

*This is a free translation into English of the statutory auditors' report issued in French language and is provided solely for the convenience of English-speaking readers. This report includes information specifically required by French law in all audit reports, whether qualified or not, and this is presented below the opinion on the financial statements. This information includes explanatory paragraphs discussing the auditors' assessments of certain significant accounting matters. These assessments were made for the purpose of issuing an opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside the consolidated financial statements. This report also includes information relating to the specific verification of information in the group management report.*

*This report should be read in conjunction with and is construed in accordance with French law and professional auditing standards applicable in France.*

## **Suez Environnement Company**

Year ended December 31, 2008

**Statutory Auditors' Report  
on the consolidated financial statements**

**MAZARS**  
Exaltis  
61, rue Henri-Regnault  
92400 Courbevoie  
S.A. au capital de € 8.320.000

Commissaire aux Comptes  
Membre de la compagnie  
régionale de Versailles

**ERNST & YOUNG et Autres**  
41, rue Ybry  
92576 Neuilly-sur-Seine Cedex  
S.A.S. à capital variable

Commissaire aux Comptes  
Membre de la compagnie  
régionale de Versailles

## **Suez Environnement Company**

Year ended December 31, 2008

### **Statutory Auditors' Report on the consolidated financial statements**

To the Shareholders,

In compliance with the assignment entrusted to us by your shareholders' meetings, we hereby report to you, for the year ended December 31, 2008, on:

- the audit of the accompanying consolidated financial statements of Suez Environnement Company;
- the justification of our assessments;
- the specific verification required by French law.

These consolidated financial statements have been approved by the board of directors. Our role is to express an opinion on these financial statements based on our audit.

#### **I. Opinion on the consolidated financial statements**

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes verifying, by audit sampling and other selective testing procedures, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used, the significant estimates made by management, and the overall financial statements presentation. We believe that the evidence we have gathered in order to form our opinion is adequate and relevant.

In our opinion, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and results of the consolidated group in accordance with the accounting rules and principles applicable under IFRS, as adopted by the EU.

Without qualifying our opinion, we draw your attention to the matters discussed in notes to the consolidated financial statements relating to:

- note 1.1, "Basis of presentation", which specifies that the consolidated financial statements have been presented according to the "pooling of interest" accounting method, including for the comparative financial years 2006 and 2007;

- notes 1.2.2 and 3, which describe the change in accounting policy resulting from the early adoption, as from January 1, 2008, of IFRS 8 "Operating Segments".

## **II. Justification of assessments**

In accordance with the requirements of article L. 823-9 of the French commercial code (Code de Commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- As disclosed in note 1 to the consolidated financial statements, the Suez Environnement Company Group is required to make estimates and assumptions in order to prepare its financial statements. This note also specifies that the future results of the operations in question could be different from these estimates according to different assumptions or situations. These significant accounting estimates relate to the measurement of the recoverable amount of goodwill, property, plant and equipment and intangible assets, provisions, capital renewal and replacement liabilities, revenues generated but not metered (as in "meters not read") and the assessment of the tax loss carry-forwards recognized as deferred tax assets.
- With respect to the aforementioned assets, we have examined the methods adopted to perform impairment tests, as well as the data and assumptions used. We have reviewed the calculations made by the group and verified that notes 1, 5 and 9 to the consolidated financial statements provide appropriate information.
- As regards provisions, and particularly provisions for site rehabilitation, litigation, retirement and other employee benefits, we have assessed the bases on which these provisions have been established and verified that notes 18, 19 and 29 to the consolidated financial statements provide appropriate information.
- In respect of capital renewal and replacement liabilities, we have assessed the bases on which these capital renewal and replacement liabilities have been established and verified that note 14 to the consolidated financial statements provides appropriate information.
- In respect of sales of water metered during the accounting period, the group prepares an estimate of the revenues based on historical data of consumption as well as the estimated selling price. Our work consisted in examining the data and assumptions used to calculate these estimates and verifying that note 1 to the consolidated financial statements provides appropriate information.
- As regards the tax loss carry-forwards recognized as deferred tax assets, our work consisted in verifying that the recognition criteria were satisfied and in assessing the assumptions underlying the forecasts of taxable profits and the relating use of tax loss carry-forwards. We have also verified that note 7 to the consolidated financial statements provides appropriate information.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole and, therefore, served in forming our audit opinion expressed in the first part of this report.

## **III. Specific verification**

We have also verified the information given in the group management report as required by French law.

We have no matters to report regarding its fair presentation and conformity with the consolidated financial statements.

Courbevoie and Neuilly-sur-Seine, March 6, 2009

The Statutory Auditors  
*French original signed by*

MAZARS

ERNST & YOUNG et Autres

Thierry Blanchetier

Philippe Castagnac

Nicole Maurin

Pascal Macioce