



**SUEZ ENVIRONNEMENT COMPANY**  
(incorporated with limited liability in the Republic of France) as Issuer

**€750,000,000 Undated Deeply Subordinated  
Fixed to Floating Rate Notes**

The €750,000,000 Undated Deeply Subordinated Fixed to Floating Rate Notes (the **Notes**) of Suez Environnement Company (**Suez Environnement** or the **Issuer**) will be issued outside the Republic of France on 21 September 2010 (the **Issue Date**).

The principal and interest of the Notes constitute (subject to certain limitations described in "Terms and Conditions of the Notes - Status of the Notes - Payment on the Notes in the Event of Liquidation of the Issuer") direct, unconditional, unsecured and deeply subordinated obligations (*titres subordonnés de dernier rang*) of the Issuer and rank and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by French law) *pari passu* with all other present or future Deeply Subordinated Notes, but subordinated to the *prêts participatifs* granted to the Issuer, Ordinary Subordinated Notes and Unsubordinated Notes of the Issuer, as set out in the "Terms and Conditions of the Notes - Status of the Notes".

The Notes will bear interest (i) from (and including) the Issue Date to (but excluding) 21 September 2015 (the **First Call Date**), at a fixed rate of 4.82 per cent. per annum, payable annually in arrear on or about 21 September in each year commencing on 21 September 2011, (ii) from (and including) the First Call Date to (but excluding) 21 September 2020 (the **Second Call Date**), at a fixed rate per annum which shall be 2.90 per cent. above the 5-year Swap Rate determined two Business Days prior to the First Call Date, payable annually in arrear on or about 21 September in each year commencing on 21 September 2016, and (iii) from (and including) the Second Call Date, at a floating rate calculated on the basis of 3-month EURIBOR plus a margin of 3.90 per cent. per annum, payable quarterly in arrear on or about 21 December, 21 March, 21 June, and 21 September in each year commencing on or about 21 December 2020.

**Payment of interest on the Notes may be deferred at the option of the Issuer under certain circumstances, as set out in "Terms and Conditions of the Notes - Interest - Interest Deferral".**

The Issuer will have the right to redeem all of the Notes (but not some only) on the First Call Date, on the Second Call Date or upon any Floating Interest Payment Date thereafter, as defined and further described in "Terms and Conditions of the Notes - Redemption and Purchase- Optional Redemption". The Issuer may also, at its option, redeem all of the Notes (but not some only) on any Interest Payment Date before the Second Call Date, upon the occurrence of certain events, including a Gross-Up Event, a Tax Deductibility Event, an Accounting Event and a Rating Methodology Event, as further described in "Terms and Conditions of the Notes - Redemption and Purchase".

In addition, the Issuer may, further to the occurrence of a Change of Control Call Event, redeem or procure purchase for all the Notes (but not some only), as further described in "Terms and Conditions of the Notes - Redemption and Purchase - Redemption following a Change of Control Event". If such option is not exercised, the interest payable on the Notes will be increased by an additional margin of 5 per cent. per annum.

This Prospectus constitutes a prospectus (the **Prospectus**) for the purposes of Article 5.3 of Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 (the **Prospectus Directive**) and the relevant implementing measures in France, in respect of, and for the purposes of giving information with regard to, Suez Environnement and its fully consolidated subsidiaries taken as a whole (the **Group**) and the Notes which, according to the particular nature of the Issuer and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of Suez Environnement and the Group.

Application has been made for approval of this Prospectus to the *Autorité des marchés financiers* (the **AMF**) in France in its capacity as competent authority pursuant to Article 212-2 of its *Règlement Général* which implements the Prospectus Directive.

Application has been made to Euronext Paris for the Notes to be listed and admitted to trading on Euronext Paris. Euronext Paris is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC, appearing on the list of regulated markets issued by the European Commission (a **Regulated Market**).

The Notes will be issued in bearer dematerialised form (*au porteur*) in the denomination of €50,000. The Notes will at all times be in book entry form in compliance with Articles L.211-3 and R.211-1 of the French *Code monétaire et financier*. No physical documents of title (including *certificats représentatifs* pursuant to Article R.211-7 of the French *Code monétaire et financier*) will be issued in respect of the Notes. The Notes will, upon issue, be inscribed in the books of Euroclear France (**Euroclear France**) which shall credit the accounts of the Account Holders. **Account Holder** shall mean any authorised financial intermediary institution entitled to hold, directly or indirectly, accounts on behalf of its customers with Euroclear France, and includes Euroclear Bank S.A./N.V. (**Euroclear**) and the depositary bank for Clearstream Banking, société anonyme (**Clearstream, Luxembourg**).

The Notes are expected to be assigned a rating of Baa2 by Moody's Investors Service Ltd. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

**Prospective investors should have regard to the factors described under the section headed "Risk factors" in this Prospectus.**

*Joint Bookrunners and Structuring Advisers*

**Goldman Sachs International**

**J.P. Morgan**

*Joint Bookrunners*

**BNP PARIBAS**

**HSBC**

**Société Générale Corporate &  
Investment Banking**

*This Prospectus should be read and construed in conjunction with any supplement that may be published from time to time and with all documents incorporated by reference herein (see "Documents Incorporated by Reference") (together, the **Prospectus**).*

*Certain information contained in this Prospectus and/or documents incorporated herein by reference have been extracted from sources specified in the sections where such information appears. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by the above sources, no facts have been omitted which would render the information reproduced inaccurate or misleading. The Issuer has also identified the source(s) of such information.*

*No person has been authorised to give any information or to make any representation other than those contained in this Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Joint Bookrunners (each as defined in "General Description of the Notes"). Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or those of the Group since the date hereof or the date upon which this Prospectus has been most recently supplemented or that there has been no adverse change in the financial position of the Issuer or that of the Group since the date hereof or the date upon which this Prospectus has been most recently supplemented or that any other information supplied in connection with the issue of the Notes is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.*

*The distribution of this Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Bookrunners to inform themselves about and to observe any such restriction.*

*THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. SUBJECT TO CERTAIN EXCEPTIONS, NOTES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS. FOR A DESCRIPTION OF CERTAIN RESTRICTIONS ON OFFERS AND SALES OF NOTES AND ON DISTRIBUTION OF THIS PROSPECTUS, SEE "SUBSCRIPTION AND SALE".*

*No action has been taken by the Issuer or the Joint Bookrunners which would permit a public offering of the Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations and the Joint Bookrunners have represented that all offers and sales by them will be made on the same terms. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Bookrunners to inform themselves about and to observe any such restriction.*

*This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Joint Bookrunners to subscribe for, or purchase, the Notes.*

*The Joint Bookrunners have not separately verified the information contained in this Prospectus. None of the Joint Bookrunners makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Prospectus. Neither this Prospectus nor any information incorporated by reference in this Prospectus is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer or the Joint Bookrunners that any recipient of this Prospectus or any information incorporated by reference should subscribe for or purchase the Notes. In making an investment decision regarding the Notes, prospective investors must rely*

*on their own independent investigation and appraisal of the Issuer, its business and the terms of the offering, including the merits and risks involved. For further details, see "Risk Factors" herein. The contents of this Prospectus are not to be construed as legal, business or tax advice. Each prospective investor should subscribe for or consult its own advisers as to legal, tax, financial, credit and related aspects of an investment in the Notes. None of the Joint Bookrunners undertakes to review the financial condition or affairs of the Issuer or the Group after the date of this Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Joint Bookrunners.*

*The consolidated financial statements of the Issuer and the Group for the years ended 31 December 2009 and 31 December 2008 have been prepared in accordance with IFRS.*

*In connection with this issue, Goldman Sachs International and J.P. Morgan Securities Ltd. (the **Stabilising Managers**) (or persons acting on behalf of the Stabilising Managers) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Managers (or persons acting on their behalf) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the Issue Date and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilising Managers (or person(s) acting on their behalf) in accordance with all applicable laws and rules.*

*In this Prospectus, unless otherwise specified or the context otherwise requires, references to **€**, **Euro**, **EUR** or **euro** are to the single currency of the participating member states of the European Economic and Monetary Union which was introduced on 1 January 1999.*

## **FORWARD-LOOKING STATEMENTS**

This Prospectus contains certain statements that are forward-looking including statements with respect to the Issuer's business strategies, expansion and growth of operations, trends in its business, competitive advantage, and technological and regulatory changes, information on exchange rate risk and generally includes all statements preceded by, followed by or that include the words "believe", "expect", "project", "anticipate", "seek", "estimate" or similar expressions. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward-looking statements as a result of various factors. Potential investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof.

## TABLE OF CONTENTS

<b>Section</b>	<b>Page</b>
Risk Factors.....	6
General Description of the Notes .....	27
Documents on Display.....	35
Documents Incorporated by Reference.....	36
Information Incorporated by Reference in Respect of Suez Environnement Company .....	37
Terms and Conditions of the Notes .....	41
Use of Proceeds.....	60
Description of the Issuer .....	61
Recent Developments .....	68
Taxation .....	84
Subscription and Sale .....	88
General Information .....	92
Persons responsible for the information given in the prospectus .....	93

## RISK FACTORS

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

*Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with Notes are also described below.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding the Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.*

*For the purpose of this section headed "Risk factors", the **Group** is defined as the Issuer and its subsidiaries.*

*The order in which the following risks factors are presented is not an indication of the likelihood of their occurrence.*

### **(A) Risk Factors relating to the Issuer**

#### **1. Risks related to the Group's business sector**

##### ***The Group faces steady competition***

The Group's services are subject to strong competitive pressure from major international operators and, in some markets, from "niche" players. New industrial and financial players invest in markets by adopting aggressive strategies, which are supported by investment funds. In addition, the Group also faces competition from public sector operators in some markets (for example, the semi-public companies in France or the *Stadtwerke* in Germany). Finally, for contracts previously awarded by public authorities, some cities may desire to retain or assume direct management of water and waste services (notably in the form of public control, "*régie*") instead of depending on private operators.

This strong competitive pressure, which could increase in a context of consolidation among private entities (which is already underway in the waste sector in Europe, more specifically, in the United Kingdom, Germany, and the Benelux countries), may put pressure on the sales prices for the services offered by the Group and lead to major contracts not being renewed and greater difficulties in obtaining new contracts, which could have a negative impact on the activity, earnings, and outlook of the Group.

The risk of pressure on sales prices is exacerbated in the waste treatment sector in some countries, where the Group may see the profitability of its facilities reduced due to a reduction in the rate of use resulting from the development of overcapacity.

Moreover, in order to offer services that are comparable or better than those offered by its competitors, the Group may have to develop new technologies and services, thus enabling it to generate additional revenues, which brings with it substantial costs that could have a negative impact on the financial position and earnings of the Group.

Finally, certain technological choices made by the Group to remain competitive or conquer new markets may not produce the expected results and may have a negative impact on the Group's activity, earnings or outlook.

***Some Group services are sensitive to economic cycles***

Fiscal year 2008 was characterised by the emergence of the crisis, particularly the banking and financial crisis, followed by the economic and manufacturing crisis. Because of its activities, the Group is sensitive to these economic factors, whose potential impact is described below.

In particular, the economic crisis that began in late 2008 resulted in a slowdown in the business of the Group's major clients and therefore contributed to a decline in demand for water-and waste-related services. This in turn impacted the Group's sales volume and profits. The Group's broad geographic and industry diversification offers only partial protection against this risk.

Some Group services, particularly services to industrial clients, both in the water and waste segments, are sensitive to economic cycles. Since the Group is mainly present in Europe, the United States, and Asia-Pacific, a portion of its activity is sensitive to changes in the economic conditions of these geographic regions. Any economic slowdown in a country where the Group is present lowers consumption as well as investments and industrial production and, therefore, negatively impacts demand for the services offered by the Group, which could in turn have a negative impact on the Group's activity, earnings, and outlook.

***The Group's water activities are sensitive to changes in consumption patterns***

A combination of many social, regulatory and climatic factors slow the growth of water consumption.

A reduction in volumes consumed is being observed in the supplying of drinking water in some developed countries, due notably to water saving programs established by public authorities and industrialists and the widespread idea that water is a resource that needs to be protected. For example, in France, the Group estimates that on average, the volume of water billed has declined by roughly 1 per cent. per year, over the last fifteen years.

The gain in productivity achieved by the Group and the fact that some contracts provide for a fee portion that is independent of volume consumed, have allowed the Group to respond to this reduction in volume. Moreover, the Group is developing services with greater added value in both the production and distribution of drinking water and wastewater treatment, notably by helping public authorities meet their obligation in responding to changes in the regulations.

However, if these efforts are insufficient in the future to offset the reduced volume, the Group may experience a negative impact on its activity, earnings and outlook.

***The Group's water activities are sensitive to weather conditions***

The Group's earnings in the water sector can be affected by significant weather changes.

For example, in France, exceptional rainfall caused a reduction in water consumption in 2007, while episodes of hot weather generated greater water consumption in 2003. Therefore, exceptional rainfalls may have a negative impact on the Group's activity and earnings.

***The Group is vulnerable to fluctuations in some commodity and energy prices***

The Group's activities heavily consume raw materials and energy, more specifically oil and electricity, and therefore the Group is vulnerable to their price fluctuations.

Although the Group's contracts generally include indexing mechanisms, the Group cannot guarantee that these mechanisms will cover all of the additional costs generated by an increase in electricity and oil prices, particularly for long-term contracts. In addition, some contracts entered into by the Group do not include indexing provisions. Accordingly, any major increase in the price of electricity or oil could have a negative impact on the Group's earnings and outlook.

Moreover, the Group's waste activities lead to the production of plastic, wood, cardboard, metals, and electricity; a significant decrease in their price could affect the profitability of some investments or the economic balance of certain contracts and have a negative impact on the Group's activity, earnings, and outlook.

***The Group's businesses are subject to increasingly stringent environmental, health, and safety regulations***

The Group's businesses are subject to environmental protection, public health, and safety rules that are increasingly restrictive and differ from country to country. These rules notably apply to water discharge, the quality of drinking water, waste treatment, soil and water table contamination, and the quality of smoke and gas emissions.

Despite efforts by the Group to comply with the applicable regulations, there are still many risks that result from the vagueness of some regulatory provisions or the fact that regulatory bodies can amend their enforcing instructions and that major developments in the legal framework may occur. In addition, the competent regulatory bodies have the power to institute administrative or legal proceedings against the Group, which could lead to the suspension or revocation of permits or authorisations the Group holds, or injunctions to cease or abandon certain activities or services, fines, or civil liabilities or criminal penalties, which could negatively and significantly affect the Group's public image, activity, financial position, earnings, and outlook.

Moreover, amending or strengthening regulatory provisions could engender additional costs or expenses for the Group. As a result of such measures, the Group might have to reduce, temporarily interrupt, or even discontinue engaging in one or several activities without having the assurance that it will be able to make up for the corresponding losses. Regulatory changes may also affect prices, margins, investments and operations, and, consequently the Group's activity, earnings, and outlook.

The applicable regulations involve investment and operating costs not only for the Group but also for its customers, particularly the contracting local or regional public authorities, due notably to compliance obligations. Failure by the customer to meet its obligations could injure the Group as the operator and harm its reputation and capacity for growth.

Finally, even if the Group complies with applicable regulations, it cannot monitor the quality of the water in all areas of its network. Accordingly, for several years now, France is pursuing a policy of eliminating lead service pipes, with a deadline of 2013. The Group is offering to replace its customers' pipes to achieve these objectives. This work involves renegotiating the affected contracts. However, the Group cannot exclude the possibility that the goal to eliminate lead by 2013 will not be reached because of the presence of lead in pipes for which individuals are responsible and over which

the Group has no control. Any contamination of the water distributed, regardless of the source of the contamination, could have a negative impact on the Group's public image.

Despite the monitoring systems implemented, it is impossible to predict all regulatory changes. However, the Group, by engaging in its businesses in several countries, each with its own regulatory system, diversifies this risk. Furthermore, certain regulatory changes actually offer new market opportunities for the Group's businesses.

***Certain Group activities require administrative authorisations, which can be difficult to obtain, be challenged, not be renewed, or which may encounter conditions that make them significantly harder to obtain***

Performing the Group's activities assumes that it holds various permits and authorisations, which often require a long, costly, and seemingly arbitrary procedure to obtain or renew.

Moreover, the Group may face opposition from local citizens for operating certain facilities (specifically the operation of landfills, incinerators, or wastewater treatment plants) citing nuisances, degradations of the landscape, or, more generally, damage to the environment, making it more difficult for the Group to obtain construction or operating permits and authorisations or resulting in non-renewal or even challenges.

Finally, the conditions attached to authorisations and permits that the Group has obtained could be made substantially more stringent by the competent authorities.

The Group's failure to obtain or a delay in obtaining a permit or authorisation, non-renewal of or a challenge to a permit or authorisation, or significantly more stringent conditions associated with the authorisations and permits obtained by the Group could have a negative impact on its activity, financial position, earnings, outlook, and development.

***Measures taken on the national, European and global level against climate change could represent both a risk and an opportunity for the Group***

Following the Kyoto Protocol and subsequent agreements, the battle against climate change has spread and has translated into burgeoning regulations under environmental and tax law in France, in Europe and internationally. This trend could have a very significant impact on the economic models based on the emerging risk of waste activities being included in carbon accounting in some countries. On the other hand, incorporating CO<sub>2</sub> restrictions together with provisions to support renewable energies and other regulatory and tax provisions complicates the economic model in the waste business and places greater pressure than in the past on guiding treatment methods toward energy recovery for the production of renewable energies. Over the medium term, efforts are focused on increasing the proportion of low-carbon energy sources (for example, fuel substitutes produced from waste), promoting the capture of biogas at landfills, taking into consideration energy produced from this biogas, and energy produced by sludge and biowaste anaerobic digestion and energy from waste (incineration) as a source of renewable energy.

## **2. Risks related to the Group's business activities**

***Operating under long-term contracts could penalise the Group's activities***

The Group carries out most of its business activities under long-term contracts with terms of 30 years or more. The conditions for performing these long-term contracts may be different from those that

existed or that were anticipated at the time the contract was entered into and may change the balance of the contract, particularly the financial balance.

The Group makes every effort to obtain contractual mechanisms that allow it to adjust the balance of the contract in response to changes in certain significant economic, social, technical, or regulatory conditions. However, not all long-term contracts entered into by the Group have such mechanisms. Moreover, when the contracts entered into by the Group contain such adjustment mechanisms, the Group cannot guarantee that its co-contracting partner will agree to implement them or that they will be effective in re-establishing the financial balance of the contract.

The absence or potential ineffectiveness of the adjustment mechanisms provided for by the Group in its contracts or the refusal of a co-contracting partner to implement them could have a negative impact on the Group's financial situation, earnings, and outlook.

***The Group is exposed to a risk that public authorities will unilaterally terminate or amend their contracts***

The contracts entered into by the Group with public authorities make up a significant share of its revenues. However, in most of the countries in which the Group has a presence, including France, public authorities have the right, under certain circumstances, to unilaterally amend or even terminate the contract subject to compensation by the co-contracting partner.

In the event of such unilateral amendments or terminations of contracts by co-contracting public authorities, the Group cannot guarantee that it will be able to obtain partial or full compensation, particularly in emerging countries, which could have a negative impact on its activity, financial position, and earnings.

Nonetheless, the diversity of the Group's businesses and of their geographical location implies a considerable diversity of situations.

***The Group may encounter difficulties in implementing its external growth strategy***

The Group's development strategy involves conducting development or external growth operations through the acquisition of assets or companies and interests or alliances in the waste and water businesses and geographic areas in which the Group wishes to expand. The Group may be unable, given the competitive environment, to successfully complete development or external growth operations that it is planning based on its investment criteria, which could have a significant negative impact on the implementation of this strategy.

Moreover, external growth operations may involve a number of risks related to integrating the acquired businesses or the personnel, difficulty in generating the synergies and/or savings expected, and the appearance of unexpected liabilities or costs. The occurrence of one or more of these risks could have a negative impact on the activity, financial position, earnings, or outlook of the Group.

***The Group operates in a number of emerging countries with additional risks***

Although the Group's business activities are concentrated mainly in Europe, the United States, and the Asia-Pacific region, the Group also conducts business in other markets, notably in certain emerging countries. The Group's activities in these countries involve a certain number of risks that are higher than in developed countries, such as volatility in the GDP, relative economic and governmental instability, sometimes major amendments to, or imperfect application of regulations, the nationalisation and expropriation of private property, payment collection difficulties, social

problems, substantial fluctuations in interest and exchange rates, claims by local authorities that call into question the initial tax framework or the application of contractual provisions, currency control measures, and other unfavorable interventions or restrictions imposed by public authorities.

Although the Group's activities in emerging markets are not concentrated in one country or a specific geographic region, events or unfavorable circumstances that take place in any of these countries could have a negative impact on the Group's business and could also result in the Group having to book provisions and/or impairments in its accounts, which could have a significant negative impact on its financial position, earnings, and outlook.

The Group manages these risks in connection with its partnerships and contract negotiations on a case-by-case basis. In order to limit the risks related to operations in emerging countries, the Group determines its choices by applying a selective strategy based on a detailed analysis of the country risks and, to the extent possible, taking out political risk insurance and putting international arbitration clauses in place.

***Some partnerships established by the Group could be broken***

In several countries, the Group carries out its activities through partnerships with local authorities or private local entities. Moreover, to develop its activities, the Group may be required to enter into new partnerships.

Partnerships are one of the means by which the Group shares the economic and financial risk inherent in certain major projects by limiting its capital employed and allowing it to better adapt to the specific context of local markets. Moreover, they may be required by the local laws and regulations. The partial loss of operating control is often the downside of this reduced exposure in capital employed. However, this situation is managed contractually on a case-by-case basis.

Changes in a project, the local political and economic context, the economic position of a partner, or the occurrence of a disagreement between the partners may lead to breaking partnerships, particularly if partners exercise puts or calls on shares, if one of the partners demands dissolution of the joint venture, or through the exercise of a pre-emptive right. These situations can also lead the Group to choosing to strengthen its financial commitments in certain projects or, in the event of conflict with its partner(s), to seeking solutions in court or before the competent arbitration bodies. These situations could have a significant negative impact on the Group's business, financial position, earnings and outlook.

***The Group achieves part of its organic growth by executing major projects that could encounter difficulties***

The Group's organic growth is in part based on various major projects involving the construction of industrial assets, including water production infrastructures, ocean water desalination, treatment of wastewater and treatment of waste.

The profitability of these assets, whose life is several decades, is particularly contingent on controlling costs and construction timeframes, operating performance, and the long-term trend of the competitive environment. This could impair the profitability of certain assets or imply a loss of revenues and a depreciation of assets.

***The Group incurs risks because of its design and construction activities***

In the water and waste sectors, the Group is involved in certain projects at the design and facility construction phases, notably in the water sector through its specialised subsidiaries Degrémont, OIS and Safège.

Even though the projects are always subject to detailed studies and the Group's expertise is well known, it is possible that construction deadlines will not be met and, consequently, that the Group will incur penalties, construction costs will be higher than originally planned, or facility performance level will not comply with specifications, which could have a negative impact on its financial position, earnings, and outlook.

***The Group is exposed to a risk of dependence with respect to some of its suppliers***

For the construction and management of water treatment plants or waste treatment units, the Group's companies may depend on a limited number of suppliers for the supply of water, waste, electricity, and equipment.

Any interruption or delay in the supply or failure to respect a technical performance guarantee on a major piece of equipment could affect the profitability of a project and have a negative impact on the Group's activity, earnings, and outlook.

***The business areas in which the Group operates involve a major risk of civil and environmental liability***

- Risks related to facilities management

The facilities that the Group owns or manages on behalf of third parties carry environmental risks. The air, water, and soil may pose risks to the health of consumers, residents, employees, or even subcontractors.

These health and environmental risks, which are governed by strict national and international regulations, are regularly monitored by public authorities. These changing regulations with regard to both environmental responsibility and environmental liabilities, carry a risk of an increase in the vulnerability of the Company in relation to its activities. This vulnerability is to be assessed for old facilities (such as closed landfills) and for sites in operation. It may also involve damage caused to habitats or species.

As part of its activities, the Group must handle, or even generate, dangerous products or by-products. This is the case, for example, for certain chemical products for water treatment. In waste treatment, some Group facilities treat specific industrial or healthcare waste that may be toxic.

In waste management, gas emissions to be considered are greenhouse gases, gases that promote acidification of the air, noxious gases, and dust. In the area of water, the potential air pollutants are mainly chlorine or gaseous by-products resulting from accidental emissions of water treatment products. Wastewater treatment and waste treatment activities can also cause odor problems or the production of limited but dangerous quantities of toxic gas.

In the absence of adequate management, the Group's activities could have an impact on the water present in the natural environment in the form of leachates from poorly monitored facilities, discharge of heavy metals into the environment, or aqueous discharge from flue gas treatment systems at incineration plants. These various types of emissions could pollute water tables or streams.

Wastewater treatment plants discharge decontaminated water into the natural environment. For various reasons these may temporarily fail to meet discharge standards in terms of organic load, nitrogen, and phosphorus.

Issues of soil pollution would arise in the event of accidental spills of stored dangerous products or liquids, leaks in processes involving hazardous liquids, and the storage and spread of sludge.

Various mechanisms are used to monitor all the above risks. The Group carries out its industrial activities under regulations that give rise to safety rules for the use of infrastructures. The care taken in the design, execution and operation of its works cannot prevent all industrial accidents that might impair the Group's activities or generate financial losses or material liability.

The laws and contracts that govern the Group's operations clarify the division of responsibilities with respect to risk management and financial liability; however, failure to respect standards may lead to contractual financial penalties or fines.

The unavailability of a major drinking water production or distribution facility could result in a stoppage of the delivery of water in a fairly large area, resulting in losses of revenues and the risk of paying the pertinent compensation as well as harm to the Group's public image and/or breach of a public service obligation.

Although the Group has premium civil liability and environmental risk insurance, it may still be held liable above the guaranteed caps or for items not covered in the event of claims involving the Group.

Moreover, the amounts provisioned or covered may be insufficient if the Group incurs environmental liability, given the uncertainties inherent in forecasting expenses and liabilities related to health, safety, and the environment.

