



Joint-stock company (*société anonyme*)
Share capital: €2,617,883,906
Registered with the Paris Companies'
Registry under no. 542 062 559
Registered office: 16, rue de la Ville l'Evêque,
75008 Paris, France

BOARD OF DIRECTORS' REPORT

to the Ordinary and Extraordinary
Shareholders' Meeting
of July 16, 2008

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AGENDA

EXTRAORDINARY MEETING

- Board of Directors' report on the simplified merger of Rivolam into SUEZ.
- Merger Auditors' report on the simplified merger of Rivolam into SUEZ.
- Review and approval of the simplified merger of Rivolam into SUEZ and the subsequent dissolution of Rivolam without liquidation, subject to fulfillment of the related conditions precedent.
- Board of Directors' report on the transfer of SUEZ Environnement shares by SUEZ to SUEZ Environnement Company, governed by the French legal regime applicable to demergers.
- Demerger Auditors' reports on the transfer of SUEZ Environnement shares by SUEZ to SUEZ Environnement Company, governed by the French legal regime applicable to demergers.
- Review and approval of the transfer of SUEZ Environnement shares by SUEZ to SUEZ Environnement Company, governed by the French legal regime applicable to demergers and subject to fulfillment of the related conditions precedent.

ORDINARY MEETING

- Board of Directors' report on (i) the allocation to SUEZ shareholders of 65% of the shares in SUEZ Environnement Company by way of a distribution to be deducted from the "Additional paid-in capital" account; and (ii) regulated agreements.
- Allocation to SUEZ shareholders of 65% of the shares in SUEZ Environnement Company by way of a distribution to be deducted from the "Additional paid-in capital" account, subject to fulfillment of the related conditions precedent.
- Statutory Auditors' special report on certain regulated agreements.
- Approval of regulated agreements.

EXTRAORDINARY MEETING

- Board of Directors' report on the merger of SUEZ into Gaz de France.
- Merger Auditors' reports on the merger of SUEZ into Gaz de France.
- Review and approval of the merger of SUEZ into Gaz de France and the subsequent dissolution of SUEZ without liquidation, subject to fulfillment of the related conditions precedent.

ORDINARY MEETING

- Powers to carry out formalities

BOARD OF DIRECTORS' REPORT

You are invited to vote on the proposed merger between SUEZ and Gaz de France (as well as a number of transactions prior to the merger) in connection with the project announced by the two companies' Boards of Directors on September 3, 2007 and adopted by them on June 4, 2008.

You will find below an overview of the whole project – including its background and purposes – as well as a description of the main characteristics of each of the proposed stages of the merger.

Significant developments in the Company's business since January 1, 2008 are described in the Registration Document filed with the French securities regulator (*Autorité des marchés financiers*, or AMF) on March 18, 2008 under number D.08-0122 as well as the updated version of said Document filed with the AMF on June 13, 2008 under number D.08-0122-A01.

1. OVERVIEW OF THE PROPOSED MERGER BETWEEN SUEZ AND GAZ DE FRANCE AND THE TRANSFER/DISTRIBUTION TRANSACTIONS CONCERNING SUEZ ENVIRONNEMENT

BACKGROUND AND PURPOSES OF THE PROPOSED MERGER BETWEEN SUEZ AND GAZ DE FRANCE

The proposed merger between SUEZ and Gaz de France comes against a backdrop of deep-seated and fast moving changes in the European energy sector, primarily reflecting:

- Greater geostrategic risks and challenges relating to European energy supply and security.
- Hikes in oil and gas prices combined with high volatility.
- Full market liberalization since July 1, 2007.
- Continued restructuring within the energy sector with a trend towards consolidation between market players.
- Changing consumer demand.
- Global warming.

In order to reduce their exposure to the risks arising from these changes in the energy sector and ensure their long term competitiveness, market players' current strategies include the following:

- Operating in both the gas and electricity sectors through a portfolio of competitive and recurring business (infrastructures) while respecting the requirements for separately managing these businesses provided for under national and EC laws.
- Optimizing their supplies of (i) electricity, by using diversified production or sourcing methods; and (ii) gas, by setting up exploration/production divisions and entering into long-term contracts with geographically diverse producers.
- Investing in liquefied natural gas to increase flexibility and pursue the process of diversifying resources while still participating in the development of transport infrastructures and/or LNG in Europe.

Against this backdrop, the proposed merger between SUEZ and Gaz de France would create a worldwide energy leader with a strong base in France and Belgium. The merged company's name would be GDF SUEZ.

