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PRESS RELEASE

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ANNUAL RESULTS 2009

SUEZ ENVIRONNEMENT MEETS ITS 2009 OBJECTIVES WITH SOLID RESULTS
BACK TO GROWTH PERSPECTIVES IN 2010

2009: SOLID RESULTS IN LINE WITH OBJECTIVES

- Revenue: €12.3 billion, +0.6% at constant forex
- EBITDA: €2,060m, –1.2% at constant forex, i.e. an EBITDA/revenue ratio of 16.8%
- Free cash flow: €891m, a 20% increase excluding non recurring items in 2009[1]
- Net result Group share: €403m i.e. €0.82 per share
- Net financial debt: €6,282m, i.e. net financial debt/EBITDA ratio of 3.0x

- **Proposed stable dividend[2] of €0.65 per share**

2010 OBJECTIVES[3] AND OUTLOOK:
CONFIRMATION OF FREE CASH FLOW GENERATION AND PROFITABILITY PROTECTION PRIORITIES
LAUNCH OF A NEW COMPASS COST OPTIMIZATION PLAN FOR 2010-2012

- Revenue growth ≥ 5 % compared to 2009, at constant forex
- EBITDA growth ≥ 8% compared to 2009, at constant forex
- 2010 Free cash flow Generation ≥ €0.7 billion[1]
- 2010 Net investments ≤ €1.3 billion[4] plus €0.6 billion related to the step up in Agbar
- Net financial debt/EBITDA ratio of around 3x by 2012 with a new COMPASS cost optimization plan of €250m over the period 2010-12 and pursuit of the capex selectivity in 2011 and 2012

The Board of Directors, meeting on 24 February 2010, approved the 2009 SUEZ ENVIRONNEMENT financial statements, which will be submitted for the approval of the General Meeting on 20 May 2010. On the date of the press release, the financial statements have been audited and certified by the auditors.

Commenting on the 2009 results, Jean-Louis Chaussade, CEO of SUEZ ENVIRONNEMENT, stated:

"*In 2009, SUEZ ENVIRONNEMENT demonstrated the strength of its development business model and its ability to adapt in a difficult macro-economic environment. The Group achieved its COMPASS cost optimization programme one year in advance and generated substantially higher free cash flow.*

At the same time, its solid financial profile and commercial dynamism have enabled the Group to continue its development with major strategic movements, such as the construction of the Group's second European water pillar with the step up in AGBAR expected mid-2010 and the construction of the largest desalination plant in the Southern Hemisphere in Melbourne.

Thanks to its financial solidity and sustainable and profitable development business model, SUEZ ENVIRONNEMENT expects going back to growth in 2010, in a still-fragile macro-economic environment.

I firmly believe that our water and waste business activities are entering a new era, where they find themselves at the heart of the developing circular economy. The Copenhagen Summit was a real wake-up moment for awareness of climate change. Our customers, whether municipalities, commercial

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[1] *Free Cash Flow in 2009 excluding non-recurring items : 710m€*
[2] *Resolution submitted to the General Meeting of shareholders of 20 May 2010 of €1.30/share including the interim dividend of 0.65€ paid in 2009.*
[3] *See assumptions on page 5.*
[4] *Net investments, excluding other strategic acquisitions. These include maintenance, organic development and financial investments and are net of disposals.*

and industrial customers alike, seek from now on to reconcile quality of service with sustainable development. By developing innovative green proposals for the sustainable management of resources, SUEZ ENVIRONNEMENT takes a clear lead over in the growth markets of water and waste which address the essential needs of populations and respond to environmental emergencies."

SUEZ ENVIRONNEMENT MET ITS 2009 OBJECTIVES, DELIVERING SOLID RESULTS AND DEMONSTRATING THE RESILIENCE OF ITS MODEL AND ITS ABILITY TO ADAPT TO THE CRISIS

In the difficult economic context, SUEZ ENVIRONNEMENT posted solid results for 2009 with an overall stable operational performance and strong generation of free cash flow:

- **Revenue came to €12,296m**, which was globally stable at constant forex (up 0.6%), with "tuck-in" effects of +2.4% and organic growth down by -1.8%.

- **EBITDA was €2,060m,** slightly below last year (1.2% at constant forex). The Group maintained a high EBITDA/revenue margin of 16.8% which increased as the year progressed, moving from 16.2% during the first half of the year to 17.3% in the last six months, thanks to good operational performances of the three divisions, underpinned by the effectiveness of the COMPASS cost optimization plan.