Therefore, the Group's liability for environmental and industrial risks could have a significant negative impact on its public image, activity, financial position, earnings, and outlook.

- Specific risks related to operating high-risk sites ("Seveso" sites)

Within the boundaries of the European Union, the Group operates three "high-threshold" Seveso classified sites in Germany and Spain: the Herne plant in Germany and the Constanti and Barbera sites in Spain. The Group also operates eight "low-threshold" Seveso sites in France, Belgium, the Netherlands, and Germany.

Any incident at these sites could cause serious harm to employees working at the site, neighboring populations, and the environment, and expose the Group to significant liabilities. The Group's insurance coverage could be insufficient. Any such incident could, therefore, have a negative impact on the public image, activity, financial position, earnings, and outlook of the Group.

The Group implements an accident prevention policy through a series of initiatives and actions including the training of employees, communication and by holding managers responsible, thus enabling it to maintain its permanent target of zero accident.

***The Group could lack appropriate competencies at the right time and place to implement its strategy***

The Group employs specialists and executives with a broad range of expertise applied to its various businesses. In order to prevent the loss of key competencies the Group must anticipate scarcity of labor in certain businesses. In addition, the Group's international growth and the trends of its

businesses require new know-how and a great deal of mobility among its staff, particularly its executives. In order to meet this need the Group has implemented a human resources policy focused on employment tailored to various locations and on fostering employability through the development of training.

***Labor conflicts could have a negative impact on the Group's business and public image***

The Group must consider the possibility of labor disturbances, such as strikes, walkouts, claim actions, or other labor problems that could disrupt its business and have a negative impact on its financial position and earnings.

Moreover, in the waste segment, the occurrence of labor disruptions could have a negative impact on the Group's public image.

***The occurrence of occupational illnesses, particularly those related to exposure to asbestos, legionnaire's disease, or muscular-skeletal problems cannot be ruled out***

The Group is very aware of the risks of changes in employees' and subcontractors' health and takes measures to protect their health and safety. It takes great care to remain in compliance with legal and regulatory health and safety provisions at its various sites. However, it may be confronted with occupational illnesses that could lead to legal action against the Group and, potentially, to the payment of damages, which could be significant.

Some energy recovery site operators could accidentally be exposed to the risk of microorganisms such as legionella. Group instructions have been issued to contain this risk and sites are audited or inspected on a regular basis.

Personnel working at water production and distribution facilities and in hazardous industrial waste treatment sites may be exposed to chemical risks. Chemical risk is one of the risks managed under the health and safety system.

In addition, the risk of a pandemic, such as avian flu, has been anticipated by implementing continuity plans and measures to protect and prevent infection of employees that continue to work during pandemics.

***Certain Group plants could be the target of criminal or terrorist acts***

Despite security measures taken by the Group in the operation of its water and waste facilities, the possibility remains that they could be affected by malicious acts and acts of terrorism.

Such acts could have serious consequences for public health.

In addition, some of the Group's employees work or travel in countries where the risks of terrorism or kidnapping may be high.

The occurrence of such acts could have a significant negative impact on the public image, activity, financial position, earnings, and outlook of the Group.

### **3. Market Risks**

***Interest rate risks***

The Group's exposure to interest rate risks derives mainly from its floating rate net financial debt. As of 31 December 2009, the Group's net debt (excluding financial derivatives and amortised cost)

totaled €6,126.7 million, 7 per cent. at floating rates and 93 per cent. at fixed rates before hedging, and 22 per cent. at floating rates and 78 per cent. at fixed rates after hedging.

The following table shows the Group's net debt by type of rate (after hedging) at 31 December 2009:

<b>(in millions of euros)</b>	<b>Total</b>	<b>Net debt at fixed rates</b>	<b>Net debt at floating rates</b>	<b>Less than 1 year</b>	<b>1 to 5 years</b>	<b>Beyond</b>
Amount	6,126.7	4,793.1	1,333.6	(296.6)	3,112.0	3,311.3

The following table shows the Group's net debt position exposed to floating interest rates as of 31 December 2009:

<b>(in millions of euros)</b>	<b>Total</b>
Gross debt	5,186.4
Cash equivalent assets*	3,852.8
Net position before management	1,333.6
Impact of interest rate derivatives	890.7
Net position after management	2,224.3
Impact of a 1 per cent. increase in short-term interest rates on income after management	(6.9)

\* Corresponds to the "Financial assets valued at fair value through profit and loss" and "Cash and cash equivalents" items on the Group's consolidated statement of financial position.

An increase in interest rates could also force the Group to finance or refinance acquisitions or investments at a higher cost.

### ***Exchange rate risk***

Due to the nature of its activities, the Group has little exposure to foreign exchange risk on transactions, i.e., the flows related to the activity of SUEZ Environnement and its subsidiaries are denominated in their local currencies (with the exception of some Degrémont activities).

However, because of the geographic diversification of its activities, the Group is exposed to translation risk, i.e., its statement of financial position and income statement are sensitive to fluctuations in foreign exchange rates when the financial statements of its foreign subsidiaries outside the euro zone are consolidated. As a result, fluctuation in the value of the euro against these various currencies may affect the value of these items in its financial statements, even if their intrinsic value has not changed in their original currency.

The following table shows the distribution of the Group's net debt by currency as of 31 December 2009 (excluding financial derivatives and amortised cost):

<b>(in millions of euros)</b>	<b>Euros<sup>1</sup></b>	<b>US dollars</b>	<b>Pounds sterling</b>	<b>Other<sup>2</sup></b>	<b>Total</b>
Net debt before the effects of forex derivatives	4,262.1	957.1	198.7	708.8	6,126.7
Net debt after the effects of forex derivatives	3,456.6	1,125.5	420.8	1,123.8	6,126.7
Impact on income of a 10 per cent. net appreciation of the euro, on net position after management	1.5	0.8	(1.6)	0.5	1.2

1 The euro impact comes from the net euro position of Group entities whose currency is not the euro.

2 Mainly the Australian dollar, Hong Kong dollar and Chilean peso.

The following table shows the distribution of the Group's capital employed by currency as of 31 December 2009:

<b>(in millions of euros)</b>	<b>Euros</b>	<b>US dollars</b>	<b>Pounds sterling</b>	<b>Other<sup>1</sup></b>	<b>Total</b>
Capital employed	6,760	1,686	795	1,291	10,532

1 Mainly the Australian dollar, Czech koruny, yuan, and Swedish kronor.

With respect to the US dollar, the following table presents the impact of changes in the dollar exchange rates in 2009 versus 2008 on revenues, EBITDA, net debt and the amount of equity as of 31 December 2009:

<b>(in millions of euros)</b>	<b>Change</b>
Revenues	30.3
EBITDA	6
Net debt	(37)
Total equity	(27)

The calculations of revenues and EBITDA were performed based on the variation in the average 2009/2008 US\$/€ exchange rate (-5.5 per cent.); for net debt and equity it was based on the closing US\$/€ exchange rate as of 31 December 2009 and 2008 (-3.5 per cent.).

With respect to the pound sterling, the following table presents the impact of changes in the pound sterling exchange rates in 2009 versus 2008 on revenues, EBITDA, net debt and the amount of equity as of 31 December 2009:

<b>(in millions of euros)</b>	<b>Change</b>
Revenues	122.4
EBITDA	(16)
Net debt	31
Total equity	44

The calculations of revenues and EBITDA were performed based on the variation in the average 2009/2008 £/€ exchange rate (-10.6 per cent.); for net debt and equity it was based on the closing £/€ exchange rate as of 31 December 2009 and 2008 (+7.3 per cent.).

### ***Liquidity risk***

The following table presents the maturity schedule for the Group's debt and the amount of its cash at 31 December 2009:

<b>(in millions of euros)</b>	<b>Total</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>Beyond 2013</b>
Total borrowings	9,042.9	2,619.6	189.4	694.8	686.6	4,852.5
Overdrafts and current accounts	936.6	936.6	0.0	0.0	0.0	0.0
Total outstanding financial debts	9,979.5	3,556.2	189.4	694.8	686.6	4,852.5
Of which GDF SUEZ share	1,939.2	1,299.5	6.0	6.0	462.8	164.9
Cash equivalent assets <sup>a</sup>	3,852.8	3,852.8	0.0	0.0	0.0	0.0
Net debt (excluding derivative financial instruments and amortised cost)	6,126.7	(296.6)	189.4	694.8	686.6	4,852.5

(a) Includes "financial asset items valued at fair value through profit and loss" and "Cash and cash equivalents."

Some borrowings contracted by the subsidiaries of the Group or by SUEZ Environnement on behalf of its subsidiaries include clauses requiring specific ratios to be maintained. The definition and the level of the ratios, i.e., the financial "covenants," are determined in agreement with the lenders and may potentially be reviewed during the life of the borrowing. At the date of the 2009 Reference Document, financial covenants relating to these borrowings are maintained. At 31 December 2009, the Group was in compliance with these covenants. With the exception of a securitisation agreement

the maintaining of these financial covenants is most often assessed at the level of the SUEZ Environnement subsidiaries. Finally, none of these financial covenants are based on SUEZ Environnement or SUEZ Environnement Company's share price, or on the Groups' rating.

As of the date of this Prospectus, there is no payment default on the Group's consolidated debt. There was also no payment default on the consolidated debt of the Group at 31 December 2009.

The following table shows borrowings contracted by the Group at 31 December 2009, in excess of €50 million:

<b>Type</b>	<b>Fixed/ floating rate</b>	<b>Total amount of credit lines at 12/31/2009 (in millions of euros)</b>	<b>Amounts drawn down At 12/31/2009 (in millions of euros)</b>	<b>Term</b>
Bond issue	Fixed rate	1,000	1,000	2014
Bond issue	Fixed rate	800	800	2019
Borrowing	Floating rate	815	665	2010
Bond issue	Fixed rate	500	500	2024
Borrowing	Fixed rate	380	380	2010
Bond issue	Fixed rate	300	300	2014
Borrowing	Floating rate	257	257	2013
Credit line	Floating rate	300	250	2010
Bond issue	Fixed rate	250	250	2017
Borrowing	Fixed rate	200	200	2010
Borrowing	Fixed rate	200	200	2013
Borrowing	Floating rate	153	153	2012
Borrowing	Fixed rate	153	153	2010
Credit line	Floating rate	150	150	2010
Bond issue	Fixed rate	150	150	2017
Borrowing	Fixed rate	113	113	2011
Borrowing	Fixed rate	100	100	2015
Credit line	Fixed rate	100	100	2010
Borrowing	Fixed rate	95	95	2029
Borrowing	Floating rate	93	93	2019
Credit line	Floating rate	134	81	2010
Bond issue	Fixed rate	69	69	2026
Credit line	Floating rate	100	65	2010
Borrowing	Floating rate	64	64	2017
Lease arrangement	Fixed rate	62	62	2018
Credit line	Floating rate	57	32	2010

Type	Fixed/ floating rate	Total amount of credit lines at 12/31/2009 (in millions of euros)	Amounts drawn down At 12/31/2009 (in millions of euros)	Term
Bond issue	Fixed rate	56	56	2026
Project financing	Floating rate	59	59	2020
Credit line	Floating rate	51	6	2010
Credit line	Floating rate	60	-	2013
Credit line	Floating rate	50	-	2012
Credit line	Floating rate	100	-	2011
Credit line	Floating rate	100	-	2012
Credit line	Floating rate	100	-	2012
Credit line	Floating rate	80	-	2012
Credit line	Floating rate	60	-	2012
Credit line	Floating rate	60	-	2014

At 31 December 2009, the Group had the following unused confirmed credit facilities available:

Year of expiration	Confirmed but unused credit facility programs (in millions of euros)
2010	285.8
2011	120.4
2012	473.7
2013	80.3
2014	60.0
Beyond	33.5
TOTAL	1,053.7

### ***Counterparty risk***

The Group's exposure to counterparty risk is linked to its cash investments and its use of derivatives to control its exposure in certain markets.

The Group's surplus cash is invested either in monetary funds, short-term deposits with international banks, or with the GDF SUEZ Group.

The derivative financial instruments used by the Group are intended to manage its exposure to foreign exchange and interest rate risks, as well as its risks on commodities. The financial instruments used are essentially forward purchases and sales as well as derivative products.

### ***Equity risk***

The Group has interests in publicly traded companies, the value of which changes depending on trends in global stock markets.

As of 31 December 2009, the Group held interests in publicly traded companies (mainly Acea) with a market and book value of €92.9 million. An overall decrease of 10 per cent. in the value of these shares compared to their prices at 31 December 2009 would have had an impact of roughly €9.3 million on Group shareholders' equity.

### **Insurance Risks**

It is still possible that, in certain cases, the Group may have to pay large indemnities that are not covered by the existing insurance program or incur very significant expenses that will not be reimbursed or will be insufficiently reimbursed under its insurance policies. In particular, with respect to civil liability and environmental risks, although the Group has premium insurance, it is possible that the Group may incur liability beyond the amount of its coverage or for events not covered.

### **Legal Risks**

In the normal course of their activities, the Group's companies may be involved in legal, administrative, or arbitration proceedings. In the context of some of these proceedings, financial claims of a significant amount are or may be brought against one of the Group's entities. Although the Group's policy in this regard is cautious, the provisions booked for this purpose by the Group could be insufficient, which could have significant negative consequences on its financial position and earnings.

Generally, it is possible that new proceedings, either related or unrelated to current proceedings, may subsequently be brought against one of the entities of the Group. An unfavorable outcome in such proceedings could have a negative impact on the activity, financial position, or earnings of the Group.

### **Tax-Related Risks**

Independently of the Group's policy to comply with the applicable laws and regulations in each of the countries in which Group companies operate, as well as with international tax rules, certain provisions may present a source of risks because they are unclear, difficult to interpret, or subject to changing interpretation by local authorities. Moreover, in the European Union, tax rules that currently apply to entities of the Group are being reviewed by the European Commission and could be reconsidered.

In addition, in the normal course of their business, the companies in the Group could face tax investigations by local authorities. In this respect, tax investigations performed by the French or foreign authorities are in progress. The tax investigations may result in adjustments and sometimes result in tax disputes in the competent jurisdictions.

Finally, several Group companies benefit from tax-approval decisions issued by the competent local authorities. If necessary, these approval decisions may be challenged. A challenge may result if for example the company or companies that are party to an approval decision break a commitment assumed in exchange for its issuance, and/or the facts based on which the approval decision was issued change, and/or the position of the competent local tax authority changes.

**(B) Risk Factors relating to the Notes**

The following paragraphs describe some of the risk factors that are material to the Notes in order to assess the market risk associated with these Notes. They do not describe all the risks of an investment in the Notes. Prospective investors should consult their own financial and legal advisers about risks associated with investment in the Notes and the suitability of investing in the Notes in light of their particular circumstances.

Terms defined herein shall have the same meaning as in the Terms and Conditions of the Notes.

**1. General Risks relating to the Notes**

***Independent Review and Advice***

Each prospective investor in the Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Notes is fully consistent with its financial needs, objectives and condition, complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it and is a fit, proper and suitable investment for it, notwithstanding the clear and substantial risks inherent in investing in or holding the Notes.

Each prospective investor should consult its own advisers as to legal, tax and related aspects of an investment in the Notes. A prospective investor may not rely on the Issuer or the Joint Bookrunners or any of their respective affiliates in connection with its determination as to the legality of its acquisition of the Notes or as to the other matters referred to above.

***Legality of Purchase***

Neither the Issuer, the Joint Bookrunners nor any of their respective affiliates has or assumes responsibility for the lawfulness of the acquisition of the Notes by a prospective investor in the Notes, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective investor with any law, regulation or regulatory policy applicable to it.

***Modification and waivers***

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

***Regulatory Restrictions***

Investors whose investment activities are subject to investment laws and regulations or to review or regulation by certain authorities may be subject to restrictions on investments in certain types of debt securities. Investors should review and consider such restrictions prior to investing in the Notes.

***Taxation***

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for financial instruments such as the Notes. Potential investors cannot rely upon the tax summary contained in this Prospectus but should ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, holding,

sale and redemption of the Notes. Only these advisers are in a position to duly consider the specific situation of the potential investor. This investment consideration has to be read in connection with the taxation sections of this Prospectus.

### ***EU Savings Directive***

On 3 June 2003, the European Council of Economics and Finance Ministers adopted a directive 2003/48/EC on the taxation of savings income under the form of interest payments (the **Savings Directive**). The Savings Directive requires Member States, to provide to the tax authorities of other Member States details of payments of interest and other similar income made by a paying agent located within its jurisdiction to an individual resident in that other Member State, except that, for a transitional period, Luxembourg and Austria will instead withhold an amount on interest payments unless the relevant beneficial owner elects otherwise and authorises the paying agent to disclose the above information (see "*Taxation – EU Savings Directive*").

Pursuant to the Terms and Conditions of the Notes, if a payment were to be made or collected through a Member State which has opted for a withholding system under the Savings Directive and an amount of, or in respect of, tax is withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note, as a result of the imposition of such withholding tax. If a withholding tax is imposed on a payment made by a Paying Agent, the Issuer will be required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Savings Directive.

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Savings Directive, which included the Commission's advice on the need for changes to the Savings Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Savings Directive, which included a number of suggested changes. The European Parliament has adopted an amended version of this proposal on 24 April 2009. If any of those proposed changes are made in relation to the Savings Directive, they may amend or broaden the scope of the requirements described above.

### ***Change of Law***

The Terms and Conditions of the Notes are based on French laws in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in French laws or administrative practice after the date of this Prospectus.

### ***French Insolvency Law***

Under French insolvency law as amended by ordinance n°2008-1345 dated 18 December 2008 which came into force on 15 February 2009, holders of debt securities are automatically grouped into a single assembly of holders (the **Assembly**) in case of the opening in France of a preservation (*procédure de sauvegarde*) or a judicial reorganisation procedure (*procédure de redressement judiciaire*) of the Issuer, in order to defend their common interests.

The Assembly comprises holders of all debt securities issued by the Issuer (including the Notes), whether or not under a debt issuance programme (such as the Euro Medium Term Notes programme of the Issuer) and regardless of their ranking and their governing law.

The Assembly deliberates on the draft safeguard (*projet de plan de sauvegarde*) or judicial reorganisation plan (*projet de plan de redressement*) applicable to the Issuer and may further agree to:

- increase the liabilities (*charges*) of holders of debt securities (including the Noteholders) by rescheduling and/or writing-off debts;
- establish an unequal treatment between holders of debt securities (including the Noteholders) as appropriate under the circumstances; and/or
- decide to convert debt securities (including the Notes) into shares.

Decisions of the Assembly will be taken by a two-third majority (calculated as a proportion of the debt securities held by the holders attending such Assembly or represented thereat). No quorum is required on convocation of the Assembly.

For the avoidance of doubt, the provisions relating to the Representation of the Noteholders described in the Terms and Conditions of the Notes set out in this Prospectus will not be applicable in these circumstances.

The insolvency procedure in France is regulated by the provisions of the French *Code de commerce* as amended by ordinance n°2008-1345 dated 18 December 2008 referred to above and these provisions govern the common rights, interests and representation of the Noteholders in this context. As a result, Noteholders should be aware that they will generally have limited ability to influence the outcome of a safeguard (*procédure de sauvegarde*) or a judicial reorganisation procedure (*procédure de redressement judiciaire*) of the Issuer in France, especially given the current capital structure of the Issuer.

### ***Liquidity Risks/Trading Market for the Notes***

The Notes may not have an established trading market when issued. There can be no assurance of a secondary market for the Notes or the continued liquidity of such market if one develops.

The development or continued liquidity of any secondary market for the Notes will be affected by a number of factors such as general economic conditions, the financial condition, the creditworthiness of the Issuer and/or the Group, and the value of any applicable reference rate, as well as other factors such as the complexity and volatility of the reference rate, the method of calculating the return to be paid in respect of such Notes, the outstanding amount of the Notes, any redemption features of the Notes and the level, direction and volatility of interest rates generally. Such factors also will affect the market value of the Notes. In addition, certain Notes may be designed for specific investment objectives or strategies and therefore may have a more limited secondary market and experience more price volatility than conventional debt securities.

Investors may not be able to sell Notes readily or at prices that will enable investors to realise their anticipated yield. No investor should purchase Notes unless the investor understands and is able to bear the risk that certain Notes will not be readily sellable, that the value of Notes will fluctuate over time and that such fluctuations will be significant.

### ***Market Value of the Notes***

The market value of the Notes will be affected by the creditworthiness of the Issuer and/or that of the Group and a number of additional factors, including the value of the reference rate, its volatility, market interest and yield rates.

The value of the Notes, the reference rate depends on a number of interrelated factors, including economic, financial and political events in France or elsewhere, including factors affecting capital markets generally and the stock exchanges on which the Notes or the reference rate are traded. The price at which a Noteholder will be able to sell the Notes prior to redemption by the Issuer may be at a discount, which could be substantial, from the issue price or the purchase price paid by such purchaser. The historical market prices of the reference rate should not be taken as an indication of the reference rate's future performance during the life of the Notes.

## **2. Risks relating to the structure of the Notes**

### ***The Notes are deeply subordinated obligations of the Issuer***

The Issuer's obligations under the Notes are direct, unconditional, unsecured and deeply subordinated obligations (*titres subordonnés de dernier rang*) of the Issuer and rank and will at all times rank *pari passu* among themselves. In the event of the judicial liquidation (*liquidation judiciaire*) of the Issuer, or in the event of a transfer of the whole of the business of the Issuer (*cession totale de l'entreprise*) subsequent to the opening of a judicial recovery procedure, or if the Issuer is liquidated for any other reason, the rights of Noteholders to payment under the Notes will be subordinated to the full payment of the unsubordinated creditors of the Issuer (including holders of Unsubordinated Notes), of the ordinary subordinated creditors of the Issuer (including holders of Ordinary Subordinated Notes) and of lenders in relation to *prêts participatifs* granted to the Issuer, if and to the extent that there is still cash available for those payments. Thus, the Noteholders face a higher performance risk than holders of unsubordinated and ordinary subordinated obligations of the Issuer.

The claims of the Noteholders under the Notes are intended to be senior only to claims of ordinary shareholders. There are currently no other instruments of the Issuer that rank junior to the Notes other than the ordinary shares of the Issuer.

### ***The Notes are undated securities***

The Notes are undated securities, with no specified maturity date. The Issuer is under no obligation to redeem or repurchase the Notes at any time, and the Noteholders have no right to require redemption of the Notes.

### ***Deferral of interest payment***

On any Optional Interest Payment Date, interest in respect of the Notes accrued to that date may be paid by the Issuer (if the Issuer so elects), in whole or in part, but the Issuer shall not have any obligation to make such payment. Any such failure to pay on an Optional Interest Payment Date shall not constitute a default by the Issuer for any purpose. Any interest in respect of the Notes not paid on an Optional Interest Payment Date shall, so long as the same remains outstanding, constitute Arrears of Interest and, if due for at least a year, bear interest, and shall be payable as outlined in the Terms and Conditions of the Notes.

### ***Early Redemption Risk***

The Issuer may redeem all of the Notes (but not some only) on the First Call Date, on the Second Call Date or upon any Floating Interest Payment Date thereafter, and on any Interest Payment Date before the Second Call Date following the occurrence of a Gross-Up Event, a Tax Deductibility Event, an Accounting Event, a Rating Methodology Event, a Change of Control Call Event or a Repurchase Event, as outlined in the Terms and Conditions of the Notes.

The Issuer shall in certain cases redeem all the Notes for taxation reasons at the principal amount of the Notes together with accrued interests and Arrears of Interest (including any Additional Interest Amounts (if any) thereon), as outlined in the Terms and Conditions of the Notes.

The redemption at the option of the Issuer might negatively affect the market value of such Notes. During any period when the Issuer may elect to redeem the Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to the Second Call Date. The Issuer may also be expected to redeem the Notes when its cost of borrowing is lower than the interest rate on the Notes. There can be no assurance that, at the relevant time, Noteholders will be able to reinvest the redemption proceeds at an effective interest rate as high as the return that would have been received on such Notes had they not been redeemed. Potential investors should consider reinvestment risk in light of other investment available at that time.

***There are no events of default or cross default under the Notes***

The Conditions of the Notes do not provide for events of default or cross default allowing acceleration of the Notes if certain events occur. Accordingly, if the Issuer fails to meet any obligations under the Notes, including the payment of any interest, investors will not have the right of acceleration of principal. Upon a payment default, the sole remedy available to Noteholders for recovery of amounts owing in respect of any payment of principal or interest on the Notes will be the institution of proceedings to enforce such payment. Notwithstanding the foregoing, the Issuer will not, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

***No limitation on issuing or guaranteeing debt ranking senior or pari passu with the Notes***

There is no restriction on the amount of debt which the Issuer may issue or guarantee. The Issuer and its subsidiaries and affiliates may incur additional indebtedness or grant guarantees in respect of indebtedness of third parties, including indebtedness or guarantees that rank *pari passu* or senior to the obligations under and in connection with the Notes. If the Issuer's financial condition were to deteriorate, the Noteholders could suffer direct and materially adverse consequences, including loss of interest and, if the Issuer were liquidated (whether voluntarily or not), the Noteholders could suffer loss of their entire investment.

***Any decline in the credit ratings of the Issuer may affect the market value of the Notes and changes in rating methodologies may lead to the early redemption of the Notes***

The Notes are expected to be assigned a rating by Moody's Investors Service Limited (**Moody's**). The rating granted by Moody's or any other rating assigned to the Notes may not reflect the potential impact of all risks related to structure, market and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

In addition, Moody's or any other rating agency may change its methodologies for rating securities with features similar to the Notes in the future. This may include the relationship between ratings assigned to an issuer's senior securities and ratings assigned to securities with features similar to the Notes, sometimes called "notching". If the rating agencies were to change their practices for rating such securities in the future and the ratings of the Notes were to be subsequently lowered, this may have a negative impact on the trading price of the Notes.

If as a consequence of a change in the rating methodology of Moody's, the Notes are no longer eligible for the same or higher category of equity credit attributed to the Notes at the date of their issue, the Issuer may redeem all of the Notes (but not some only), as provided in "Terms and

Conditions of the Notes – Redemption and Purchase – Redemption following a Rating Methodology Event".

