to the insurance market is the area of authomobile insurance.

In each of these areas:

ethe transfer of severity risks to the insurance market continues as often as possible, with the development of transversal programs in enems that are considered strategin; and

consolidated reinsurance capthe lock, the committeents of which rarge from 6500,000 to 825,000,000 par laza, which rapresents on a cumidative basis, one Sitinated Maximum Loss of less than 1% of emplitate, is largely based on self-insurance plans, either directly through deductibles and retentions or indirectly through the use of s the optimization of the financing of hazand risks of low, or recolerate the Group's 2007 revenues.

and reliefly to the main relate artander program implemented by the Group in areas of (A) hexals impaction (Material burnage and Bushness thermystocy and GBI Third Party Calins (Liabelly) smooth respectively to 0.28% and 0.11% of the Group's 2006 Reservius. A global destitioned of the Group's heurance Charges is prepared entuisity during the 2nd quarter following the related year. So, the annual premium valumes (excluding based for technical year 2006,

REFERENCE DOCUMENT 2017

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^{1.} European Union Entistics Tending Schooms introduced in Directive 2003/867791.

MATERIAL DAMAGE AND BUSINESS INTERRUPTION

The protection of SUEZ assets (clions generally accepted principles for property damage and business interruption insurances and extents to assets owned and leased by, or enbushed to, SMEZ.

The facilities are covered by programs contracted by the operational companies at the level of the Divisions andor Business Units and/or

The main pregrams provide for coverages based sometimes on tatal reported value but more often on maximiam imits saryone loss veryong between #120 million and close to US\$2 tillion.

in rader to cover their assists, the Environmental budinesses favor a layered solution in two successive lines, one designed to covar medium-size after and another which is reserved for the most important operating elter. The Enargy businesses, whose generation centers constitute a major asset, have opted for a regional approach, which takes adventage of

of the equipment, in addition to the typical coverages for fire and explosion, generation facilities may subsurbantsk extensions in the field of machinery broskdown seconding to the nature of the equipment, for example gas furbines or builers, etc. covered in material dismage by the mutual insurance company, Muclean Electric insurance Limited, or NELLONEIL. Business interruption institations is subscribed on a case-by-case backs division of activities, tocated in the same geographic zone. Construction projects are covered by "Election All Risks" programs,

EMPLOYEE BENEFITS

In accordance with legislation in effect and with business agreements, employee benefits programs covering against risk of accidents and medical expenses are developed at the lovel of the operational

CIMIL LIABILITY

We subscribe où liability inquiance under the following categories:

General civil liahility

business unit, which normally amounts to 650 million, we have a workhinko exceed lability program which, aubject to certain exclusions and sub-timile imposed by the market, provides a letal capacity of in excess of the underlying coverage pertaining to each division or 6500 million, all indemnittes combined.

Maritime liability

Our global general liability program is placed in the non-marithme mentas and excludes from its scope specific types of risks such as, for example, maritime risks, which are covered by specialized markets. An important part of our activities mecessitates the use of ships for the ignisport of liquefled natural gas and sometimes also for cost. The liability that could be incured as a chartent or owner of ships is covered by appropriate policies

the capacity available in markets specialized in function of the nature

The nuclear plants operated by Electrabel in Doel and Tihange are

in iunction of the risk analysis performed at the appropriate level, which may be the production unit itself or set of units belonging to the seme subscribed to by the project owner, project manager or lead

endifice. These progrests may be financed by retenden, deparding on the capacity of the apparoficual entity, or by transfer to the insurance

Nuclear liability

Electricates, nucriticar operator's latcitito la regustated by the Papis and Brussel conventions. These domentations have detailabled an original system, deregativey from common law, Petrology for details be broade compensation to whether the produce compensation to whether and its encourage contients and to encourage contients and to encourage contients and to encourage contients and to accourage contients and to accourage contients. In its rate as operator of nuclear plants in Doct and Thange, Beligium countries.

the nuclear accident occurs. In eachange for this strict liability, the entount, an additional indemnification mechanism has been edablished The Nuclear liability falls exclusively on the sparator of the facility when emotent of compensation is capped up to a captimum amount per acoldant and is limited in time to 10 years. Beyond the maximum by the governments alguatory to the conventions.

The Belgian relifons have of preference requires the operator to provide a financial gearantee or subscottee to civil liability insurance and Electrates's insurance program conforms to this obligation.

RISK FACTORS Safety and orisis management

4

Environmental Damage civil Hability

We are covered for environmental damage risks within the framework of our global warktwide llability program. However, environmental demage risks are subject to a special approach because of spacial conditions imposed by the international reinsurance market, which generally limits coverage for sudden and accidentel

It has evaliable a pockage whose capacities are limited in amount and geographically, but which curies extending to gesenttees such as depolution costs and the owerge of events eccurring stewly and geolusity. the coverage from the specialized pool through a reinsurance plan.

SECURITY AND CRISIS MANAGEMENT 4.7

stokes even futiver threaton aheady fragile stakes first constitute—well beyond their bandes—Hrough labent conflicts, to the displacement of propulations and nament orderinally, leading to the destabilization of environment by in the increasing global gap in the emergence of theirsnetional risks, including the following: berratism, amed conflicts, envisioned to address them. The tack of financial resources and political pendemics, or climate change and the inadequacy of measures broad geographic regions.

to make it possible for them to maintain operation of a facility, even if such operation is «dinaintahed» after a diseaser. operators of orificed infrastructures to perticipate in the fight against all types of threat, particularly terrorism. In addition, the Law for Financial types of threat and the second of the second rigor and is now characterized by the emergence of new promisions and its Implementing decree of February 23, 2006. This law requires At the same time, the logal framework has also evolved boroad greate. recorded in the Defense Code with the Law of December 12, 2005. Security requires, in the sectors where SUEZ is active (energy end environment), to prepare business commulty plans for entical activities

Finally, count recognition and senction of a secondly of neads obligation in tevor of the victims of an attack was recently applied by the counts in 2004 in the -DCN+ ruting, to a workplace accident. This type of event exponenties the employer from lability when the employer knows (or stoodd know) the type of threat to which he employees are exposed in a is no tongar considered in and of freeit as an event of force majoure that righ-risk zone, and if it does not adopt adsquate prevention measures. Businasses whose development is based largely on the globalization of their activities and the mobility of their personnel are thus encousaged to protect themselves aguinet threats to their employees, neighboring occupations, and operations.

to arrest these new obligations and arricipate the major orises which To this end, SLIEZ decided in 2004 to develop the resquinces mensecary

Department, which is placed directly under the authority of the Group Secretary. This department operales through a rethroris the SUEZ Globel Security Methers' (SGSM) starting from the center and then the Group may heve to confront, by ordeting the Corporate Security extending to the branches, and subsequently to the operations subsidiaries located throughout the world.

The unisplants entrusted to this department relate primarily to:

Employee safety

There should be coordination and centralization of safety measuves for expatrists and seconded employees to mission for the Group, to deal with the emergence of threats of all types to which they may be exposed.

This mission also includes monificing practices for sending employees on trushness bigs and preventive measures to be implemented in the event of potentially dangerous demonstrations.

suppliers in both the health and security works. If has also developed close the with competent Government criticis, specifically the Mahtehias of Foreign Affeirs and Defense, Flenty, the SOSM participates actively in the works performed by accognismed inter-partenesternal business such ma, for example, the CINITEX or the CIDE (Other des Discotners Scientific To complete this mission, the SGSN may rety on specialized extern des Entrepations). It was to this end that on December 5, 2007, SUEZ periodicated in the seminar organized by the CDSE on the topic -Meditiv and Security: A Vew Business Challerge.»

has been instituted with the extablishment of an internet site specifically destinated to expatitate and employees in mission. A clearaffication of regions at risk, the dratified of threely shotles and local sectiles, and the "Inally, and for preventive reasons, a permanent -country watch lists estance of warning messages to the entitles in question completes Mrs program.

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The keape here is to ensure prevention and the protection of the Group's assets in light of the emergence of new threath that con result in human and material losses through heri destruction, but show ord incheol losses from the there of where makes in well as the conflictuation to the form the theth of where makes in heavily possible conflictuation to reaches. This mission is based on the performance of security audits and the implementation of standards (perbedienty for critical facilities).

of the National Security Directives (NED), the SGSN has developed a mathodology to analyze vulnerabilities and protect sensitive sites. This original methodology, propriety with the constrontion of specialists from eithe bodies of the National Quard, is in the process of being dehipped as presenting units in France, but is also intended to be applied to the group's operating units weekindide. With a view to reforming the Defense Code and notifying operators

The work corried out by the SGSN in this steen was praised by the Franch High Committees for the Chesters after an incided composition. On May 3, 2007, at a covernory organized in the Senake SUE accessed the award of the askegory criftical infrastructure operation.

Finally, the subsidiaries have been made aware of the importance of developing operational confinuity plans to deal with the occurrance of unaversalized states such as, for example, the conditions that would resulf from a global fift pendemic. To take end, \$UZP will participate in the exercise scheduled by the National Defense Semeents in early 2008.

Crisis management

The SGSN may also be configured as a crist unit. In this case, it would receive the export of the Communications and Human Resources Departments and help from specialized outside service providers.

The crisis unit would take action primarily in the event of an efacts on includuels or essets, and in the event of natural, incustried, and even

To this end, for example, and in this latter ceso, in July 2008 SUEZ personnel were exacteded from Lebehon under conditions consistent With our commitments as a corporation responsible for its employages. political, catastrophic events.

Otids management software specifically adapted for SUEZ is in the process of evaluation, and should be deployed in facel year 2003.



5

INFORMATION ON THE COMPANY

'n	HISTORY AND GROWTH OF THE COMPANY P.29		5,2	INVESTMENTS	P.30
\$11	Corporate name and name of Issuer		521	Principal Investments	8
5,1.2	Registration	r)	5.22	Major investments in progress	8
5.1.3	theorporation	Ø	5.2.3	Major Investments planned by the issuer	æ
5.1.4	Corporate headquarters/legal form	R			
5.1.5	Significant events	R			
					_

INFORMATION ON THE COMPANY Investments S

en international industrial and services group. Today, SUEZ designs statesinable and lintuvalive solutions for the manugement of public utilities as a partner of public subtroffles, bushnesses and individuals.

It sees its mission as responding to assemble needs in electricity, gas, energy services, weby and waste management.

Please refer to Section 6.1.1.3 below for the significant events

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5.2 INVESTMENTS

5.2.1 PRINCIPAL INVESTMENTS

in 2007, the Groud's investments in property, plant and equipment and tribungsise assets totaled 63,129.7 million (see cash flow statements,

Section 20), Cash flows used in investing activities are explained in patragraph $9.4.2\,ct$ the Monagement Report.

5.2.2 MAJOR INVESTMENTS IN PROGRESS

The Group's objective for 2008 is to exceed the levels of Investment underteken in 2007

in-haasa investment criteria) and will shous principally on tenewable and conventional power generating capacity, mainly in Europe, Letin America, and North America.

These investments will respect the Group's financial discipline (maintaining an "A" rating for mathem-term debt and observing sate;

5.2.3 MAKOR INVESTMENTS PLANNED BY THE ISSUER

See Section 6.1.1.4 below.

HISTORY AND GROWTH OF THE COMPANY

5.1

CORPORATE NAME AND NAME OF ISSUER 5.1.

300

5,1,2 REGISTRATION

Commendal Register: Parts 542 052 559 APE code: 70107

5,1.3 INCORPORATION

The Commany was incomposited on February 23, 1980, and exhanded in 1941 for a period of 99 years. The ferm of the Company will and on December 31, 2010 tables wound-up or extended.

5.1.4 CORPORATE HEADQUARTERS/LEGAL FORM

Commercial Code (Code de centimique), applicable to cerminantial companiés, as well as to all other providents of Prench lew applicable to communical companies. It is governed by centent and Nune tews and regulations, applicable to companients, and by its bylaws. Corporate headquarterts 16, rue de la Ville L'Evêque 75008 Paris SUEZ is a societe anorgane (Franch corporation) with a Beate of Directors, SUEZ is subject to the provisions of Book II of the French Telephone: +33 (0)1 40 06 64 00

5.1.5 SIGNIFICANT EVENTS History of the creation of SUEZ

France, metrify in the financial services and energy sectors. Lycensise

des Ebux was a cheralitat company theolog in water and waste menagement and treatment as well as construction, communications and the menagement of sectorics feelings.

in accerdance with announcements made in 1897 at the time of the merger, SUEZ gradually ceased to be a congomerate, becaming SUEZ is the result of a merger between Compagnie de SUEZ and Lyonimies des Enus, which took place in June 1997. At the time Compagnie de SUEZ, witch in all with an described the SUEZ Casel will it was nathon-sized by the Egyptic government in 1995, less dis a hoching company with directified deality presentments in 1995, less dis a hoching company with directified deality insectments in Belgithm and 53

REPERENCE DOCUMENT 2007

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7.2 LIST OF MAJOR SUBSIDIARIES

ORGANIZATION CHART

See Section 25.

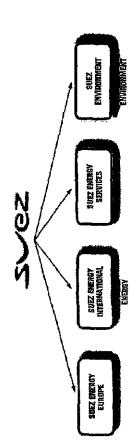
SIMPLIFIED ORGANIZATION CHART

SUEZ is organized around lour operational divisions in two sectors of the SUEZ Energy Services SES) chieforn is in change of SUEZ's activities in the field of Industrial installation and maintenance services and services associated with energy and organization of the SUEZ Energy Europa (SEE) division in the services and services and services associated with energy and organization of the services and services and services associated with energy and organization.

 the SUEZ Entrags Europa (SEE) chigaton fresudes all gas and electricity. activities in Europe

the SAEZ Energy interrational (SEI) division is in charge of SUEZ gos and electricity activities outside Europe;





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REAL ESTATE PROPERTIES, PLANTS, FACILITIES

8.2 ENVIRONMENTAL ISSUES P.113 8.1 MAJOR TANGIBLE ASSETS 8.1.1 Properties, plants, equipments

P.115

MAJOR TANGIBLE ASSETS 8.1 8.1.1 PROPERTIES, PLANTS, EQUIPMENTS

SUEZ dether trans or exist a significent number or neal estate properties, facilities, and plants around the world, most of which are in Europe. Numberous SUEZ definition involve the operation of the timps being being an error normed by SUEZ, SUEZ believes that these operatives plants are in good condition and meet all opplicable requirements.

8.1.1.1 Energy

As of Debember 31, 2006, SUEZ aperated more than 200 electric pawer plants in 31 countries. Information on the principal electric power plants owned by SUEZ is provided in the table below. Information on leased property is presented in Section 20, Notes 22 and 23.