- The **Current Operating Income of €926m** fell by 12.1% at constant forex compared with 2008 due to a €60m rise in depreciation and renewal costs, which in turn resulted from an increase in capital investment and an increase of net charges on net provisions, with a €13m charge in 2009 to take into account the uncertain economic environment vs. a net reversal of €+16m in 2008.

- The net financial result of €-260m improved by 21% on 2008, thanks to the decrease in the cost of net debt (4.6% in 2009 against 5.6% in 2008).

- Restructuring costs and asset depreciation net of capital gains on disposals during the year represented an expense of €-59m. Taxes rose, with the effective rate standing at 21% in 2009 versus 13% in 2008, when SUEZ ENVIRONNEMENT benefited from tax losses transfer from the former SUEZ tax group, which resulted in the accounting of €131m deferred tax assets.

- **Net Result Group Share was €403m** down 24.4% from 2008, i.e. €0.82 per share. Restated to incorporate the above-mentioned deferred tax assets recognized in 2008, Net Result Group Share was stable year-on-year.

In the face of the difficult economic climate, SUEZ ENVIRONNEMENT took proactive measures from the end of 2008 to protect its balance sheet, adapting its short-term priorities to focus on: pursuit of increased free cash flow, maintenance of strict financial discipline and reinforced selectivity of investments.

- Operating **Cash flow[5] came to €1,797m, a rise of 1.4%** at constant forex compared to 2008. It shows the Group's ability to adapt its cost structure in the prevailing economic crisis.

- **Free Cash Flow stood at €891m, up 50% on the previous year**, benefiting from optimization of maintenance capex. This figure includes non-recurring items such as the reimbursement in 2009 of tax paid in 2008 and accrued interest not due on bonds issued in 2009. Excluding the 2009 non-recurring items, free cash flow rose by 20% compared to 2008.

- **The COMPASS cost optimization plan**, launched in 2008, proved to be extremely effective. In terms of EBITDA, it **generated savings of €190m over two years**, exceeding the €180m end-2010 objective **one year ahead of schedule.**

- The selective investment policy resulted in a net investment amount of €1,062m in 2009.

[5] *Before financial interest and tax*

- Net financial debt stood at €6,282m, with a net financial debt/EBITDA ratio in line with target at 3.0x. In addition, as part of its financing policy to diversify and extend the maturity of its debt, the group floated bond issues totalling €3 billion during 2009. **The average maturity of the debt[6] increased from 4.4 to 5.6 years.**

- ROCE stood at 7.3% in 2009, higher than the Group's 6.8% WACC, but lower than in 2008 taking account of the increased capital intensity of its business activities and the decrease in operating profitability, caused by the economic crisis.

MAJOR STRATEGIC MOVEMENTS TO PREPARE FOR THE FUTURE

With a strict financial discipline in 2009, the Group continued to develop strategic positions, in particular adding value to its long-term partnerships at international level.

After more than 30 years of close collaboration, AGBAR will soon become SUEZ ENVIRONNEMENT's second European pillar in water after the step up in Agbar which closing is expected mid 2010[7]. This transaction will enable the Group to become a major player in Spain and to acquire complementary positions to those already held by SUEZ ENVIRONNEMENT in high-growth markets.

SUEZ ENVIRONNEMENT has also strengthened its positions in the waste business in Asia by taking 100% control of Swire SITA, after 12 years of fruitful collaboration with the Swire Pacific group. In Hong Kong, the Group namely operates two of the largest and most modern landfills in the world.

The Group has also confirmed its leadership in the field of reverse osmosis through the contract for the seawater desalination plant in Melbourne (total revenue of €1.2 billion over 30 years for Degrémont). This contract is the world's largest public-private partnership in the desalination sector.

COMMERCIAL DYNAMISM AND NEW GREEN OFFERS CONTRIBUTE TO THE DEVELOPMENT OF ALL ITS DIVISIONS

To meet customer expectations in terms of the circular economy, SUEZ ENVIRONNEMENT has continued its research and development and innovation policy by launching new "green" commercial initiatives which combine quality of service with environmental performance. Promoted under the *Edelway* offer, these " green" initiatives mark SUEZ ENVIRONNEMENT's commitment to its customers that it will meet its objectives and progress indicators in protecting natural resources and biodiversity and reducing greenhouse gas emissions. Its *Edelway* projects are also key selling points when bidding for contacts.

This commercial dynamism and innovation has permitted the continued development of all divisions of the Group.

WATER EUROPE

With revenue **of €3,993m,** the Water Europe division **showed growth at constant forex of 4.0%** (organic growth up 2.7%). **EDITDA stood at €866m, a rise of 7.2%** at constant forex (organic growth up 5.6%). The profitability of the division improved sharply to 21.7% in 2009 (against 21.1% in 2008) thanks to commercial development and cost control (€25m of savings realised in 2009 within the COMPASS plan).
The division generated €249m of free cash flow.