***Interest Rate Risk During the Fixed Rate Period***

Interest on the Notes before the Second Call Date involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

***Risk Relating to the Change in the Rate of Interest During the Fixed Rate Period***

The Fixed Rate will be reset as from the First Call Date until the end of the Fixed Rate Period. Such Second Fixed Rate will be determined two Business Days before the First Call Date and as such is not pre-defined at the date of issue of the Notes; such Second Fixed Rate may be different from the First Fixed Rate and may adversely affect the yield of the Notes.

***Interest Rate Risk During the Floating Rate Period***

Interest on the Notes for each Floating Rate Interest Period shall be calculated on the basis of 3-month EURIBOR. This rate is a floating rate and as such is not pre-defined for the lifespan of the Notes; conversely a floating rate allows investors to follow market changes with an instrument reflecting changes in the levels of yields. Higher rates mean a higher interest and lower rates mean a lower interest.

## GENERAL DESCRIPTION OF THE NOTES

*This overview is a general description of the Notes and is qualified in its entirety by the remainder of this Prospectus. For a more complete description of the Notes, including definitions of capitalised terms used but not defined in this section, please see "Terms and Conditions of the Notes".*

<b>Issuer</b>	Suez Environnement Company
<b>Securities</b>	€750,000,000 Undated Deeply Subordinated Fixed to Floating Rate Notes (the <b>Notes</b> )
<b>Maturity</b>	Perpetual
<b>Form and Denomination</b>	The Notes will be issued in dematerialised bearer form ( <i>au porteur</i> ) in the denomination of €50,000
<b>Issue Date</b>	21 September 2010
<b>Status / Ranking</b>	

The Notes are deeply subordinated notes (**Deeply Subordinated Notes**) issued pursuant to the provisions of Article L.228-97 of the French *Code de commerce*. The principal and interest on the Notes constitute direct, unconditional, unsecured and deeply subordinated obligations (*titres subordonnés de dernier rang*) of the Issuer and rank and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by French law) *pari passu* with all other present and future Deeply Subordinated Notes, but subordinated to the *prêts participatifs* granted to the Issuer, Ordinary Subordinated Notes and Unsubordinated Notes of the Issuer.

**Ordinary Subordinated Notes** means notes the principal and interest of which constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and rank and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by French law) *pari passu* with all other present or future Ordinary Subordinated Notes, behind Unsubordinated Notes but in priority to the *prêts participatifs* granted to the Issuer and Deeply Subordinated Notes.

**Unsubordinated Notes** means notes the principal and interest of which are unconditional, unsubordinated and unsecured obligations of the Issuer and rank and will rank *pari passu* without preference or priority among themselves and (save for certain obligations required to be preferred by French law) equally and rateably with all other present or future unsecured and unsubordinated indebtedness, obligations and guarantees of the Issuer.

### Interest

The Notes shall bear interest on their principal amount:

- from (and including) 21 September 2010 (the **Issue Date**) to (but excluding) the First Call Date (the **First Fixed Rate Period**), at a fixed rate of 4.82 per cent. per annum (the **First Fixed Rate**), payable annually in arrear on or about 21 September in each year (each a **First Fixed Rate Interest Payment Date**), commencing on 21 September 2011;
- from (and including) the First Call Date to (but excluding) the Second Call Date (the **Second Fixed Rate Period**, and together with the First Fixed Rate Period, the **Fixed Rate Period**), at a fixed rate per annum which shall be 2.90 per cent. above the 5-year Swap Rate determined two Business Days prior to the First Call Date (the **Second Fixed Rate**,

and together with the First Fixed Rate, the **Fixed Rate**), payable annually in arrear on or about 21 September in each year (each a **Second Fixed Rate Interest Payment Date**, and together with the First Fixed Rate Interest Payment Date, the **Fixed Rate Interest Payment Date**), commencing on 21 September 2016; and

- from (and including) the Second Call Date (the **Floating Rate Period**), the Notes shall bear interest at the Reference Rate (3 month EURIBOR)) plus a margin of 3.90 per cent. per annum (the **Margin**), as determined by the Calculation Agent, payable quarterly in arrear on or about 21 December, 21 March, 21 June, and 21 September in each year (each a **Floating Rate Interest Payment Date** and together with any Fixed Rate Interest Payment Date, an **Interest Payment Date**) commencing on or about 21 December 2020.

**First Call Date** means the Interest Payment Date falling on or about 21 September 2015.

**Second Call Date** means the Interest Payment Date falling on or about 21 September 2020.

**Rate of Interest following a Change of Control**

Further to the occurrence of a Change of Control Call Event (as defined below), if the Call Option in case of Change of Control has not been exercised, the interest payable on the Notes will be increased by an additional margin of 5 per cent. per annum from (and including) the date of the Call Event Notice (as defined below) to (but excluding) the redemption of the Notes.

**Interest Deferral**

On each Interest Payment Date, the Issuer shall pay interest on the Notes accrued to that date in respect of the Interest Period ending immediately prior to such Interest Payment Date, subject to the provisions of the following paragraphs:

*Optional Interest Payment Dates*

An **Optional Interest Payment Date** means an Interest Payment Date in respect of which a Mandatory Payment Event has not occurred during the immediately preceding six month period.

A **Mandatory Payment Event** means that:

- (i) a dividend, other distribution or payment of any nature was validly declared, paid or made in respect of any Equity Securities, any Other Deeply Subordinated Securities or any Parity Securities of the Issuer, or
- (ii) the Issuer has repurchased, redeemed, or otherwise acquired any Equity Securities, any Other Deeply Subordinated Securities or any Parity Securities of the Issuer other than, with respect to Equity Securities, in connection with the satisfaction by the Issuer of its obligations under any existing or future buy-back programme, share option, or free share allocation plan reserved for directors, officers and/or employees of the Issuer, liquidity agreement (*programme de liquidité*) or any associated hedging transaction,

save for, in each case, any compulsory dividend, other distribution, payment, repurchase, redemption or other acquisition required by the terms of such securities; and in the case of Parity Securities, any repurchase or other acquisition that was made below par.

On any Optional Interest Payment Date, the Issuer may elect, by giving notice to the Noteholders, to pay, in whole or in part, the interest accrued in respect of the Notes during the relevant Interest Period, but the Issuer shall not have any

obligation to make such payment and any failure to pay shall not constitute a default by the Issuer under the Notes or for any other purpose.

Any interest in respect of the Notes which has not been paid on an Optional Interest Payment Date will be deferred and shall constitute **Arrears of Interest** and shall be payable as outlined below.

For the purpose hereof:

**Equity Securities** means (a) the ordinary shares (*actions ordinaires*) of the Issuer and (b) any other class of the Issuer's share capital (including preference shares (*actions de préférence*)).

**Other Deeply Subordinated Securities** means, at any time, any securities, other than Equity Securities, which rank junior to the Notes.

**Parity Securities** means, at any time, any Deeply Subordinated Notes and any securities which rank *pari passu* with the Notes.

*Arrears of Interest*

Arrears of Interest (together with the corresponding Additional Interest Amount (as defined below)) may at the option of the Issuer be paid in whole or in part at any time, provided that all Arrears of Interest (together with the corresponding Additional Interest Amounts) in respect of all Notes for the time being outstanding shall become due in full on whichever is the earliest of:

- (i) the next Interest Payment Date immediately following a Mandatory Payment Event (except, for the avoidance of doubt, for any Mandatory Payment Event that occurred before any Optional Interest Payment Date on which the Issuer had elected to defer the relevant interest);
- (ii) the redemption of the Notes; or
- (iii) the date upon which a judgment is made for the voluntary or judicial liquidation of the Issuer (*liquidation judiciaire* or *liquidation amiable*) or the sale of the whole of the business (*cession totale de l'entreprise*) of the Issuer or if the Issuer is liquidated for any other reason;

*it being understood that if none of the Mandatory Payment Events took place prior to the calendar date which is the fifth anniversary of the Interest Payment Date on which the relevant interest payment could have fallen due for the first time, it is the intention, though not an obligation, of the Issuer to pay outstanding Arrears of Interest (including any Additional Interest Amounts thereon), in whole, but not in part, on the next Interest Payment Date.*

Each amount of Arrears of Interest shall bear interest, in accordance with Article 1154 of the French Civil Code, as if it constituted the principal of the Notes at a rate which corresponds to the Rate of Interest from time to time applicable to the Notes (the **Arrears Interest Rate**) and the amount of such interest (the **Additional Interest Amount**) with respect to Arrears of Interest shall be due and payable pursuant to this paragraph and shall be calculated by the Calculation Agent applying the Arrears Interest Rate to the amount of the Arrear of Interest and otherwise *mutatis mutandis*.

The Additional Interest Amount accrued up to any Interest Payment Date shall be added in accordance with Article 1154 of the French Civil Code, for the purpose only of calculating the Additional Interest Amount accruing thereafter, to the amount of Arrears of Interest remaining unpaid on such Interest Payment

Date so that it will itself become Arrears of Interest.

**Taxation**

All payments in respect of the Notes shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the French Republic or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law.

**Additional Amounts**

If applicable law should require that payments of principal or interest made by the Issuer in respect of any Note be subject to deduction or withholding in respect of any present or future taxes or duties whatsoever levied by the Republic of France, the Issuer, will, to the fullest extent then permitted by law, pay such additional amounts (**Additional Amounts**) as shall result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Amounts shall be payable with respect to any Note, in certain circumstances.

**Final Redemption**

Subject to any early redemption described below, the Notes are undated securities with no specified maturity date.

**Optional Redemption at the option of the Issuer**

The Issuer will have the right to redeem all of the Notes (but not some only) on the First Call Date, on the Second Call Date or upon any Floating Interest Payment Date thereafter. Such early redemption of the Notes will be made at their principal amount together with any accrued interest and Arrears of Interest (including any Additional Interest Amounts thereon).

**Early Redemption following a Gross-Up Event**

If, by reason of a change in French law or regulation, or any change in the official application or interpretation of such law, becoming effective after the Issue Date, the Issuer would on the occasion of the next payment due in respect of the Notes, not be able to make such payment without having to pay Additional Amounts (a **Gross-Up Event**), the Issuer may on any Interest Payment Date, redeem all of the Notes (but not some only) at their principal amount together with any accrued interest and any Arrears of Interest (including any Additional Interest Amounts thereon) provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable Interest Payment Date on which the Issuer could make payment of principal and interest without withholding for French taxes.

If the Issuer would on the occasion of the next payment in respect of the Notes be prevented by French law from making payment to the Noteholders of the full amount then due and payable, notwithstanding the undertaking to pay Additional Amounts, then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall redeem all of the Notes (but not some only) at their principal amount together with any accrued interest and any Arrears of Interest (including any Additional Interest Amounts thereon) on the latest practicable date on which the Issuer could make payment of the full amount payable in respect of the Notes without withholding for French taxes, or, if such date is past, as soon as practicable thereafter.

**Early Redemption following a Tax Deductibility Event**

If, an opinion of a recognised law firm of international standing has been delivered to the Issuer and the Fiscal Agent, stating that by reason of a change in French law or regulation, or any change in the official application or interpretation of such law, becoming effective after the Issue Date, the tax regime of any payments under the Notes is modified and such modification results in the non-deductibility (in whole or in part) of interest payable by the Issuer in respect of the Notes (a **Tax Deductibility Event**), the Issuer may, at its

option, on any Interest Payment Date preceding the Second Call Date, redeem all of the Notes (but not some only) at the Early Redemption Price (as defined below), provided that the effective date of redemption of which notice hereunder may be given shall be no earlier than the latest practicable date preceding the effective date on which the tax regime of interest payments under the Notes is modified.

**Early Redemption following an Accounting Event**

If an Accounting Event shall occur after the Issue Date and before the Second Call Date, the Issuer may redeem all the Notes (but not some only) on any Interest Payment Date preceding the Second Call Date, at the Early Redemption Price (as defined below); provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the last day before the date on which the proceeds of the Notes must not or must no longer be so recorded as "equity" pursuant to IFRS (as defined below) or any other accounting standards that may replace IFRS for the purposes of the annual consolidated financial statements of the Issuer.

**Accounting Event** means that an opinion of a recognised accountancy firm of international standing has been delivered to the Issuer and the Fiscal Agent, stating that the funds raised through the issue of the Notes must not or must no longer be recorded as "equity" pursuant to the International Financial Reporting Standards (**IFRS**) or any other accounting standards that may replace IFRS for the purposes of the annual consolidated financial statements of the Issuer.

**Early Redemption following a Rating Methodology Event**

If a Rating Methodology Event shall occur after the Issue Date and before the Second Call Date, the Issuer may redeem all the Notes (but not some only) on any Interest Payment Date preceding the Second Call Date, at the Early Redemption Price (as defined below); provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the last day before the date on which the Notes will no longer be so eligible for the same or higher category of equity credit.

For the purpose hereof:

**Rating Methodology Event** means that the Issuer certifies in a notice to the Noteholders that an amendment, clarification or change has occurred in the equity credit criteria of any Rating Agency from whom the Issuer is assigned sponsored ratings, which amendment, clarification or change results in a lower equity credit for the Notes than the then respective equity credit assigned on the Issue Date, or if equity credit is not assigned on the Issue Date, at the date when the equity credit is assigned for the first time.

**Early Redemption following a Change of Control**

If a Change of Control Call Event (as defined below) occurs after the Issue Date, the Issuer may redeem, or procure purchase for all the Notes (but not some only) on the Call Date, at the Early Redemption Price (as defined below). Such option shall operate as set out below.

A **Change of Control Call Event** will be deemed to occur if:

- (i) Any person or group of persons acting in concert or any person or persons acting on behalf of any such person(s) (other than a Permitted Holding Company) (the Relevant Persons) (a) acquires directly or indirectly more than 50% of the total voting rights or of the issued ordinary share capital of the Issuer (or any successor entity), (b) acquires directly or indirectly a number of shares in the ordinary share capital of the Issuer carrying more than 40% of the voting rights exercisable in general meetings of the Issuer and no other shareholder of such entity,

directly or indirectly, acting alone or in concert with others, holds a number of shares carrying a percentage of the voting rights exercisable in such general meetings which is higher than the percentage of voting rights attached to the number of shares held directly or indirectly by such Relevant Person(s) (any such event being a **Change of Control**); and

- (ii) on the date (the **Relevant Announcement Date**) that is the earlier of (A) the date of the first public announcement of the Change of Control; and (B) the date of the earliest Relevant Potential Change of Control Announcement, the senior unsecured long-term debt of the Issuer carries from any Rating Agency:
  - (x) an investment grade credit rating (Baa3, or equivalent, or better), and such rating from any Rating Agency is, within the Change of Control Period either downgraded to a non-investment grade credit rating (Ba1, or equivalent, or worse) or withdrawn and is not, within the Change of Control Period subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to an investment grade credit rating by such Rating Agency; or
  - (y) a non-investment grade credit rating (Ba1, or equivalent, or worse), and such rating from any Rating Agency is within the Change of Control Period either downgraded by one or more notches (for illustration, Ba1 to Ba2 being one notch) or withdrawn and is not within the Change of Control Period subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to its earlier credit rating or better by such Rating Agency;

provided that, for the avoidance of doubt,

1. any such decision of the relevant Rating Agency referred to in (x) or (y) above shall not be deemed to have occurred in respect of a particular Change of Control if such Rating Agency does not publicly announce or confirm that such decision was the result, in whole or in part, of any event or circumstance comprised in or arising as a result of, or in respect of, the applicable Change of Control; and
2. if at the time of the occurrence of a Change of Control the senior unsecured long-term debt of the Issuer is not rated by a Rating Agency, and no Rating Agency assigns within the Change of Control Period an investment grade rating to the Notes, a Change of Control Call Event will be deemed to have occurred.

Promptly upon the Issuer becoming aware that a Change of Control Call Event has occurred the Issuer shall give notice (a **Call Event Notice**) to the Noteholders specifying the nature of the Change of Control Call Event, the circumstances giving rise to it and either the date on which redemption or purchase of the Notes (the **Call Date**) will take place or the Issuer's election not to redeem, or procure purchase for, the Notes.

For the purposes of this Condition:

**Change of Control Period** means the period commencing on the Relevant Announcement Date, and ending one hundred and eighty (180) days (inclusive)

after the occurrence of the relevant Change of Control (or such longer period for which the senior unsecured long-term debt of the Issuer is under consideration (such consideration having been announced publicly within the period ending one hundred and twenty (120) days after the occurrence of the relevant Change of Control) for rating review or, as the case may be, for rating by, a Rating Agency, such period not to exceed sixty (60) days after the public announcement of such consideration);

**Permitted Holding Company** means GDF Suez or any company or other legal entity whose share capital (or equivalent) and associated voting rights are controlled (within the meaning of Article L.233-3 of the French *Code de commerce*) by GDF Suez, and any successor to each of GDF Suez or any such company or other legal entity;

**Rating Agency** means any of the following: Moody's Investors Service Limited, any other rating agency of equivalent international standing requested from time to time by the Issuer to grant a rating to the Issuer and/or the Notes and in each case, any of their respective successors to the rating business thereof; and

**Relevant Potential Change of Control Announcement** means any public announcement or statement by the Issuer or any Relevant Person thereto relating to any potential Change of Control.

**Early Redemption Price** **Early Redemption Price** means:

- (i) the principal amount of the Notes in case of a Change of Control Call Event; or
- (ii) 101 per cent. of the principal amount of the Notes in case of a Tax Deductibility Event, an Accounting Event, a Rating Methodology Event and a Repurchase Event,

in each case together with any accrued interest and any Arrears of Interest (including any Additional Interest Amounts thereon) up to the Early Redemption Date of the Notes.

**Early Redemption Date** means the effective date of redemption of the Notes.

**Purchase**

The Issuer may at any time purchase Notes together with rights to interest any other amounts relating thereto in the open market or otherwise at any price subject to applicable laws and regulations. All Notes which are purchased by the Issuer will forthwith be cancelled.

In the event that at least 80 per cent. of the initial aggregate principal amount of the Notes has been purchased by the Issuer (a **Repurchase Event**), the Issuer may redeem all of the outstanding Notes (but not some only) at the Early Redemption Price.

**Negative Pledge**

There will be no negative pledge in respect of the Notes.

**Enforcement Events, no Events of Default and no Cross Default**

There will be no events of default in respect of the Notes. There will be no cross default under the Notes.

However, each Note shall become immediately due and payable at its principal amount, together with accrued interest thereon, if any, to the date of payment and any Arrears of Interest (including any Additional Interest Amounts thereon), in the event that a judgement is rendered by any competent court declaring the judicial liquidation (*liquidation judiciaire*) of the Issuer, or in the event of a

transfer of the whole of the business of the Issuer (*cession totale de l'entreprise*) subsequent to the opening of a judicial recovery procedure, or if the Issuer is liquidated for any other reason. No payments will be made to holders of any class of the share capital of the Issuer before all amounts due, but unpaid, to all Noteholders have been paid by the Issuer.

**Representation of Noteholders**

The Noteholders will be grouped automatically for the defence of their respective common interests in a *masse* governed by the provisions of the French *Code de commerce* subject to certain exceptions and provisions (the **Masse**). The Masse will be a separate legal entity, and will be acting in part through one representative and in part through a general assembly of the Noteholders.

*As at the Issue Date, the insolvency procedure in France is regulated by the provisions of the French Code de commerce as amended by ordinance n°2008-1345 dated 18 December 2008 and these provisions govern the common rights, interests and representation of the Noteholders in this context. As a result, Noteholders should be aware that they will generally have limited ability to influence the outcome of a safeguard (procédure de sauvegarde) or a judicial reorganisation procedure (procédure de redressement judiciaire) of the Issuer in France, especially given the current capital structure of the Issuer.*

**Listing**

Application will be made for the Notes to be listed and admitted to trading on Euronext Paris. Such listing and admission to trading are expected to occur as of the Issue Date or as soon as practicable thereafter.

**Selling Restrictions**

There are restrictions on the offer and sale of the Notes and the distribution of offering material, including in the United States of America, the United Kingdom, France, Italy, Switzerland, Hong Kong and Singapore.

**Governing law**

The Notes will be governed by, and construed in accordance with, French law.

**Fiscal Agent, Principal Paying Agent and Calculation Agent**

Société Générale

## DOCUMENTS ON DISPLAY

For so long as the Notes are outstanding:

1. the following documents will be available, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), for inspection and, in the case of documents listed under (iii) to (vi), collection free of charge, at the office of the Fiscal Agent and the Paying Agent:
  - (i) the Agency Agreement;
  - (ii) the constitutive documents (*statuts*) of Suez Environnement Company;
  - (iii) 2008 Reference Document (as defined in section “Documents incorporated by reference”);
  - (iv) 2009 Reference Document (as defined in section “Documents incorporated by reference”);
  - (v) 2010 Interim Financial Report (as defined in section “Documents incorporated by reference”);
  - (vi) a copy of this Prospectus together with any supplement to this Prospectus and any document incorporated by reference; and
  - (vii) all reports, letters and other documents, balance sheets, valuations and statements by any expert, any part of which is extracted or referred to in this Prospectus in respect of the issue of the Notes.
2. a copy of this Prospectus together with any supplement to this Prospectus and any document incorporated by reference (a) may be obtained, free of charge, at the registered office of the Issuer during normal business hours and (b) will be available on the website of the Issuer ([www.suez-environnement.com](http://www.suez-environnement.com)) and on the website of the *Autorité des marchés financiers* ([www.amf-france.org](http://www.amf-france.org)).

## DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the following:

- (1) the sections referred to in the table below included in the *Document de Référence* 2009, in French language<sup>1</sup>, of the Issuer which received visa n°R.10-017 from the AMF on 12 April 2010 and which includes the audited annual consolidated financial statements of the Issuer for the year ended 31 December 2009 and the related statutory auditors' report (the **2009 Reference Document**);
- (2) the sections referred to in the table below included in the *Document de Référence* 2008 in French language<sup>1</sup>, of the Issuer which received visa n°R.09-016 from the AMF on 14 April 2009 and which includes the audited annual consolidated financial statements of the Issuer for the year ended 31 December 2008 and the related statutory auditors' report (the **2008 Reference Document**); and
- (3) the interim financial report of the Issuer in French language<sup>1</sup> for the six-month period ended 30 June 2010 (the **2010 Interim Financial Report**) which contains the consolidated financial statements of the Issuer for the six-month period ended 30 June 2010.

Such sections of these documents shall be deemed to be incorporated in, and form part of this Prospectus, save that any statement contained in this Prospectus or in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained in any document which is subsequently incorporated by reference herein by way of a supplement prepared in accordance with Article 16 of the Prospectus Directive modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Copies of the documents from which these sections are incorporated by reference in this Prospectus may be obtained without charge from the registered office of the Issuer, the Issuer's website ([www.suez-environnement.com](http://www.suez-environnement.com)) and the website of the AMF ([www.amf-france.org](http://www.amf-france.org)).

The cross-reference tables below set out the relevant page references for the information incorporated herein by reference:

---

<sup>1</sup> The English language translation of (i) the 2009 Reference Document, (ii) the 2008 Reference Document and (iii) the 2010 Interim Financial Report are published on, and may be obtained without charge from the website of the Issuer ([www.suez-environnement.com](http://www.suez-environnement.com)). These English language versions are for information purposes only and are not incorporated by reference in this Prospectus. The only binding versions are the French language versions.