		DEA 1111	Market January 1
REALES.	Al Ezzei	AM PCS	Matter gas power plant
	At Hidd	938 MW	Cogeneration
Sm2	Carra Brave	450 MW	Evolvoelectric nouse plant
	£	1 450 108	Section of the sectio
		1	Denot personal in
	Machadinho	1,140 MW	Notroelectric power plant
	Salto Oscalo	1,074 MW	Hydroelectric power plant
	Santo Santingo	1,420 KW	Hydmelectric power plant
	Jonge Lacenda	773 MW	Themsi power plant
Chile	Electroentine	WW ASP	Thermal reway alanks
	Melaliones	CREC LATA	Therefore acres in the second of the second
Same of the same o	M. Dancoll	CASE BRUK	Notice and the last last last last last last last last
			t prod see see see
	100 S	280 IVW	Caeneration
Per	Energur - No	372 MW	Themal power plant
	Yuncam	ANN DEI	Hydroelectric power plant
	Chiles	348 MW	Natural gas power plant
Theiland	Benefi	713 MW	Trafer region of the latest Arrange and Ar
	anop)	WH 166	Cheanacation
	A-1-1-0		
Unified Arab	COO BERNIE	AMI CO	
CITICALES		MM OGG T	
United States	Chehalis	520 MW	Makarat gas power plant
	Red Hills	1,186 MW	Themal power plant
	Hot Spring	745 MW	Natural gas power plant
	Wite County	746 MW	Natural gas power plant
	Everett, Massechosetts	6.85 CmMean	LMG terretnats
France	SHEM	AM ECL	Hydroelectric power plants
	S	2,948 MW	Hydroelectric power plants
Belgium	Dosi	2,759 MW	Nuclear power plant
	Thange	2,423 MW	Nuclear power plant
	Other facilities	7,705 MW	Thermal power plants, COST,
	(mattonweldie)		Cogeneration, Aydrestic, other
	Zeebrugge	4.5 BmPyear	LAto terminals
		1	Thermal power plants, cogeneration and combined-cycle gas turbine
Hungary	Dunamenti	1,681 MW	power plant
italy	Resen	NO MAN	Natural gas power plant
	Totre Valdaliga	722 BIN	Thermal power plant
	Vado Ligure	684 MW	Themat phant
	Voghera	ARRO MAN	Natural gas nower plant
	Leini	are may	Matural gas power plant
	Reselectra	386 MW	Natural gas pomer plant
Lusamboung	Twinerg	376 MW	Natural gas power plant
Macheniance	Eems	1,745 MW	Themal nover plant
Delena	Chianita		Thomas format

N 0 9

SUEZ Environment owns and operates several drinking vater production pank, weste water feelment plants, and water reservoirs and distribution networks.

SLEZ Environment also operates a number of wests Inchreated plants in Feares, the United Wingstons, Cahra, and Talwan, as well as rumatious storage contests, primarily located in Feares and the United Wingston.

Information on the principal sites and planks curved by SUEZ Emforement as of thesembar 31, 2007 is provided in the lable below, information on lessed property is prosefred in Section 20, Motes 22 and 23.

-	ChuRenon/State	Business	Capacity
Church	Zorben	Waste Incineration	300,000 Иувят
Definition.	dec.	Fluid bad waste incineration	450,000 tiyear
Sengium Formation	Morsalle	Drinking water production	225,000 m³/d
	Payor-Troissy	Drinking vater production	150,000 m³/d
	Aubarrenville	Drinking water production	150,000 m³4d
	Hersin Countemy	Drinking water production	120,000 m3/d
	Setrod	Final veste storage center	500,000 Mear
	Les Aucrais	Final waste storage center	540,000 tyear
	Roussillon	Final waste storage center	250,000 tyear
		inchreration of special industrial waste	115,000 t/year
	Pent de Claix	Incineration of special industrial waste	70,000 tylear
Mary Complement	Cleveland	Waste Incinculton	235,000 tyear
	Kirkless	Waste Incineration	136,000 t/year
	Bright	Drinking water production	185,000 m ³ 4
1.31101624	Mayerth	Drinking water production	980,000 m ³ /d
	rdehr.	Drinking water production	200,000 ar ³ /d

ENVIRONMENTAL ISSUES

See Section 6.6.1.3.a

MANAGEMENT REPORT

	REVENUE AND EARNINGS THENDS	P.118	9.4.2	Cash generated from investing activities Cash generated from financing activities	123 124	
8.2 9.2.1	BUSINESS TRENDS Electricity and case	P.119 119	9.4.4	Net debt at December 31, 2007	ES	
922	9.2.2 Key figures for SUEZ Energy Services 6.7.3 Key flaunes for SUEZ Energy Services	日報	9.5	OTHER BALANCE SHEET ITEMS	P,126	
374	Key figures (ar Other Savices	123	9.6	parent company Financial Statements	P.127	
6.3	other income statement (tems	P.124	9.7	OUTLOOK FOR 2008	P.128	
9.4.1	FRANCHIS Cask generated from operating activities	P.125				

record results. Gross epositing income (up 12.4%) and ruman operating income (up 15.1%) were in the wich the operating largests set by the Group for 2007, and organic growth in these indicature, at 9.8% and 10.5% respectively, outdecide underlying growth in extenses (6.2%). The SUEZ Group continued on its upward trend in 2007, delivering

Not income Group stare, at 63.9 billion, came in 8.6% higher than the printyear figure (63.6 billion), despite fewer disestments.

Cash ganerated from operations before income but and working capital requirements surged 13.8% white investment expenditure during the

52.7% of equity (46.3% at December 31, 2005). On eccuunt of the Group's sparking performance and outbok going forward, the Board of Directors has decided to distribute a childrend of 61.36 per stars in 2008 (up 13.3% on the dividend paid in 2007), which represents senses 55% of securing not attributable income Group share. at 613.1 billion, versus 610.4 billion cas year earlier, and represents

year rose by atmost GOW, to 66 billion, in the with the Group's 2007-2009 business plan, After the dividend payment of nearly 62 billion and steen buybacks ameuning to 61,1 billion, net debt at end-2007 stood



MANAGEMENT REPORT Revenue and comings trends

REVENUE AND EARNINGS TRENDS

9.1

ta mittions of eeros	2002	2086	% change (reported beats)
Reventies	47,475	44,289	7.2%
Gross operating Income	7,966	7,083	12.4%
Current operating Income	57,75	4,497	15,1%
Income from operating activities	5,408	5.368	28.0

in 2007, the Group's busineses exjoyed sustained growth, with revenues rising by 43,186 million or 7,2% to 647,475 million.

Growth in reventities reflects:

• organic growth of €2,686 million

• a positive #118 million impact driven by higher gas pricing

O

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ullet a net positive impact of 6312 million attributable to changes in the scape of consolidation, including

and Orgas in the Netherlands accounting for £314 million); SEI (acquibition of Craspo y Blasco in Spain, and Sholivith, and SE for 6513 million (sequisition in the waste services segment, nalably in Group, netably within SEE for 4978 million (the full consolidation of CNR representing 6560 million and the acquisition of Rendo for €111 million (acquisition in Paneme); SES for €177 million the positive £1,778 million impact of additions to the consolidated the UK and Francel,

for AbSmergla as of August 2006), SEI for E268 million (sale of Hanjin City Gas in May 2006), SES for 674 million, and SE for 6395 million - the negative 6366 million impact of deconsolidations, notably within SEE for 6239 million (deconsolidation of the Brussels grid operator on July 1, 2006, and the change from full to proportionale correctionion (withdraws) from Brazil and Argentinal,

 a negative exchange rate affect of 6430 million, essentially caused by movements in the US doller: Organic growth came in at 6.2% year-on-year, or 7% excluding the Impact of climatic conditions?, spursed by:

e the solvance in electricity sales within and outside Europe, in terms

good momentum in the Equelied natural gas (LNG) business;

of both volume and values

In econtinued expansion of installation operations and energy savious

In France and Belgfum.

othe sustained level of organic growth in water and wasta services businesses in Europe, and

 double-digit grawith in the Group's environment activities in China. Australia end North America

 SUEZ Essergy Europa (sp 6916 million, or 6.8%) anjoyed surging sales in France and Germany against a becitarop of higher electricity III branches yielded algotificant contributions to organic growth

prices across Europe;

from strong commercial momentum in all of its developing markets, notably in the Amaricas and in the Middle East, amid a spike in SUEZ Energy International (up 6654 million, or 11,2%) bearefied energy demand and fishing prices

activities (up 6241 million, or 7.7%), a robust performance by its services business in Belgium and less-paced advances in beth the SUEZ Exergy Savdoss (up 6559 million, or 8.3%) recorded a charp increase in demand in France for installation and maintenance UK and Spains

driven by (0 waste services in France tup \$101 million, or 4,1%) and In the UK (up 8102 million, or 11,6%); (0) water services in France (up 863 million, or 3.1%), (iii) Aghar (up 6127 million, or 8,2%); and Grif the International segment (up 6111 million, or 4.5%), noteby SUEZ Environment (up 6557 million, or 6.1%) posted argunic growth Chies (up 28%).

effer adjusting for changes in Group shuckure and exchange rates. Changes in the scope of consolidation had a positive 6279 milition impact, stemming chiefy from the activities of SMTZ Energy Europe (E195 million, essentielly attributable to the full correlated of CMR Gross operating income surged 12.4% to 67,965 million, or 9.8% As of December 31, 2006) and SUEZ Energy Services (6105 million). Negative exchange rate effects chring the year (£74 million) were passerifally caused by movements in the US dollar.

confined uptum in the performance of SUEZ Energy Services (up 8104 million, or 17,7%, a rodust business eilmets for SUEZ Energy International (up 6190 million, or 13%, notably in Brazil, Chills Organic growth in gross obsesting income was mainly driven by the and Peeul, and the advances reported by SUEZ Environment (up \$125 million, or 6.5%) powered by the strong performance of weeze and waste satulces in Europe and the U.S. The abordicity business of

Recent ngarat distribute become it extent lanes become stages stages for 60 captal gaths, 10 the present of the application of MS 2005s on browns from oppositing activities, and 620 september of the september of the 2005s on browns from Uniters of temper indicated, at their are binary on the controlished describerants prepared in economisms with 1700.

REFERENCE DOCUMENT 2007 117 S /82

^{3.} Estimate of the year-conjust of

production mix that proved fevorable in light of the evolution of energy prices, the impact of its hodging policy for sales contracts and the capital gain recorded by the inter-municipal companies following the sale of their TVD business in the Walloon region, However, dispite these improvements, operating margin of the gas typiness edged down, because of the absence of the taxonable impacts it enjoyed in 2005.

and 10.5% on an organic beats) was driven essentlably by the operating flame inspecting grows operating incline. However, it was denited by Mojer and cherego to depreciation, amonitorition and provisitors and by the rise in starts option expense. Growth in current operating facours (15.1% based on reported figures

income from operating activities edged forward by 0.8% during the year to E5,408 million despite the 6754 million declease in Income from assert disposals to 6339 million in 2007, Asset disposals note bly include the impact of Electrabel's sale of a porition of its interests in the Brussele

and Welloon intersmunicipal compenies, Agbar's sale of Apolus, and the disposal of a tumber of non-strategic lated investments, income from operating activities for 2006 methy included the sale by SUEZ companies, the disposals of Colbūn and Hanja City Gas by SUEZ Energy International and of Reve by SUEZ Energy Sawices, and the Energy Europe of a portion of its interest in the Flamish inter-municipa sale of the residual stakes in M6 and 9Cegetal. Changes in the fair value of commodity defivatives recognized in econdance with IAS 32/39 had a positive 666 million impact on income from operating activities, compared with a positive impact of 617 million in 2005. Income from operating activities was also impacted in 2007 by asset withe downs amounting to \$132 million (\$150 million in 2006), in particular concerning fixed assets in the 15, as well as restructuring costs totaling 643 million.



BUSINESS TRENDS

ELECTRICITY AND GAS 27

9.2.1.1 Key figures

		2007			2008		% change
(a estillanta of errors		SEE	35	Total	SEE	13. 13.	(angle)
Roventies	W1778160	171610* ** ** ** ** 15,971	TOTAL PARTY	15,971	6.242	22,213	8.9%
Gross operating Income (a)	3,574	11666	5,240	3,060	1,566	4,626	13,3%
Depreciation, amodization and provisions (b)	(518)	£(337);	(US2)	(553)	(322)	(875)	
Startk option expense (c)	100	(let	7(16)	9	<u> </u>	Đ	
Share in set income of associates (d)	*050g*	: eli9 ;	*418	326	18	*	
Financial income mit related to not debt (a)	1255	*001	K	6	점	159	
CURRENT OPERATING INCOME *A+B+C-D-E	12,622)	1622 M 264 X 826 2,141 1,099	32826	2,141	1,099	3,240	18.1%
INCOME FROM OPERATING ACTIVITIES	129614 thiose 19880: 2,500	MIG79	CONTROL	2,500	1,110	3,619	7.2%

9.2.1.2 SUEZ Energy Europe

Revenues reported by SUEZ Energy Europe jumped 62,633 millon, or 10.3% in 2007. On a like-faville bests and excluding the impact of gas prices, organic grawith in revenues came in at 5.8%.

Astroit.

Epotholiy valumes seld lataled 167.5 TWh in 3007, representing = 12.0% year-toyeer ribe in eventues to £1.14 billion. This performance wes pawered by the upward price mornantum alsawal in Burgos eince mid-2000 and a fine in volumes.

electricity prices driven mainty by an increase in the price of fossil Dusts, even though this increase has not been passed on in selling prices to residential customers. Volumes sold fall back slightly by in Beighum, oversit coverne growth raffects the rise in MANAGEMENT REPORT Business frends 9

In the Metherlands, reported revenues advanced strongly by 10.6% on the back of the caneolidadon of Rendo and Cogas as of October 2006, rising energy pribes, and changes in the seles mix 1.1 TWh, or 1.5% to 72.3 TWh as a result of mild weather conditions in early 2007, the full-scale designables of alectricity rolass markets and the dip is wholesale electricity sales.