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[6] Gross debt excluding GDF SUEZ debt
7 This operation is subject to the necessary regulatory approvals

Despite the average annual trend of volume reduction by 1%, business benefited in 2009 from the slight rise in water volumes in Europe thanks to favourable summer weather conditions and price increases due particularly to the application of tariff indexation formula. However, the economic downturn had a negative impact on the Group's work activity.

Lyonnaise des Eaux and Agbar activities were driven principally by wastewater concessions (Cannes, Morillon, Briançon) and the new contracts won in 2009 such as Douchy Noyelles Haspres (€20m over 20 years), Le Havre (€19m over 4 years), Puertollano (€322m over 50 years) and Leon (€176m over 25 years).

Green Edelway initiatives were also introduced in the water sector with France seeing the commissioning of the **first DEGRES BLEUS© technology** in the city of Levallois, which helps reducing greenhouse gas emissions by recovering heat from the wastewater network to heat buildings. Such a DEGRES BLEUS© technology contributes to meet the climate and energy objectives set out in local authority Climate Plans.

SUEZ ENVIRONNEMENT also began construction in Cannes of the first carbon neutral wastewater treatment plant to be powered by a solar farm.

WASTE EUROPE

2009 was marked, on the one hand, by the **sharp fall in industrial production** and, on the other hand, by **weak demand for secondary raw materials**.

In this context, **the Waste Europe division generated revenue of €5,319m, a 5% decrease at constant forex** (-7.5% organic change). **EBITDA was €798m, down 12.1%** at constant forex (organic growth down by -15.5%). Continuous cost reduction efforts (€70m COMPASS savings generated in 2009) such as the optimization of waste flow management (saturation of treatment capacity and internalization of volumes) helped to protect profitability which came to 15% of revenues (15.5% excluding the effect of fuel hedges). The division also optimised its maintenance capex, **increasing its free cash flow generation by 4.5% to €341m**.

Sorting and Recovery were particularly affected in 2009. The fall in these activities, with revenues of €850m in 2009, represents almost 40% of the division's turnover decline. The volumes processed in landfills and energy recovery plants slipped by 2.6% over the year, notably from industrial and commercial customers, with a sharp decline in early 2009 followed by stabilisation from the 2nd quarter.
The last quarter of 2009 benefited from a favourable base effect.

With the emergence of the circular economy, the Sorting and Recovery activities remain attractive over the long term. At Limay, SUEZ ENVIRONNEMENT has commissioned the industrial site of *France Plastiques Recyclage* to recover 40,000 tonnes of PET plastic bottles into R-PET. The granulates are re-used by packaging companies to produce new plastic bottles that use less raw materials and are more environmentally friendly.

INTERNATIONAL

The activity of the international division **with turnover of €2,969m, increased sharply by 7.2% at constant forex** (+3.6% organic growth). **EBITDA was €468m, an increase of 11.3%** at constant forex (+10.7% in organic growth) with an EBITDA margin rising to 15.8% (15.1% in 2008) thanks to the COMPASS programme effects (€24m of savings generated in 2009). The strong **free cash flow** generation **of €174m, increased by 21.2%** compared to 2008.

The growth in this division was the result of **Degrémont's new contracts** in Australia, Mexico and South America. In addition, this year, SUEZ ENVIRONNEMENT's development in China saw a **new concession contract for the distribution of drinking water in the area of Yuelai** to the north of Chongqing, one of the largest cities in the world, with total revenue of approximately €800m over 40 years. Another major event was the renewal of the water contract for Macao, estimated to bring in revenue of €1 billion over 20 years, of which €500m will go to the Group.

Activity in the United States benefitted from price increases (**successes of the "rate cases"**) in particular in New Jersey (+18%), but was negatively impacted by unusually unfavourable weather conditions (volumes of water sold down 7.6% in 2009 compared to 2008).

The demand for environmentally-friendly technological solutions is also increasing among industrial and commercial customers. SUEZ ENVIRONNEMENT has just won a contract to design and build a treatment and reuse plant for residual industrial wastewater for Petrobras in Brazil, which will give the oil group a low-cost water resource whilst limiting the volume of water it draws from the natural environment.

In Melbourne, Australia, the seawater desalination plant, a fine example of sustainable development, will be totally powered by renewable energy from a wind farm which will provide sufficient energy for its drinking water production.

ATTRACTIVE DIVIDEND PAID IN 2010

With its 2009 performance in line with objectives, SUEZ ENVIRONNEMENT is offering an attractive remuneration to its shareholders in 2010 with a stable dividend of €0.65 per share, representing a yield of about 4%[8]. The dividend[9] remains subject to the approval of the General Meeting of 20 May 2010.