**INFORMATION INCORPORATED BY REFERENCE IN RESPECT OF SUEZ  
ENVIRONNEMENT COMPANY**

<b>Article No. of Annex IX of Commission Regulation No. 809/2004</b>		<b>2009 Reference Document</b>	<b>2008 Reference Document</b>
<b>2</b>	<b>Statutory Auditors</b>		
2.1	Names and addresses of the issuer's auditors for the period covered by the historical financial information (together with their membership in a professional body).	page 7	
2.2	If auditors have resigned, been removed or not been re-appointed during the period covered by the historical financial information, details if material.	page 7	
<b>5</b>	<b>Business Overview</b>		
5.1.2	The basis for any statements in the registration document made by the issuer regarding its competitive position.	pages 46 to 54	
<b>6</b>	<b>Organisational Structure</b>		
6.1	If the issuer is part of a group, a brief description of the group and of the issuer's position within it.	pages 89 and 90	
6.2	If the issuer is dependent upon other entities within the group, this must be clearly stated together with an explanation of this dependence.	page 90	
<b>8</b>	<b>Profit Forecasts or Estimates</b>		
	If an issuer chooses to include a profit forecast or a profit estimate, the registration document must contain the information items 8.1 and 8.2.	pages 45 and 46	
8.1	A statement setting out the principal assumptions upon which the issuer has based its forecast, or estimate.  There must be a clear distinction between assumptions about factors which the members of the administrative, management or supervisory bodies can influence and assumptions about factors which are exclusively outside the influence of the members of the administrative, management or supervisory bodies; be readily understandable by investors, be specific and precise and not relate to the general accuracy of the estimates underlying the forecast.	pages 45 and 46	
8.2	Any profit forecast set out in the registration document must be accompanied by a statement confirming that the said forecast has been properly prepared on the basis stated and that the basis of accounting is consistent with the accounting policies of the issuer.	pages 45 and 46	
8.3	The profit forecast or estimate must be prepared on a basis comparable with the historical financial information.	pages 45 and 46	

<b>Article No. of Annex IX of Commission Regulation No. 809/2004</b>		<b>2009 Reference Document</b>	<b>2008 Reference Document</b>
<b>9</b>	<b>Administrative, Management and Supervisory Bodies</b>		
9.1	Names, business addresses and functions in the issuer of the following persons, and an indication of the principal activities performed by them outside the issuer where these are significant with respect to that issuer:		
	members of the administrative, management or supervisory bodies;	pages 132 to 140	
	partners with unlimited liability, in the case of a limited partnership with a share capital.	N/A	
9.2	<b>Administrative, Management, and Supervisory bodies conflicts of interests</b> Potential conflicts of interests between any duties to the issuing entity of the persons referred to in item 9.1 and their private interests and or other duties must be clearly stated. In the event that there are no such conflicts, a statement to that effect.	page 141	
<b>10</b>	<b>Major Shareholders</b>		
10.1	To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled and by whom and describe the nature of such control, and describe the measures in place to ensure that such control is not abused.	pages 170 and 171	
10.2	A description of any arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer.	page 173	
<b>11</b>	<b>Financial Information concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses</b>		
11.1	<b>Historical Financial Information</b> Audited historical financial information covering the latest 2 financial years (or such shorter period that the issuer has been in operation), and the audit report in respect of each year. Such financial information must be prepared according to Regulation (EC) No 1606/2002, or if not applicable to a Member's State national accounting standards for issuers from the Community.  The historical annual financial information must be independently audited or reported on as to whether or not, for the purposes of the registration document, it gives a true and fair view, in accordance with auditing standards applicable in a Member State or an equivalent standard.  – Balance sheet:  – Income statement:	page 180         page 181	page 172         page 173

<b>Article No. of Annex IX of Commission Regulation No. 809/2004</b>		<b>2009 Reference Document</b>	<b>2008 Reference Document</b>
	<ul style="list-style-type: none"> <li>– Cash flow statement:</li> <li>– Accounting policies and explanatory notes:</li> <li>– Audit report:</li> </ul>	<p>page 183</p> <p>pages 184 to 266</p> <p>pages 267 and 268</p>	<p>page 174</p> <p>pages 177 to 261</p> <p>pages 262 and 263</p>
11.2	<p><b>Financial statements</b></p> <p>If the issuer prepares both own and consolidated financial statements, include at least the consolidated financial statements in the registration document.</p>	N/A	
11.3	<p><b>Auditing of historical annual financial information</b></p>		
11.3.1	<p>A statement that the historical financial information has been audited. If audit reports on the historical financial information have been refused by the statutory auditors or if they contain qualifications or disclaimers, such refusal or such qualifications or disclaimers must be reproduced in full and the reasons given.</p>	pages 267 and 268	pages 262 and 263
11.3.2	<p>An indication of other information in the registration document which has been audited by the auditors.</p>	N/A	
11.3.3	<p>Where financial data in the registration document is not extracted from the issuer's audited financial statements, state the source of the data and state that the data is unaudited.</p>	N/A	
11.4	<p><b>Age of latest financial information</b></p>		
11.4.1	<p>The last year of audited financial information may not be older than 18 months from the date of the registration document.</p>	N/A	
11.5	<p><b>Legal and arbitration proceedings</b></p> <p>Information on any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past, significant effects on the issuer and/or group's financial position or profitability, or provide an appropriate negative statement.</p>	pages 288 to 290	
12	<p><b>Material Contracts</b></p>		
	<p>A brief summary of all material contracts that are not entered into in the ordinary course of the issuer's business, which could result in any group member being under an obligation or entitlement that is material to the issuer's ability to meet its obligation to security holders in respect of the securities being issued.</p>	page 305	

<b>Article No. of Annex IX of Commission Regulation No. 809/2004</b>		<b>2009 Reference Document</b>	<b>2008 Reference Document</b>
<b>13</b>	<b>Third Party Information and Statement by Experts and Declarations of any Interest</b>		
13.1	Where a statement or report attributed to a person as an expert is included in the Registration Document, provide such person's name, business address, qualifications and material interest if any in the issuer. If the report has been produced at the issuer's request a statement to that effect that such statement or report is included, in the form and context in which it is included, with the consent of that person who has authorised the contents of that part of the Registration Document.	N/A	
13.2	Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced and that as far as the issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading; in addition, identify the source(s) of the information.	N/A	

<b>Interim Financial Information</b>	<b>2010 Interim Financial Report</b>
– Management Report:	pages 8 to 15
– Balance sheet:	page 16
– Income statement:	page 17
– Cash flow statement:	page 19
– Accounting policies and explanatory notes:	pages 21 to 48
– Limited review report:	pages 50 and 51

Any information incorporated by reference in this Prospectus but not listed in the cross-reference tables above is given for information purposes only.

## TERMS AND CONDITIONS OF THE NOTES

*The terms and conditions of the Notes will be as follows:*

The issue outside the Republic of France of the €750,000,000 Undated Deeply Subordinated Fixed to Floating Rate Notes (the **Notes**) of Suez Environnement Company (the **Issuer**) has been authorised by two resolutions of the Board of Directors (*Conseil d'administration*) of the Issuer held on 18 March 2010 and 25 June 2010 and a decision of the Chief Executive Officer (*Directeur Général*) of the Issuer dated 15 September 2010. The Issuer has entered into an agency agreement (the **Agency Agreement**) dated 21 September 2010 with Société Générale as fiscal agent, principal paying agent and calculation agent. The fiscal agent and principal paying agent, the calculation agent and the paying agent for the time being are referred to in these Conditions as the **Fiscal Agent**, the **Principal Paying Agent**, the **Calculation Agent** and the **Paying Agent** (which expression shall include the Principal Paying Agent), each of which expression shall include the successors from time to time of the relevant persons, in such capacities, under the Agency Agreement, and are collectively referred to as the **Agents**. Copies of the Agency Agreement are available for inspection at the specified offices of the Paying Agent. References to **Conditions** are, unless the context otherwise requires, to the numbered paragraphs below.

### 1. **Form, Denomination and Title**

The Notes are issued on 21 September 2010 (the **Issue Date**) in dematerialised bearer form (*au porteur*) in the denomination of €50,000 each. Title to the Notes will be evidenced in accordance with Articles L.211-3 and R.211-1 of the French *Code monétaire et financier* by book-entries (*inscription en compte*). No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the French *Code monétaire et financier*) will be issued in respect of the Notes.

The Notes will, upon issue, be inscribed in the books of Euroclear France (**Euroclear France**), which shall credit the accounts of the Account Holders. For the purpose of these Conditions, **Account Holders** shall mean any intermediary institution entitled to hold, directly or indirectly, accounts on behalf of its customers with Euroclear France, and includes Euroclear Bank S.A./N.V. (**Euroclear**) and the depositary bank for Clearstream Banking, société anonyme (**Clearstream, Luxembourg**).

Title to the Notes shall be evidenced by entries in the books of Account Holders and will pass upon, and transfer of Notes may only be effected through, registration of the transfer in such books.

### 2. **Status of the Notes**

#### 2.1 **Deeply Subordinated Notes**

The Notes are deeply subordinated notes (**Deeply Subordinated Notes**) issued pursuant to the provisions of Article L.228-97 of the French *Code de commerce*. The principal and interest on the Notes constitute direct, unconditional, unsecured and deeply subordinated obligations (*titres subordonnés de dernier rang*) of the Issuer and rank and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by French law) *pari passu* with all other present and future Deeply Subordinated Notes, but subordinated to the *prêts participatifs* granted to the Issuer, Ordinary Subordinated Notes and Unsubordinated Notes of the Issuer.

**Ordinary Subordinated Notes** means notes the principal and interest of which constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and rank and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by French law)

*pari passu* with all other present or future Ordinary Subordinated Notes, behind Unsubordinated Notes but in priority to the *prêts participatifs* granted to the Issuer and Deeply Subordinated Notes.

**Unsubordinated Notes** means notes the principal and interest of which are unconditional, unsubordinated and unsecured obligations of the Issuer and rank and will rank *pari passu* without preference or priority among themselves and (save for certain obligations required to be preferred by French law) equally and rateably with all other present or future unsecured and unsubordinated indebtedness, obligations and guarantees of the Issuer.

## 2.2 Payment on the Notes in the event of the liquidation of the Issuer

If any judgement is rendered by any competent court declaring the judicial liquidation (*liquidation judiciaire*) of the Issuer, or in the event of a transfer of the whole of the business of the Issuer (*cession totale de l'entreprise*) subsequent to the opening of a judicial recovery procedure, or if the Issuer is liquidated for any other reason, the payments of the creditors of the Issuer shall be made in the following order of priority (in each case subject to the payment in full of priority creditors):

- unsubordinated creditors of the Issuer (including holders of Unsubordinated Notes);
- ordinary subordinated creditors of the Issuer (including holders of Ordinary Subordinated Notes);
- lenders in relation to *prêts participatifs* granted to the Issuer, and
- deeply subordinated creditors of the Issuer (including holders of Deeply Subordinated Notes).

In the event of liquidation of the Issuer, the Notes shall rank in priority to any payments to holders of Equity Securities and Other Deeply Subordinated Securities, if any.

**Equity Securities** means (a) the ordinary shares (*actions ordinaires*) of the Issuer and (b) any other class of the Issuer's share capital (including preference shares (*actions de préférence*)).

**Other Deeply Subordinated Securities** means, at any time, any securities, other than Equity Securities, which rank junior to the Notes.

In the event of incomplete payment of unsubordinated creditors, the obligations of the Issuer in connection with Deeply Subordinated Notes shall be terminated. The holders of Deeply Subordinated Notes shall take all steps necessary for the orderly accomplishment of any collective proceedings or voluntary liquidation.

## 3. Negative Pledge

There will be no negative pledge in respect of the Notes.

## 4. Interest

### 4.1 General

The Notes shall bear interest on their principal amount:

- from (and including) 21 September 2010 (the **Issue Date**) to (but excluding) the First Call Date (the **First Fixed Rate Period**), at a fixed rate of 4.82 per cent. per annum (the **First Fixed Rate**), payable annually in arrear on or about 21 September in each year (each a **First Fixed Rate Interest Payment Date**), commencing on 21 September 2011;

- from (and including) the First Call Date to (but excluding) the Second Call Date (the **Second Fixed Rate Period**, and together with the First Fixed Rate Period, the **Fixed Rate Period**), at a fixed rate payable annually in arrear on or about 21 September in each year (each a **Second Fixed Rate Interest Payment Date**, and together with the First Fixed Rate Interest Payment Date, the **Fixed Rate Interest Payment Date**), commencing on 21 September 2016, such fixed rate (the **Second Fixed Rate**, and together with the First Fixed Rate, the **Fixed Rate**) being, except as provided below, equal to the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed-for-floating Euro interest rate swap transaction which (a) has a term of 5 years and commencing on 21 September 2015, (b) is in an amount that is representative of a single transaction, in the swap market two Business Days prior to the First Call Date, with an acknowledged dealer of good credit in the swap market, and (c) has a floating leg based on the 6-month EURIBOR rate (calculated on an Actual/360 day count basis) and which appears on Reuters screen "ISDAFIX2" under the heading "EURIBOR BASIS" and above caption "11:00 AM Frankfurt time" (as such headings and captions may appear from time to time) as of 11:00 a.m. (Brussels time) (the **Screen Page** on the second Business Day prior to the First Call Date (the **Second Fixed Rate Determination Date**), (the **5-year Swap Rate**), plus 2.90 per cent., all as determined by the Calculation Agent.

In the event that the 5-year Swap Rate does not appear on the Screen Page on the Second Fixed Rate Determination Date, the 5-year Swap Rate will be the Reference Bank Second Fixed Rate (as defined below) on such Second Fixed Rate Determination Date; and

- from (and including) the Second Call Date (the **Floating Rate Period**), the Notes shall bear interest at the Reference Rate (defined in Condition 4.4 hereafter) plus a margin of 3.90 per cent. per annum (the **Margin**), as determined by the Calculation Agent, payable quarterly in arrear on or about 21 December, 21 March, 21 June, and 21 September in each year (each a **Floating Rate Interest Payment Date** and together with any Fixed Rate Interest Payment Date, an **Interest Payment Date**) commencing on or about 21 December 2020;

*provided, however, that* if (i) any Fixed Rate Interest Payment Date would otherwise fall on a date which is not a Business Day, it will be postponed to the next Business Day and (ii) any Floating Rate Interest Payment Date would otherwise fall on a date which is not a Business Day, it will be postponed to the next Business Day unless it would thereby fall into the next calendar month, in which case it will be brought forward to the preceding Business Day.

For the avoidance of doubt:

- until the Second Call Date (included), Interest Amounts will not be adjusted if an Interest Payment Date is not a Business Day;
- after the Second Call Date (excluded), Interest Amounts will be adjusted if an Interest Payment Date is not a Business Day.

The Notes will cease to bear interest from and including the due date for redemption unless payment of the principal in respect of the Notes is improperly withheld or refused on such date or unless default is otherwise made in respect of the payment. In such event, the Notes will continue to bear interest at the relevant rate as specified in this Condition 4 on their remaining unpaid amount until the day on which all sums due in respect of the Notes up to that day are received by or on behalf of the relevant Noteholders.

For the purpose hereof:

**5-year Swap Rate Quotations** means the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed-for-floating Euro interest rate swap transaction which transaction (i) has a term of 5 years and commencing on 21 September 2015, (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market, and (iii) has a floating leg based on the 6-month EURIBOR rate (calculated on an Actual/360 day count basis).

**Business Day** means any day (other than a Saturday or a Sunday) which is a TARGET 2 Settlement Day.

**First Call Date** means the Interest Payment Date falling on or about 21 September 2015.

**Interest Amount** means the Fixed Rate Interest Amount and the Floating Rate Interest Amount.

**Reference Bank Second Fixed Rate** means the percentage rate determined on the basis of the 5-year Swap Rate Quotations provided by five leading swap dealers in the interbank market (the **Second Fixed Rate Reference Banks**) to the Calculation Agent at approximately 11:00 a.m. (Brussels time), on the Second Fixed Rate Determination Date. If at least three quotations are provided, the 5-year Swap Rate will be the arithmetic mean of the quotations, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest).

**Second Call Date** means the Interest Payment Date falling on or about 21 September 2020.

**TARGET 2 Settlement Day** means any day on which the TARGET 2 System is operating.

**TARGET 2 System** means the Trans-European Automated Real-Time Gross Settlement Express Transfer System or any successor thereto.

#### **4.2 Rate of Interest following a Change of Control Call Event**

Further to the occurrence of a Change of Control Call Event described in Condition 5.6 below, if the Call Option in case of Change of Control has not been exercised by the Issuer, the interest payable on the Notes will be increased by an additional margin of 5 per cent. per annum from (and including) the date of the Call Event Notice (as defined below) to (but excluding) the redemption of the Notes.

#### **4.3 Fixed Interest Rate**

The amount of interest (the **Fixed Rate Interest Amount**) payable on each Note and on each Fixed Rate Interest Payment Date will be the product of the principal amount of such Note and the relevant Fixed Rate, multiplied by the Actual/Actual (ICMA) day count fraction and rounding the resulting figure, if necessary, to the nearest cent (half a cent being rounded upwards).

**Actual/Actual (ICMA)** means:

- if interest is required to be calculated for a period of less than one year, the number of days in the relevant period divided by the number of days in the Fixed Rate Accrual Period in which the relevant period falls;
- if interest is required to be calculated for a period of more than one year, the sum of (a) the number of days of the relevant period falling in the Fixed Rate Accrual Period in which it begins divided by the total number of days in such Fixed Rate Accrual Period and (b) the number of days of the relevant period falling in the next Fixed Rate Accrual Period divided by the total number of days in such next Fixed Rate Accrual Period (including the first such day but excluding the last).

**Fixed Rate Accrual Period** means the period from and including a Fixed Rate Interest Payment Date (or the Issue Date as the case may be) in any year to but excluding the next Fixed Rate Interest Payment Date.

#### 4.4 Floating Rate

- (a) The floating rate of interest payable in respect of the Notes (the **Floating Rate**) for each quarterly interest period within the Floating Rate Period shall be calculated on the basis of the following provisions:
- (i) on every second Business Day before the first day of the Floating Interest Rate Period for which the rate will apply (the **Interest Determination Date**), the Calculation Agent will determine the Reference Rate for each Floating Rate Accrual Period which appears, for information purposes only, at or about 11.00 a.m. (Brussels time) on the Interest Determination Date in question, on the display designated as page EURIBOR01 on Reuters (or such other page or service as may replace it for the purpose of displaying EURIBOR). If the Reference Rate is unavailable, the Calculation Agent shall request each of the principal Euro-zone office of each of the Reference Banks (as defined below) to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at or about 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more Reference Banks provide the Calculation Agent with such offered quotations, the Reference Rate for such Floating Rate Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and
  - (ii) if on any Interest Determination Date the Reference Rate is unavailable and the Calculation Agent determines that fewer than two (2) Reference Banks are providing offered quotations, the Reference Rate for the relevant Floating Rate Accrual Period shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in Euro for a period of three (3) months by leading banks in the Euro-zone inter-bank market or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in Euro for a period of three (3) months, or the arithmetic mean of the offered rates for deposits in Euro for a period of three (3) months, at which, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in the Euro zone inter-bank market, provided that, if the Reference Rate cannot be determined in accordance with the foregoing provisions of this paragraph, the Reference Rate shall be determined as at the last preceding Interest Determination Date.

For the purposes of these Conditions:

**Euro-zone** means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community as amended by the Treaty on European Union.

**Floating Rate Accrual Period** means the period from and including a Floating Rate Interest Payment Date in any year to but excluding the next Fixed Rate Interest Payment Date.

**Reference Banks** means four major banks in the Euro-zone inter-bank market (excluding for such purposes the Calculation Agent and its affiliates).

**Reference Rate** means the offered rate, expressed as a rate per annum, for three (3) month Euro deposits commencing on the first day of the relevant Floating Rate Period, as calculated by Bridge Information Systems on behalf of the European Banking Federation and the International Foreign Exchange Dealers' Association.

- (b) Determination of Reference Rate and Floating Rate Interest Amount with respect to the Floating Rate Period

The Calculation Agent shall, as soon as practicable after 11.00 a.m. (Brussels time) on each Interest Determination Date, determine the Reference Rate and amount of interest (each a **Floating Rate Interest Amount**) payable (if any) on the relevant Floating Rate Interest Payment Date on each Note for the relevant Floating Rate Period.

The Floating Rate Interest Amounts shall be determined by applying the Reference Rate and the Margin to the principal amount of a Note, multiplying the resulting amount by the actual number of days in the relevant Floating Rate Period divided by three hundred and sixty (360) and rounding the resultant figure to the nearest cent (half a cent being rounded upwards).

- (c) Publication of Reference Rate and Interest Amount with respect to the Floating Rate Period

The Calculation Agent shall cause the Reference Rate, the Margin and the Interest Amount for each Floating Rate Period and the relevant Interest Payment Date to be notified to the Issuer, the Fiscal Agent (if different from the Calculation Agent) and each other Paying Agent (if any), to any stock exchange on which the Notes are at the relevant time listed and to the Noteholders as soon as possible after their determination but in no event later than (i) the commencement of the relevant Floating Rate Accrual Period, in the case of notification to such Regulated Market of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 4.1, the Floating Rate Interest Amount and the Floating Rate Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Floating Rate Accrual Period.

#### **4.5 Notifications, etc. to be final**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4, whether by the Reference Banks (or any of them) or the Calculation Agent, will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Calculation Agent, the Fiscal Agent and all Noteholders.

#### **4.6 Calculation Agent**

The Agency Agreement provides that the Issuer may at any time terminate the appointment of the Calculation Agent and appoint a substitute Calculation Agent provided that so long as any of the Notes remain outstanding, there shall at all times be a Calculation Agent for the purposes of the Notes having a specified office in a major European city. In the event of the appointed office of any bank being unable or unwilling to continue to act as the Calculation Agent or failing duly to determine the Floating Rate and the Interest Amount for any Floating Rate Period or the Make Whole Amount, the Issuer shall appoint the European office of another leading bank engaged in the Euro-zone or London interbank market to act in its place. The Calculation Agent may not resign its duties or be removed without a successor having been appointed. The Calculation Agent shall act as an independent expert and not as agent for the Issuer or the Noteholders.

Notice of any change of Calculation Agent or any change of specified office shall promptly be given as soon as reasonably practicable to the Noteholders in accordance with Condition 10 and, so long as the Notes are listed on Euronext Paris and if the rules applicable to such stock exchange so require, to such stock exchange.

#### 4.7 Interest Deferral

On each Interest Payment Date, the Issuer shall pay interest on the Notes accrued to that date in respect of the Interest Period ending immediately prior to such Interest Payment Date, subject to the provisions of the following paragraphs.

(a) *Optional Interest Payment Dates*

An **Optional Interest Payment Date** means an Interest Payment Date in respect of which a Mandatory Payment Event (as defined below) has not occurred during the immediately preceding six month period.

On any Optional Interest Payment Date, the Issuer may elect, by giving notice to the Noteholders pursuant to Condition 4.7(d) below, to pay, in whole or in part, the interest accrued in respect of the Notes during the relevant Interest Period, but the Issuer shall not have any obligation to make such payment and any failure to pay shall not constitute a default by the Issuer under the Notes or for any other purpose.

Any interest in respect of the Notes which has not been paid on an Optional Interest Payment Date will be deferred and shall constitute **Arrears of Interest** and shall be payable as outlined below.

For the purpose hereof:

A **Mandatory Payment Event** means that:

- (i) a dividend, other distribution or payment of any nature was validly declared, paid or made in respect of any Equity Securities, any Other Deeply Subordinated Securities or any Parity Securities of the Issuer, or
- (ii) the Issuer has repurchased, redeemed, or otherwise acquired any Equity Securities, any Other Deeply Subordinated Securities or any Parity Securities of the Issuer or any other than, with respect to Equity Securities, in connection with the satisfaction by the Issuer of its obligations under any existing or future buy-back programme, share option, or free share allocation plan reserved for directors, officers and/or employees of the Issuer, liquidity agreement (*programme de liquidité*) or any associated hedging transaction,

save for, in each case, any compulsory dividend, other distribution, payment, repurchase, redemption or other acquisition required by the terms of such securities; and in the case of Parity Securities, any repurchase or other acquisition that was made below par.

**Parity Securities** means, at any time, any Deeply Subordinated Notes and any securities which rank *pari passu* with the Notes.

(b) *Arrears of Interest*

Arrears of Interest (together with the corresponding Additional Interest Amount (as defined below)) may at the option of the Issuer be paid in whole or in part at any time, provided that all Arrears of Interest (together with the corresponding Additional Interest Amounts) in

respect of all Notes for the time being outstanding shall become due in full on whichever is the earliest of:

- (i) the next Interest Payment Date immediately following a Mandatory Payment Event (except, for the avoidance of doubt, for any Mandatory Payment Event that occurred before any Optional Interest Payment Date on which the Issuer had elected to defer the relevant interest);
- (ii) the redemption of the Notes; or
- (iii) the date upon which a judgment is made for the voluntary or judicial liquidation of the Issuer (*liquidation judiciaire* or *liquidation amiable*) as contemplated under Condition 8 or the sale of the whole of the business (*cession totale de l'entreprise*) of the Issuer or if the Issuer is liquidated for any other reason;

*it being understood that if none of the Mandatory Payment Events took place prior to the calendar date which is the fifth anniversary of the Interest Payment Date on which the relevant interest payment could have fallen due for the first time, it is the intention, though not an obligation, of the Issuer to pay outstanding Arrears of Interest (including any Additional Interest Amounts thereon), in whole, but not in part, on the next Interest Payment Date.*

Each amount of Arrears of Interest shall bear interest, in accordance with Article 1154 of the French Civil Code, as if it constituted the principal of the Notes at a rate which corresponds to the Rate of Interest from time to time applicable to the Notes (the **Arrears Interest Rate**) and the amount of such interest (the **Additional Interest Amount**) with respect to Arrear of Interest shall be due and payable pursuant to this paragraph (b) and shall be calculated by the Calculation Agent applying the Arrears Interest Rate to the amount of the Arrear of Interest and otherwise mutatis mutandis as provided in the foregoing provisions of this Condition.

The Additional Interest Amount accrued up to any Interest Payment Date shall be added in accordance with Article 1154 of the French Civil Code, for the purpose only of calculating the Additional Interest Amount accruing thereafter, to the amount of Arrears of Interest remaining unpaid on such Interest Payment Date so that it will itself become Arrears of Interest.

(c) *Partial payment of Arrears of Interest*

If amounts in respect of Arrears of Interest and Additional Interest Amounts become partially payable:

- (i) all unpaid amounts of Arrears of Interest shall be payable before any Additional Interest Amounts;
- (ii) Arrears of Interest accrued for any period shall not be payable until full payment has been made of all Arrears of Interest that have accrued during any earlier period and the order of payment of Additional Interest Amounts shall follow that of the Arrears of Interest to which they relate; and
- (iii) the amount of Arrears of Interest or Additional Interest Amounts payable in respect of any Note in respect of any period, shall be pro rata to the total amount of all unpaid Arrears of Interest or, as the case may be, Additional Interest Amounts accrued in respect of that period to the date of payment.

(d) *Notice of Deferral and Payment of Arrears of Interests*

Notice of (i) deferral of any interest under the Notes on any Interest Payment Date and (ii) any date upon which amounts in respect of Arrears of Interest and/or Additional Interest Amounts shall become due and payable shall be given to the Noteholders in accordance with Condition 10, and the Fiscal Agent and the Calculation Agent at least five (5) Business Days in Paris, but no more than thirty (30) Business Days in Paris, prior to such Interest Payment Date or date. So long as the Notes are listed on Euronext Paris and the rules applicable to such stock exchange so require, notice of any such deferral shall also be given as soon as reasonably practicable to such stock exchange.

## **5. Redemption and Purchase**

The Notes may not be redeemed otherwise than in accordance with this Condition.

### **5.1 Final Redemption**

Subject to any early redemption described below, the Notes are undated securities with no specified maturity date.

### **5.2 Optional Redemption**

The Issuer will have the right to redeem all of the Notes (but not some only) on the First Call Date, on the Second Call Date or upon any Floating Interest Payment Date thereafter, subject to having given not more than sixty (60) nor less than thirty (30), calendar days' prior notice to the Noteholders (which notice shall be irrevocable). Such early redemption of the Notes will be made their principal amount together with any accrued interest and Arrears of Interest (including any Additional Interest Amounts thereon).