• Electricity volumes sold outside Benelius sugged 21.1%, and in 2007

accounted for 41% of the Group's electricity saies in Europe. Resenue growth was also beosted by the full consolidation of Compagnia Nationale du Rhône and the commissioning of production assets in Spain during 2006, as well as in Italy and Portugal in 2007. Sales parformances ware especially bright in Germany, while clanged confract models in central Europe benefited from favorable prioling

eliributable to the impact of mild weather conditions in the early part of 2007 on sales to residential customers in Benetics. Excluding The 6.8% decrease in gos volumes sold by Decrabel is chiefly impact of offinetic conditions, the Group's organic growth case to 3,4% and was underprinned by strong sales momentain in the

atrategy consisting in targeting the industrial segment, untich yielded particularly good results in the Netherdends and Germany. Revenues pooted by the LNG business geow, with the sale of four cargos in Distribute was also effected by the mild weather conditions, and saw revertutes fall 697 million, or 4,1% on an organic basis due to a decrease in volumes sold in Bergium and fewer tracing opportunities. Outside of Belgium, Distrigaz successfully pursued its growth

The £136 million decrease in revenues on this segment was essentially biggered by deconsolidations in the sewices business.

backs to 29,574 million, buryed by the full consolidation of Compagnile Neticonie du 1840as as of end-2006, as welt es the 10.1% organic Gross operating income jumped 16.7%, or 4512 million on a reported growth reported by the SEE segment as a whole.

for certain nuclear plants as well as tryote levels in Francia. Markes conditions also beautifully business the slamp in markes private CQ, emissions altowareas in the 2008-2007 period and twen-private for facell fusied conditions were freely business than the succession of the proposition costs, afterfin propositions finalised by market violatifity. number of different factors in the year. Nuclear- and hydro-based outpet expanded algorithm by 2.6 TWh, with the dry weather over The electricity business was boosted by the combined impact of a the first six months of 2005 having hampened operating conditions at the end of the year, especially in the coat segment.

for electricity on different segments, changes in market prices are hedging palicy covering moving three-year periods in order to protect itself agninst volatility in the energy market. In contrast, the impact of hadging means Bactrabel is still benefiting from the structural rise in passed on to average selling pittes progressively. Decirabel actoris mergy prices in 2005-2006.

plant, while in itsky new production capacity included the start-up of the 380 NW Roschedra and Leini facilities, as well as the 350 NAW Visido Ligure 5 plant. However, this momentum was slowed down by Lastly, gross operating income was boosted by the commissioning of production facilities over the last 24 months, expectally in south-west Europe. In Spein, this concerned the BOO MW Castelinou power the otherse impact of a number of regulatory measures in Hungary. France, Epsin and Jahy. Daspite an insproved specialing performence, grass operating income mondred by Distripate fell back slightly, (down 617 million, or 3,8%) as certain favorable non-securing liens recorded in the prior period were nd certiled over into 2007.

Cummi epinastraj lacente as reported by SUEZ Energy Europe rose to 62,632 million, including expents growth of 6261 million, er 12,2%. Current operating from eves also boosed by two provision write-backs rehaling to (i) Distrigat and (ii) a review of the methods used to calculate provisions for nuclear waste reprocessing in Belgium, following the Monitoring Committee's decision of Merch 2007.

9.2.1.3 SUEZ Energy International

come in at 5.4% despite the negative introcts of changes in the scool of consolidation (E1.47 million), and nagative exchanges rate effects of consolidation (E1.47 million), and nagative except million). The organic growth atems more specifically from: SUEZ Enway International pooled experie revenus growth of 11.2% (up 6654 million). This upbeat performance draws on the strong in energy demand and rising prices. On a reported beats, growth for SEI commercial momentum in all of its doveloping markets, armid a spille

• North America Oup 6247 million), essentially due to the commercia successes notabled up by SERNA (SUEZ Energy Resources North America), which supplies electricity to business and industria customers in the US, as well as to advances in the merchant pow plants as a result of both a fee in extrust and higher prices;

presence in the Gulf region (up 672 million) and improved seles in Trailand (up 611 million) and Turkey (up 614 million); • Asia and the Middle East by 296 millor) due to the Group's growing

 Latifin America (up 6257 million), where the rise in electricity sales in Brazil king 6129 million), Peru (up 657 million) and Chillie (ap 655 million) was feefed by both higher pakes and an increase in volumes soid; the LING business (up 654 nelfion), for which London-based optimization efforts continued,

In all 61,204 million, representing a rice of 9,5% on a reported bank Current Operating Income reported by SUEZ Energy Informational cores

MANAGEMENT REPORT

Business trends

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at 6167 million, or 15,0%, exemilely divins by the sheep uptim in prose operating become, which moved sheed by 13.0% excluding the negative e90 million impact of changes in excludings rotes the Group structure. Colitin in 2005). Digario growth in current operating income carret in - stemming mainly from fluctuations in the US duller - and charges in the sease of corsolidation (deconsolidation of Hanjin City Gas and

- e Latin Annatica is the backing contributor to this growth top 20.1%) busiseed by the sharing performences of (1) the Brazilian electricity business (up 16.8%), resulting in particular from the development of export sales in the summer of 2007 and righer selling prices, 4ll?
 Pert (up 42.4%), mobility due to the commissioning all the 174 MM OCP1 plant in December 2006 and the 174 MM CCP2 plant in July 2007; and (fit) Chile, where the northern region experienced. sharp increases in market prices.
- North America edged down 1,5%, esstentially due in the merchant power business, accounting the domeses of for million) wired was imperent by week apart, especiel in 2007. The war month, offset by improved margins, within 50,02 LIOR forth America and 5,5RMs.

organic growth of 15.2% in gross operating income, due notably to the conemissioning of the 565 MAV Schar plant in Oman at the beginning of Juna 2007 and fees samed on new projects in the Middle East. Asia and the Middle East also helped maintain momentum, delivering

SUEZ Energy kdempatoral posted a alight 28% fall in reported hearne from operabiling activities compared to 2005, to EL,079 million. In addition to the aforementaned items impocling current operabiling income, this change reflects:

- significant capital gains of E145 million in 2006 generated on the disposal of Colibia in Chile and Hanfin City Gas in South Kines;
- hedges of gas and electricity purchases and sales entered into by North American operations: The positive 634 motion larged of marking-to-market commodity Ampact at December 31, 2006), relating in perticular to economic darkatives of December 31, 2007 (versus a negative B48 million
- e impelment chergas, which amounted to 683 million in 2007 (vasus 686 million in 2005), and malniy reflect write-downs on merchant power plants in the U.S.

• Excluding France and Bessium, arganic revenue growth was \$137 million (5%), relocting advances in the UK and Sosiu, as well as the development of electricity and gas

Gross operating Income reported by SUEZ Emargy Services came in at 8801 million, boosted by a 694 million contribution further to the definitive agreement signed on the Snehnit contract. Adjusted for this one-off contribution, the year-on-year horsease is affelbulable to a strong business momentum and continuing operational improvements in all of the business units:

- Improvements to operating efficiency offset the impact of mild weather in the first half of the year and a felt is seless of CQ emissions. service activities in France stepped up their commercial expansion. allowances, and helped edge up organic growth by 2% in income
- sinstallation activities in France enjoyed robust business volumes boistered by a strong order book and a large number of new orders, witile efforts to aptimize organizational structures continued apares
- streamlining measures, Service activities also confinued on a bigity satisfactory upward frend, while Fabricom AS exceesifully executed in Beigium, Installation activities benefited from good market conditions and reported profitability gains thanks to organizational major orders in the oil and gos seutor in Norway;

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powered in particular by the acquisition of Cessos y Blesco in Spein. UK stabsidiary ASS get back on the growth tests, while the region's other companies posted upbelt results. international installation operations continued to gain ground,

In the Netharlands, GTI continued its recovery and forged ahead with organizational adjustments;

realised an improvement in boils the volume and quality of its order bouts. Howing disconstituted glass infrastructure operations, the company inspressed the profitability of its infrastructure sets wifes Tractebel Engineering reported significant advances access its various businesses (energy, nuclear and infernational operations) and thanks to a more selective approach to orders. Current operating Income for SUEZ Enorgy Sentons nurged 41.5% to Growth in current operating income on a reported basis relients a positive 626 million largest ansing on the Sheinist contract, which was not included in defermining organic growth. 6355 million, Organic growth in this indicator cares in at 659 million, or nearly 18%, more than three libnes higher than organic resemble grawth. SES was budyad by improved operating performences from the installation and engineering businesses and a belier risk profile.

Restructuring casts fell back sharply to £16 million (£25 million in 2006 and £87 million in 2005, and mainty concerned QTI and BU International. Asset fripalments amounted to £6 million, down a unito-down on Blvo ibertrar co-genventions assens absolute interferie in ges prices. Capital gains and losses in 2007 relation mainly to palve of boal estate assets; in 2006, SES had beeived a capital gain of 6129 million. elignificantly on the 2006 figure (623 million) which chiefly correlated of on the sale of Reva. On the back of this performance, SUEZ Energy Services delivered 8548 million in Imperne frate operating activities, up 899 million on

KEY FIGURES FOR SUEZ ENERGY SERVICES

to militate of course	2007	2006	% change (reported basis)
Revenues	\$1,152.66	10,637	5.9%
Gross operating income (a)	·801:	166	35.5%
Depreciation, amostzation and provisions (b)	*(TBG);	(163)	
Nationposses on concentions (c)	1921	(21)	
Stock option expanse (4)	(T3)	9	
Share in net incorrections of associates (e)	91	8	
Financial income not related to net debt (f)	άĎ	01	
CURRENT OPERATING INCOME = A + B + C + D - E - F	3555	392	41.6%
	(Sec.)	456	20.2%

SUEZ Energy Services delivered organic revenue growth of 6559 million, or 5.3% in 2007.

In Planta, all evilible (finite, Entite), Advine, Settral reported vigorous expension in hestalisiten and malnierance activities, with organic growth conting in a Edizi, Indition, or 7.7%. Service activities (Epi-France) termed as a storage durity-quarter performance hist ferri reversuses at invel with 2005 (figures, Enchoding the impact of clinife convolitions), service activities posted organic growth of 4.3%.

international operations lexpansion of all and gas activities in the Horits Best stud from ell Adres Services businesses. • in Reigium, organic growth remained robust at 6127 million, or 9.0%, driven primarity by shong performances from Fabrico

11%, buoyed by vigorous results from energy and infraefructure detained. Gravel in revenues a resorted base was boombod by the parties GSS million impact of a resorted busing term (definitive agreement idencify with Steff or the Stockhiff confreed; *Tractabe! Engineering reported resease growth of 632 million, or

9.2.3 KEY FIGURES FOR SUEZ ENVIRONMENT

Packer P				A. oh
72,022 11,439 2,102 1,983 (77,43) (680) 7(20) 7(20) (14) 7(20) 7(20) (14) 7(2	facilities of corre	2007	2006	(reported brafe)
2,102 1,983 (7743) (680) (7743) (680) (7743) (720) (14) (720) (74) (19) (721) (21) (723) 21 (723) 21 (724) 22 (744) (725) (744) (726) (726) (726)	Revenues	12,022	11,439	3.1%
7743) (680) 2720 (199) 7720 (44) 223 21 244 2450 26 24507 1,044	Gress operating Income (a)	2;102	1,983	6.0%
one (d) (2008) (1999) 7(21) (14) 22) 21 24) 25 21 25 26 26 to net debt (f) 28 26 26 27 27 28 29 20 21 20 21 22 21 23 24 24 24 24 24 24 24 24 24	Depreciation, amortization and provisions (b)	(543):	(685)	
7(21) (14) 223 21 24 225 21 25 25 25 26 to net debt (1) 25 26 26 26 27 27 2,044 27 3,045 27 3,143	Net expenses on concessions (n)	#0 3 %	(193)	
223 21 26 26 26 26 27 1,044 55 21,443	Stock option expense (d)	reso	0.0	
290 26 21/077 1,044 25 1/143	Share in net income of associates (g)		21	
(1/077 1,044 (1/200 1,143	Financial income not related to net debt (f)	80	56	
1,143	CURRENT OPERATING INCOME = A + B + C + D - E - F	21,077	1,044	3.1%
	INCOME FROM OPERATING ACTIVITIES	10200	1,143	8.0%

SUEZ Enrivanment delivered organic growth of 8557 million (5.1%) in revenues, which came in at 612 billion. This performance was in the emptor of company's abjectives for 2007-2009, and reflects a string. of commercial successes as well as vigorous acquisitions-led growth. Revenues climbed £589 million (5,1%) on a reported basis, and were impacted by the 2006 demonshildston of Yeris North America entities, stong with Brazillan and Argentinean operations.

- dierfüsiden achtilikes, European waler services posted sustellned revenue growth of £190 million, or 5,3%, powered merinty by Agber (up £127 million, or 8,2%) and water services in Prence (up Despite unfavorable summer wastier conditions for drinking water 663 million, or 3.1%).
- European waste sewices also reported shong organic revenue growth of 6259 million, or 5,3%, busined by a powerful growth momentum In the UK typ 6102 million or 11,6% due to the stair-up of Private France initiative contracts), and by robust demand in France (up £10] million or 4.1%), perfectionly for waste processing.
- International sparations delivered organic reverse growth of Q108 million (4.4%), on the back of new water and waste contracts for the regulated ware business in fundi America (12.8%) and the expanden of waste activities in Americals (14.%). These uphast remais were stignity champered by a 4.3% downtorn in Degramoni's strong performance in 2006. International operations enjoyed a string of major commental successes towards the and of 2007 (Palm Junatival and Calvo contracts, etc.), which are set to have a feverable operations, by definition more volatile and also unflationed by a in Chira (accounting for a rise of 28%), price adjustments obtained import in 2008,

SUEZ Entroments revenue growth was portered by a digrous operatifity performance, to terms of both gross operating income, which climbed

9.2.4 KEY FIGURES FOR OTHER SERVICES

revenue growth, and current operating income which enjoyed susbined organic growth of 656 million, or 5,7%. However, the increase in current E125 million (6.6%) on an organic basis, largely outpacing organic operating thooms was slightly less than the advance in gross operating income, due moistly to higher depreciation and amortization charges.

By geographic area, the sharp increase in gross operating incrime is attributable for

Income for European water services, thanks to excellent results from Agter and the recovery of CRS. Despite unfavorable climatic conditions, water services in France reported growth in gross • dynamic arganic growth of 651 million (6.7%) in gross operating perating incoms;

Netherlands and Germany. On the other hand, growth in the UKWas hit by the one-off impact of the new PFT contracts in Commall and Inchestor, and organizy improvements in operating profibility in the France, strong grawth in Belgium thanks to the ramp-up of the Slette e mbust organic grawth of E38 million (4.6%) in grass operating income for Etaxpean wafer services. This reflects a good performance from Northumberland that came into lorce at the end of 2006; Vigorious organic growth of CSO million (2,67%) in gross operating income for international operations, on the back of price adjustments of United Visian and an excellent shouting from Site Australia. Gross operating income reborted by Degrament haid firm, despise a slight. downturn in business

incare and 6177 million in capital gains on disposals, booked making by Agons, uncit notably on its sale of its 53.1% interest in Applies at the end of November. SLRZ Environment reported a 5% rise in tercema from apeaating addiding to 61,200 million. This reflects growth in current operating

Gross spensing loss for the Other Services segment in 2006 included a 672.8 million non-necuring gain on SI Finance's private equity portiolio. The cost of the borrus share and slack option sewards and employee strete plants set up by the Group separated current operating income

MANAGEMENT REPORT

9

of major assets, primerily the sate of reaklust interests in MG and 9 Cagatel, in 2007, capital gains emounted to BBS million and mainly In 2007, competed to income from operating activities of 6150 million in 2006. The 2006 figure included 6395 million in gains on the disposal The segment reported a 6220 million loss from operating activities concern non-strategic listed companies.