OUTLOOK FOR 2010: BACK TO GROWTH

In this still unclear economic context, and with an hypothesis of weak growth in GDP estimated at 1% for the eurozone[10], the Group has set the following objectives for 2010:

- **Revenue growth** ≥ **5%** compared with 2009, at constant forex
- **EBITDA growth** ≥ **8%** compared with 2009, at constant forex
- **2010 Free cash flow** ≥ **€0.7 billion**[11]
- **A level of investment ≤ €1.3 billion**[12], plus €0.6 billion related to the step up in Agbar and the full consolidation of Agbar in SUEZ ENVIRONNEMENT accounts once the operation has been finalised.

These objectives include the closing of the announced step up in Agbar, expected mid-2010.

By 2012, the Group has an objective of **net financial debt/EBITDA ratio of about 3 times with**:

- The implementation of a **new plan "COMPASS 2" for the period 2010-2012** with an objective of cumulated net EBITDA gain of €250 million over three years compared to the 2009 level
- Pursuit in 2011 and 2012 of **its capex selectivity**.

SUEZ ENVIRONNEMENT's business model is based on its presence on the water and waste full value chains and a balanced development in terms of activities, types of contracts and customers (commercial and industrial, municipal), and geographical positions.

The Group confirms its long-term strategy, as presented at the time of its IPO in July 2008, based on a resilient business model, with solid long-term growth drivers allied to dwindling natural resources, growing populations and more stringent environmental protection regulations.

8 4,05% Yield on the basis of February 23 2010 closing price of 16.035€
9 The dividend will be subject to a resolution proposing a dividend of €1.30 per share corresponding to the dividend payable in 2010 for the year 2009, and the interim dividend of €0.65 per share already paid in June 2009.
10 Assuming stability of average prices of secondary raw materials in 2010 compared with 31/12/2009.
11 €0.7bn = 2009 FCF excl. non recurring items
12 Net investments, excluding other strategic acquisitions. These include maintenance, organic development and financial investments and are net of disposals.

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.

2009 financial review relating to the company's assets, financial situation and revenues, consolidates accounts as of December 31, 2010 and Statutory Auditors' Report on consolidated accounts are also available on : www.suez-environnement.com

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SUMMARY BALANCE SHEET

ASSETS	12/31/08	12/31/09
NON CURRENT ASSETS	13,133	13,683
o/w goodwill	2,898	3,070
CURRENT ASSETS	6,579	8,864
o/w financial assets at fair value through income	51	1,141
o/w cash & cash equivalents	1,669	2,712
TOTAL ASSETS	19,711	22,548

LIABILITIES	12/31/08	12/31/09
Equity, group share	3,532	3,676
Minority Interests	638	742
TOTAL EQUITY	4,170	4,418
Provisions	1,328	1,389
Financial Debt	7,721	10,080
Other Liabilities	6,492	6,660
TOTAL LIABILITIES	19,711	22,548

SUMMARY INCOME STATEMENT

In €m	FY 2008	FY 2009
REVENUE	12,364	12,296
Depreciation, Amortization & Provisions	(776)	(851)
CURRENT OPERATING INCOME	1,059	926
INCOME FROM OPERATING ACTIVITIES	1,036	867
Financial Result	(330)	(260)
Associates	34	38
Income tax	(93)	(129)
Minority interest	(114)	(113)
NET RESULT GROUP SHARE	533	403

SUMMARY CASH FLOW STATEMENT

In €m	FY 2008	FY 2009
Gross cash flow before financial loss and income tax	1,789	1,797
Income tax paid (excl. income tax paid on disposals)	(205)	(115)
Change in operating working capital	(52)	(77)
CASH FLOW FROM OPERATING ACTIVITIES	1,532	1,606
Net tangible and intangible investments	(1,144)	(1,083)
Financial investments	(1,456) (1)	(330)
Disposals and other investment flows	181	389
CASH FLOW FROM INVESTMENT ACTIVITIES	(2,419)	(1,024)
Dividends paid	(497)	(431)
Balance of reimbursement of debt / new debt	1,832 (1)	2,141
Interests paid on financial activities	(312)	(196)
Capital increase	1	13
Other cash flows	129	(1,069)
CASH FLOW FROM FINANCIAL ACTIVITIES	1,155	458
Impact of currency, accounting practices and other	(66)	4
CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE PERIOD	1,466	1,669
Total cash flow for the period	202	1,043
CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD	1,669	2,712

(1) Including AGBAR take over €708m