### **5.3 Redemption for Taxation Reasons**

- (i) If, by reason of a change in French law or regulation, or any change in the official application or interpretation of such law, becoming effective after the Issue Date, the Issuer would on the occasion of the next payment due in respect of the Notes, not be able to make such payment without having to pay additional amounts as specified in Condition 7 below (a **Gross-Up Event**), the Issuer may on any Interest Payment Date, subject to having given not more than forty-five (45) nor less than thirty (30) days' prior notice to the Noteholders (which notice shall be irrevocable), in accordance with Condition 10, redeem all of the Notes (but not some only) at their principal amount together with any accrued interest and any Arrears of Interest (including any Additional Interest Amounts thereon) provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable Interest Payment Date on which the Issuer could make payment of principal and interest without withholding for French taxes.
- (ii) If the Issuer would on the occasion of the next payment in respect of the Notes be prevented by French law from making payment to the Noteholders of the full amount then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 7 below, then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall upon giving not less than seven days' prior notice to the Noteholders in accordance with Condition 10 redeem all of the Notes (but not some only) at their principal amount together with any accrued interest and any Arrears of Interest (including any Additional Interest Amounts thereon) on the latest practicable date on which the Issuer could make payment of the full amount payable in respect of the Notes without withholding for French taxes, or, if such date is past, as soon as practicable thereafter.

- (iii) If an opinion of a recognised law firm of international standing has been delivered to the Issuer and the Fiscal Agent, stating that by reason of a change in French law or regulation, or any change in the official application or interpretation of such law, becoming effective after the Issue Date, the tax regime of any payments under the Notes is modified and such modification results in the non-deductibility (in whole or in part) of interest payable by the Issuer in respect of the Notes (a **Tax Deductibility Event**), the Issuer may, at its option, on any Interest Payment Date preceding the Second Call Date (subject to having given not more than sixty (60) nor less than thirty (30) calendar days' notice to Noteholders (which notice shall be irrevocable) in accordance with Condition 10), redeem all of the Notes (but not some only) at the Early Redemption Price (as defined below), provided that the effective date of redemption of which notice hereunder may be given shall be no earlier than the latest practicable date preceding the effective date on which the tax regime of interest payments under the Notes is modified.

#### **5.4 Redemption following an Accounting Event**

If an Accounting Event shall occur after the Issue Date and before the Second Call Date, the Issuer may redeem all the Notes (but not some only) on any Interest Payment Date preceding the Second Call Date, subject to the Issuer having given the Noteholders not less than thirty (30), or more than sixty (60), Business Days' prior notice (which notice shall be irrevocable) in accordance with Condition 10, at the Early Redemption Price (as defined below); provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the last day before the date on which the proceeds of the Notes must not or must no longer be so recorded as "equity" pursuant to IFRS (as defined below) or any other accounting standards that may replace IFRS for the purposes of the annual consolidated financial statements of the Issuer.

**Accounting Event** means that an opinion of a recognised accountancy firm of international standing has been delivered to the Issuer and the Fiscal Agent, stating that the funds raised through the issue of the Notes must not or must no longer be recorded as "equity" pursuant to the International Financial Reporting Standards (**IFRS**) or any other accounting standards that may replace IFRS for the purposes of the annual consolidated financial statements of the Issuer.

#### **5.5 Redemption following a Rating Methodology Event**

If a Rating Methodology Event shall occur after the Issue Date and before the Second Call Date, the Issuer may redeem all the Notes (but not some only) on any Interest Payment Date preceding the Second Call Date, subject to the Issuer having given the Noteholders not less than thirty (30), or more than sixty (60), Business Days' prior notice (which notice shall be irrevocable) in accordance with Condition 10, at the Early Redemption Price (as defined below); provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the last day before the date on which the Notes will no longer be so eligible for the same or higher category of equity credit.

**Rating Methodology Event** means that the Issuer certifies in a notice to the Noteholders that an amendment, clarification or change has occurred in the equity credit criteria of any Rating Agency from whom the Issuer is assigned sponsored ratings, which amendment, clarification or change results in a lower equity credit for the Notes than the then respective equity credit assigned on the Issue Date, or if equity credit is not assigned on the Issue Date, at the date when the equity credit is assigned for the first time.

#### **5.6 Redemption following a Change of Control Call Event**

If a Change of Control Call Event (as defined below) occurs after the Issue Date, the Issuer may redeem, or procure purchase for, all of the Notes (but not some only) on the Call Date (as defined

below), at Early Redemption Price. Such option (the **Call Option in case of Change of Control**) shall operate as set out below.

(a) A **Change of Control Call Event** will be deemed to occur if:

- (i) Any person or group of persons acting in concert or any person or persons acting on behalf of any such person(s) (other than a Permitted Holding Company) (the **Relevant Persons**) (a) acquires directly or indirectly more than 50 per cent. of the total voting rights or of the issued ordinary share capital of the Issuer (or any successor entity), (b) acquires directly or indirectly a number of shares in the ordinary share capital of the Issuer carrying more than 40 per cent. of the voting rights exercisable in general meetings of the Issuer and no other shareholder of such entity, directly or indirectly, acting alone or in concert with others, holds a number of shares carrying a percentage of the voting rights exercisable in such general meetings which is higher than the percentage of voting rights attached to the number of shares held directly or indirectly by such Relevant Person(s) (any such event being a **Change of Control**); and
- (ii) on the date (the **Relevant Announcement Date**) that is the earlier of (A) the date of the first public announcement of the Change of Control; and (B) the date of the earliest Relevant Potential Change of Control Announcement, the senior unsecured long-term debt of the Issuer carries from any Rating Agency:
  - (x) an investment grade credit rating (Baa3, or equivalent, or better), and such rating from any Rating Agency is, within the Change of Control Period either downgraded to a non-investment grade credit rating (Ba1, or equivalent, or worse) or withdrawn and is not, within the Change of Control Period subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to an investment grade credit rating by such Rating Agency; or
  - (y) a non-investment grade credit rating (Ba1, or equivalent, or worse), and such rating from any Rating Agency is within the Change of Control Period either downgraded by one or more notches (for illustration, Ba1 to Ba2 being one notch) or withdrawn and is not within the Change of Control Period subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to its earlier credit rating or better by such Rating Agency;

provided that, for the avoidance of doubt,

1. any such decision of the relevant Rating Agency referred to in (x) or (y) above shall not be deemed to have occurred in respect of a particular Change of Control if such Rating Agency does not publicly announce or confirm that such decision was the result, in whole or in part, of any event or circumstance comprised in or arising as a result of, or in respect of, the applicable Change of Control; and
2. if at the time of the occurrence of a Change of Control the senior unsecured long-term debt of the Issuer is not rated by a Rating Agency, and no Rating Agency assigns within the Change of Control Period an investment grade rating to the Notes, a Change of Control Call Event will be deemed to have occurred.

- (b) Promptly upon the Issuer becoming aware that a Change of Control Call Event has occurred the Issuer shall give notice (a **Call Event Notice**) to the Noteholders in accordance with Condition 10 specifying the nature of the Change of Control Call Event, the circumstances giving rise to it and either the date on which redemption or purchase of the Notes (the **Call Date**) will take place or the Issuer's election not to redeem, or procure purchase for, the Notes.
- (c) If the Issuer elects to redeem the Notes, or to procure purchase for the Notes, such redemption or purchase will take place not less than thirty (30), nor more than forty-five (45) days after a Call Event Notice is given.
- (d) For the purposes of this Condition:

**Change of Control Period** means the period commencing on the Relevant Announcement Date, and ending one hundred and eighty (180) days (inclusive) after the occurrence of the relevant Change of Control (or such longer period for which the senior unsecured long-term debt of the Issuer is under consideration (such consideration having been announced publicly within the period ending one hundred and twenty (120) days after the occurrence of the relevant Change of Control) for rating review or, as the case may be, for rating by, a Rating Agency, such period not to exceed sixty (60) days after the public announcement of such consideration);

**Permitted Holding Company** means GDF Suez or any company or other legal entity whose share capital (or equivalent) and associated voting rights are controlled (within the meaning of Article L.233-3 of the French *Code de commerce*) by GDF Suez, and any successor to each of GDF Suez or any such company or other legal entity;

**Rating Agency** means any of the following: Moody's Investors Service Limited, any other rating agency of equivalent international standing requested from time to time by the Issuer to grant a rating to the Issuer and/or the Notes and in each case, any of their respective successors to the rating business thereof; and

**Relevant Potential Change of Control Announcement** means any public announcement or statement by the Issuer or any Relevant Person thereto relating to any potential Change of Control.

## 5.7 Purchases

The Issuer may at any time purchase Notes together with rights to interest any other amounts relating thereto in the open market or otherwise at any price subject to applicable laws and regulations.

In the event that at least 80 per cent. of the initial aggregate principal amount of the Notes has been purchased by the Issuer (a **Repurchase Event**), the Issuer may redeem all of the outstanding Notes (but not some only) at the Early Redemption Price, subject to the Issuer having given the Noteholders not less than thirty (30), or more than sixty (60), Business Days' prior notice (which notice shall be irrevocable) in accordance with Condition 10.

## 5.8 Cancellation

All Notes which are purchased by the Issuer pursuant to this Condition 5 will forthwith (or may, should French Law cease to require so) be cancelled (together with rights to interest any other amounts relating thereto) by transfer to an account in accordance with the rules and procedures of Euroclear France. Any Notes so cancelled may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

## 5.9 Definitions

For the purposes of this Condition:

**Early Redemption Price** means:

- (i) the principal amount of the Notes in case of a Change of Control Call Event; or
- (ii) 101 per cent. of the principal amount of the Notes in case of a Tax Deductibility Event, an Accounting Event, a Rating Methodology Event and a Repurchase Event,

in each case together with any accrued interest and any Arrears of Interest (including any Additional Interest Amounts thereon) up to the Early Redemption Date of the Notes.

**Early Redemption Date** means the effective date of redemption of the Notes made in accordance with this Condition.

## 6. Payments

### 6.1 Method of Payment

Payments of principal and interest (including, for the avoidance of doubt, any Arrears of Interest and Additional Interest Amounts) in respect of the Notes will be made in euro by transfer to a euro-denominated account of the relevant Account Holder. All payments validly made to such Account Holders in favour of the Noteholders will be an effective discharge of the Issuer in respect of such payments.

All payments are subject in all cases to any applicable fiscal or other laws, regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7.

### 6.2 Payments on Business Days

If any due date for payment in respect of any Note is not a Business Day, the Noteholder shall not be entitled to payment until the next following Business Day nor to any interest or other sum in respect of such postponed payment.

No commission or expenses shall be charged to the Noteholders in respect of such payments.

### 6.3 Fiscal Agent, Paying Agent and Calculation Agent

The names of the initial Agents and their specified offices are set out below:

**Fiscal Agent, Principal Paying Agent and Calculation Agent**  
Société Générale  
32, rue du Champ de Tir  
44312 Nantes Cedex 13  
France

The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent or Paying Agent and/or appoint additional or other Paying Agents or approve any change in the office through which any such Agent acts, provided that there will at all times be a Fiscal Agent and a Principal Paying Agent having a specified office in a European city. Notice of any such change or any change of specified office shall promptly be given as soon as reasonably practicable to the Noteholders in accordance with Condition 10 and, so long as the Notes are listed on Euronext Paris and if the rules applicable to such stock exchange so require, to such stock exchange.

## 7. Taxation

All payments in respect of the Notes shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the French Republic or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law.

If applicable law should require that payments of principal or interest made by the Issuer in respect of any Note be subject to deduction or withholding in respect of any present or future taxes or duties whatsoever levied by the Republic of France, the Issuer, will, to the fullest extent then permitted by law, pay such additional amounts (**Additional Amounts**) as shall result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Amounts shall be payable with respect to any Note, as the case may be:

- (i) **Other connection:** to, or to a third party on behalf of, a Noteholder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or interest coupon by reason of his having some connection with the Republic of France other than the mere holding of the Note or interest coupon; or
- (ii) **Presentation more than thirty (30) days after the Relevant Date:** presented for payment more than thirty (30) days after the Relevant Date except to the extent that the Noteholder would have been entitled to such Additional Amounts on presenting it for payment on the thirtieth such day; or
- (iii) **Payment to individuals:** where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other EU Directive implementing the conclusions of the ECOFIN Council Meeting of 26-27 November 2000 on the taxation of savings income, or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (iv) **Payment by another Paying Agent:** presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting the relevant Note or interest coupon to another Paying Agent in a Member State of the EU.

As used in these Conditions, **Relevant Date** in respect of any Note or interest coupon means the date on which payment in respect of it first becomes due (and, for the avoidance of doubt, in the case of arrears of interest, references to **becomes due** shall be interpreted in accordance with the provisions of Condition 4.1) or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or, in the case of Materialised Notes (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note or interest coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) **principal** shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Nominal Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) **interest** shall be deemed to include all Interest Amounts and all other amounts (including, for the avoidance of doubt, all arrears of interest) payable pursuant to Condition 5 or any amendment or supplement to it and (iii) **principal** and/or **interest** shall be deemed to include any Additional Amounts that may be payable under this Condition. Supply of Information: Each holder of Notes shall be responsible for supplying to the Paying Agent, in a reasonable and timely manner, any information as may be required in order to comply with the identification and reporting obligations

imposed on it by the European Council Directive 2003/48/EC or any other European Directive implementing the conclusions of the ECOFIN Council Meeting dated 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such Directive.

## **8. Enforcement Events, no Events of Default and no Cross Default**

There are no events of default in respect of the Notes. There is no cross default under the Notes.

However, each Note shall become immediately due and payable at its principal amount, together with accrued interest thereon, if any, to the date of payment and any Arrears of Interest (including any Additional Interest Amounts thereon), in the event that a judgement is rendered by any competent court declaring the judicial liquidation (*liquidation judiciaire*) of the Issuer, or in the event of a transfer of the whole of the business of the Issuer (*cession totale de l'entreprise*) subsequent to the opening of a judicial recovery procedure, or if the Issuer is liquidated for any other reason. No payments will be made to holders of any class of the share capital of the Issuer before all amounts due, but unpaid, to all Noteholders have been paid by the Issuer.

## **9. Representation of the Noteholders**

Noteholders will be grouped automatically for the defence of their common interests in a *masse* (in each case, the **Masse**).

The Masse will be governed by the provisions of the French *Code de commerce* with the exception of Articles L.228-48, L.228-59, the second sentence of Article L.228-65 II and Articles R.228-63, R.228-67 and R.228-69 subject to the following provisions:

### **9.1 Legal Personality**

The Masse will be a separate legal entity and will act in part through a representative (the **Representative**) and in part through a general meeting of the Noteholders (the **General Meeting**).

The Masse alone, to the exclusion of all individual Noteholders, shall exercise the common rights, actions and benefits which now or in the future may accrue respectively with respect to the Notes.

### **9.2 Representative**

The office of Representative may be conferred on a person of any nationality. However, the following persons may not be chosen as Representatives:

- (i) the members of the Management Committee (*Comité de Gestion*), the members of the Board of Directors (*Conseil d'Administration*), the general managers (*directeurs généraux*), the statutory auditors, or the employees of the Issuer as well as their ascendants, descendants and spouse; or
- (ii) companies guaranteeing all or part of the obligations of the Issuer, their respective managers (*gérants*), general managers (*directeurs généraux*), members of their Board of Directors (*Conseil d'Administration*), Executive Board (*Directoire*), or Supervisory Board (*Conseil de Surveillance*), their statutory auditors, or employees as well as their ascendants, descendants and spouse; or
- (iii) companies holding 10% or more of the share capital of the Issuer or companies having 10% or more of their share capital held by the Issuer; or persons to whom the practice of banker is forbidden or who have been deprived of the right of directing, administering or managing an enterprise in whatever capacity; or

- (iv) persons to whom the practice of banker is forbidden or who have been deprived of the right of directing, administering or managing an enterprise in whatever capacity.

The names and addresses of the initial Representative of the Masse and the alternate Representative are the following:

Initial Representative:

Raphaël de Riberolles  
33 Rue Anna Jacquin  
92100 Boulogne Billancourt  
France

Alternate Representative:

Gilbert Labachotte  
8 Boulevard Jourdan  
75014 Paris  
France

In connection with its functions or duties, the Representative will be entitled to a remuneration of €600 per year payable on the anniversary of the Issue Date in each year, commencing on the first such anniversary in 2011.

In the event of death, retirement or revocation of appointment of the Representative, such Representative will be replaced by another Representative. In the event of the death, retirement or revocation of appointment of the alternate Representative, an alternate Representative will be elected by the General Meeting.

All interested parties will at all times have the right to obtain the names and addresses of the initial Representative and the alternate Representative at the head office of the Issuer and the specified offices of any of the Paying Agents.

### **9.3 Powers of Representative**

The Representative shall (in the absence of any decision to the contrary of the General Meeting) have the power to take all acts of management necessary in order to defend the common interests of the Noteholders.

All legal proceedings against the Noteholders or initiated by them, must be brought by or against the Representative.

The Representative may not be involved in the management of the affairs of the Issuer.

### **9.4 General Meeting**

A General Meeting may be held at any time, on convocation either by the Issuer or by the Representative. One or more Noteholders, holding together at least one-thirtieth of the principal amount of the Notes outstanding, may address to the Issuer and the Representative a demand for convocation of the General Meeting. If such General Meeting has not been convened within two months after such demand, the Noteholders may commission one of their members to petition a competent court in Paris to appoint an agent (*mandataire*) who will call the General Meeting.

Notice of the date, hour, place and agenda of any General Meeting will be published as provided under Condition 10 not less than fifteen (15) days prior to the date of such General Meeting. Each Noteholder has the right to participate in a General Meeting in person, by proxy, by correspondence or, if the *statuts* of the Issuer so specify, by videoconference or by any other means of telecommunication allowing the identification of participating Noteholders.

Each Note carries the right to one vote.

## **9.5 Powers of the General Meetings**

The General Meeting is empowered to deliberate on the dismissal and replacement of the Representative and the alternate Representative and also may act with respect to any other matter that relates to the common rights, actions and benefits which now or in the future may accrue with respect to the Notes, including authorising the Representative to act at law as plaintiff or defendant.

The General Meeting may further deliberate on any proposal relating to the modification of the Conditions including any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions, it being specified, however, that the General Meeting may not increase the liabilities (*charges*) of the Noteholders, nor establish any unequal treatment between the Noteholders, nor to decide to convert Notes into shares.

General Meetings may deliberate validly on first convocation only if Noteholders present or represented hold at least one fifth of the principal amount of the Notes then outstanding. On second convocation, no quorum shall be required. Decisions at meetings shall be taken by a simple majority of votes cast by Noteholders attending such General Meetings or represented thereat.

In accordance with Article R.228-71 of the French *Code de commerce*, the right of each Noteholder to participate in General Meetings will be evidenced by the entries in the books of the relevant Account Holder of the name of such Noteholder as of 0:00, Paris time, on the third business day in Paris preceding the date set for the meeting of the relevant general assembly.

Decisions of General Meetings must be published in accordance with the provisions set forth in Condition 10.

*As at the Issue Date, the insolvency procedure in France is regulated by the provisions of the French Code de commerce as amended by ordinance n°2008-1345 dated 18 December 2008 and these provisions govern the common rights, interests and representation of the Noteholders in this context. As a result, Noteholders should be aware that they will generally have limited ability to influence the outcome of a safeguard (procédure de sauvegarde) or a judicial reorganisation procedure (procédure de redressement judiciaire) of the Issuer in France, especially given the current capital structure of the Issuer.*

## **9.6 Information to Noteholders**

Each Noteholder or Representative thereof will have the right, during the fifteen (15)-day period preceding the holding of each General Meeting, to consult or make a copy of the text of the resolutions which will be proposed and of the reports which will be presented at the General Meeting, all of which will be available for inspection by the relevant Noteholders at the registered office of the Issuer, at the specified offices of any of the Paying Agents and at any other place specified in the notice of the General Meeting.

## **9.7 Expenses**

The Issuer will pay all expenses relating to the operation of the Masse, including expenses relating to the calling and holding of General Meetings and, more generally, all administrative expenses

resolved upon by the General Meeting, it being expressly stipulated that no expenses may be imputed against interest payable under the Notes.

## **9.8 Single Masse**

The holders of Notes of the same Series, and the holders of Notes of any other Series which will be assimilated with other Notes in accordance with Condition 12, shall, for the defence of their respective common interests, be grouped in a single Masse. The Representative appointed in respect of the Notes will be the Representative of the single Masse.

## **10. Notices**

- (a) Notice to the Noteholders will be valid if published at the option of the Issuer (i) so long as such Notes are listed and admitted to trading on Euronext Paris, in a leading daily newspaper of general circulation in France (which is expected to be *La Tribune* or *Les Echos*), or (ii) they are published in a leading daily newspaper of general circulation in Europe (which is expected to be the *Financial Times*) or (iii) they are published in accordance with Articles 221-3 and 221-4 of the General Regulations (*Règlement Général*) of the AMF.
- (b) If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication.
- (c) Notices required to be given to the Noteholders may be given by delivery of the relevant notice to Euroclear France, Euroclear, Clearstream, Luxembourg and any other clearing system through which the Notes are for the time being cleared in substitution for the mailing and publication of a notice required by Conditions 10(a) and (b) above; except that (i) so long as the Notes are listed and admitted to trading on Euronext Paris the rules of such regulated market so require, notices shall also be published in a leading daily newspaper of general circulation in France, and (ii) notices relating to the convocation and decision(s) of the General Meetings pursuant to Condition 9 shall also be published in a leading daily newspaper of general circulation in Europe.

## **11. Prescription**

Claims against the Issuer for the payment of principal and interest in respect of the Notes shall become prescribed 10 years (in the case of principal) and five years (in the case of interest) from the due date for payment thereof.

## **12. Further Issues**

The Issuer may, from time to time without the consent of the Noteholders, issue further Notes to be assimilated (*assimilables*) with the Notes as regards their financial service, provided that such further notes and the Notes shall carry rights identical in all respects (or in all respects except for the first payment of interest thereon) and that the terms of such further notes shall provide for such assimilation. In the event of such assimilation, the Noteholders and the holders of any assimilated notes will, for the defence of their common interests, be grouped in a single Masse having legal personality.

## **13. Governing Law and Jurisdiction**

- (a) **Governing Law:** The Notes and all non-contractual obligations arising from or connected with the Notes are governed by, and shall be construed in accordance with, French law.

- (b) **Jurisdiction:** Any claim against the Issuer in connection with any Notes may be brought before any competent court located within the jurisdiction of the *Cour d'Appel* of Paris.

## **USE OF PROCEEDS**

The net proceeds of the issue of the Notes will be used for the Issuer's general corporate purposes.

## DESCRIPTION OF THE ISSUER

For the purpose of this section, the **Group** is defined as the Issuer and its subsidiaries.

### 1. General information about Suez Environnement Company

Suez Environnement Company is registered in the Paris Trade and Company Register (*Registre du commerce et des sociétés de Paris*) under reference number 433 466 570.

Its registered offices is located at 1, rue d'Astorg, 75008 Paris, France. The telephone number of the corporate offices is +33 1 58 18 50 00. Its website is [www.suez-environnement.com](http://www.suez-environnement.com).

Since 11 February 2008, Suez Environnement Company's legal name has been Suez Environnement Company. Its previous legal name was Houlival.

Suez Environnement Company was incorporated on 9 November 2000, for a term of 99 years. Except in the event of early dissolution or extension, the Suez Environnement Company will cease to exist on 9 November 2099.

Suez Environnement Company is a French public limited company (*société anonyme*) with a Board of Directors (*Conseil d'administration*) and is governed by the provisions of Book II of the French *Code de commerce*.

### History

For 129 years, the Suez group has focused on providing public utility services to local public entities, businesses, and individuals in the electricity, gas, water, and waste management sectors. Since 2003, Suez Environnement has handled all the expertise in water management, wastewater treatment and waste management services within the Suez group. This expertise is deployed by internationally known trademarks such as Degrémont, Safège, Lyonnaise des Eaux or SITA, which are renowned for the expertise that they have accrued, in certain cases, for more than a century to serve their customers.

#### *1880, creation of Société Lyonnaise des Eaux et de l'Eclairage*

*Société Lyonnaise des Eaux et de l'Eclairage* was involved in the public services of water, electricity, and gas distribution in rapidly growing cities and suburbs such as Cannes, Bordeaux, Lille or Rouen. From the very beginning, Lyonnaise des Eaux also developed its activities abroad.

#### *1919, creation of SITA*

The Société Industrielle des Transports Automobiles (SITA) was one of two service providers selected to collect household waste in Paris. At that time, SITA had two activities: transport of all kinds and delegation of public services. It diversified into passenger transport and corporate vehicle leasing.

#### *1946, partial nationalisation of Lyonnaise des Eaux*

In 1946, France nationalised the gas and electricity sectors. Société Lyonnaise des Eaux et de l'Eclairage was partially nationalised. At that time, the company focused on water-related activities to meet the growing demand for services and network development in the suburbs of large cities. In line with this same growth strategy, Lyonnaise des Eaux became a majority shareholder in Degrémont, a water treatment company established in Paris in 1939.

### *1971, acquisition of SITA*

In the 1970s, to meet the increasing requirements in terms of environmental protection, SITA set up a waste sorting and recycling branch. In 1971, Lyonnaise des Eaux acquired a stake in SITA, which became "the waste services division" of the group. Since 2000, the SITA has been wholly owned by the Suez group.

### *1974, Compagnie financière de Suez, the majority shareholder of Lyonnaise des Eaux*

In 1974, Compagnie Financière de Suez became the majority shareholder of Lyonnaise des Eaux. After being nationalised by the French government in 1982, Compagnie Financière de Suez was privatised in 1987.

### *1997, merger of Compagnie financière de Suez and Lyonnaise des Eaux*

In 1997, the merger between Lyonnaise des Eaux and Compagnie Financière de Suez resulted in Suez Lyonnaise des Eaux, the world's leading group for local services.

### *2003, formation of Suez Environnement*

In 2001, Suez Lyonnaise des Eaux became Suez and, through a capital contribution, combined all of its water-related activities within Ondeo as part of a spin-off process. Water activities in France were consolidated under the name Lyonnaise des Eaux France.