OTHER INCOME STATEMENT ITEMS 6.3

la militoss di euros	2007	2006	% shange (reported basks)
income from operating activities	.5,40B	5,368	2.8%
Net financial loss	(722)	(731)	12%
Income tax expense	(526)	(815)	35.3%
Share in net income of associates	.458.	372	22.9%
NET INCOME	4,616	4,194	10.1%
Minnity interests	:693	588	17.8%
NET INCOME GROUP SHARE	3,923	3,606	8.8%

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O,

Net flashcief loss for the years presented remained stable, at \$722 million in 2005.

This reflects

a reduction in the cost of not debt to 6573 million in 2007 from 6830 million in 2006, underpinned by foreign exchange gains of 6147 million recorded on the Brazilian feet in connection with the redemption of Positing Rate Notes at SUEZ Energy informational,

Specifical Section (Section)

213 8 8 2 2 180 Š

(0,0)

Ø (09) 8

Depreciation, emaritation and provisions (b)

Gross operating toss (a)

Stock eption and Spring plan expense (c) Share in net income of associates (d)

2007

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(282) (ZZO)

CURRENT OPERATING LOSS = A + B + C - D - E NCOME/LOSS) FROM OPERATING ACTIVITIES

Financial income not related to not debt (s)

offset by a lower contribution from other financial browns and expenses, due to 0) the non-recurring 656 million positive impact of resinuctaing Latin American debt in 2006, and (ii) an 686 million fall In dividends received from non-consolidated investments in 2007. Incerne tax expense decreased \$287 million year-on-year, reflecting the recognition of a \$500 million defend tax esset, cornespending to the purition of this losses carried forward by the SAMZ tax consoliciation gramp whose utilization had become probable. Excluding this ham

(56.5)%

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and the impact of disposals, the effective tax rate remained stable

Share in set incerne of associates climbed 485 millon year-on-year

boosted by non-recurring heres in 2007, in particular the capital gain on the disposal of TVD operations in the Waltoon regions, a £130 mBlon rise in the contribution from inter-municipal compan relecting mainly:

the full consolidation of CMR (previously equity-accounted) as from December 31, 2006, which had a negative 668 million impact on

Not because attainutable to minestly interests clinical ellics million, the largely to the full correlation of CNRs as from the end of 2005 (positive impact of 629 million), as well the 621 million and 636 million interests in income reported by Distrigue, and Agher, respectively. net income of associates.

FINANCING 9.4

CASH GENERATED FROM OPERATING ACTIVITIES 2

Cash yenerated from operations before income tox			4
med workling capital requirements In ribbert curs	2007	2006	(reported basis)
Electricity and Gas	4,928	4,367	12.8%
SUEZ Energy Europe	3,389	2,953	13.1%
SUEZ Energy Internetional	T,589	1,414	12,4%
SUEZ ENERA Services	743	200	48.6%
SUEZ Erokonnent	11824	1,785	3.2%
Other Services	(728)	(592)	(15.2)%
Si E Camp	7267	6,383	13.8%

On a reported basis, canh gamasted from opanitions belive income tox and working capital requirements came in 13.5% higher year-on-year, et 67.257 million in 2007, cutpocing growth in gotss operating received from associates further to the sale of a partice of the Group's promote in the intermunicipal companies during 2006, more than offset by laws not impairment charges against current assets and a fall Income (12.4%). This cash flow line reflects a decrease in dividends in cash disbursements relating to resiructuring measures.

Growth in cash ilow generated from operations before income fax and worlding capital nequirements to only partly offset by the 4244 million increase in worlding capital requirements, mainly at 8UEZ Eriergy Europe, The 950 skillion increase in operating working capital

reported a \$71 million decrease in working capital requirements, then is making to the positive insuct of marking-to-market commodity insutants confracted in North America. Bining of its payments for certain supplies, which had a positive impect on 2006 that was not certain over thin 2007. SUEZ Energy themselved itse of 6181 million in worlding capital requirements, attributable to the equirements at Electrates reflects the structural impact of the transfer of Walton and Bressels rustomers to Electrohol at January 1, 2007. and sovere weather conditions at the end of 2007. Gas operations saw a

Overall, operating activities generated surplus cash of 85.0 billion

CASH GENERATED FROM INVESTING ACTIVITIES 9.4.2

Investments in 2007 totaled 66.0 billion and include:

i frança i mesments amounting to 62.9 billon, 'including \$1 billon on the purchase of additional interests in Gas Natural, 60.9 Utilion for the equators—aut on Electrobel, and 60.4 Billion for prestments in the wind power sector (Compagnie du Vant. Wontus):

the Netherlands) and SUEZ Environment (60.7 billion, including 60.3 billion for European water services and 60.4 billion for European maintenance expenditure totaling £1.5 billion (£1.4 billion in 2006). to which the main contributors were Electrated (60,5 billion, relating to correctional power plants and nation facilities in Religion and vadte services):

development expenditure of atmost \$1.6 billon (\$1 billon in 2008), concerning mainly facilities in Belgium (American 1 And Stidmer).

the Netherlands (Maeviside and Flevo), dermany, haly (Leini and Napoli 4), and Brazil (San Salvador). Diaposala totaled £1.1 bation in 2007, compared with almost £3 billion in 2006, and related mainly to:

Agtor's sala of Applies for 60.2 billion;

companies in the Welfoon and Stresselfs regions for 60,1 button.
Fedourg the divestments in 2006 and 2007, SUE new evens 30% of Fedoure the Companies, around 40% of feto-menticipal companies, around 40% of feto-menticipal companies in the Welfoon region and around 30% of inter-menticipal companies in the Bourseis region; the sale of a portion of the Group's interests in inter-municipal

This gare does not reflect the Ingest of the public herior after the Agor states. By these was northing as \$100.1 However, so a deading consultant was plant to an analysis of the second of the consultant was northing to the second of the basis of the second of the northing second of the second o

REFERENCE DOCUMENT 2007 125

N/62



*sales of various other non-strategic listed investments for approximately 60.4 billion.

Inferest and dividends from non-current financial assets generated 60.3 billion in cash inflores.

In lotal, investing activities required in a 64.7 billion cash shoulfall.

9.4.3 CASH GENERATED FROM FINANCING ACTIVITIES

Dividends paid in 2007 amounted to nearly 42 billion (£1.7 billion In both diskloride per strain as well as the number of shares carrying diskerind rights. This them also includes 6455 million in diskering solid by sorkous subsidiaries to nulanity starebolders, which were in the with dividends paid in 2005. Net interest expense tribials 6958 million. In 2006), including dividends paid by SUE2 SA to its shareholders (#1,814 million versus £1,260 million in 2006), due to the increase compared with £754 million in 2006.

Borowings ever the period outpaced represents (net cash inflow of 2000 million), reflecting the fast-peced growth of investment

mole to subscriptions within the scope of the employes share connegation plan and stack cludespriging pass indept to the Couple employees, approximating a such before of 823 million. The implementation of the share broback program resulted in a cash outby of \$1.1 billion onto Capital increases canted out atmost exclusively by the parent compar the period. Overall, financing activities resulted in a cash outflow of \$2.5 billion h 2007,

NET DEBT AT DECEMBER 31, 2007 944

0)

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Net debt totaled 613.1 billion at end-2007 versus 610.4 billion at end-2006. The gearing ratio stood at 52.7% compared with 46,3% at December 31, 2009, items to a paraille increase in total equity. As a Unding connotinent was given to the minotity shareholders of Agbar in connection with the public ander bid for Agbar shares in progress at the balance sheet date, financial debt was recognized in the bolence sheet at excl-2007 in an amount of 6918 million, corresponding to the Greup's share in the offer.

including the impact of financial instruments, 57%, of net debt is demoninated in euros, 25% in US dollars and 6% in pounds shelfing (48%, 82%, and 7%, respectively, of year-and 2006).

After taking into account the Impact of financial instruments, 49% of gress debt is at fixed rates.

2007 (46.7 Ution) and the Group's policy of taxoning fixed-rate debit when interest rates are at eccord tows, 78% of rest debt is at fixed rates. Due to the high levels of cash and cash equivalents at Decomber 31, The average statuifty of net debt is 6.9 years. At December 31, 2007, the Group had undrawn confirmed credit facilities and commercial poper back-up thes totaling \$9.1 billion, versus \$8.6 billion at December 31, 2006.

OTHER BALANCE SHEET ITEMS 9.5

Property, plant zezt equipment, net dands at 622,6 billon, compared to 821 billion at and-2006. This \$1.6 billion increase was driven primarity by capital expenditure (63.1 billion) and changes in the scope of conscitculars (41.1 billion), watch offset 41,8 billion in depreciation and impelment charges recognized in the period.

Goodwill was 61.5 billion higher at 614.9 billion, reflecting the Impact of Investments in the wind power sector (80,7 billion) and goodwill recognized on acquisitions of minority interests (60.5 bitton on the

public tender offer for minerity Agber shares and 40.2 billion on the accidebible of seizoffly interests in Electrobal within the context of the squeeza-out bid).

for site securities climbed 41.3 billon in 44.1 billon at December 31, uknants in seonolates remoined stable at 43.2 billion. Available 2007, mainly driven by the investment in Gas Halural.

Total equity rose 62.3 billion year-on-year to 624.9 billion, despite the 82 billion dividend payout and thespury stock transactions and

translation adjustments, which had regative impacts of £1.1 billion and 60.4 billion, respectively. The increase in total equity was mainly directly through equity, which had a positive impact of 60.8 billion. These Nems included gains and losses on the remeasurement of evaliable-for-sale securities and the revision of discount rates espialed efinitisatable to net income for 2007 (64.6 billion) and items dealt with to pensions and other employee benefit obiligations.

Provisions remained stable at 69.6 billion, compared with 69.8 billion at the end of 2006,

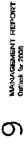
the after-mentioned capitalization of tax fasses context farvand by the SUET tax consolidation group whose utilization had become probable, end on increase in deferred tax fishibles refating to liters recognized representing a fall of 60.1 million on December 31, 2006. This reflects The net betance of deferred taxes was a 60.5 billion liability. directly through equity.

PARENT COMPANY FINANCIAL STATEMENTS 9.6

The full version of the parent company financial statements is available from SUEZ on request.

Key figures of the parent company financial statements, prepared in accordance with Franch GAPP, one presented below:

An malitons of comes	5003	2008
1. Properties stationment	eu,	
Income from operating activities	11	6,383
Examptional Income	15,575	401
Income low, profit-sharing & incentive schemes	SZI .	186
Net Income	1925	6,970
2. Cash flow chalument		
Cash generaled from tused his operating activities	236	2,513
of which gross cash flow	0.00	2,583
Costs granterated from Useed In) investing activities	. (16,721	(11,439)
Cosh generaled from lused in) financing activities	3.02,528	7,381
3. Balance shoet		j
Property, plant and equipment & intengible assets	.2D	16
Fahancial assets	36,305	48,039
Prepaid expenses and other commit exsets	2639	315
Marketable securities and cash & cash equivalents	178	217
TOTAL ASSETS	377737.	48,587
Shareholder equity	1367795	31,723
Provisions	•	244
Borowings	1600	16,480
Deferred income and other liabilities	2544	140
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	157737	48,557



treastry states as part of the thare buyback program. The amount received on the safe of SUEZ-TRACTEBEL shares allowed SUEZ to The 2007 Inancial statements reflect the sale of SUEZ-TRACTEBEL shares to Electrabel for #18,200 million, as well as acquistions of repay most of its debt.

The year-on-year decrease in net income to Ca.S hillion reflects:

• a decrease in income from operating activities, to G11 million In 2007 from 66,383 million one year earlier. In 2006, this item had

been boosted by intentin dividends paid by SUE2-TRACTEREL and Electrabel for 64,199 million and 6944 million, respectively, whereas no such Intertin dialdend payment was made in 2007;

• a starp itse in exceptional income to 65,675 million, infinied by the 65,393 million capital gain on the disposal of SUEZ-TRACTEBE. to Electrobet. Exceptional income for 2006 included with-backs of provisions on shares, redainly further to the sele of picketel.

DUTLOOK FOR 2008 9.7

The Group enjoys excellent prospects. The offertheness of the SUEZ business strategy is supported by accelerated obserges in the businesses where the Group is present and by Europe's energy pates dynamics. These latter are principles is function of higher lessal fact prices, growing environmental concerns, new infrastructure requirements, and energy supply security considerations,

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Ambilious 200A objectives

Based on its commercial successus and perficularly promiting growth prospects for all its businesses, the Group has established ambitous Imprecial objectives for 2008.

* EBITOA growth in the +10% range

more investment in 2008 than in 2007;

pursuit of share beytsack program (SURBOO million till the end of first somester 2009);

e maintenance of an "A" credit rating

condition dividual increase for 2008 and a prittoy of higher dividend payous then 50% of recurring net income,

Acceleration in industrial lavestments

The Group's objective for 2008 is to exceed level of investment In 2007, These investments will respect the Group's ashingent financial discipline (meltian on "A" refing for exection-term data and observe solici infoluse investment enfects) and will focus principally on renewable and foluse investment enfects) and will focus principally on renewable and

conventional electricity generating capacity, mainly in Europe, Latin

America, and North America,

businesses, the Board of Directors decided at its February 25. 2008 meeting to recommend to the May 5, 2008 Annual general Sharsholders' Meeting an ordinary dividend of EUR 1.35 for 2007, representing an increase of +13.3% over the childred paid for 2005. Continued dynamic sharehelder remuneration policy Given 2007 results and a fermable outbook for each of the Group?

Continuous diablend increases since 2003 (+70%) reflect the Group's dynamic sharaholdar namuncadan program, in sep with its profit trend offering a return on invodiment that is competitive with the entire exclus.

Since 2007 this dividend tayout policy has been matched with signs haybeck programs that will be continued in 2008.

5-year reconstment program to hire 110,000 new employees

athoritinal changes in operations' requirements, and the necessity to mistir Group resources to cestioner needs. The Group intends to title \$10,000 naw empiryees between 2208 and 2012, Including 52,000 in France and 10,000 in Belgium. This active hinting pallicy responds to trends in SUEZ businesses, to enthabated

This comprehensive rearultment program reflects the group's conflictnost in a state when it will him, howes, and share the fruits of its performance with employmen. The program positions SUEZ as one of Europe's feeding recruiters.

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The Group's promising authors is furfilled by its Gaz de Francs meiger project. GNF SUEZ will be a leacing global pisyer in energy and public utilities inchesty leader.