The merger would be underpinned by a consistent and joint industrial and corporate strategy and would enable both groups to respond more swiftly to the above-described market challenges. The four main focuses of the industrial strategy behind the merger are as follows:

- Reaching a global scale in worldwide gas markets in order to optimize supplies.
- Achieving a strong geographical and industrial fit, enabling the two groups to extend the scope of their offerings and gain a competitive edge in European energy markets.
- Attaining a balanced positioning in businesses and regions that have different business cycles.
- Benefiting from greater capital expenditure enabling the new group to position itself favorably to face the sector's current challenges.

The new group would draw on strong domestic market positions in France and the Benelux countries and would have the necessary financial and human resources to step up the pace of development in both national and international markets.

Finally, the proposed merger between SUEZ and Gaz de France would generate the following main synergies and efficiency gains:

- Economies of scale and cost reductions, particular in terms of supply (both energy and non-energy purchases) and operating costs (streamlining structures and pooling networks and services).
- Benefits arising from the two groups' strategic fit as a result of an improved commercial offering (complementary brands and wider sales coverage) and an effective capital expenditure program (streamlining and speeding up expansion programs, additional growth potential in new geographical markets).

Some of these efficiency gains would be achieved in the short term but others would be attained over the long term by setting up joint platforms and fully leveraging the new group's resources and structures.

BACKGROUND AND PURPOSES OF THE SUEZ ENVIRONNEMENT TRANSFER/DISTRIBUTION

The proposed SUEZ Environnement Transfer/Distribution forms part of the overall process to be carried out as part of the merger between SUEZ and Gaz de France and would enable SUEZ's Water and Waste Services activities to be grouped within a single holding company whose shares would be floated on Euronext Paris and Euronext Brussels.

To this end, the Company would transfer all of the shares making up SUEZ Environnement's capital to a special purpose entity called SUEZ Environnement Company, which would consequently become the holding company for all of the Environmental operations carried out by SUEZ and its subsidiaries as described in the prospectus drawn up for SUEZ Environnement Company's floatation on Euronext Paris and Euronext Brussels (the "IPO Prospectus"), which was approved by the AMF under number 08-127 on June 13, 2008 and is appended to this report. This transfer would be followed by a distribution by SUEZ of 65% of the capital of SUEZ Environnement Company to SUEZ shareholders (other than SUEZ itself).

By floating its shares on Euronext Paris and Euronext Brussels, SUEZ Environnement Company would be able to attain a level

of visibility in line with the Group's stature and ambitions while gaining direct access to the financial markets.

Lastly, following these transactions, the new GDF SUEZ Group resulting from the merger between SUEZ and Gaz de France would hold a stable 35% interest in SUEZ Environnement Company and would enter into a shareholder pact with certain existing shareholders of SUEZ who will be the future major shareholders of SUEZ Environnement Company with an aggregate 47%⁽¹⁾ of its capital. The aim of this pact would be to ensure that SUEZ Environnement Company has a steady ownership structure and that it is controlled by GDF SUEZ. Consequently, the GDF SUEZ Group's interest in SUEZ Environnement Company would be fully consolidated in the new group's financial statements following the merger between SUEZ and Gaz de France.

GDF SUEZ's interest in SUEZ Environnement Company would provide a platform for continued pro-active expansion of Environmental operations and enable the new group to build privileged partnerships between environmental and energy activities.

PRINCIPAL STAGES OF THE PROPOSED TRANSACTIONS

The following transactions would all be completed at zero hours on the date on which SUEZ Environnement Company shares are floated on Euronext Paris, as stated in the Notice of Admission to Trading issued by Euronext Paris (the "Completion Date"), in the order set out below. SUEZ Environnement Company shares would be floated on Euronext Brussels on the same date. The

floatation on both markets would take place at the opening of trading. The order in which the transactions would be completed is as follows:

- Rivolam – a wholly-owned SUEZ subsidiary whose assets almost exclusively comprise SUEZ Environnement shares – would be merged into SUEZ (the "Rivolam Merger").

(1) Based on SUEZ's ownership structure at April 30, 2008.

- (ii) Immediately after the Rivolam Merger, the Company would:
- transfer the entire capital of SUEZ Environnement to its subsidiary SUEZ Environnement Company – which in turn is 99.99%-owned by SUEZ – by way of a transfer governed by the French legal regime applicable to demergers (the “**Transfer**”); and subsequently
 - distribute to its own shareholders (other than SUEZ itself), a portion of the shares issued as consideration for the Transfer and representing 65% of SUEZ Environnement Company's total capital following the Transfer. Said shares would be allocated based on shareholders' existing interests in the Company applying a ratio of one (1) SUEZ Environnement Company share for four (4) SUEZ shares (the “**Distribution**”, with the Transfer and the Distribution collectively referred to as the “**Transfer/Distribution**”).