In 2003, the water and waste activities were reorganised within Suez Environnement following the merger of SITA with Ondeo Services, which changed its name to Suez Environnement. Suez Environnement then held nearly all the environmental activities of the Suez group in the water, waste, and engineering sectors.

### *2008, listing of Suez Environnement Company*

As part of the merger between Suez and Gaz de France, which has created GDF SUEZ, a global leader in the gas and electric sectors and a strong French-Belgian base, Suez has decided to complete the consolidation of all its environmental operations within a new company, Suez Environnement Company. Suez has contributed all the shares of the former company Suez Environnement and distributed 65 per cent. of the Suez Environnement Company's share capital to shareholders of Suez prior to the merger. After this distribution, the merged GDF SUEZ entity maintains a stable 35.41 per cent. stake in the Suez Environnement Company.

## **2. Corporate purpose of SUEZ Environnement Company**

Suez Environnement Company has the following purpose in any country and using any means:

- (i) The provision, in any form whatsoever, of any services connected to the environment, and especially:
  - all services of production, transportation, and distribution of water, for all domestic, industrial, agricultural, or other needs and uses on behalf of local public authorities or private entities;
  - all services of wastewater treatment, including the elimination of sewage of domestic, industrial, or other origin;
  - all services that may directly or indirectly concern the collection, sorting, treatment, recycling, incineration, or recovery of all types of waste, sub-products, and residues, and generally any activity or venture relating to waste management;

- the creation, acquisition, operation, or divestment of all transport and road haulage services;
  - the creation, purchase, sale, leasing, rental, management, installation, and operation of any facility relating to waste management; and
  - generally all services on behalf of local public authorities, private entities and private individuals connected with the above.
- (ii) On an auxiliary basis, the production, distribution, transportation, utilization, management, and development of energy in all its forms.
- (iii) The study, setting up, and execution of all projects, services, and public or private works on behalf of any local public authority, private entities, or private individual; the preparation and awarding of any contract of whatsoever nature related to those projects and works.
- (iv) The taking of any stake in the form of subscription, purchase, contribution, exchange, or by any other means of shares, interests, bonds and other corporate securities existing or to be created in the future, and the capacity to divest such stakes.
- (v) Obtaining, purchasing, divesting, or operating any patent, brand name, model, or licensed patent or any process.
- (vi) The granting of any guarantee, first call guarantee, or other surety for the benefit of any company or entity of the group, in the course of their business, as well as the financing or refinancing of their activities.
- (vii) The subscription of any loan or, more generally, the use of any type of financing, particularly through the issue or, as the case may be, the subscription of debentures or financial instruments, with a view to financing or refinancing Suez Environnement Company's business activity.

And more generally, any industrial, financial, commercial, tangible asset, or real estate transaction that may be connected directly or indirectly to one of the purposes specified above or any other similar or connected purpose or which would tend to benefit and develop the Company's businesses.

The corporate purpose of Suez Environnement Company may, furthermore, be amended by the extraordinary general meeting of shareholders in accordance with applicable law and its bylaws (*statuts*).

### **3. Overview of activities**

#### **Principal activities**

With total revenues of 12.3 billion euros, and 65,895 employees as of 31 December 2009, the Group is a reference player in the global environmental market (water and waste).

The Group is active in each stage of the water and waste cycles, and therefore has expertise relating to such cycles. It operates both on behalf of public entities and private sector players.

The Group's water-related activities specifically include:

- catchment, treatment, and distribution of drinking water;
- maintenance of networks and plants;

- customer management;
- collection and treatment of municipal and industrial wastewater;
- design, building, sometimes financing, and operation of drinking water production and wastewater treatment plants, as well as desalination and water treatment plants, for purposes of recovery;
- studies, master plans, modelling of underground water tables and hydraulic flows, and general contracting for water management infrastructure projects; and
- biological and energy recovery of treated sewage sludge.

The Group's activities in the waste sector particularly include:

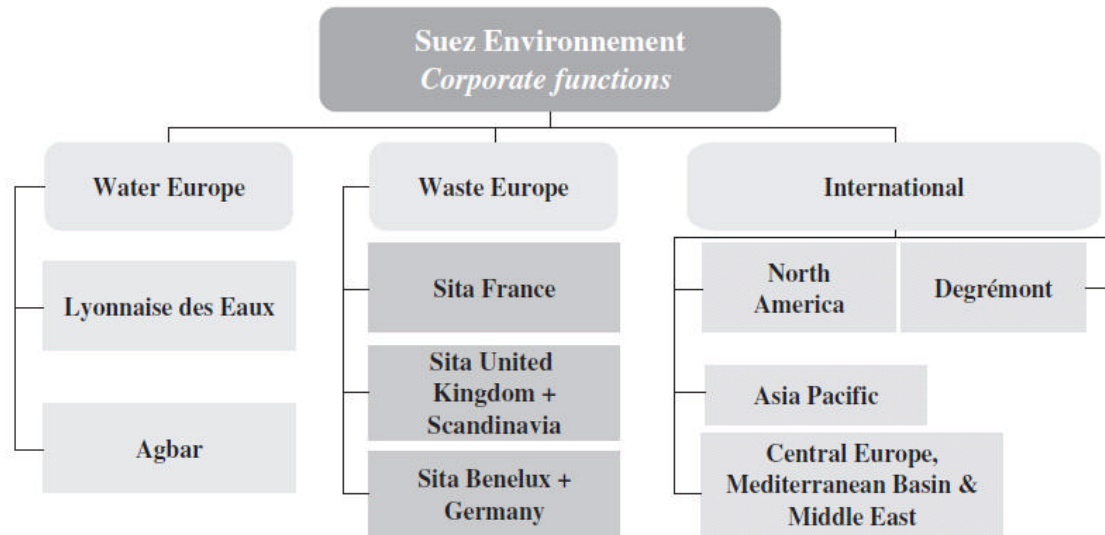
- waste collection (household's waste, waste from local authorities, and industrial waste; non-hazardous and waste hazardous, with the exception of radioactive waste from nuclear activities) and urban cleaning services;
- pre-treatment of this waste;
- sorting, recycling, and material, biological or energy recovery of recoverable portions;
- incineration and landfilling of the remaining fractions;
- integrated management of industrial sites (industrial sanitation, pollution clean-up, and remediation of polluted sites or soil); and
- sludge treatment and recovery.

The Group engages in its activity through public and private customers, under various types of contracts:

- in the water sector, the Group primarily enters into public services delegation contracts (leases or delegation of public services), and public contracts, as well as service, operational, and maintenance contracts, and building and engineering projects;
- in the waste sector, the Group enters into service or management contracts (delegated and non-delegated, integrated and non-integrated), operational and maintenance contracts, and design, building and operation contracts.

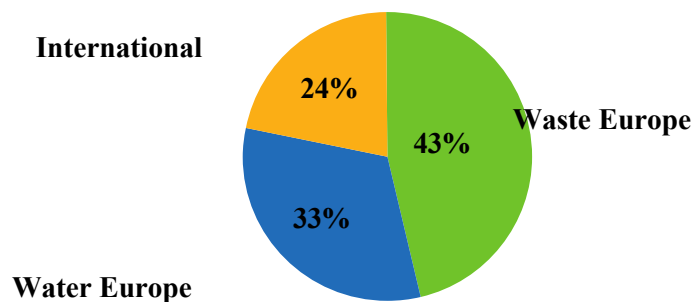
In 2009, 52 per cent. of the Group's consolidated revenues was earned in the water segment and 48 per cent. in the waste segment.

The Group is organised around three main segments: Water Europe, Waste Europe, and International (Degrémont and activities outside Western Europe), which are divided into 9 business units. Another segment, known as "Other", covers only corporate functions. The following diagram shows the organisation of the 9 business units:

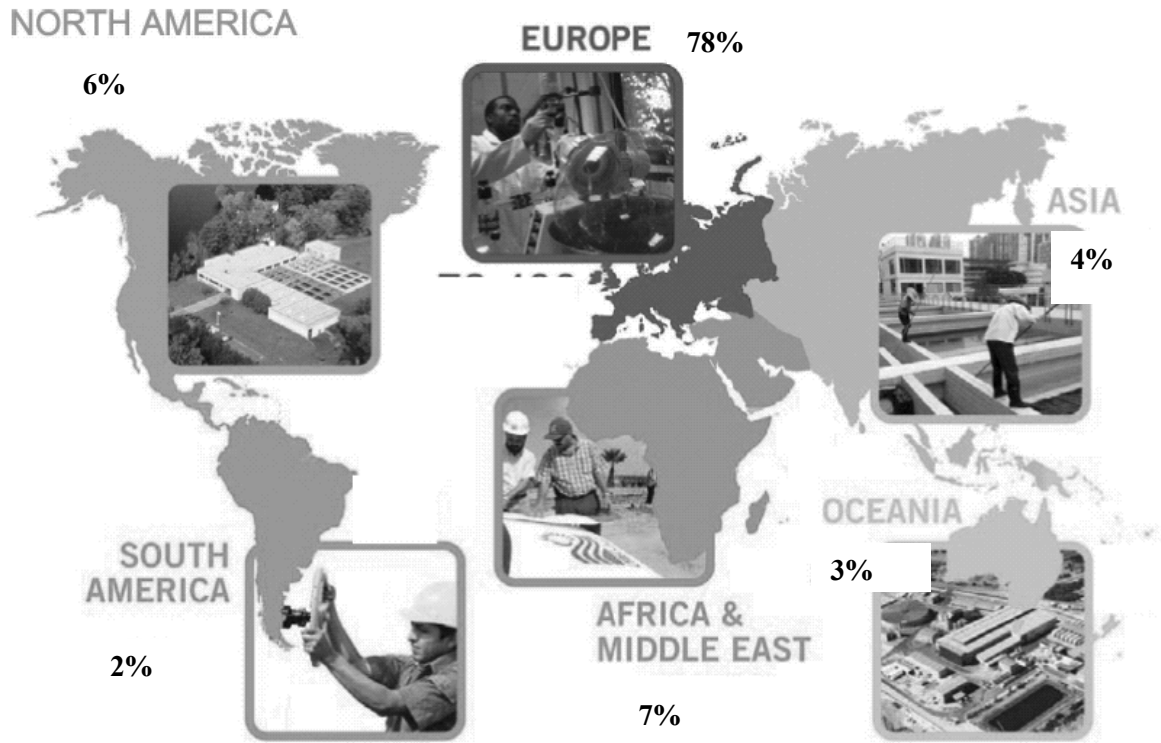


### Principal markets

The graph below shows the distribution of the Group's consolidated revenues as of 31 December 2009 according to this organisation (the "Other" segment is not shown, as it covers only corporate functions within Suez Environnement):



Europe is the Group's historic development area and remains its region of reference. Thanks to this foothold in Europe, particularly in France, the Group is able to mobilise its know-how and skills and adapt them to other continents. The following map shows the distribution of the Group's revenues by geographic region as of 31 December 2009.<sup>2</sup>

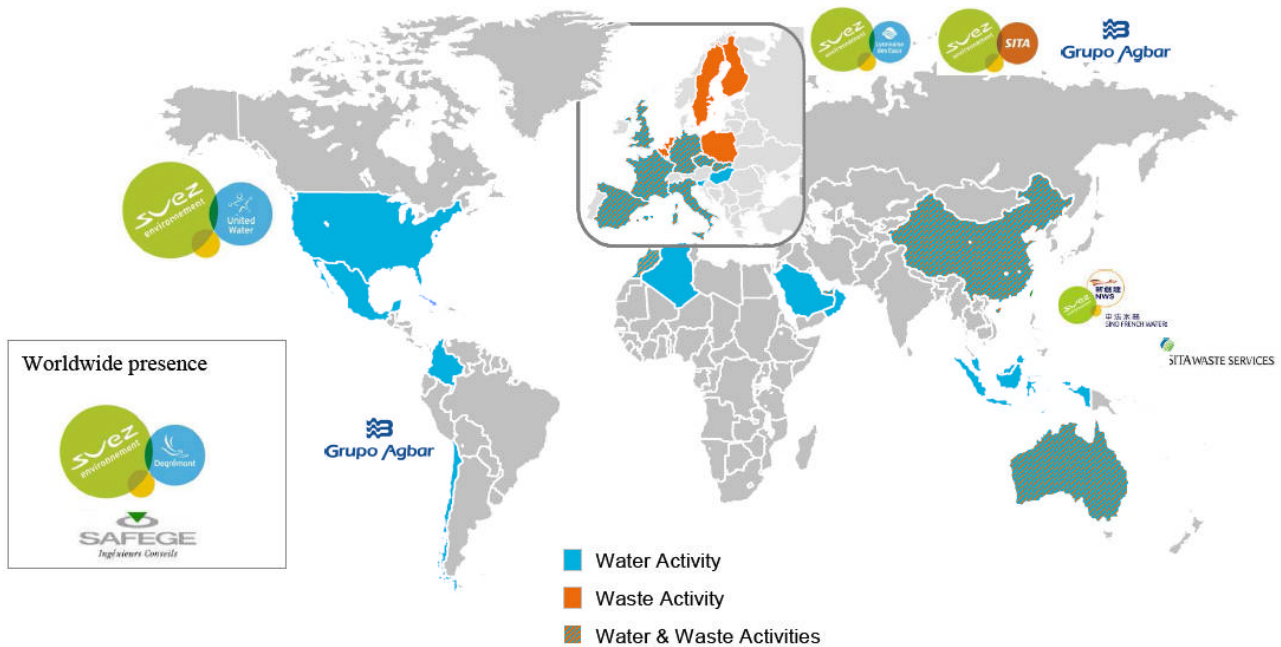


The Group benefits from an extensive network of subsidiaries and agencies; as of year-end 2009, the Group was active as an operator in over 35 countries. Thus, outside of Europe, major cities such as Indianapolis, Hong Kong, Casablanca, Perth, Jakarta and most recently Melbourne have awarded the Group all or part of the management of their water, wastewater, and waste-related services, and even the building of major infrastructure in these areas. The Group is most often active through partnerships with public or private actors (industrial, financial, or joint ventures) which have an in-depth knowledge of the local context, following the model of the historic partnership with La Caixa (Agbar in Spain) or New World (Sino-French Holdings in China).

The Group is active around the world under various very well-known brands, particularly SITA for waste, and Lyonnaise des Eaux, United Water, Degrémont, and Ondeo Industrial Solutions for water.

<sup>2</sup> This chart shows the geographic distribution of the Group's revenues, irrespective of the accounting segmentation assumed in the Group's consolidated financial statements incorporated by reference in this Prospectus.

This map shows the locations of the Group's principal subsidiaries and the principal brands around the world, as of 31 December 2009:



Finally, the Group has always placed research and development at the core of its activity, particularly through major partnerships, joining with both public players (for example, Cemagref, CNRS, Tongji University in China, UCLA in the United States) and private actors (R+i Alliance partnership between Lyonnaise des Eaux, Agbar, United Water, Northumbrian Water and SUEZ Environnement, participation in the Global Water Research Coalition (GWRC)).”

#### 4. Share capital structure of Suez Environnement Company

As at 31 December 2009, the Company's share capital is euro 1,958,796,240, represented by 489,699,060 shares with a nominal value of euro 4 each, as fully paid.

Thanks to a 5-year shareholder agreement, Suez Environnement Company has a stable shareholder structure allowing it to consolidate its strategy.

The parties to the shareholder's agreement are GDF SUEZ, Groupe Brussels Lambert, the Caisse des Dépôts et Consignations, Areva, CNP Assurances and Sofina. Together they hold 48.04 per cent. of the share capital.

The proportion of free-floating shares (public and employees) amounts to 51.90 per cent.”

#### 5. Administrative, Management and Supervisory Bodies (item 9.1 of Annex IX of Commission Regulation (EC) No. 809/2004)

All the members of the *Conseil d'administration* (Board of Directors) of the Issuer elect domicile at the registered office of the Issuer, 1, rue d'Astorg, 75008 Paris, France.

## RECENT DEVELOPMENTS

### SUEZ ENVIRONNEMENT

1 RUE D'ASTORG  
75008 PARIS, FRANCE  
TEL +33 (0)1 58 18 50 56  
FAX +33 (0)1 58 18 51 68  
WWW.SUEZ-ENVIRONNEMENT.COM



## PRESS RELEASE

18 May 2010

### CALL FOR TENDERS TO MANAGE DRINKING WATER SERVICES FOR SYNDICAT DES EAUX D'ÎLE-DE-FRANCE (SEDIF):

#### SUEZ ENVIRONNEMENT NOTES THE SEDIF'S DECISION TO REJECT ITS OFFER

SUEZ ENVIRONNEMENT and its subsidiary Lyonnaise des Eaux confirm that they have received notice from the Syndicat des Eaux d'Ile-de-France (SEDIF) relating to the drinking water distribution contract to communities in Ile-de-France.

SUEZ ENVIRONNEMENT and Lyonnaise des Eaux have noted the SEDIF's decision to reject their tender and await the detailed criteria that led to the Syndicat's choice.

SEDIF praised the "high quality" of the SUEZ ENVIRONNEMENT and Lyonnaise des Eaux offer as well as the "exceptional involvement throughout the procedure" of the teams in charge of the project.

The innovations developed by SUEZ ENVIRONNEMENT in this call for tenders gave opportunity to generate ambitious proposals particularly in terms of governance, transparency and technological solutions.

These proposals, which showcase SUEZ ENVIRONNEMENT's know-how, provide a great lever in developing the Group's commercial offers in France and internationally.

*Natural resources are not infinite. Each day, SUEZ ENVIRONNEMENT (Paris: SEV, Brussels: SEVB) and its subsidiaries deal with the challenge to protect resources by providing innovative solutions to industries and to millions of people. SUEZ ENVIRONNEMENT supplies drinking water to 90 million people, provides wastewater treatment services for 58 million people and collects the waste produced by 46 million people. SUEZ ENVIRONNEMENT has 65,900 employees and, with its presence on a global scale, is the world's leader exclusively dedicated to environmental services. SUEZ ENVIRONNEMENT, a 35.4% GDF SUEZ affiliate, reported sales turnover of 12.3 billion euros at the end of financial year 2009.*

#### **Press contact:**

Tel: +33 1 58 18 50 56

#### **Analysts/Investors Contact:**

Tel: + 33 1 58 18 40 95

This press release is also available on [www.suez-environnement.com](http://www.suez-environnement.com)

## SUEZ ENVIRONNEMENT

1 RUE D'ASTORG  
75008 PARIS, FRANCE  
TEL +33 (0)1 58 18 50 56  
FAX +33 (0)1 58 18 51 68  
WWW.SUEZ-ENVIRONNEMENT.COM



## PRESS RELEASE

20 May 2010

### GENERAL MEETING OF 20 MAY 2010: ALL RESOLUTIONS ADOPTED

SUEZ ENVIRONNEMENT held its General Meeting on 20 May 2010, chaired by Gérard Mestrallet.

It was an opportunity for the Chairman and the Chief Executive Officer to report to shareholders the events and actions taken and to highlight the key challenges to come. The year in focus, 2009, was the first full year for SUEZ ENVIRONNEMENT as a listed company.

The CEO, Jean-Louis Chaussade, presented the Group's operational performance and confirmed the long-term strategy and solidity of its business model.

Operational performance improved thanks to the COMPASS cost optimization program, and to the Group's commercial dynamism. The contract of Melbourne, in Australia, to build the largest desalination plant in the Southern Hemisphere was one illustration of this dynamism, just as more recently, the Suffolk waste contract (UK, £1bn over 25 years). The year 2009 was also the year of a major strategic move with the friendly step up of Aguas de Barcelona, which will become SUEZ ENVIRONNEMENT's second European pillar in water.

SUEZ ENVIRONNEMENT, in 2009, has continued its efforts in favor of sustainable development and published its non-financial performance and its second "Commitments and Performance" report.

The Group also reinforced and improved its corporate governance. The General Meeting approved 27 resolutions including the renewal or appointment of the 7 directors. Gérard Mestrallet, Chairman of the Board of Directors and of the Strategic Committee, and the Chairmen of the other three Board Committees (Audit Committee, Appointments and Remuneration Committee, Ethics and Sustainable Development Committee) presented the work undertaken in recent months.

All the resolutions submitted by the Board of Directors to the Group's shareholders for voting were adopted. The General Meeting approved the 2009 financial statements as well as the allocation of results for the year, and decided a dividend payment<sup>1</sup> of €0.65 per share to be paid out 27 May 2010.

The General Meeting was attended by almost 800 shareholders and was broadcast live on the Group's website<sup>2</sup>.

- Next communication:
  - **4 August 2010:** Publication of 1<sup>st</sup> half results 2010.

<sup>1</sup> Resolution of r €1.30 including the coupon paid in June 2009 as an interim dividend (€0.65) and that which will be paid out end of May.

<sup>2</sup> The video of the General Meeting presentation of 20 May will be available on the website [www.suez-environnement.com](http://www.suez-environnement.com)



*Natural resources are not infinite. Each day, SUEZ ENVIRONNEMENT (Paris: SEV, Brussels: SEVB) and its subsidiaries deal with the challenge to protect resources by providing innovative solutions to industries and to millions of people. SUEZ ENVIRONNEMENT supplies drinking water to 90 million people, provides wastewater treatment services for 58 million people and collects the waste produced by 46 million people. SUEZ ENVIRONNEMENT has 65,900 employees and, with its presence on a global scale, is the world's leader exclusively dedicated to environmental services. SUEZ ENVIRONNEMENT, a 35.4% GDF SUEZ affiliate, reported sales turnover of 12.3 billion euros at the end of financial year 2009.*

#### **Disclaimer**

*"The actual communication includes forward looking information and statements. These prospective elements are based on hypothesis, financial projections, estimates and statements regarding projects, objectives and expectations concerning operations, future products or services or future performance. No guarantee can be given that any such prospective elements will materialize. Investors and shareholders of SUEZ ENVIRONNEMENT Company shares should note that such forward looking information and statements are subject to a number of risks and uncertainties, which are difficult to predict and are generally beyond the control of SUEZ ENVIRONNEMENT Company and could cause actual results to differ materially from those expressed or suggested by those forward looking information or statements. Such risks include but are not limited to those explained or identified in public documents filed with the Autorité des Marchés Financiers (AMF). The attention of investors and shareholders of SUEZ ENVIRONNEMENT Company shares is drawn on the fact that the realization of all or part of those risks is susceptible to have a significant unfavorable effect on SUEZ ENVIRONNEMENT Company. SUEZ ENVIRONNEMENT Company disclaims any obligation or undertaking to release publicly any updates or revisions to any of those forward-looking statements."*

#### **Press contact:**

Tel: +33 1 58 18 50 56

#### **Analysts/Investors Contact:**

Tel: + 33 1 58 18 40 95

This press release is also available on [www.suez-environnement.com](http://www.suez-environnement.com)

**SUEZ ENVIRONNEMENT**

1 RUE D'ASTORG  
75008 PARIS, FRANCE  
TEL +33 (0)1 58 18 50 56  
FAX +33 (0)1 58 18 51 68  
WWW.SUEZ-ENVIRONNEMENT.COM



## PRESS RELEASE

27 May 2010

### **AGBAR DELISTING OFFER SUCCEEDS SUEZ ENVIRONNEMENT ON TRACK TO FINALIZE FRIENDLY STEP UP IN AGBAR**

As part of the agreement between SUEZ ENVIRONNEMENT and CRITERIA CAIXACORP (CRITERIA) for the friendly step up in AGBAR and the simultaneous disposal of ADESLAS to CRITERIA, SUEZ ENVIRONNEMENT confirms the success of the AGBAR delisting offer.

The majority of the shareholders in AGBAR (Sociedad General de Aguas de Barcelona S.A.) subscribed to the delisting offer opened between 10 and 24 May 2010, representing nearly 14 million shares or 91.27% success rate of the offer.

The close of the offer marks an important stage in the friendly step up in AGBAR by SUEZ ENVIRONNEMENT. The shares acquired by AGBAR will subsequently be redeemed.

The completion of the AGBAR delisting offer will allow SUEZ ENVIRONNEMENT and CRITERIA to finalize SUEZ ENVIRONNEMENT's acquisition of the AGBAR shares held by CRITERIA, at a price of €20 per share, for a total amount of €666 million.

The completion of the operation set for June 2010 will see SUEZ ENVIRONNEMENT take a direct and indirect stake in AGBAR of 75.01%. CRITERIA will have 24.03% of AGBAR as well as the insurance and health company ADESLAS.

#### **Disclaimer**

*The actual communication includes forward looking information and statements. These prospective elements are based on hypothesis, financial projections, estimates and statements regarding projects, objectives and expectations concerning operations, future products or services or future performance. No guarantee can be given that any such prospective elements will materialize. Investors and shareholders of SUEZ ENVIRONNEMENT Company shares should note that such forward looking information and statements are subject to a number of risks and uncertainties, which are difficult to predict and are generally beyond the control of SUEZ ENVIRONNEMENT Company and could cause actual results to differ materially from those expressed or suggested by those forward looking information or statements. Such risks include but are not limited to those explained or identified in public documents filed with the Autorité des Marchés Financiers (AMF). The attention of investors and shareholders of SUEZ ENVIRONNEMENT Company shares is drawn on the fact that the realization of all or part of those risks is susceptible to have a significant unfavourable effect on SUEZ ENVIRONNEMENT Company. SUEZ ENVIRONNEMENT Company disclaims any obligation or undertaking to release publicly any updates or revisions to any of those forward-looking statements.*

*Natural resources are not infinite. Each day, SUEZ ENVIRONNEMENT (Paris: SEV, Brussels: SEVB) and its subsidiaries deal with the challenge to protect resources by providing innovative solutions to industries and to millions of people. SUEZ ENVIRONNEMENT supplies drinking water to 90 million people provides wastewater treatment services for 58 million people and collects the waste produced by 46 million people. SUEZ ENVIRONNEMENT has 65,900 employees and, with its presence on a global scale, is the world's leader exclusively dedicated to environmental services. SUEZ ENVIRONNEMENT, a 35.4% GDF SUEZ affiliate, reported sales turnover of 12.3 billion euros at the end of financial year 2009.*

**Press contact:**

Tel.: +33 1 58 18 50 56

**Analyst/Investor contact:**

Tel.: + 33 1 58 18 40 95

This press release is also available at [www.suez-environnement.com](http://www.suez-environnement.com)

**SUEZ ENVIRONNEMENT**

1 RUE D'ASTORG  
75008 PARIS, FRANCE  
TEL. +33 (0)1 58 18 50 56  
FAX +33 (0)1 58 18 51 68  
WWW.SUEZ-ENVIRONNEMENT.COM



## **PRESS RELEASE**

**4 June 2010**

**SUEZ ENVIRONNEMENT HAS NOTED THAT THE EUROPEAN COMMISSION  
HAS DECIDED TO INITIATE AN INVESTIGATION**

SUEZ ENVIRONNEMENT has noted that the European Commission intends to initiate a procedure against it for moving a seal at the premises of its subsidiary Lyonnaise des Eaux during last April's inspection.