Throughout 2007, SUEZ and Gaz de Finnes continued their estive development efforts. Even habite considering the marger's operational sprengies, \$697, 2007 performances bear out the profilebility of their respective business activities.

Afreach, a joint CDT SLICZ (naggrafter team is at work to entains the new Group will be operational from the first day of the merger, scheduled for first-heat 2008.

GDF SUEZ has set performance targets to match its ambiflons:

• EUR 17 billion in EBITDA by 2010;

= 10% to 15% average annual growth in dividends per share for dividends poil between 2007° and 2010;

◆strong "A" credit reting.

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10. 1	10.7 ISSUER CAPITAL	P.131 10.3.2	10.3.2. Main developments in 2007 10.3.3. Group credit forlings	25 26 27
10.2	10.2 SOURCE AND AMOUNT OF ISSUER CASH FLOWS AND DESCRIPTION OF CASH FLOW CASH TO THE SOURCE	P.132 10.4 132	10,4 RESTRICTIONS REGAIDING THE USE Of Capital	P.135
10.2.2	10.2.2 Cash flow from investing activities 10.2.3 Cash flow from line meing activities	132 10,5 133	10.5 PLANNED SOURCES OF FINANCING TO MEET THE COMMITMENTS STEMMING FROM HAVESTALENT BECISIONS	P.135
10.3	FINANCIAL STRUCTURE AND BORROWING COMMITIONS APPLICABLE TO THE ISSUER P.133 Debt structury		10.5.1. Contracted commitments 10.5.2. Planned sources of financing	13 5 13 6
				`

10.1 ISSUER CAPITAL

Total equity new EZ.3 billion year-on-year, to £24.9 billion, descits the £2 billion divident payout and tramstillon boxes of €0.4 billion. Equity was boosted by not income for the year (E4.5 billion) and the impact of IAS 32/39 (60,4 billion).

As indicated below in peragoph TQA3.1, the Group's set debt emounted to QA3.1 bilbo. As a result, the gearing ratio frat debt divided by total equity went from 46.3% at end-2006 to 52.7% at December 31, 2007.

10

CASH FLOW AND SHARE CAPITAL
Source and annuni of issuer cesh flows and description of cash flows

10.2 SOURCE AND AMOUNT OF ISSUER CASH FLOWS AND DESCRIPTION OF CASH FLOWS

10.2.1 CASH FLOW FROM OPERATING ACTIVITIES

Cash generated prom operations depone income tax and working capital reduinements

la etillious et euros	2007	2006	% change (reposted track)
Electricity and Gas	4,928	4,367	12,8%
SUEZ Energy Europe	-65E,E-	2,953	13.1%
SUEZ Energy (nternational	11589	1,414	12.4%
SUEZ Energy Services	743	500	48.6%
SUEZ Environment	11,824	1,785	2.2%
Other Services	1(228)	(269)	(15,2)%
SUEZ Genu	17.267	6,383	13.8%

against current assets and a fail in each distrurssments refelling to restructuring insegurte. income (12,4%). This cash flow the reflects a decrease in dividents received from associates further to the perifial rate of Inter-municipal On a repurted busis, cash generated from operations before income tax and worlding capital tegulisments came in 13.2% higher year can year, at 67,267 million for 2007, outpacing growth in gross operating companies in 2006, more than offset by lower red impairment charges

working capital requirements is only portly offset by the 6244 million forcess in working capital requirements, mainly at SUEZ Energy Europa. The 650 million increase in operating working capital Growith in cash flow generated from operations before income tax and

e requiaments at Bactmbd reflects the shuchmol impact of the transfer of Wishone and Brussels customers to Edutable at January 1, 2007.

If discourse and Brussels customers to Edutable at January 1, 2007.

and of Edit brussels customers and of 2007, dependence saw a set of edit brussels.

there is the perments to ranchin supplies, which had a positive impact to 2005 that was not control out in the 2007, SLEZ Energy inferrednal registers of 2005 that has been selected to the manual positive in the president in t

Overall, operating activities generated surptus cash of 66,0 billion

10.2.2 CASH FLOW FROM INVESTING ACTIVITIES

Investments in 2007 totaled 85.0 Million and include:

+ thrancial truestrands amounting to E2.9 billion, I including E1 billion for the purchase of additional interests in Ses Natural, EQ.5 billion for the exceptibilion of minority interests in Electrabel, and E0.4 billion for investments in the what power sector it.a Compagnie du Vent, Verituals meinterance expenditus tabing \$1.5 billon (\$1.4 billon in 2005),
 by widch the mein contributors were Electrobel (\$0.5 billon, retaing

the Nethestands) and SUC2 Environment (60.7 billion, including 60.3 billion for European water solvices and 60.4 billion for European in conveniens) power plants and nuclear facilities in Belgium and meste serulces);

deutsionment experiations of shreet 61.6 billion (61 billion in 2005), concerning mainty facilities in Belgium (Americaeur 1 and Skinari), fine Nathestands (Measyletky and Pere), Gormany, Baly (Lebit and Napoli-ff), and Brasil (San Sahadar).

This figure does not refer the pushe sender after their states, as there were no subsect cash time in 2007. However, as a briefly according was given broadly assemblers of Affair in committee with the other in properts of the pushers when clade, thunsted clads was recognised in the hearners when to an amount of EUL affair.

Disposais totaled 61.1 bilitan in 2007, compared with elmost 63 bilitan In 2006, and related mainly to:

Agbar's sale of Applus for 60.2 billions

the sale of interests in this -municipal companies in the Welloon and Brussels regions for 80.1 billion. Fallowing the divestments in 2006 and 2007, SLEZ may new sens 30% of Flemish Inter-municipal compenies.

around 40% of Inter-nanticipal companies in the Waltoon region and around 30% of inter-nanticipal companies in the Brussels regions

sales of various other non-strategic listed investments for approximately 60.4 billion.

interest and dividends from non-current financial assets generated 60.5 billion in cash inflows.

to total, investing activities resulted in a 64.7 billion cash outflow.

10.2.3 CASH FLOW FROM FINANCING ACTIVITIES

Dividends paid in 2007 amounted to meaty #2 billion (#1.7 billion in 2005), frictualing dividends paid by SUEZ SA to its sheteholders (#1.5).4 million versus \$1,260 million in 2006), due to life increase to both dividends per share as well as the number of shares carrying dividend rights. This tion pine bycholes 8455 sultion in dividends paid by various subsidiaries to minority attarsholders, which ware in line with dividents paid in 2006. Net interest expense indebed 6358 million. conspared with £754 million in 2008.

Borrowings over the period outpared rebeyments that cash inflow of 6900 million), reflecting the fast-paced growth of investment expenditure.

rebats to subscriptions within the scope of the envisioned state currentity plant and stock subscription plan offered to the Group's entriboyees, reproceeding a cash hillow of 6883 million. The implementation of the Capital increases carried out almost exclusively by the parent combany share buyback program nearited in a cash outlay of \$1.1 billion over the period.

Overail, Thancing activities resulted in a cosh outflow of 62.6 billion II 2007



FINANCIAL STRUCTURE AND BORROWING CONDITIONS APPLICABLE TO THE ISSUER 10.3

IO.3.1 DEBT STRUCTURE

The Group was able to finance its investments without being affected by the turnoof that hit the financial markets in the second helf of 2007. Daring the year, the Group site incleed to optimize its debt sounding. At December 31, 2007, gross debt (seciualing bank overclatte) was higher than the property figure, at RCOL billion versus CRSA billion at end-2004. Gross debt covests primarily of broats at 633 billion (49,5 billion at end-2005, and bank borrowings (mobulding lineace (49,5 billion at end-2005), and bank borrowings (mobulding lineace sases) for 68.6 billion (47.1 billion at end-2006).

Short-term trans represent 27% of total gross data in 2007 versus 29% in 2006.

Becleding desidelie instruments and measurement at amortized cost, not detat totaled £13.5 totton at December 31, 2007, compared in £10.7 tallion at end-2006. Excluding derkettre Instruments and measurement at amortized coat, 57% of net debt is denominated in euros, 25% in US dotlars and 6% in pounds sterling (48%, 32%, and 7%, respectively, at the and

significant fibe in interest rates, the everage cost of gross debt corner to E-4%, compared with 5.2% in 2006. The overage methuity of net debt 49% of gross debt and 78% of net debt see at fixed rates. Despite a is 6.9 years at and-2007 compared with B.1 years at end-2006.

CASH FLOW AND SHARE CAPITAL

From and borrowing conditions applicable to the (squer

10.3,2 MAIN DEVELOPIMENTS IN 2007

in 2007, the Group continued to roll out the automated cash pooling system almed at optimizing its management of banking assots and labilitas by circulating cash emong its various subsidiaries, Improved droulation of cash has enabled the Group to limit its use of external debt, in particular to fund its higher lens) of imastment expenditure

The Group also referanced its subsidiery Timeno Power with its liakan pavinses in an amount of 61.2 billion, as well as its Taweelsh A1 power

plant in Abu Diabi, also with a mumber of partners (E1.1 billion).

To increase its liquidity, in April 2002 Electrated SA issued 18-mouth fiseling, rate notes (FRM) for a fotal emount of 61 billion. SUCZ Finence SA aloy lessued 18-month finaling rate incles for the seme emount in April 2007, and a four-year patrate placement for 6400 million in May 2007.

GIE SUZZ Affinence for an annount of 61.346 million (6746 million on the band maturing in February 2009 and 6600 million on the band maturing in June 2010), in order to even out the repayment profile of In the first quarter of 2007, the Group bought back bonds lessed by its bond debt.

The Group was also extremely active on hanking markets in 2007,

In the six months to June 30, 2007, the Group, together with various keep tearthers, set up the targest non-recourse financing facility for the the development of a power plant and desalvation much h Saud Avaibs
(Marida - Manche yang USB-2000 or Blan) and a project to acquire
and extend Saries II in Charar for an arrow of USD-200 million. These
that decilides have notaled vortious events from the sportalistic press. Due to the percentage interest and control and in these companies, the finanches betities are not fully consolidated within the Group's electricity sector in the Middle East. The facility was intended to fund consolidated financial statements.

The Group's International effergy division also put in plane a non-recourse financing facility for USD400 million in Chile and a USD400 million financing program in Peru.

in July 2007, Electrabel SA set up a €11.6 billion bank facility to The loon was parity refinenced by the transfer of 43.6 billion in bond debt held by 34 if 25.54, 68.5 ME SUEZ Affence and 94 ME 76 France to a france part of its acquisition of SUEZ Tracteber SA. The purpose of this intercompany transfer was to increase operating syndrighes and to propare the future organization of the Group for the merger with Sec Livernbourg-besed subsidiary of Electrabel SA, Belgelec Finance SA. In August 2007, the Group raised the total emount of its EMTN program de France,

by 65 billion to 610 billion. The program includes Electabel SA, and Bribette Franco. SA as between shong with GJE SA REZ Milanco; and SA REZ Filmono SA. All board heaten under this program are guaranteed by diff. SUEZ Milanco.

In the contaxt of the upconflig merger with Gaz de France and the new terms approved by the respective Boards of Directions on September 2, 2007, SUEZ stareholders are to receive chanse in a new company holding the Group's environment assets.

Prior to the share distribution, certain SAEZ Environment substitutus will withdraw from GTE SUCZ Atlance. A consulation process wos faunched in Navember 2007 with habbers of bonds grenentised by their contractual doligations with hydduns of bonds due or gueranteed by GIE SUEZ Allance. The transaction was approved by the required quotum for all the band lissues concerned, and will be effective as of GIE SUEZ Allerce with the aim of discharging these companies from the date of the merger with Saz de France.

in January 2008, the Group set up externel financing of 6514 million to for this profits of the public lander of an form frontly Agiser steems burnched by SUEZ Environment, La Catos and Help follow, counsed subschiesy Hause, which ran from December 2007 through January 18, 2008.

10.3.3 GROUP CREDIT RATINGS

SUEZ and some of its extellitates have been given a senior debt reling by Standard & Proc's and Moody's, On February 27, 2006, Standard & Poor's and Money's paged their railings for GIE SULZ Allamoe and SUEZ SA on review in light of the planned repairs with Gizz de France, Periodic pide secure for this feedew, GIE SUEZ Alisance maintains its enting of AZP=1 from Moody's and A-Pt-2 from SAP, SUEZ SA also resintains in A- unings with SQP.

Raffings egencies have trade the following adjustments to the calculation of the Graup's not debt

inchesion of provisions concerning suckess power generation (site discussibiling and reprocessing of muchas fuel, ass Section 20, inchasion of provisions concerning 40 E

inclusion of the pension fund deficit (see Section 20, Note 20);

 inclusion of unconditional discounted fature minimum payments Unider obsessifing leaves (see Section 20, Note 23).

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10.4 RESTRICTIONS REGARDING THE USE OF CAPITAL

At December 31, 2007, the Group had 69 billion in undrawn confirmed credit facilities (that can be used as back-up lines for commercial paper). 89% of these facilities are managed centrally and are not subject to financial coverants or credit ratios. The Group also briangles credit facilities to cover subsidiaries' tunding requirements. Drawdowns on the facilities depend on compilance with financial coverables set for the borrower. These lines of needs are not guaranteed by SUE2 6A or GIE SUEZ Alliance.

The definition and the level of these coverants are determined in agreement with tendens and may be reviewed during the life of the loan. With most bens subject to covenants, lenders require subsidiaries to plus interest costs) or the related interest (interest cover reffit, equal to comply with cartain ratios assessing their ability to sorvice the debt debit-service coverratio, equal to free each flow divided by principal EBITDA divided by Interest costs).

equisted in addition to the debt-service caser ratio. This is equal In the case of project financing, a foan life cover ratio is sometimes

to the net present value of cash everlable for debt service divided by outstanding debt.

company, banks cometimes require compilance with a balance sheet ratio – chealy either a debi-equity ratio or a stipulated minimum (evel For other financing facilities that are not guaranteed by the parent of equals. At December 31, 2007, there were no reported payment defaults on the Group's consolidated debt. All Group companies comby with the coverants and representations of purinted at their financial documentation, with the exception of:

disclosure requirements regarding financing for a total amount of one SEI compeny which has not compiled with information

eithree SES companies which have not compiled with financial USD43.7 million;

covergents for forms totaling 620 million.

However, these companies have not defaulted on their payment obtgadons and their failure to comply with the requisaments indicated above has no impact on the itrancing facilities anotable to the Group.