Certain internal restructuring operations within the SUEZ Group have been or will be carried out, as described in section 5.1.6.2 of the IPO Prospectus, with a view to combining all of the Group's environmental activities within SUEZ Environnement and its subsidiaries.

- (iii) Following completion of the Transfer/Distribution, SUEZ and Gaz de France would be merged, with the shareholders of SUEZ becoming shareholders of Gaz de France based on a ratio of twenty-one (21) Gaz de France shares for twenty-two (22) SUEZ shares (the “**Merger**”).

The Rivolam Merger, the Transfer/Distribution and the Merger are inter-dependent transactions, meaning that one of them may not be carried out without the others, based on the order set out above.

In a decision dated November 14, 2006, the European Commission stated that the proposed merger between SUEZ and Gaz de France is compatible with the Common market based on the commitments made by the two groups as described in the merger prospectus appended to this report which was drawn up for the purposes of floating GDF SUEZ shares on Euronext Paris, Euronext Brussels and the Luxembourg stock exchange and was approved by the AMF on June 13, 2008 under number 08-126 (the “**Merger Prospectus**”) (see paragraph 2.2.9 (a)).

SUEZ and Electrabel have also made a number of commitments to the Belgian authorities which are also described in the Merger Prospectus (Pax Electrica II, see paragraph 2.2.9 (c)).

2. PROPOSED MERGER OF RIVOLAM INTO SUEZ (FIRST EXTRAORDINARY RESOLUTION)

In the first extraordinary resolution you are invited to approve the proposed Rivolam Merger. The purposes and characteristics of this transaction are described in the merger agreement signed on June 5, 2008 and filed with the clerk of the Paris Commercial

Court on June 6, 2008 as well as in the IPO Prospectus appended to this report. You will find below a summary description of the Rivolam Merger.

PURPOSES OF THE RIVOLAM MERGER

As set out in the overview provided at the beginning of this report, the Rivolam Merger is a preliminary step to be carried out prior to the Transfer/Distribution which would enable all SUEZ

Environnement shares to be held by the Company before being transferred to SUEZ Environnement Company.

LEGAL REGIME APPLICABLE TO THE RIVOLAM MERGER

The Rivolam Merger would constitute a transfer of all of Rivolam's assets and liabilities to SUEZ in their condition at the Completion Date.

As the Company would hold all of the shares making up Rivolam's capital prior to the merger agreement being filed with the Paris Commercial Court, the Rivolam Merger would be governed by the

simplified merger regime provided for under Article L. 236-11 of the French Commercial Code. Consequently, there is no requirement for (i) approval by an Extraordinary Shareholders' Meeting of Rivolam; or (ii) a report drawn up by Merger auditor(s) on the fairness of the exchange ratio and the valuations of the two companies.

VALUATION OF THE NET ASSETS TRANSFERRED BY RIVOLAM IN CONNECTION WITH THE MERGER

In accordance with the applicable accounting regulations, Rivolam's assets and liabilities would be transferred based on their carrying amounts in Rivolam's balance sheet at December 31, 2007 ("**Rivolam's Balance Sheet**").

Based on Rivolam's Balance Sheet, the net assets transferred by Rivolam would amount to €6,535,588,690, corresponding to the difference between the €6,538,024,279 in assets transferred and the €2,435,589 in liabilities assumed.

RETROACTIVE EFFECT FOR TAX AND ACCOUNTING PURPOSES

The Rivolam Merger would take effect retroactively for tax and accounting purposes from January 1, 2008.

CONSIDERATION PAYABLE FOR THE MERGER

In accordance with Article L. 236-3 II of the French Commercial Code, as the Company would hold all of Rivolam's shares until the merger completion date, no Rivolam shares would be exchanged

for SUEZ shares and the Company would not issue any shares as consideration for the net assets transferred by Rivolam and therefore no merger premium would be created.

MERGER DEFICIT

The difference between the €6,535,588,690 in net assets transferred and the €7,250,546,642 value of the Rivolam shares carried in the Company's financial statements at December 31,

2007 would correspond to a merger deficit of €714,957,952 which would be recorded under intangible assets in the Company's financial statements at January 1, 2008.

APPLICABLE TAX REGIME

The Rivolam Merger would be governed by the preferential corporate income tax regime applicable to mergers as provided for under Article 210 A of the French Tax Code.