SUEZ ENVIRONNEMENT would like to point out that the incident was the result of a Lyonnaise des Eaux employee accidentally moving the handle of an office door to which a self-adhesive seal had been affixed.

In a spirit of transparency, SUEZ ENVIRONNEMENT has provided the European Commission with all details of this unfortunate event, which it has also explained to the inspectors.

SUEZ ENVIRONNEMENT and Lyonnaise des Eaux are cooperating fully with the European Commission competition department in charge of the investigation.

*Natural resources are not infinite. Each day, SUEZ ENVIRONNEMENT (Paris: SEV, Brussels: SEVB) and its subsidiaries deal with the challenge to protect resources by providing innovative solutions to industries and to millions of people. SUEZ ENVIRONNEMENT supplies drinking water to 90 million people, provides wastewater treatment services for 58 million people and collects the waste produced by 46 million people. SUEZ ENVIRONNEMENT has 65,900 employees and, with its presence on a global scale, is the world's leader exclusively dedicated to environmental services. SUEZ ENVIRONNEMENT, a 35.4% GDF SUEZ affiliate, reported sales turnover of 12.3 billion euros at the end of financial year 2009.*

**Press contact:**

Tel: +33 1 58 18 50 56

**Analyst/Investor contact:**

Tel: + 33 1 58 18 40 95

This press release is also available at [www.suez-environnement.com](http://www.suez-environnement.com)

**SUEZ ENVIRONNEMENT**

1 RUE D'ASTORG  
75008 PARIS, FRANCE  
TEL +33 (0)1 58 18 50 56  
FAX +33 (0)1 58 18 51 68  
WWW.SUEZ-ENVIRONNEMENT.COM

**PRESS RELEASE****8 June 2010****FINALISATION OF FRIENDLY TAKEOVER OF AGUAS DE BARCELONA (AGBAR):****SUEZ ENVIRONNEMENT CREATES ITS SECOND EUROPEAN PILLAR IN ITS WATER BUSINESS**

SUEZ ENVIRONNEMENT with the help of its historic partner CRITERIA CAIXACORP (CRITERIA) has finalised the acquisition of Aguas de Barcelona (AGBAR) initiated in October 2009. SUEZ ENVIRONNEMENT is using this strategic operation to create its second European pillar in its water business.

By concluding this agreement with CRITERIA, SUEZ ENVIRONNEMENT takes control of all AGBAR's water and environmental activities with now a 75.01% stake in the company and consolidates it fully in its accounts.

CRITERIA remains SUEZ ENVIRONNEMENT's strategic partner in Spain and reaffirms its confidence in AGBAR's growth prospects keeping its significant 24.03% minority holding.

Commenting on this operation Jean-Louis Chaussade, CEO of SUEZ ENVIRONNEMENT, says: "AGBAR shares a common history with SUEZ ENVIRONNEMENT, and is made of the same DNA as Lyonnaise des Eaux, a bit like a Spanish twin. After more than 30 years of collaboration, Gérard Mestrallet and I are delighted that this operation has now solidified the bonds that have united us for so long with AGBAR and CRITERIA. AGBAR will retain its local roots in Spain and its head office in Barcelona and will continue to grow with SUEZ ENVIRONNEMENT, which will strengthen its international character with this operation."

AGBAR's consolidation into SUEZ ENVIRONNEMENT makes strong business sense. It allows SUEZ ENVIRONNEMENT to consolidate its positioning in attractive markets in Spain and internationally through a balanced portfolio of assets. Having sold the insurance subsidiary ADESLAS, AGBAR will be dedicated exclusively to water and environment, which is in line with SUEZ ENVIRONNEMENT's strategy.

The combined advantages of AGBAR and SUEZ ENVIRONNEMENT will create commercial and operational synergies that let them to share technological know-how and expertise in areas such as desalination, R&D and the management of services to municipalities.

AGBAR's Board of Directors meeting of 8 June 2010 voted Angel Simon, AGBAR's current Chief Executive Officer, to be the company's Chairman and CEO. Jean-Louis Chaussade, CEO of SUEZ ENVIRONNEMENT, and Angel Simon also reaffirmed their joint priority to pursue AGBAR's growth both in Spain where the company is currently the market leader in water and wastewater treatment, and internationally.

*Natural resources are not infinite. Each day, SUEZ ENVIRONNEMENT (Paris: SEV, Brussels: SEVB) and its subsidiaries deal with the challenge to protect resources by providing innovative solutions to industries and to millions of people. SUEZ ENVIRONNEMENT supplies drinking water to 90 million people, provides wastewater treatment services for 58 million people and collects the waste produced by 46 million people. SUEZ ENVIRONNEMENT has 65,900 employees and, with its presence on a global scale, is the world's leader exclusively dedicated to environmental services. SUEZ ENVIRONNEMENT, a 35.4% GDF SUEZ affiliate, reported sales turnover of 12.3 billion euros at the end of financial year 2009.*

**Press contact:**

Tel: +33 1 58 18 50 56

**Analysts/Investors Contact:**

Tel: + 33 1 58 18 40 95

This press release is also available at [www.suez-environnement.com](http://www.suez-environnement.com)

1/1

**SUEZ ENVIRONNEMENT**

1 RUE D'ASTORG  
75008 PARIS, FRANCE  
TEL +33 (0)1 58 18 50 56  
FAX +33 (0)1 58 18 51 68  
WWW.SUEZ-ENVIRONNEMENT.COM

**PRESS RELEASE**

June 15, 2010

**SUEZ ENVIRONNEMENT LAUNCHED €500 MILLION  
12-YEAR BOND ISSUE IN EUROS**

Today, SUEZ ENVIRONNEMENT succeeded in the placement of a €500 million 12-year bond issue, maturity date June 24, 2022 with a coupon rate of 4.125%.

This bond issue has been done under the EMTN programme set up in March 2009, renewed in 2010 and contributes to the financing policy of SUEZ ENVIRONNEMENT, and the further extension of debt maturity.

The transaction was jointly led by Crédit Agricole CIB, Natixis, RBS and ING.

*Natural resources are not infinite. Each day, SUEZ ENVIRONNEMENT (Paris: SEV, Brussels: SEVB) and its subsidiaries deal with the challenge to protect resources by providing innovative solutions to industries and to millions of people. SUEZ ENVIRONNEMENT supplies drinking water to 90 million people, provides wastewater treatment services for 58 million people and collects the waste produced by 46 million people. SUEZ ENVIRONNEMENT has 65,900 employees and, with its presence on a global scale, is the world's leader exclusively dedicated to environmental services. SUEZ ENVIRONNEMENT, a 35.4% GDF SUEZ affiliate, reported sales turnover of 12.3 billion euros at the end of financial year 2009.*

**SUEZ ENVIRONNEMENT**

Press contact - +33 (0)1 58 18 50 56  
Analysts/investors contact - +33 (0)1 58 18 40 95

## **SUEZ ENVIRONNEMENT**

1 RUE D'ASTORG

75008 PARIS, FRANCE

TEL +33 (0)1 58 18 50 56

FAX +33 (0)1 58 18 51 68

WWW.SUEZ-ENVIRONNEMENT.COM

# **PRESS RELEASE**

25 June 2010

## **THE SOCIÉTÉ DES EAUX DU NORD, SUBSIDIARY OF LYONNAISE DES EAUX (SUEZ ENVIRONNEMENT), CALLS ON THE ADMINISTRATIVE COURT TO REACH AN AGREEMENT WITH THE LILLE MÉTROPOLÉ METROPOLITAN DISTRICT**

Negotiations have been underway since 2008 between the Lille Métropole metropolitan district (LMCU) and the Société des Eaux du Nord (SEN) subsidiary of Lyonnaise des Eaux, within the framework of the five-yearly review of the drinking water distribution operation contract. These negotiations notably concern various former addenda, signed in 1996 and 1998, and questioned today by the local authorities.

LMCU and the SEN disagree over these addenda being questioned. To arbitrate on this matter which is technical and from the past, LMCU and the SEN took a joint decision at the end of 2009, as provided for under the contract, to call on an independent arbitration commission. This commission, chaired by Mr. Michel Camdessus, former Managing Director of the International Monetary Fund and honorary governor of the Bank of France, handed down its conclusions on 30 March 2010.

Despite the conclusions of the independent arbitration commission's report, and during the district council session on 25 June, LMCU has voted a unilateral project of addendum to the contract, which notably includes the issuing of a revenue order against the SEN. This revenue order does not have any legal grounds and differs very considerably from the arbitration commission's conclusions.

The SEN calls on the administrative court to resolve this dispute.

*Natural resources are not infinite. Each day, SUEZ ENVIRONNEMENT (Paris: SEV, Brussels: SEVB) and its subsidiaries deal with the challenge to protect resources by providing innovative solutions to industries and to millions of people. SUEZ ENVIRONNEMENT supplies drinking water to 90 million people, provides wastewater treatment services for 58 million people and collects the waste produced by 46 million people. SUEZ ENVIRONNEMENT has 65,900 employees and, with its presence on a global scale, is the world's leader exclusively dedicated to environmental services. SUEZ ENVIRONNEMENT, a 35.4% GDF SUEZ affiliate, reported sales turnover of 12.3 billion euros at the end of financial year 2009.*

### **Disclaimer**

*The actual communication includes forward looking information and statements. These prospective elements are based on hypothesis, financial projections, estimates and statements regarding projects, objectives and expectations concerning operations, future products or services or future performance. No guarantee can be given that any such prospective elements will materialize.*

*Investors and shareholders of SUEZ ENVIRONNEMENT Company shares should note that such forward looking information and statements are subject to a number of risks and uncertainties, which are difficult to predict and are generally beyond the control of SUEZ ENVIRONNEMENT Company and could cause actual results to differ materially from those expressed or suggested by those forward looking information or statements. Such risks include but are not limited to those explained or identified in public documents filed with the Autorité des Marchés Financiers (AMF). The attention of investors and shareholders of SUEZ ENVIRONNEMENT Company shares is drawn on the fact that the realization of all or part of those risks is susceptible to have a significant unfavourable effect on SUEZ ENVIRONNEMENT Company. SUEZ ENVIRONNEMENT Company disclaims any obligation or undertaking to release publicly any updates or revisions to any of those forward-looking statements.*

### **Press contact:**

Tel: +33 1 58 18 50 56

### **Analyst / Investor contact:**

Tel: + 33 1 58 18 40 95

This press release is also available at [www.suez-environnement.com](http://www.suez-environnement.com)

## SUEZ ENVIRONNEMENT

1 RUE D'ASTORG  
75008 PARIS, FRANCE  
TEL +33 (0)1 58 18 50 56  
FAX +33 (0)1 58 18 51 68  
WWW.SUEZ-ENVIRONNEMENT.COM



# PRESS RELEASE

August 2, 2010

## **The ICSID confirms Argentina's liability for terminating the water and wastewater contracts for the city of Buenos Aires and the State of Santa Fe**

The ICSID<sup>3</sup>, the World Bank's independent arbitration body, has confirmed, on July 30, 2010, the Republic of Argentina's liability in the litigation concerning the termination of the water and wastewater concession contracts for the city of Buenos Aires and State of Santa Fe, which had pitted GDF SUEZ, SUEZ ENVIRONNEMENT and AGBAR against Argentina.

GDF SUEZ, SUEZ ENVIRONNEMENT and AGBAR welcome this decision which has come after many years of litigation during which the parties concerned presented their respective positions at length. GDF SUEZ and SUEZ ENVIRONNEMENT note that no complaint against them has been upheld.

Today's ruling will be followed in the coming months by a final determination of the compensation owed to GDF SUEZ and SUEZ ENVIRONNEMENT for the incurred losses.

ICSID's decision is an important recognition of the work accomplished on the ground by the employees of Aguas Argentinas, which, in 13 years (1993-2006), enabled, among other things, 2 million Argentines who previously had no access to running water to be connected to the public drinking water service, and 1 million people previously without facilities to be connected to wastewater services.

In 1993, Aguas Argentinas was awarded the contract for water and wastewater services for the city of Buenos Aires. The contract was unilaterally terminated in 2006 by the Government of Argentina against the backdrop of the country's financial crisis in 2002 and the depreciation of the Argentinean peso against the dollar.

### **SUEZ ENVIRONNEMENT**

*Natural resources are not infinite. Each day, SUEZ ENVIRONNEMENT (Paris: SEV, Brussels: SEVB) and its subsidiaries deal with the challenge to protect resources by providing innovative solutions to industries and to millions of people. SUEZ ENVIRONNEMENT supplies drinking water to 90 million people, provides wastewater treatment services for 58 million people and collects the waste produced by 46 million people. SUEZ ENVIRONNEMENT has 65,900 employees and, with its presence on a global scale, is the world's leader exclusively dedicated to environmental services. SUEZ ENVIRONNEMENT, a 35.4% GDF SUEZ affiliate, reported sales turnover of 12.3 billion euros at the end of financial year 2009.*

### **Media contact:**

Tel: +33 1 58 18 50 56

### **Analysts/Investors Contact:**

Tel: + 33 1 58 18 40 95

<sup>3</sup> ICSID: International Centre for Settlement of Investment Disputes

## PRESS RELEASE

Wednesday 4th August 2010

### 2010 HALF-YEAR RESULTS

#### **STRONGLY GROWING RESULTS, 2010 OBJECTIVES RAISED**

##### **2010 HALF-YEAR RESULTS GROWING STRONGLY**

- Revenue: €6,597m, +12.3% and +10.8% at constant forex
- EBITDA: €1,042m, +9.6% and +7.2% at constant forex  
  
i.e. an EBITDA/Revenue ratio of 15.8%
- Free Cash Flow: €457m, up 30% excluding non-recurring items in 2009<sup>4</sup>
- Net Result Group share: €386m (+121%) i.e. €0.79 per share
- Net financial debt: €8,291m including the impact of the AGBAR transaction  
  
and adverse forex impacts.

##### **2010 REVENUE AND EBITDA OBJECTIVES RAISED**

- Revenue growth 2010  $\geq$  7%<sup>5</sup> compared to 2009, at constant forex
- EBITDA growth 2010  $\geq$  9%<sup>2</sup> compared to 2009, at constant forex
- 2010 Free Cash Flow generation  $\geq$  €0.7bn<sup>6</sup>
- 2010 Net investments  $\leq$  €1.3bn plus €0.6bn related to the acquisition of AGBAR
- Net financial debt / EBITDA ratio of around 3x by 2012:  
with the COMPASS 2 cost optimization plan of €250m over the period 2010-12  
and pursuit of the capex selectivity in 2011 and 2012

Following the Board of Directors meeting held on 3 August 2010, SUEZ ENVIRONNEMENT presents its results for the first half of 2010.

Commenting on the results, Jean-Louis Chaussade, CEO of SUEZ ENVIRONNEMENT, stated:

*"Having demonstrated the resilience of its business model in 2009, SUEZ ENVIRONNEMENT posted strongly growing results in the first half of 2010, thanks to sustained commercial dynamism in water as well as waste, and to the strong growth of our international business.*

*This first half of the year was also marked by the strengthening of our strategic positions, in particular with the acquisition of eight water companies in France and the closing of the friendly takeover of AGBAR, which allows SUEZ ENVIRONNEMENT to consolidate its bases in Spain and abroad.*

<sup>4</sup> H1 2009 Free Cash Flow of €428m and €352m excluding non-recurring items

<sup>5</sup> Vs.  $\geq$ 5% for 2010 revenue and  $\geq$ 8% for 2010 EBITDA announced on 25 February 2010

<sup>6</sup> 2009 Free Cash Flow of €710m excluding non-recurring items

*COMPASS 2, the cost optimisation program, is continuing. The Group has increased its cash generation and maintains its objective of solid financial profile.*

*SUEZ ENVIRONNEMENT has strong growth drivers, supported by increasingly stringent environmental regulations, the growing needs for water and waste infrastructures, and the development of new technological offers.*

*Based on solid half-year results, and given that the AGBAR transaction has been finalised somewhat earlier than expected, we are raising our revenue and EBITDA annual objectives for 2010."*

## **STRONGLY GROWING HALF-YEAR RESULTS**

SUEZ ENVIRONNEMENT posted solid and strong-growing half-year results compared to the first half of 2009:

- **Revenue was €6,597m**, up +10.8% at constant forex, with "tuck-in" effects of +2.0% and organic growth of +8.8% (€512m), driven by each of the three operating divisions. Favourable scope effects (+€114m) were due principally to the acquisitions realised in Water in 2010 and the contribution of the 2009 acquisitions, particularly in Waste in France. Favourable forex effects (+€98m, +1.7%) related primarily to the Australian dollar (+€36m), Chilean peso (+€15m), pound sterling (+€12m) and Swedish krona (+€9m).

- **EBITDA was €1,042m**, up +7.2% at constant forex. This growth, linked mainly to international activities and to Waste in Europe, was also sustained by the effectiveness of the **COMPASS 2** cost optimization plan **which generated €60m savings in the first half of 2010**. The Group maintained a high EBITDA/Revenue ratio of 15.8% over the first half of the year, with 15.0% in the first quarter and 16.5% in the second.

- **Current Operating Income of €437m** was up +7.3% at constant forex compared to the 1st half of 2009. The gross increase was +11.0%.

- **Income from Operating Activities was €676m**, up €312m compared to the first half of 2009, due to the €43m improvement in Current Operating Income and the €269m positive impact mainly due to the capital gains from disposals and remeasurement recognized in the first half of the year, attributable to the AGBAR transaction and the unbundling of joint companies in water in France, and an increase in impairment and restructuring expenses.

- **Financial result was €-188m**. The increase in financial expenses was linked to the increase in average debt over the period and to a slight rise in the cost of net debt which was 5.0% in the first half of 2010.

- **Net Result Group share was €386m**, a rise of +121%, i.e. €0.79 per share.

- **Operating Cash Flow<sup>7</sup> was €905m, up +9.5%**.

- **Free Cash Flow was €457m, up +6.8%**, and up 30%<sup>8</sup> excluding 2009 non-recurring items. This improvement is attributable mainly to the increase in Operating Cash Flow as well as the control of working capital requirements and maintenance investments.

- **Net Debt was €8,291m at 30 June 2010**. The increase on 31 December 2009 is attributable mainly to the friendly takeover of AGBAR (€1,354m) and unfavourable forex effects due to the depreciation of the euro against most currencies (€375m).

---

<sup>7</sup> Before interest expense and tax

<sup>8</sup> Free Cash Flow in H1 2009 excluding non-recurring items was €352m

As part of its financing policy, SUEZ ENVIRONNEMENT continues to diversify and extend debt maturities. Average gross debt maturity<sup>9</sup> lengthened from 5.6 at the end of 2009, to 6.4 years at 30 June 2010.

## REINFORCEMENT OF SUEZ ENVIRONNEMENT'S STRATEGIC POSITIONS

**In early June, SUEZ ENVIRONNEMENT finalized the friendly takeover of AGBAR**, announced in October 2009. With this strategic transaction the Group is building its second European pillar in water, taking control of the water and environmental businesses of AGBAR, in which it now holds a 75.01% stake. The integration of AGBAR into SUEZ ENVIRONNEMENT has a strong industrial rationale. It allows SUEZ ENVIRONNEMENT to consolidate its position in attractive markets in Spain and further abroad, through a balanced portfolio of assets. The combined advantages of AGBAR and SUEZ ENVIRONNEMENT's other subsidiaries will generate commercial synergies and allow technological know-how and expertise to be shared in areas such as seawater desalination, R&D and the management of services for local authorities.

**SUEZ ENVIRONNEMENT also finalized the unbundling of joint companies in water in France**, and has thus acquired, through its subsidiary Lyonnaise des Eaux, eight companies in key regions of France.

## DYNAMIC COMMERCIAL DEVELOPMENT SUPPORTED BY TECHNOLOGICAL EXPERTISE

Over the course of these six months, the Group continued to prioritize its commercial development and policy of innovation. To integrate external innovations and thereby reinforce its offers in terms of economic, environmental and energy efficiency, **SUEZ ENVIRONNEMENT has just created the *Blue Orange*® technological incubation platform**. *Blue Orange*® will add to the Group's efforts in research and innovation and will contribute to discovering innovative technologies and transforming research successes into marketable solutions. Its expertise and technological leadership allow SUEZ ENVIRONNEMENT to develop differentiated commercial offers and respond to the new needs of its customers who are facing increasingly complex environmental issues and more stringent regulatory requirements.

### WATER EUROPE

The Water Europe division posted **revenue of €2,016m, up +4.0% at constant forex** (organic growth +1.1%). **EBITDA was €443m, up +3.7%** at constant forex (organic growth -3.4%). The margin for the division was 22.0% (against 21.8% in the first half of 2009), with €19m savings linked to the COMPASS plan. Free Cash Flow in the division was up, at €259m.

In France, the change in business activity was due to the positive impact of price increases within a situation of steady sales of drinking water. The six-month period was impacted, however, by the ending of the Paris contract and the decrease in Ondeo IS activity.

At AGBAR, revenue growth was driven by water price increases in Spain and the United Kingdom, by water volumes sold abroad, and by a sharp increase in the number of insured people in its health insurance business in the first five months of the year. However, in Spain, works activity declined as a result of the economic crisis and of the completion of large projects in 2009.

Commercial dynamism is demonstrated by contracts gains and renewals such as those in Strasbourg and Saint Dizier in France, Calvia (Majorca), Ponferrada and La Oliva in Spain. To reinforce its development, SUEZ ENVIRONNEMENT has expanded its offers and now provides additional services to all its customers, municipalities, private households and housing managers, such as remote meter reading, energy from wastewater, leak detection, leak insurance and the protection of aquatic environments, particularly through Degrés Bleus®, Dolce Ô®, and Rivage Pro Tech® in France and AGBAR Solutions® in Spain.

---

<sup>9</sup> Excluding GDF SUEZ debt

## WASTE EUROPE

**Revenue** in the Waste Europe division was **€2,865m, up +9.5% at constant forex** (organic growth +8.2%). **EBITDA** for the division was **€403m, up +8.7%** at constant forex (organic growth +5.8%). The Waste Europe division generated €27m in COMPASS savings. Free Cash Flow rose to €198m thanks in particular to the improvement in operating performance.

The increase in Waste Europe revenue is attributable mainly to the growth in sorting and recycling activity which benefited principally from the increase in the price of secondary raw materials. Revenue in this segment was €730m in the first half of 2010.

Volumes of waste treated<sup>10</sup> in incineration and landfill were stable, impacted negatively early in the year by a particularly harsh winter.

Growth was strong in France and in the Benelux/Germany region, though less so in the United Kingdom/Scandinavia due to a decline in industrial and commercial volumes.

Commercial development in the Waste Europe division continued, with collection and sorting contracts in Nantes, Rennes, Marseille and Valence in France, the contracts in Germany for Zollernalbkreis and for Special Collection Systems in the southern region.

In July 2010, SITA France also won the contract to operate the energy from household waste plant at Ivry. With a treatment capacity of 665,000 tonnes a year, this plant is the largest in France, processing the household waste of 15 municipalities in the Paris region and 12 districts of Paris for more than 1.2 million residents. This contract represents €210m revenue over a total term of six years.

In the United Kingdom, SITA UK signed a 20-year extension to the municipal contract for Aberdeenshire representing €230m and has been chosen for exclusive negotiations with the county of Suffolk for a 25-year Private Finance Initiative worth €1.2bn in revenue

Furthermore, new facilities were brought into operation during the first half of 2010, including, in France, the bottom-ash treatment and recycling plant at Bedenac and the 2<sup>nd</sup> line of Recycables, a joint venture with Nexans for cable recycling. The Baviro energy from waste facility (Netherlands) will be brought into service in 2011.

## INTERNATIONAL

Activity in the International division, with **revenue of €1,707m, increased sharply by +21.9% at constant forex** (+19.9% organic growth). **EBITDA was €245m, up +17.7% at constant forex** (+15.9% organic growth). The International division generated €10m of COMPASS savings in the first half of 2010. Free Cash Flow at €111m was sharply up on the first half of 2009.

The main driver of Degrémont's strong growth was the ongoing construction of the Melbourne desalination plant in Australia, as well as new contracts including Achères in France, Mapocho in Chile, and in Panama. At 30 June 2010 Degrémont posted historic level of backlog<sup>11</sup> at €1.9bn.

The Asia-Pacific region benefited in particular from high organic growth in Australia and a strong rise in volumes and prices in China. SUEZ ENVIRONNEMENT has also just signed a new 30-year concession contract with a possible 20-year extension, for wastewater treatment at the Chongqing Changshou industrial and chemical park. Chongqing Water Group was listed on the Shanghai stock exchange in the first half of 2010 following its capital raising and Suyu (a 50% subsidiary of SUEZ ENVIRONNEMENT) now owns 13.4% of it.

Growth was sustained in the Central Europe – Maghreb – Middle East region, especially in Morocco, Poland and the Czech Republic.

In the United States, billed volumes were steady and prices rose with the success of the "rate cases", in particular at Toms River in New Jersey (up +19%) and in Idaho (up +10%). United Water won a 10-year €73m contract to design, build and operate the wastewater collection and treatment facilities for the municipality of East Providence, Rhode Island.