PLANNED SOURCES OF FINANCING TO MEET THE COMMITMENTS

10.5

STEMMING FROM INVESTMENT DECISIONS

10 10

CASH PLOW AND SHARE CAPITAL Planned sources of financing to meet the commitments stemming from investment decisions

AT DECEMBER 31, 2007

		Amounts	Amounts by methrity	
la trilliens of entris	Due in tess than 1 year	Bue in f to 5 years	Bus in I to Due in more than 5 years	Total
Net dabi	(1,030)	8,128	6,416	13,514
Operating leases	296	913	1,105	2,314
Non-cancelable purchase comments	1,929	2,578	208	4,715
Fire purchases and sales of commodities and tests	(4,506)	3,760	12,774	12,028
Finencing commitments given	477	8,130	162	9,056
Financing commitments received	343	289	253	886

Contractival commitments may have a material impact on operating frooms or Graup sources of financing, in the event of changes in the parameters underlying these specific amorganisms.

the amount due to the Group from Belgian Inter-municipal companies following the collecurcing of part of the distribution activities; and (II) The fattle above dost not include commitments related to pensions and other employee benefits, At December 31, 2007, payment exceeded plan assets in an amount of 62,298 million, excluding (I) commitments relating to pendon and employee barefit obligations the fair value of the assets of Contassur - SUEZ Group's pendon fund

management company in Belgium, For further information on these obligations, piezse rafer to Saction 20, Note 20 of this Reference Document

6865 million are also included in the above lattle under "Other tang-form commitments". These commitments are primarily related to the construction of several power generation plants, and include purchases of turbines, gas power plants, engeneration plants and incinerators (6595 million), and investments in connection with concession Capital expendituse commitments in an amount of approximately contracts (6230 million).

CONTRACTURE COMMITMENTS AT DECEMBER 31, 2009

		Amounts by materity	meturity	
tamilitous of eures	Bue in leas than 1 year	Dag in 1 to 6 years	Dust in snore These 5 years	Total
Net debt	(2,302)	8,067	4,965	10,720
Operating tensor	221	663	8	1,705
Non-cancelable purchase commitments (*)	842	752	241	1,836
Firm parchases and sales of conmodities and fuels	(2,783)	5,392	18,127	20,766
Financing control monts given	 98	409	2,547	3,617
Financing consultments received	1,095	2,218	5,834	9,147
Other long-term commitments	867	281	290	698
") Net of eals commitments				}

operational linearios hasse and irrevocable commitments made by the Group to acquire feed assetts, and other long-term controlliments.

The following table presents an estimate of contractual committeests at December 31, 2007 which may have an impact on the Group's future cash favor. This redirecte talks account of Group gross bottowings.

10.5.1 CONTRACTUAL COMMITMENTS

10.5.2 PLANNED SOURCES OF FINANCING

The Group expects that its funding requirements will be covered by cash on hand, cash flows from operating activities and, if need be, adeling coult facilities.

The Group may set up specific financing facilities on a project-byproject basis.

A total of 64 billion of the Group's credit facilities and finanching materia in 2006. Billion to available cash materials in 2006. Billion to available cash (medical bursh overdinals) at December 31, 2007 and, as described in passagnaph 10.4, 69 billion in evaluable lines of oreit (excluding) drawdowns on the continential paper pragram).

> REFERENCE DOCUMENT 2007 135 N CEN

MANAGEMENT STRUCTURES, ACTIVITIES OF THE BOARD OF DIRECTORS FUNCTIONING OF THE BOARD OF DIRECTORS AND

16.2 INFURANCE WITH TULES OF COMPLIANCE WITH TULES OF COMPLIANCE VITH T	2	16.1 DATES ON WHICH DIRECTORS' TERMS OF DIFFICE EXPIRE	P.181	η <u>Φ</u>	16.3 INFORMATION ON THE AUDIT CO. AND THE COMPENSATION COMP
nerty agreements	16.2	INFORMATION ON AGREEMENTS INVOLVING DIRECTORS	P.181	16,4	COMPLIANCE WITH RULES OF CO SOVERNANCE REGULATIONS IN THE ISSUED'S HOME COMPLIE
		Regulated related-party agreements approved in 2007	181		

MMITTEE P.182

P.182

DRPORATE

britche 15 of the Bytawa defines the powers of the Board of Directors.

"The Boant of Directors determines the strategic direction of the Company's activities and oversees its implementation. It considers all issues concerning the proper functioning of the Company and purpose and subject to those howers expressly granted by law to settles all matters relating thereto, within the scope of the corporate

The Board of Directors performs all controls and verifications it constitutes appropriate. Each Obector receives all information recessary to the performence of his or hard distance and may request say documents he or ahe considers necessary." Restitating its commitment to rules of corporate governance, the Board of Directors admited internal Regulators in May 2001, which have subsequently been amended on apperal occasions, and a Directors the modus operandi necessary to operate efficiently, while serving the interests of the Company and its shareholders, and set out the righes and obligations of Directors in a fully transparent manner these documests may be consulted at the Company's headquarters and on Charter in January 2002. These documents provide the Board wild the websites www.euez.com).

of the Dinastors' Chartar, which tepulars Directors to seek and obtain this advise of SUEZ's Company Secretary before transaction with contemporary activate party in the recurities of Quoup companies. In addition, the SUEZ Ethics Cherier and related documents, notably the Confidentiality and Prhéeged jadomation Builds, are applicable to Directors, Thase documents facible Directors, the perforder, from trading which bugins thirty calandar days pulor to the date of the Board of Obserious's research help to approve the annual and intestin financial in SUEZ securities or the recomilies of any of its fished subsidiaries during the period of preparation and approval of the financial statements statements and terrulisates free basiness days efter this information has oeen published. His general measure is supplemented by Article 8

of regular evaluations of the Board of Directors' performance by an independent Director, Jacques Lagoada was asked to perform such Article 5 of the algoramentioned Charter also provides for the completion evoluations of the Board of Directors and its committees in 2002 and 2008.

coonsistance based on a document prepared by an external consistancy finite and, after an invitation for bits from three specialized firms, it appointed an external consultant to carry out this evaluation. This precedure has been repeated each year since 2004. committee choice a methodology for evaluating the Board and its In Dobber 2004, the Ethics, Environment and Sustainable Developmen

For 2006, the enumerary mport on the evaluation work comfact and or the Ethics, the exponsibility of Ethema Davignon was approved by the Ethics, Environment, and Sustainable Development Committee at its meeting ol May 4, 2007. For 2007, the Committee resolved of the meeting of Novambar 14, 2007 to carry out a further evaluation using the same methodology. The results of this evaluation were presented in February 2009.

Pursuant to Article 1.1 of the Company's Bylams, each Director must hold at least 2,000 SUEZ strates throughout higher lerra of office.

The Board of Chectors meets whenever required by the interests of the Company and in any event, at least four times a yest. It met 8 times during fiscal year 2007 and the overall attendence rate vas 90%. From January I, 2006 to the end of February 2008, the Board of Directors met Nuice. Directors receive alterntance fees, the total amount of which was set during the General Shensholders' Meeding of April 26, 2022 at an eagregate of 800,000 per year for facel year 2002 and oil subsequent facel years until o new cladision is made in this respect.

16



FUNCTIONING OF THE BOARD OF DIRECTORS AND MANAGEMENT STRUCTURES, ACTIVITIES OF THE BOARD OF DIRECTORS

Pursuant to the recommendation of the Companisation and Nominatian Committee made on April 27, 2004, the Board of Directors' meeting held on the same day set the following allocation rules:

pulations	
Fixed fee	€35,000 per year
Variable fee, dependent on attendance	€1,500 per meeting
Consmittee Chairman (other than Audit Committee)	Consultee Chairman (other than Audit Committee)
Fixed fee Variable fee, dependent on effendance	€15,000 per year Name, given that the Board considers that a Committee meeting cannot be held in the absence of its Cheirmon.
Committee member (other than Audit Committee)	
Fixed fac	£7,000 per year
Variable fee, dependent on attendance	€1,000 per meeting

Toking into account the substantial increase in the Audit Committee's workload does to the incremitation of the French Fr

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Citalinas	Fixed less Fixed less the construction of the	e mentions	€10,000 par year	Variable lee, dependent on attendence
Audit Committee Chairman	Fixed les Yarkible tes, dependent on	Audit Committee member	Fixed fee	ice, dependent or

Geand Mestratist, as Chairman of the Board, and Jean-Jacques Salam, as a Group employee, do not receive attendence fees. On this basis, the following attendence fees were paid to Dhectors in respect of fiscal year 2007;

Albeit Pière	44,000**
Edmand Alphaeddry	99,500
René Carron	66,000
Genard Countries	22,500
Elenne Ballmon	69,000
Past Deemsta's L.	51,500*
Richard Gobiet of Alvelia	60,500***
Jacques Lagarde	70,500*
Anne Lauvergeon	63,500
Jean Peyrolevade	46,500
Trieny de Rudder	45,500***
Lord Suner of Highbury	60,500
Defendention of the 25% will setting be levied on alternative first public Districts who are not french retrieves.	

in Jensus war 2007, Eithraw Danigram, Robbert October and Philasy and Rendon measured 1134,125, 1234/13, de and 428,113.44 gross magneschaey in Under expansity as Diemsters and measurement of the Annie Committee of SUE2-7746/1789.

in 2007, the littel amount of atlantitues toes pald was 6658,500, compared with 0799,500 in 2006.

100

NO N

16.1 DATES ON WHICH DIRECTORS' TERMS OF OFFICE EXPIRE

See Section 14.1 "Members and functioning of the Board of Directors and management structures".

16.2 INFORMATION ON AGREEMENTS INVOLVING DIRECTORS

regulated related-party agreements approved in 2007

The Board of Directors' prior approved was required for fixee operations due to the fact that centain Directors are members of the Board of both contracting parties.

Sale by SUEZ of SUEZ-TRACTEBEL to Electrated

The proposal to set SUEZ-TRACTEBEL to Electrated was presented to SUEZ's Board of Directors at its meeting of March 7, 2007. This sale is consistent with Group strategy, it will make it possible to accelerate the growth of Discladed, strangifier the syncity between gots and electricity willtin Electrated and rot out expectite in nuclear power on organization to be put in place, in Resping with the Pax Electrical an international layer, in addition, the operation will allow an tribugated agreement (SUEZ's constrainments to the Beigian government). Innough SUEZ-TRACTEBEL, the principal assets contributed to Electrabel are as follows:

Suez Energy (international (SEI);

the engineering consultancy company Traclebel Engineering.

57.2% interests in Distrigaz and Flugs.

which account for 49 billion of the Group's revenue

At its meeting of May 4, 2007, SUEZ's Beard of Directors approved the peoposet to sell SUEZ-TRACTEBEL to Electrated based on the the value of 9Et (approximately E13.5 billon) and the equity value of SUEZ-TRACTEBEL (approximately 618.2 billion). This operation will boost SUEZ's not comings and have a positive impact on the company's financial statements.

The sale took place for the sum of 018.2 billion, with a transfer of ownership on July 24, 2000 The safe agreement contains a seller's warranty for up to £1.5 billion that will expire on March 31, 2013. In addition the sale price is also subject to a price adjustment, upward or downwards, linked to the sale price in the framework of a possible asis of Distriges shares outside the SUEZ Group. This adjustment mechanism will expire on July 19, 2008

At its meeting of July 4, 2007, the Board of Directors approved the sale Chairman and Chief Executive Officer of SUEZ and Chairman of the Board of Bectathel, in sign the sale agreement. and the sale agreement and authorized its Chairman, Gérard Mestraliet.

Appointment of Calyon as advisory bank

in connection with SUEZ's squeeze-out bid on the remaining capital of Electrades and its proposal to sell SUEZ-TRACTEBEL to Electrates. menagement appointed Calyon to provide SUEZ with assistence and advice.

16

16

The payment of Calyon's fee was made confingent on the completion Calyon will receive a committeton of €1,000,000 (exc.), taxes), for which of both operations. As both operations were successfully completed, provision was made at December 31, 2007.

The appointment of Calyan as ackleony benin was approved by the Board of Directors at its meeting of March 7, 2007, us Edmond Alphandely Is a Director of both SUEZ and Calvon.

PUNCTIONING OF THE BOARD OF DRECTORS
AND MANAGEMENT STRUCTURES, ACTIVITIES OF THE BOARD OF DIRECTORS infermation appearing shouling Directors. 16

Electrabel's membership of the GIE SUEZ Alliance Electrated wished to join the GIE SUEZ Allience winen SUEZ-TRACTEBEL left likis grouping. As a new member, Electrabel agreed to abide by the grouping's ogreements and was granted on unlimited guarantee by SUEZ in accordance with Anicle 2 of the internal agreement.

ebbe by the grouping's agreements, to which SUEZ is party, and the efforementsoned guarantee given by SUEZ, as defauld Mestalist is both Chaliman and Chief Executive Officer of SUEZ and Chairman of the 2007, the Board of Directors approved Electrabel's commitment to In accordance with Electrabel's request, at he meeting of July 4. Board of Directors of Electrates.

Electrabel joined the SUEZ Allance economic interest group as of August 28, 2007.

INFORMATION ON THE AUDIT COMMITTEE AND THE COMPENSATION COMMITTEE 16.3

See Section 14 "Corporate Governance".

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

See Section 16 "Functioning at the Board of Directors and management structures, activities of the Board of Directors".

181 REFERENCE DOCUMENT 2067

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382

REPERENCE DOCUMENT 2007



SEC FILINGS

Suez Energy Resources NA. Inc. does not file 10-K/8-K filings. SERNA is an indirect whollyowned subsidiary of Suez Energy North America, Inc. Suez Energy North America, Inc. is a subsidiary of Suez-Tractebel S.A. Suez-Tractebel S.A. is a subsidiary of Suez S. A. Please refer to the attachments for Exhibit C-1 for the Suez S.A. annual reports, which contain information regarding 10-K/8-K filings.



FINANCIAL STATEMENTS

C-3 Copies of SERNA's two most recent years (2006 and 2007) of audited financial statements.

The above-required information has been redacted from this Renewal Application pursuant to the Motion for a Protective order filed by Suez Energy Resources NA, Inc. entitled: In the Matter of the Renewal Application for Retail Generation Providers and Power Marketers submitted by Suez Energy Resources NA, Inc. as a Competitive Retail Electric Supplier (PUCO Certificate 04-118(1)—renewal Certificate 04-118(2) issued in EL-CRS Case Number 04-1015-EL-CRS). Both financial statements are subject to SERNA's Motion for Protective Order and are being submitted under separate cover.



FINANCIAL ARRANGEMENTS

C-4 Copies of SERNA's financial arrangements to conduct CRES as a business activity.

The above-required information has been redacted from this Renewal Application pursuant to the Motion for a Protective order filed by Suez Energy Resources NA, Inc. entitled: In the Matter of the Renewal Application for Retail Generation Providers and Power Marketers submitted by Suez Energy Resources NA, Inc. as a Competitive Retail Electric Supplier (PUCO Certificate 04-118(1)—renewal Certificate 04-118(2) issued in EL-CRS Case Number 04-1015-EL-CRS). This information is subject to SERNA's Motion for Protective Order and is being submitted under separate cover.



