

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.

This report also includes information relating to the specific verification of information given in the group's management report.

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

Suez Environnement Company

Year ended December 31, 2010

**Statutory auditors' report
on the consolidated financial statements**

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S.A. au capital de € 8.320.000

Commissaire aux Comptes
Membre de la compagnie
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Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

Suez Environnement Company

Year ended December 31, 2010

Statutory auditors' report on the consolidated financial statements

To the Shareholders,

In compliance with the assignment entrusted to us by your shareholders' annual general meetings, we hereby report to you, for the year ended December 31, 2010, on:

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

These consolidated financial statements have been approved by the board of directors. Our role is to express an opinion on these consolidated 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 involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the group as at December 31, 2010 and of the results of its operations for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union.

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

- 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 year ended December 31, 2009;
- note 1.2.1 "Mandatory IFRS standards, amendments and IFRIC interpretations applicable to the 2010 annual financial statements" which outlines the impact of new standards, amendments and interpretations whose application is mandatory, including notably IFRS 3 revised "Business combinations" and IAS 27 revised "Consolidated and separate financial statements".

II. Justification of our 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 1.4.1 to the consolidated financial statements, 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 related operations 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, the fair valuation of assets acquired and liabilities assumed within a business combination, provisions, capital renewal and replacement liabilities, financial instruments, 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, 9, 10 and 11 to the consolidated financial statements provide appropriate information.
- In respect of assets acquired and liabilities assumed within a business combination, we have examined data and assumptions allowing their fair valuation and reviewed the correct adjustment of the goodwill accounted for at the acquisition date. We have also verified that notes 2 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 16, 17 and 26 to the consolidated financial statements provide appropriate information.
- In respect of capital renewal and replacement liabilities, we have assessed the bases on which they have been established and verified that note 21 to the consolidated financial statements provides appropriate information.
- As regards financial instruments, we have examined data and assumptions used for the valuation models allowing the fair valuation of non-public financial instruments and verified that notes 13 and 14 to the consolidated financial statements provide 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 contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

As required by law, we have also verified, in accordance with professional standards applicable in France, the information presented in the group's management report.

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

Courbevoie and Neuilly-sur-Seine, February 9, 2011

The statutory auditors
French original signed by

MAZARS

ERNST & YOUNG et Autres

Thierry Blanchetier

Isabelle Massa

Charles-Emmanuel Chosson

Pascal Macioce