---

<sup>10</sup> Non-hazardous waste volumes treated in Europe

<sup>11</sup> In design and build

## 2010 REVENUE AND EBITDA OBJECTIVES RAISED

With solid half-year results and the full consolidation of AGBAR from June 1st 2010, SUEZ ENVIRONNEMENT is raising its 2010 revenue and EBITDA objectives<sup>12</sup>:

- Revenue growth greater than or equal to 7% compared to 2009, at constant forex
- EBITDA growth greater than or equal to 9% compared to 2009, at constant forex

The Group maintains its other 2010 objectives :

- Free Cash Flow generation greater than or equal to €0.7bn<sup>13</sup>
- Net investments less than or equal to €1.3bn plus €0.6bn for AGBAR acquisition

By 2012, SUEZ ENVIRONNEMENT is maintaining its objective of achieving a Net Financial Debt / EBITDA ratio of around 3 times, thanks to the COMPASS 2 program targeting €250m savings in EBITDA over the period 2010-2012, and thanks to continuing selectivity of investments.

SUEZ ENVIRONNEMENT demonstrates solid and sustainable growth drivers in its water and waste business activities, which meet fundamental needs and require adapted technological solutions to face the increasing scarcity of resources. Supported by its commercial dynamism and ambitious innovation policy, SUEZ ENVIRONNEMENT is continuing its long-term value creation development , with a unique positioning that is both resilient and partially cyclical, with balanced assets, in Europe and increasingly abroad.

### **Next communication:**

28 October 2010: 3<sup>rd</sup> quarter 2010 publication.

*Natural resources are not infinite. Each day, SUEZ ENVIRONNEMENT (Paris: SEV, Brussels: SEVB) and its subsidiaries deal with the challenge to protect resources by providing innovative solutions to industries and to millions of people. SUEZ ENVIRONNEMENT supplies drinking water to 90 million people, provides wastewater treatment services for 58 million people and collects the waste produced by 46 million people. SUEZ ENVIRONNEMENT has 65,900 employees and, with its presence on a global scale, is the world's leader exclusively dedicated to environmental services. SUEZ ENVIRONNEMENT, a 35.4% GDF SUEZ affiliate, reported sales turnover of 12.3 billion euros at the end of financial year 2009.*

The consolidated half-year financial statements at 30 June 2010 are available at: [www.suez-environnement.com](http://www.suez-environnement.com)

### Disclaimer

*The actual communication includes forward looking information and statements. These prospective elements are based on hypothesis, financial projections, estimates and statements regarding projects, objectives and expectations concerning operations, future products or services or future performance. No guarantee can be given that any such prospective elements will materialize.*

*Investors and shareholders of SUEZ ENVIRONNEMENT Company shares should note that such forward looking information and statements are subject to a number of risks and uncertainties, which are difficult to predict and are generally beyond the control of SUEZ ENVIRONNEMENT Company and could cause actual results to differ materially from those expressed or suggested by those forward looking information or statements. Such risks include but are not limited to those explained or identified in public documents filed with the Autorité des Marchés Financiers (AMF). The attention of investors and shareholders of SUEZ ENVIRONNEMENT Company shares is drawn on the fact that the realization of all or part of those risks is susceptible to have a significant unfavourable effect on SUEZ ENVIRONNEMENT Company. SUEZ ENVIRONNEMENT Company disclaims any obligation or undertaking to release publicly any updates or revisions to any of those forward-looking statements.*

### **Press contact:**

Tel: +33 1 58 18 50 56

### **Analysts/Investors Contact:**

Tel: + 33 1 58 18 40 95

This press release is also available on [www.suez-environnement.com](http://www.suez-environnement.com)

<sup>12</sup> With maintained hypothesis of GDP growth estimated at 1% for the eurozone and stable average secondary raw materials prices in 2010 compared to year-end 2009.

<sup>13</sup> 2009 Free Cash Flow of €710m excluding non-recurring items

## SUMMARY BALANCE SHEET

*In €m*

ASSETS	31/12/09	30/06/10	LIABILITIES	31/12/09	30/06/10
<b>NON CURRENT ASSETS</b>	<b>13,683</b>	<b>17,197</b>	Equity, group share	3,676	3,873
o/w goodwill	3,070	3,710	Minority Interests	742	1,357
<b>CURRENT ASSETS</b>	<b>8,864</b>	<b>8,892</b>	<b>TOTAL EQUITY</b>	<b>4,418</b>	<b>5,230</b>
o/w financial assets at fair value through income	1,141	491	Provisions	1,389	1,620
o/w cash & cash equivalents	2,712	2,777	Financial Debt	10,080	11,506
<b>TOTAL ASSETS</b>	<b>22,548</b>	<b>26,089</b>	Other Liabilities	6,660	7,732
			<b>TOTAL LIABILITIES</b>	<b>22,548</b>	<b>26,089</b>

## SUMMARY INCOME STATEMENT

*In €m*

	H1 2009	H1 2010
<b>REVENUE</b>	<b>5,872</b>	<b>6,597</b>
Depreciation, Amortization & Provisions	(420)	(477)
<b>CURRENT OPERATING INCOME</b>	<b>393</b>	<b>437</b>
<b>INCOME FROM OPERATING ACTIVITIES</b>	<b>363</b>	<b>676</b>
Financial Result	(115)	(188)
Associates	21	13
Income tax	(41)	(58)
Minority interest	53	56
<b>NET RESULT GROUP SHARE</b>	<b>175</b>	<b>386</b>

## SUMMARY CASH FLOW STATEMENT

<i>In €m</i>	H1 2009	H1 2010
Gross cash flow before financial loss and income tax	826	905
Income tax paid (excl. income tax paid on disposals)	(36)	(50)
Change in operating working capital	(26)	67
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>765</b>	<b>922</b>
Net tangible and intangible investments	(545)	(625)
Financial investments	(118)	(867) <sup>(1)</sup>
Disposals	60	581 <sup>(2)</sup>
Other investment flows	47	17
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>	<b>(556)</b>	<b>(894)</b>
Dividends paid	(403)	(421)
Balance of reimbursement of debt / new debt	1,722	(244)
Interests paid on financial activities	(94)	(202)
Capital increase	1	2
Other cash flows	(1,155)	511
<b>CASH FLOW FROM FINANCIAL ACTIVITIES</b>	<b>71</b>	<b>(353)</b>
Impact of currency, accounting practices and other	40	390 <sup>(3)</sup>
<b>CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE PERIOD</b>	<b>1,669</b>	<b>2,712</b>
Total cash flow for the period	321	(282)
<b>CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD</b>	<b>1,989</b>	<b>2,777</b>

- (1) Of which €-666m for step up in ACBAR and €-146m for former joint French companies  
(2) Of which ADESLAS (€687m - €355m of cash) and former joint French companies (€137m - €28m of cash)  
(3) Of which €346m of cash consolidated for the step up in ACBAR

## SPLIT OF REVENUE GROWTH BY DIVISION

<i>In €m</i>	H1 2009	H1 2010	10/09 Δ	Organic Δ	Scope Δ	Forex Δ
WATER EUROPE	1,927	2,016	+4.6%	+1.1%	+2.9%	+0.9%
WASTE EUROPE	2,599	2,865	+10.2%	+8.2%	+1.3%	+0.8%
INTERNATIONAL	1,338	1,707	+27.6%	+19.9%	+2.0%	+4.5%
Other	8	9	+8.2%	+8.2%	-	-
<b>TOTAL</b>	<b>5,872</b>	<b>6,597</b>	<b>+12.3%</b>	<b>+8.8%</b>	<b>+2.0%</b>	<b>+1.7%</b>

## TAXATION

*The following is a general description of certain tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in France or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date.*

### EU Savings Directive

On 3 June 2003, the European Council of Economics and Finance Ministers adopted Directive 2003/48/EC on the taxation of savings income (the "**Savings Directive**"). Pursuant to the Savings Directive, Member States are required, since 1 July 2005, to provide to the tax authorities of another Member State, inter alia, details of payments of interest within the meaning of the Savings Directive (interest, premium or other debt income) made by a paying agent located within its jurisdiction to, or for the benefit of, an individual resident in that other Member State (the "**Disclosure of Information Method**").

For these purposes, the term "**paying agent**" is defined widely and includes in particular any economic operator who is responsible for making interest payments, within the meaning of the Savings Directive, for the immediate benefit of individuals.

However, throughout a transitional period, certain Member States (the Grand-Duchy of Luxembourg and Austria), instead of using the Disclosure of Information Method used by other Member States, unless the relevant beneficial owner elects for the Disclosure of Information Method, withhold an amount on interest payments. The rate of such withholding tax equals 15% during the first three years, 20% during the subsequent three years and 35% until the end of the transitional period.

Such transitional period will end at the end of the first full fiscal year following the later of (i) the date of entry into force of an agreement between the European Community, following a unanimous decision of the European Council, and the last of Switzerland, Liechtenstein, San Marino, Monaco and Andorra, providing for the exchange of information upon request as defined in the OECD Model Agreement on Exchange of Information on Tax Matters released on 18 April 2002 (the "**OECD Model Agreement**") with respect to interest payments within the meaning of the Savings Directive, in addition to the simultaneous application by those same countries of a withholding tax on such payments at the rate applicable for the corresponding periods mentioned above and (ii) the date on which the European Council unanimously agrees that the United States of America is committed to exchange of information upon request as defined in the OECD Model Agreement with respect to interest payments within the meaning of the Savings Directive.

A number of non-EU countries and dependent or associated territories have agreed to adopt similar measures (transitional withholding or exchange of information) with effect since 1 July 2005.

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Savings Directive, which included the Commission's advice on the need for changes to the Savings Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Savings Directive, which included a number of suggested changes. The European Parliament has adopted an amended version of this proposal on 24 April 2009. If any of those proposed changes are made in relation to the Savings Directive, they may amend or broaden the scope of the requirements described above.

## France

*The following is a general description of certain French tax considerations relating to the holding of the Notes by Noteholders which are not shareholders or otherwise affiliated with the Issuer. This summary is based upon French tax law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date. Prospective investors should consult their own professional advisers on the implications of making an investment in, holding or disposing of Notes and the receipt of interest with respect to such Notes.*

### *Withholding Tax*

Following the introduction of the French *loi de finances rectificative pour 2009 n°3* (n°2009-1674 dated 30 December 2009) (the **Law**), payments of interest and other revenues made by the Issuer with respect to the Notes will not be subject to the withholding tax set out under Article 125 A III of the French *Code général des impôts* unless such payments are made outside France in a non-cooperative State or territory (*Etat ou territoire non coopératif*) within the meaning of Article 238-0 A of the French *Code général des impôts* (a **Non-Cooperative State**). If such payments under the Notes are made in a Non-Cooperative State, a 50% withholding tax will be applicable (subject to certain exceptions and to the more favourable provisions of an applicable double tax treaty) by virtue of Article 125 A III of the French *Code général des impôts*.

Furthermore, in application of Article 238 A of the French *Code général des impôts*, interest and other revenues on such Notes may no longer be deductible from the Issuer's taxable income, as from the fiscal years starting on or after 1 January 2011, if they are paid or accrued to persons established or domiciled in a Non-Cooperative State or paid in such a Non-Cooperative State. Under certain conditions, any such non-deductible interest and other revenues may be recharacterised as constructive dividends pursuant to Article 109 of the French *Code général des impôts*, in which case such non-deductible interest and other revenues may be subject to the withholding tax set out under Article 119 *bis* of the French *Code général des impôts*, at a rate of 25% or 50% (subject, if applicable, to the more favourable provisions of a tax treaty).

Notwithstanding the foregoing, the Law provides that neither the 50% withholding tax set out under Article 125 A III of the French *Code général des impôts* nor the non-deductibility provided under Article 238 A of the French *Code général des impôts* will apply in respect of the Notes if the Issuer can prove that the principal purpose and effect of the issue of the Notes was not that of allowing the payments of interest or other revenues to be made in a Non-Cooperative State (the **Exception**). Pursuant to the ruling (*rescrit*) n°2010/11 (*FP et FE*) of the French tax authorities dated 22 February 2010, the Notes will benefit from the Exception without the relevant Issuer having to provide any proof of the purpose and effect of the issue of the Notes, if the Notes are:

- (i) admitted to trading on a regulated market or on a French or foreign multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or
- (ii) admitted, at the time of their issue, to the clearing operations of a central depository or of a securities clearing and delivery and payments systems operator within the meaning of Article L.561-2 of the French *Code monétaire et financier*, or of one or more similar foreign depositories or operators provided that such depository or operator is not located in a Non-Cooperative State.

Consequently, payments of interest and other revenues made by the Issuer under the Notes will not be subject to the withholding tax set out under Article 125 A III of the French *Code général des impôts* and the deductibility exclusion provided under Article 238 A of the French *Code général des impôts* will not apply.

### *Savings Directive*

The Savings Directive has been implemented in French law under Article 242 *ter* of the French tax code, which imposes on paying agents based in France an obligation to report to the French tax authorities certain information with respect to interest payments made to beneficial owners domiciled in another Member State, including, among other things, the identity and address of the beneficial owner and a detailed list of the different categories of interest paid to that beneficial owner.

### **Luxembourg**

*The following is a general description of certain tax laws relating to the Notes as in effect and as applied by the relevant tax authorities as at the date hereof and does not purport to be a comprehensive discussion of the tax treatment of the Notes.*

*Prospective investors should consult their own professional advisers on the implications of making an investment in, holding or disposing of Notes and the receipt of interest with respect to such Notes under the laws of the countries in which they may be liable to taxation.*

### *Withholding tax*

Under Luxembourg tax law currently in effect and with the possible exception of interest paid to certain individual Noteholders, there is no Luxembourg withholding tax on payments of interest (including accrued but unpaid interest). There is also no Luxembourg withholding tax, with the possible exception of payments made to certain individual Noteholders, upon repayment of principal in case of reimbursement, redemption, repurchase or exchange of the Notes.

### *Luxembourg non-resident individuals*

Under the Luxembourg laws dated 21 June 2005 implementing the European Council Directive 2003/48/EC on the taxation of savings income (the **Savings Directive**) and several agreements concluded between Luxembourg and certain dependent or associated territories of the European Union (**EU**), a Luxembourg based paying agent (within the meaning of the Savings Directive) is required since 1 July 2005 to withhold tax on interest and other similar income paid by it to (or under certain circumstances, to the benefit of) an individual resident in another Member State or in certain EU dependent or associated territories, unless the beneficiary of the interest payments elects for the procedure of exchange of information or for the tax certificate procedure. The same regime applies to payments of interest and other similar income made to certain "residual entities" within the meaning of Article 4.2 of the Savings Directive established in a Member State or in certain EU dependent or associated territories (i.e., entities which are not legal persons (the Finnish and Swedish companies listed in Article 4.5 of the Savings Directive are not considered as legal persons for this purpose), whose profits are not taxed under the general arrangements for the business taxation, that are not UCITS recognised in accordance with the Council Directive 85/611/EEC or similar collective investment funds located in Jersey, Guernsey, the Isle of Man, the Turks and Caicos Islands, the Cayman Islands, Montserrat or the British Virgin Islands and have not opted to be treated as UCITS recognised in accordance with the Council Directive 85/611/EEC).

The withholding tax rate is initially 15 per cent., increasing steadily to 20 per cent. as from 1 July 2008 and to 35 per cent. as from 1 July 2011. The withholding tax system will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain third countries.

*Luxembourg resident individuals*

Interest payments made by Luxembourg paying agents (defined in the same way as in the Savings Directive) to Luxembourg individual residents are subject to a 10 per cent. withholding tax.

## SUBSCRIPTION AND SALE

### Subscription Agreement

Goldman Sachs International, J.P. Morgan Securities Ltd., BNP PARIBAS, HSBC Bank plc and Société Générale (the **Joint Bookrunners**) have, pursuant to a Subscription Agreement dated 17 September 2010 (the **Subscription Agreement**), jointly and severally agreed with the Issuer, subject to the satisfaction of certain conditions, to procure subscribers for, failing which to subscribe for the Notes at an issue price equal to 100 per cent. of the principal amount of the Notes, less any applicable commission. In addition, the Issuer will pay certain costs incurred by it and the Joint Bookrunners in connection with the issue of the Notes.

The Joint Bookrunners are entitled to terminate the Subscription Agreement in certain circumstances prior to the issue of the Notes. The Issuer has agreed to indemnify the Joint Bookrunners against certain liabilities in connection with the offer and sale of the Notes.

### Selling Restrictions

#### United States

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**), or with any securities regulatory authority of any state or other jurisdiction of the U.S., and may not be offered or sold within the United States, or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act and in compliance with any applicable state securities laws. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act (**Regulation S**).

Each Joint Bookrunner has agreed that it has not offered or sold, and will not offer or sell, the Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of the Notes as determined, and certified to the Issuer by the Joint Bookrunners, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each distributor or dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting out the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the preceding sentence have the meanings given to them by Regulation S.

The Notes are being offered and sold outside the United States to non-U.S. persons in compliance with Regulation S and U.S. tax law.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

#### United Kingdom

Each Joint Bookrunner has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

## France

Each Joint Bookrunner has represented and agreed that (in connection with the initial distribution of the Notes only) it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Prospectus or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (a) persons providing investment services relating to portfolio management for the account of third parties, and/or (b) qualified investors (*investisseurs qualifiés*) acting for their own account, as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 to D.411-3 of the French *Code monétaire et financier*.

## Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Prospectus, or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and Article 34-ter, first paragraph, letter b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time (**Regulation No. 11971**); or
- (ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No. 11971.

Any offer, sale or delivery of the Notes or distribution of copies of the Prospectus or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the **Banking Act**); and
- (b) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and
- (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or any other Italian authority.

*Please note that in accordance with Article 100-bis of the Financial Services Act, where no exemption from the rules on solicitation of investments applies under (i) and (ii) above, the subsequent distribution of the Notes on the secondary market in Italy must be made in compliance with the public offer and the prospectus requirement rules provided under the Financial Services Act and Regulation No. 11971. Failure to comply with such rules may result in the sale of such Notes being declared null and void and in the liability of the intermediary transferring the financial instruments for any damages suffered by the investors.*

## Hong Kong

Each Joint Bookrunner has represented and agreed that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (i) to persons whose ordinary business is to buy or sell shares or debentures (whether as principal or agent); or (ii) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (iii) in

other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

## **Singapore**

The Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore, and the Notes will be offered pursuant to exemptions under the Securities and Futures Act, Chapter 289 of Singapore (the **Securities and Futures Act**). Accordingly, the Notes may not be offered or sold or made the subject of an invitation for subscription or purchase nor may this Prospectus or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Notes be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, (b) to a relevant person under Section 275(1) of the Securities and Futures Act or to any person pursuant to Section 275(1A) of the Securities and Futures Act and in accordance with the conditions specified in Section 275 of the Securities and Futures Act, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Each of the following persons specified in Section 275 of the Securities and Futures Act which has subscribed or purchased the Notes, namely a person who is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the Securities and Futures Act)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor;
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an individual who is an accredited investor,

should note that shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interests in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the Notes under Section 275 of the Securities and Futures Act except:

- (i) to an institutional investor under Section 274 of the Securities and Futures Act or to a relevant person or to any person pursuant to Section 275(1) and Section 275(1A) of the Securities and Futures Act, respectively and in accordance with the conditions specified in Section 275 of the Securities and Futures Act;
- (ii) where no consideration is or will be given for the transfer; or
- (iii) where the transfer is by operation of law; or
- (iv) pursuant to Section 276(7) of the Securities and Futures Act.

## **Switzerland**

Each Joint Bookrunner has agreed that it has and will comply with any laws, regulations or guidelines in Switzerland from time to time, in relation to the offer, sale, delivery or transfer of or the distribution of any offering material in Switzerland in respect of such Notes.

## **General**

No action has been taken in any jurisdiction that would permit an offer to the public of any of the Notes. Neither the Issuer nor any of the Joint Bookrunners represents that the Notes may at any time lawfully be resold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such resale.

Each Joint Bookrunner has agreed that it will (to the best of its knowledge and belief) comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers the Notes or has in its possession or distributes this Prospectus or any other offering material relating to the Notes and obtain any consent, approval or permission required for the purchase, offer or sale of the Notes under the laws and regulations in force in any jurisdiction in which it makes such purchase, offer or sale and none of the Issuer or any Joint Bookrunner shall have responsibility therefor.

Certain of the Joint Bookrunners have, directly or indirectly through affiliates, provided investment and commercial banking, financial advisory and other services to the Issuer and its affiliates from time to time, for which they have received monetary compensation. Certain of the Joint Bookrunners may from time to time also enter into swap and other derivative transactions with the Issuer and its affiliates. In addition, certain of the Joint Bookrunners and their affiliates may in the future engage in investment banking, commercial banking, financial or other advisory transactions with the Issuer or its affiliates.

## GENERAL INFORMATION

- (1) Application has been made to the AMF to approve this document as a prospectus and this Prospectus has received visa n°10-323 from the AMF on 17 September 2010. Application has been made to list and admit to trading the Notes on Euronext Paris.
- (2) The Issuer has obtained all necessary corporate and other consents, approvals and authorisations in the Republic of France in connection with the issue of the Notes.

The issue of the Notes has been authorised by two resolutions of the *Conseil d'administration* of the Issuer made on 18 March 2010 and 25 June 2010, delegating its powers to issue up to €750,000,000 of undated deeply subordinated notes (*obligations subordonnées de dernier rang*) to the *Directeur Général* for a period of one year and a decision of the Chief Executive Officer (*Directeur Général*) of the Issuer dated 15 September 2010.

- (3) Except as disclosed in this Prospectus, there has been (i) no material adverse change in the prospects of the Issuer or the Group since 31 December 2009 and (ii) no significant change in the financial or trading position of the Issuer or the Group since 30 June 2010.
- (4) Except as disclosed in this Prospectus, there has been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the period of 12 months immediately preceding the date of this Prospectus which have had in the recent past a significant effect on the Issuer's or the Group's financial position or profitability.
- (5) The Notes have been accepted for clearance through Euroclear France (acting as central depository), Euroclear and Clearstream, Luxembourg. The International Securities Identification Number (ISIN) for the Notes is FR0010945188. The Common Code for the Notes is 054310595.

The address of Euroclear France is 115, rue Réaumur, 75081 Paris Cedex 02, France. The address of Euroclear is Euroclear Bank SA/NV, 1 boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 avenue JF Kennedy, L-1855 Luxembourg.

- (6) Mazars and Ernst & Young et Autres have rendered an audit report on the consolidated financial statements of the Issuer for the financial years ended 31 December 2009 and 31 December 2008.

The principal statutory auditors of the Issuer are Mazars and Ernst & Young et Autres. Mazars and Ernst & Young et Autres are members of the professional body *compagnie des commissaires aux comptes de Versailles*.

- (7) The estimated costs for the admission to trading of the Notes are €22,500.
- (8) The yield in respect of the Notes for the First Fixed Rate Period is 4.82 per cent. per annum and is calculated on the basis of the issue price of the Notes.
- (9) As far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the issue.
- (10) At the date of this Prospectus, as far as the Issuer is aware, there are no conflicts of interest material to the issue or offer of the Notes between the duties of the members of the Board of Directors (*Conseil d'administration*) and their private interests and/or their other duties.

## PERSONS RESPONSIBLE FOR THE INFORMATION GIVEN IN THE PROSPECTUS

To the best of the Issuer's knowledge (having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect its import and the Issuer accepts responsibility accordingly.

In each of the statutory auditors' reports on (i) the consolidated financial statements for the fiscal year ended 31 December 2008, (ii) the consolidated financial statements for the fiscal year ended 31 December 2009 and (iii) the condensed half-yearly consolidated financial statements for the six-month period ended 30 June 2010, the statutory auditors have made two observations without qualifying their opinion.

### SUEZ ENVIRONNEMENT COMPANY

1, rue d'Astorg

75008 Paris

France

Duly represented on 17 September 2010 by:

Sophie Lombard

*Directeur de la Trésorerie et des Marchés de Capitaux*

authorised signatory, pursuant to the resolutions of the Board of Directors (*Conseil d'administration*) of the Issuer dated 18 March 2010 and 25 June 2010 and a decision of the Chief Executive Officer (*Directeur Général*) of the Issuer dated 15 September 2010



### *Autorité des marchés financiers*

In accordance with Articles L. 412-1 and L. 621-8 of the French *Code monétaire et financier* and with the General Regulations (*Règlement Général*) of the *Autorité des marchés financiers* (the AMF), in particular Articles 211-1 to 216-1, the AMF has granted to this Prospectus the visa no. 10-323 on 17 September 2010. This document was prepared by the Issuer and its signatories assume responsibility for it. In accordance with Article L. 621-8-1-I of the French *Code monétaire et financier*, the visa was granted following an examination by the AMF of "whether the document is complete and comprehensible, and whether the information it contains is coherent". It does not imply any approval of the opportunity of the operation or authentication of the accounting and financial data set out in it.

**Issuer**

**Suez Environnement Company**

Registered Office  
1 rue d'Astorg  
75008 Paris  
France

**Joint Bookrunners and Structuring Advisers**

**Goldman Sachs International**

Peterborough Court – 133 Fleet Street  
London EC4A 2BB  
United Kingdom

**J.P. Morgan Securities Ltd.**

125 London Wall  
London EC2Y 5AJ  
United Kingdom

**Joint Bookrunners**

**BNP PARIBAS**

10 Harewood Avenue  
London NW1 6AA  
United Kingdom

**HSBC Bank plc**

8 Canada Square  
London E14 5HQ  
United Kingdom

**Société Générale**

17, Cours Valmy  
92987 Paris La Défense  
France

**Fiscal Agent, Principal Paying Agent and Calculation Agent**

**Société Générale**

32, rue du Champ de Tir  
44312 Nantes Cedex 13  
France

**Auditors**

**Mazars**

Tour Exaltis  
61 rue Henri Régnauld  
92075 La Défense Cedex  
France

**Ernst & Young et Autres**

41, rue Ybry  
92576 Neuilly-sur-Seine Cedex  
France

**Legal Advisers**

**To the Issuer**

*As to French law*

**Linklaters LLP**

25, rue de Marignan  
75008 Paris  
France

**To the Joint Bookrunners**

*As to French law*

**Allen & Overy LLP**

Edouard VII  
26, boulevard des Capucines  
75009 Paris  
France