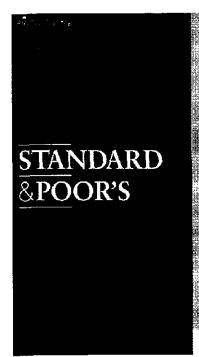
FORECASTED FINANCIAL STATEMENTS

Suez Energy Resources NA, Inc. does not provide forecasted financial statements because (1) it would require SERNA to disclose privileged, confidential and proprietary information and (2) the lack of availability of that information.



CREDIT RATING

Suez Energy Resources NA, Inc. does not have an individual credit rating. SERNA is an indirect wholly-owned subsidiary of Suez Energy North America, Inc. Suez Energy North America, Inc. is a subsidiary of Suez-Tractebel S.A. Suez-Tractebel S.A. is a subsidiary of Suez S.A. Attached are the credit ratings for Suez S.A.





March 20, 2008

Research Update:

Multi-Utility Suez S.A. 'A-/A-2' Ratings Remain On Watch Positive

Primary Credit Analyst:

Hugues De La Presle, Paris (33) 1-4420-6666; hugues_delapresle@standardandpoors.com

Secondary Credit Analyst:

Beatrice de Taisne, London (44) 20-7176-3938; beatrice_de_taisne@standardandpoors.com

Table Of Contents

Rationale

Ratings List

Research Update:

Multi-Utility Suez S.A. 'A-/A-2' Ratings Remain On Watch Positive

Rationale

On March 20, 2008, Standard & Poor's Ratings Services said that its 'A-/A-2' short- and long-term corporate credit ratings on Franco-Belgian multi-utility Suez S.A. remain on CreditWatch with positive implications pending completion of the merger with French gas utility Gaz de France S.A. (GDF; AA-/Watch Neg/A-1+).

The ratings were placed on CreditWatch on Feb. 27, 2006, following the initial merger announcement.

The continued positive CreditWatch status reflects that the merger should have a beneficial impact on Suez from a credit standpoint--in terms of both business and financial risk. From a business risk perspective this reflects that, although Suez is the larger and more diversified company, Standard & Poor's views GDF's business risk as lower, given the large share of earnings it derives from regulated French businesses. Likewise, from a financial risk perspective, although Suez's financial profile has improved significantly, GDF still has much stronger credit ratios.

Under the revised terms, 21 GDF shares will be exchanged for 22 Suez shares, and 65% of the share capital of Suez's environment arm (21% of 2007 Suez EBIT) will be spun off to Suez shareholders at the time of the merger, with the enlarged group retaining a 35% stake.

With respect to the merger process, the filing of a negative opinion by GDF's Buropean works council is an important step forward. Its view is not binding, but French rules demand that this body, made up of union representatives, give an opinion--be it positive or negative--before the tie-up can proceed. GDF must now obtain a similar non-binding opinion from its central works council--another assembly of workers' representatives. Suez's European and central works councils both have already filed their views.

Once GDF has obtained an opinion from its central works council, the main remaining hurdle for the merger will be the approval by both groups' shareholders.

To resolve the CreditWatch placement we will focus on the enlarged group's strategy and financial policy. So far management has announced a large €10 billion per annum capital expenditure program between 2008 and 2010, as well as a planned growth in dividends of 10% to 15% per year between the dividend paid in 2007 (by GDF: €1.1 per share) and the dividend to be paid in 2010, with potential further returns to shareholders, while seeking to maintain a "strong 'A'" rating.

Liquidity

Suez's European utility activities' recurring cash flow generation and strong liquidity underpin the 'A-2' short-term rating. Debt maturities in 2008 and

2009 of respectively $\[mathbb{E}$ 5.5 billion (including $\[mathbb{E}$ 2.2 billion of commercial paper) and $\[mathbb{E}$ 3.1 billion are more than covered by available liquidity of about $\[mathbb{E}$ 6.5 billion and undrawn committed lines of $\[mathbb{E}$ 9.1 billion, of which only $\[mathbb{E}$ 1 billion mature over 2008 and 2009.

Ratings List

Corporate credit ratings A-/Watch Pos/A-2

NB: This list does not include all ratings affected.

Additional Contact:

Infrastructure Finance Ratings Europe;InfrastructureEurope@standardandpoors.com

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يرفى خراجته



CREDIT REPORT

See the attached Suez Energy Resources NA, Inc. credit report.

ATTN: Matthew Cepni Report Printed:03/25/2008

Live Report: SUEZ ENERGY RESOURCES NA INC.

D-U-N-S® Number: 09-966-8332

Trade Names: (SUBSIDIARY OF SUEZ ENERGY NORTH AMERICA, INC., HOUSTON, TX)

Endorsement/Billing Reference: Matthew.Cepni@suezenergyna.c

D&B Address

1990 Post Oak Blvd Ste 1900 Houston,TX - 77056

Phone 713 636-0000

Fax

Location Type Headquarters (Subsidiary)

Web www.suezenergyresources.com

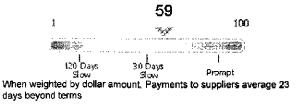
Added to Portfolio:02/02/2007

Company Summary

Score Bar	
PAYDEX®	59
Commercial Credit Score Class	. 3 _.
Financial Stress Class	.1
Credit Limit - D&B Conservative	\$25,000.00
Financial Stress Score	1447

D&B 3-month PAYDEX®

D&B 12-month PAYDEX®



D&B Company Overview

This is a headquarters (subsidiary) location

Branch(es) or Division(s) exist

Chief Executive

ZIN SMATI, CEO

Year Started

2001

Employees

100 (Undetermined Here)

SIC

8731

Line of business

Commercial physical

research

NAICS

541712

History Status

CLEAR

Commercial Credit Score Class



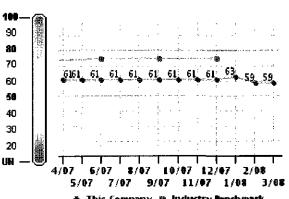
Medium risk of severe payment delinquency over next 12 months.

Financial Stress Score Class



Low risk of severe financial stress over the next 12 months.

PAYDEX® Trend Chart



* This Company & Industry Benchmark

Public Filings

The following data includes both open and closed filings found in D&B's database on this company.

Record Type	Number of Records	Most Recent Filing Date
Bankruptcies	0 .	
Judgments	0	
Liens	0	-
Suits	0	-
UCC's	0	-

The public record items contained herein may have been paid, terminated, vacated or released prior to todays date.

Corporate Linkage

Globa	ı	Ultimate
JIVVU		VIGHIALE

Company SUEZ City , Country PARIS , FRANCE **D-U-N-S? NUMBER** 27-514-0648

Parent

Company

SUEZ ENERGY NORTH AMERICA, INC.

City , State HOUSTON , Texas D-U-N-S7 NUMBER 14-639-5210

Subsidiaries (Domestic)

Company

WHARTON COUNTY GENERATION, LLC

City, State HOUSTON, Texas D-U-N-S? NUMBER 80-802-2045

Branches (Domestic)

Company

SUEZ ENERGY RESOURCES NA INC. City, State
EAST AMHERST. New York
EDISON, New Jersey
OAK BROOK, Illinois
ALLENTOWN, Pennsylvania

D-U-N-S? NUMBER 19-966-4959 78-505-5844 61-916-5314 80-830-3312

Affiliates (Domestic)

Company	City , State	D-U-N-S? NUMBER
SUEZ TRACTEBEL, INC.	HOUSTON, Texas	01-161-2603
TRIGEN ENERGY CORPORATION	HOUSTON, Texas	14-785-5613
SUEZ LNG NA, LLC	BOSTON, Massachusetts	1 9- 671-4414

Predictive Scores

Credit Capacity Summary

This credit rating was assigned because of D&B's assessment of the company's financial ratios and its cash flow. For more information, see the " D&B Rating Key".

D&B Rating Key:

The blank rating symbol should not be interpreted as indicating that credit should be denied. It simply means that the information available to D&B does not permit us to classify the company within our rating key and that further enquiry should be made before reaching a decision. Some reasons for using a "-" symbol include: deficit net worth, bankruptcy proceedings, insufficient payment information, or incomplete history information.

Below is an overview of the company's rating history since 04-30-2004

Number of Employees Total: 100 (Undetermined here)

D&B Rating

Date Applied -04-30-2004

Payment Activity:

(based on 4 experiences)

Average High Credit: **Highest Credit:**

\$300 \$500

Total Highest Credit:

\$1,200

D&B Credit Limit Recommendation

Conservative credit Limit

\$25,000

Aggressive credit Limit:

\$80,000

Risk category for this business:

MODERATE

3 5 2 1 Moderate High

This recommended Credit Limit is based on the company profile and on profiles of other companies with similarities in size, industry, and credit usage. Risk is assessed using D&Bs scoring methodology and is one factor used to create the recommended limits. See Help for details.

Financial Stress Class Summary

The Financial Stress Class Summary Model predicts the likelihood of a firm ceasing business without paying all creditors in full, or reorganization or obtaining relief from creditors under state/federal law over the next 12 months. Scores were calculated using a statistically valid model derived from D&Bs extensive data files.

The Financial Stress Class of 1 for this company shows that firms with this classification had a failure rate of 1.2% (120 per 10,000), which is lower than the average of businesses in D & B's database

Financial Stress Class:



High

Medium

Low Low risk of severe financial stress, such as bankruptcy, over the next 12 months.

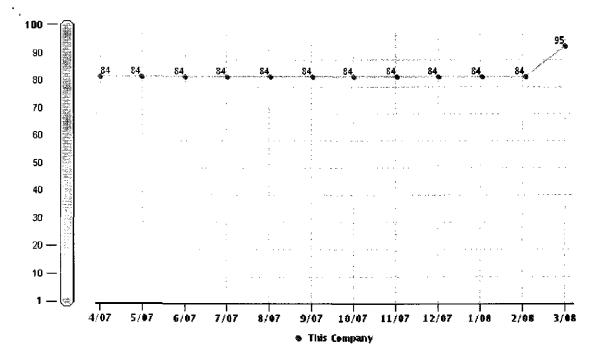
Incidence of Financial Stress:

- Among Businesses with this Classification: 1.20 % (120 per 10000)
- Average of Businesses in D&Bs database: 2.60 % (260 per 10000)
- Financial Stress National Percentile: 84 (Highest Risk: 1; Lowest Risk: 100)
- Financial Stress Score : 1447 (Highest Risk: 1001; Lowest Risk: 1875)

The Financial Stress Class of this business is based on the following factors:

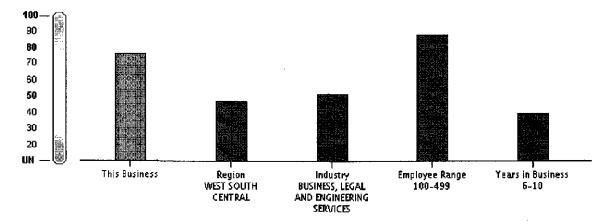
- 45% of trade dollars indicate slow payment(s) are present.
- Control age or date entered in D & B files indicates higher risk.
- Payment experiences exist for this firm which are greater than 60 days past due.

Financial Stress Percentile Trend:



Notes:

- The Financial Stress Class indicates that this firm shares some of the same business and financial characteristics of other companies with this
 classification. It does not mean the firm will necessarily experience financial stress.
- The Incidence of Financial Stress shows the percentage of firms in a given Class that discontinued operations over the past year with loss to
 creditors. The Incidence of Financial Stress National Average represents the national failure rate and is provided for comparative purposes.
- The Financial Stress National Percentile reflects the relative ranking of a company among all scorable companies in D&Bs file.
- The Financial Stress Score offers a more precise measure of the level of risk than the Class and Percentile. It is especially helpful to customers using a scorecard approach to determining overall business performance.
- All Financial Stress Class, Percentile, Score and Incidence statistics are based on sample data from 2004



Norms	National %
This Business	84
Region: WEST SOUTH CENTRAL	47
industry: BUSINESS, LEGAL AND ENGINEERING SERVICES	52
Employee range: 100-499	99
Years in Business: 6-10	37

This Business has a Financial Stress Percentile that shows:

Lower risk than other companies in the same region.

Lower risk than other companies in the same industry.

Higher risk than other companies in the same employee size range.

Lower risk than other companies with a comparable number of years in business.

Credit Score Class Summary

The Credit Score class predicts the likelihood of a firm paying in a severely delinquent manner (90+ Days Past Terms) over the next twelve months. It was calculated using statistically valid models and the most recent payment information in D&Bs files.

The Credit Score class of 3 for this company shows that 14.3% of firms with this classification paid one or more bills severely delinquent, which is lower

than the average of businesses in D & B's database. Credit Score Class :



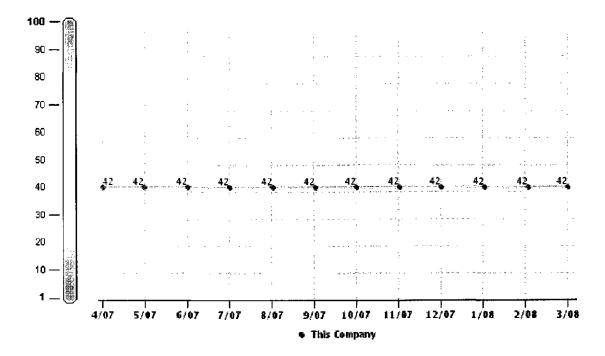
Moderate risk of severe payment delinquency over next 12 months. Incidence of Delinquent Payment

- Among Companies with this Classification: 14.30 %
- Average compared to businesses In D&B's database: 20.10 %
- Credit Score Percentile: 34 (Highest Risk: 1; Lowest Risk: 100)
 Credit Score: 403 (Highest Risk: 101; Lowest Risk: 670)

The Credit Score Class of this business is based on the following factors:

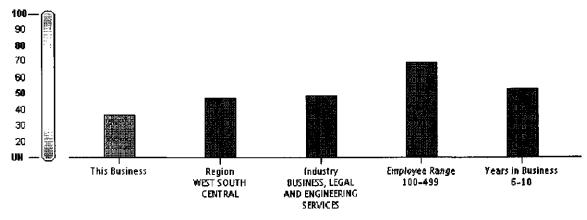
- 45% of trade dollars indicate slow payment(s) are present.
- Payment experiences exist for this firm which are greater than 60 days past due.
- No record of open lien(s), or judgment(s) in the D & B files.
- Business does not own facilities.

Credit Score Class Percentile Trend:



Notes:

- The Credit Score Class indicates that this firm shares some of the same business and payment characteristics of other companies with this classification. It does not mean the firm will necessarily experience delinquency.
- The Incidence of Delinquent Payment is the percentage of companies with this classification that were reported 90 days past due or more by creditors. The calculation of this value is based on an inquiry weighted sample.
- The Percentile ranks this firm relative to other businesses. For example, a firm in the 80th percentile has a lower risk of paying in a severely delinquent manner than 79% of all scorable companies in D&Bs files.
- The Credit Score offers a more precise measure of the level of risk than the Class and Percentile. It is especially helpful to customers using a scorecard approach to determining overall business performance.
- All Credit Class, Percentile, Score and Incidence statistics are based on sample data from 2004



This Business	34
Region: WEST SOUTH CENTRAL	47
Industry: BUSINESS, LEGAL AND ENGINEERING SERVICES	49
Employee range: 100-499	75
Years in Business: 6-10	54

This business has a Credit Score Percentile that shows:

Higher risk than other companies in the same region, Higher risk than other companies in the same industry.

Higher risk than other companies in the same employee size range.

Higher risk than other companies with a comparable number of years in business.

Trade Payments

Payment Habits

For all payment experiences within a given amount of credit extended, shows the percent that this Business paid within terms. Provides number of experiences to calculate the percentage, and the total credit value of the credit extended.

\$ Credit Extended	# Payment Experiences	\$ Total Dollar Amount	% of Payments Within Terms	
Over 100,000	0	\$0	0% ို	
50,000-100,000	O	\$0	0% :	
15,000-49,999	a	\$0	0% :	
5,000-14,999	0	\$ 0	0%]	
1,000-4,999	0	\$ 0	D% [:]	
Under 1,000	4	\$1,200	58%	
			The state of the s	
			CT% 50%	1009

Based on payments collected over last 12 months.

For all Payment experiences reflect how bills are met in relation to the terms granted. In some instances, payment beyond terms can be the result of disputes over merchandise, skipped invoices etc.

The first of the second second

Payment Summary

There are 4 payment experience(s) in D&Bs file for the most recent 12 months, with 0 experience(s) reported during the last three month period. The highest Now Owes on file is \$0. The highest Past Due on file is \$0.

Below is an overview of the company's dollar-weighted payments, segmented by its suppliers' primary industries:

	Total Revd (#)	Total Dollar Amts (\$)	Largest High Credit (\$)	Within Terms (%)	Days Slow <31 31-60 61-90 90> (%)
Top industries					
Executive office	2	200	100	100	000 0
Nonclassified	1	500	500	100	000 D
Telephone communictns	1	500	500	ð	D O 100 D
Other payment categories					
Cash experiences	0	0	0		
Payment record unknown	Q	0	0		
Unfavorable comments	0	0	0		
Placed for collections:					
With D&B	0	0	0		
Other	0	N/A	0		
Total in D&Bs file	4	1,200	500		

Accounts are sometimes placed for collection even though the existence or amount of the debt is disputed.

Indications of slowness can be result of dispute over merchandise, skipper invoices etc.

Payment Details

Date Reported (mm/yy)	Paying Record	High Credit (\$)	Now Owes (\$)	Past Due (\$)	Selling Terms	Last Sale Within (month)
10/ 07	Ppt	100				1 mo
03/07	(002) Satisfactory .	100				6-12 mas
01/07	Ppt	50 0	()	0	6-12 mos
05/06	Slow Wil	500	0		0	9-12 mos

Payments Detail Key: 30 or more days beyond terms

Payment experiences reflect how bills are met in relation to the terms granted. In some instances payment beyond terms can be the result of disputes over merchandise, skipped invoices etc. Each experience shown is from a separate supplier. Updated trade experiences replace those previously reported.

Public Filings

Summary

A check of D&B's public records database indicates that no filings were found for SUEZ ENERGY RESOURCES NA INC. at 1990 Post Oak Blvd Sta 1900 , Houston TX .

D&B's extensive database of public record information is updated daily to ensure timely reporting of changes and additions. It includes business-related suits, liens, judgments, bankruptcies, UCC financing statements and business registrations from every state and the District of Columbia, as well as select filling types from Puerto Rico and the U.S. Virgin Islands.

D&B collects public records through a combination of court reporters, third parties and direct electronic links with federal and local authorities. Its database of U.S. business-related filings is now the largest of its kind.

Government Activity

Activity summary

 Borrower (Dir/Guar)
 NO

 Administrative Debt
 NO

 Contractor
 YES

 Grantee
 NO

 Party excluded from federal program(s)
 NO

Possible candidate for socio-economic program consideration

Labour Surplus Area N/A Small Business N/A 8(A) firm N/A

The details provided in the Government Activity section are as reported to Dun & Bradstreet by the federal government and other sources.

History and Operations

Company Overview

Company Name: Doing Business As : SUEZ ENERGY RESOURCES NA INC.

(SUBSIDIARY OF SUEZ ENERGY NORTH AMERICA, INC., HOUSTON, TX) 1990 Post Oak Blvd Ste 1900

Houston 77056

Houston 77056

Phone: URL:

Street Address:

713-636-0000

History

http://www.suezenergyresources.com

Present management control

is clear 7 years

History

The following information was reported: 01/31/2008

Officer(s):

ZIN SMATI, CEO

DIRECTOR(S):

THE OFFICER(S)

Business started 2001, 100% of capital stock is owned by parent company. ZIN SMATI. 2001-present active here.

Operations

01/31/2008

Subsidiary of Suez Energy North America, Inc., Houston, TX started 1995 which operates as business services. Parent company

owns 100% of capital stock.

Description:

Engaged in commercial physical research, specializing in energy research (100%).

Undetermined, Sells to Undetermined, Territory: Undetermined.

Nonseasonal.

Employees:

100 which includes officer(s). Undetermined employed here.

Facilities:

Occupies premises in building.

Branches:

This business has multiple branches; detailed branch information is available in the D & B linkage or family tree products.

SIC & NAICS

SIC:

Based on information in our file, D&B has assigned this company an extended 8-digit SIC. D&Bs use of 8-digit SICs enables us to be more specific to a companys operations that if we use the standard 4-digit code.

The 4-digit SIC numbers link to the description on the Occupational Safety & Health Administration (OSHA) Web site. Links open in a new browser window.

8731 0301 Energy research

NAICS:

541712 Research and Development in the Physical, Engineering, and Life Sciences (except Biotechnology)

Financial Statements

Additional Financial Data

On January 31, 2008, attempts to contact the management of this business have been unsuccessful. Outside sources confirmed operation and location.

Request Financial Statements

Requested financials are provided by SUEZ ENERGY RESOURCES NA INC. and are not DUNSRight certified.

Key Business Ratios

D & B has been unable to obtain sufficient financial information from this company to calculate business ratios. Our check of additional outside sources also found no information available on its financial performance.

To help you in this instance, ratios for other firms in the same industry are provided below to support your analysis of this business.

Based on this Number of Establishments

71

	Industry Norms Bas			
	This Business	Industry Median	Industry Quartile	
Profitability				
Return on Sales	UN	(0.4)	UN	
Return on Net Worth	บห	1.0	UN	
Short-Term Solvency				
Current Ratio	UN	2.2	UN	
Quick Ratio	UN	1.6	UN	
Efficiency				
Assets/Sales	UN	95.6	UN	
Sales / Net Working Capital	UN	3.8	UN	
Utilization				
Total Liabilities / Net Worth	UN	42.4	UN	

UN = Unavailable

Associations

All Credit Files with same D-U-N-S® Number as this D&B Live Report

Company Name

Type Snapshot Status

Date Created

SUEZ ENERGY RESOURCES NA INC.

D-U-N-S Number 09-966-8332

Saved

10/25/2006 08:23 AM EST

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BANKRUPTCY INFORMATION

None.



MERGER INFORMATION

None.



OPERATIONS

Suez Energy Resources NA, Inc. ("SERNA") operations will include the scheduling of power for transmission and delivery and the provision of retail ancillary services as well as other services used to arrange for the purchase and delivery of electricity to retail customers. SERNA provides risk-managed retail electricity to commercial and industrial customers, with products and services that offer budget certainty, reduce energy expenditures, and set new standards in electricity supply. Inhouse expertise and market-based knowledge helps control costs and manage risks and volatility through a variety of energy products.

SERNA serves commercial and industrial accounts customer. SERNA's sources of supply include power generation facilities, which are owned and operated internally by Suez Energy Generation NA, Inc., and power purchase agreements with power generation and wholesale partners around the United States.

SERNA manages the supply and procurement of electricity through its power generation units, gas distribution and storage facilities, and more than 100 power purchase agreements with power generation and wholesale partners around the United States. SERNA schedules and causes the delivery of electricity through agreements with Independent System Operators (ISO) and relationships with regulated transmission and distribution companies.

The origination, supply, and delivery of power is handled by SERNA's 24/7 operation facilities across the United States. SERNA has invested significant resources to ensure that all customers receive on-time switching, timely and accurate billing, and immediate response to customer care issues. Our Customer Service and Support organization is designed to provide dedicated professionals to handle all aspects of energy supply, delivery, and risk management. SERNA publically guarantees an on-time enrollment. SERNA is recognized a leader in quick problem resolution, execution on price quotes, and on-time billing. SERNA will respond to all customer inquires and/or complaints in accordance with the Commission rules adopted pursuant to Section 4928.10 of the Revised Code. SERNA has also instituted quality control and quality assurance practices to ensure our people, processes, vendors and systems operate at this highly level of quality.



OPERATIONS EXPERTISE

Suez Energy Resources NA, Inc. ("SERNA") is now the 6th largest energy provider in the U.S. Since SERNA launched its marketing efforts in January 2003, it has become the fastest growing retail energy provider in the nation and now serves over 25,000 accounts having peak demand ranging from 50kw to 200MW, for a total load of approximately 4500MW. SERNA serves customer accounts representing almost \$2 billion in contract value and to mare than 25,000 meters. SERNA has the financial backing of SUEZ, one of the works most established companies, dating back to 1822. SERNA maintains a centralized, scalable back office to enable competitive pricing.

SUEZ Energy Resources currently serves commercial and industrial customers in the following the following states: Connecticut, Delaware, District of Columbia, Illinois, Main, Maryland, Massachusetts, New Jersey, New York, Pennsylvania, and Texas. Affiliated interests of SERNA have FERC authorization to market wholesale electric power. SERNA's sources of supply include power generation facilities, which are owned and operated internally by Suez Energy Generation NA, Inc., and power purchase agreements with power generation and wholesale partners around the United States. SERNA's sources of supply also include physical bilateral purchases both from SUEZ Energy Marketing NA, Inc. (SEMNA) and other third party suppliers. SERNA manages the supply and procurement of electricity through its power generation units, gas distribution and storage facilities, and more than 100 power purchase agreements with power generation and wholesale partners around the United States. SERNA schedules and causes the delivery of electricity through agreements with Independent System Operators (ISO) and relationships with regulated transmission and distribution companies.

SERNA has received high marks in customer satisfaction, as evidenced by independent surveys placing SERNA in the top-tier of all energy providers. Additionally, SERNA enjoys industry leading receivables performance. SERNA has also instituted quality control and quality assurance practices to ensure our people, processes, vendors and systems operate at this highly level of quality.



KEY TECHNICAL PERSONNEL

MICHEL SIRAT, PRESIDENT AND CEO

1990 Post Oak Blvd. Suite 1900 Houston, Texas 77056 Tel. 713-636-0000

Email: Michel.Sirat@suezenergyna.com

Before being appointed to his present position, Mr. Sirat was Senior Executive Vice President of SUEZ Energy North America, serving as Deputy to the company's President and CEO, responsible for Accounting, Business Control, Risk Control, Credit, Treasury, Tax, and Finance. Mr. Sirat joined the SUEZ Group in 2000 as Senior Vice President, Corporate Finance and Treasury. In 2003 he was named Group Senior Vice President, Finance, Tax and Treasury. Mr. Sirat holds graduate degrees from the Ecole Centrale de Paris and the Ecole Nationale d'Administration.

GUY BRADEN, SENIOR VICE PRESIDENT OPERATIONS

1990 Post Oak Blvd. Suite 1900

Houston, Texas 77056

Tel. 713-636-0000

Email: Guy.Braden@suezenergyna.com

Mr. Braden joined the Suez Group in 2002 and currently holds the title of Senior Vice President, Operations. Mr. Braden is responsible for business services, customer service, order validation, and information technology. Mr. Braden holds an MBA from the University of Texas at Austin and a BS in Physics from the United States Naval Academy

JAY HARPOLE, VICE PRESIDENT POWER SUPPLY

1990 Post Oak Blvd. Suite 1900

Houston, Texas 77056

Tel. 713-636-0000

Email: Jay.Harpole@suezenergyna.com

Mr. Harpole has 8 years experience in the energy industry. He began his career with Exxon in the Baytown Olefins Plant analyzing and reporting the fixed and variable costs associated with the facility, which included 200Mw of cogeneration units. Mr. Harpole then spent two years with Dynegy structuring retail and wholesale power and gas transactions. During that period, Mr. Harpole became very interested in the retail power business and helped lead Dynegy Energy Solutions into the ERCOT market as it opened its first retail competition via a pilot program in August of 2001. During his 5 years in the retail energy business, Mr. Harpole worked in nearly every market open to competition, including Texas, New York, Massachusetts, Maine, New Jersey, Maryland, Pennsylvania, Illinois, and Washington D.C. Mr. Harpole graduated Cum Lade from Louisiana State University with a Bachelor of Science degree in International Trade and Finance. Mr. Harpole also holds a Masters of Business Administration with a concentration in Finance from the same institution.

CECILIA HEILMANN, VICE PRESIDENT OF BUSINESS CONTROL

1990 Post Oak Blvd. Suite 1900

Houston, Texas 77056

Tel. 713-636-0000

Email: Cecilia.heilmann@suezenergyna.com

Cecilia Heilmann joined Suez in 2004 as the Vice President of Business Control for SUEZ Energy Resources NA. She is responsible for the company's financial functions including accounting, credit and budgeting. Prior to SUEZ, Ms. Heilmann worked at El Paso Corporation where she served in various capacities, including Vice President of Corporate Planning and Vice President and Controller of the merchant division. Ms. Heilmann is a certified public accountant and holds a BA in Accounting from the University of Texas at El Paso.

VIKRAM KULKARNI, DIRECTOR OF SUPPLY PRICING

1990 Post Oak Blvd. Suite 1900 Houston, Texas 77056

Tel. 713-636-0000

Email: Vikram.Kulkarni@suezenergyna.com

Director of Supply Pricing: Mr. Kulkarni has 8 years of experience in the energy industry. He has had previous experience with Enron and Texas Utilities (TXU) in a commodity structuring role. He has broad experience in a number of deregulated electricity markets including ERCOT, NEPOOL, NYISO and PJM. At Suez, he is responsible for managing the structuring and pricing function for retail transactions. He holds a Bachelors Degree in Economics from the University of Wisconsin at Madison and a Masters Degree in Finance from Boston College.



FERC POWER MARKETERE LICENSE NUMBER

Not applicable.