CONDITIONS PRECEDENT AND COMPLETION OF THE RIVOLAM MERGER

The merger agreement signed on June 5, 2008 and submitted for your approval provides that, subject to fulfillment of the conditions precedent set out below, the Rivolam Merger would be completed immediately before the completion of the Transfer/Distribution and the Merger. Rivolam would be immediately dissolved on the same date subject to the same conditions, without being liquidated.

Conditions precedent:

- (i) Fulfillment of all of the conditions precedent concerning the Merger contained in the Merger Agreement (other than completion of the Rivolam Merger and the Transfer/Distribution).
- (ii) Fulfillment of all of the conditions precedent concerning the Transfer/Distribution contained in the Transfer Agreement (other than completion of the Rivolam Merger).
- (iii) Approval by the Company's shareholders' in Extraordinary Meeting of the merger agreement and the merger between SUEZ and Rivolam with retroactive effect from January 1, 2008 for tax and accounting purposes.

CREDITORS' RIGHTS TO OPPOSE THE RIVOLAM MERGER

In accordance with Article L. 236-14 of the French Commercial Code, creditors of Rivolam and SUEZ with receivables outstanding prior to the June 11, 2008 publication of the proposed merger

would be entitled to issue objections to the merger within thirty (30) calendar days of the most recent publications of notices on the proposed merger pursuant to Article R. 236-2 of said Code.

MERGER AUDITORS' REPORT

Messrs Ledouble and Ricol – the Merger auditors appointed by the Paris Commercial Court on October 17, 2007 – have submitted their report on the valuation of the net assets to be transferred. Based on the information provided to them and the controls they performed, they concluded that the €6,535,588,690 valuation of the net assets transferred does not represent an overvaluation.

The Merger auditors' report on the valuation of the net assets to be transferred will be filed with the Paris Commercial Court.

As a result of the above, you are also asked to note that, subject to fulfillment of the conditions precedent set out in the Merger Agreement, the Rivolam Merger will be completed on the Completion Date, immediately prior to completion of the Transfer/Distribution and the Merger, and that, subject to the same conditions, Rivolam will be automatically dissolved on the same date, without being liquidated.

3. PROPOSED TRANSFER OF SUEZ ENVIRONNEMENT SHARES BY SUEZ TO SUEZ ENVIRONNEMENT COMPANY, GOVERNED BY THE FRENCH LEGAL REGIME APPLICABLE TO DEMERGERS (SECOND EXTRAORDINARY RESOLUTION)

You are also invited to approve the proposed transfer by the Company to SUEZ Environnement Company – a 99.99%-owned SUEZ subsidiary – of all of the shares making up SUEZ Environnement's capital. The purposes and description of the Transfer are set out in the transfer agreement governed by the

French legal regime applicable to demergers which was signed on June 5, 2008 and filed with the clerk of the Paris Commercial Court on June 6, 2008, as well as in the IPO Prospectus appended to this report. You will find below a summary description of the Transfer.

PURPOSES OF THE TRANSFER

As set out in the overview provided at the beginning of this report, the proposed Transfer is a preliminary step to be carried out prior to the floatation of SUEZ's Environmental Division, an operation which in turn forms part of the overall merger between SUEZ and Gaz de France.

The proposed Transfer would enable the Company's Water and Waste Services activities to be grouped within a single holding company whose shares would be floated on Euronext Paris and Euronext Brussels. This would be followed by a partial distribution of SUEZ Environnement Company shares to SUEZ shareholders.

The Company would transfer all of the shares making up SUEZ Environnement's capital to SUEZ Environnement Company which would consequently become the holding company for all of SUEZ's Environmental operations. The Transfer would be completed directly after completion of the Rivolam Merger. Immediately following the Transfer SUEZ would distribute to its shareholders (other than SUEZ itself) a portion of the shares issued as consideration for the Transfer representing 65% of SUEZ Environnement Company's total capital. Both the Transfer and the Distribution would take place prior to completion of the Merger.

LEGAL REGIME APPLICABLE TO THE TRANSFER

Under the Transfer, SUEZ would transfer all of the shares making up SUEZ Environnement's capital to SUEZ Environnement Company, a 99.99%-owned SUEZ subsidiary, which would subsequently own said SUEZ Environnement shares as from the Completion Date.

The Transfer would be governed by the French legal regime applicable to demergers. In addition, in accordance with Article L. 236-21 of the French Commercial Code there would be no joint and several liability between SUEZ and SUEZ Environnement Company following the Transfer, notably with respect to the Company's liabilities.

Consequently, SUEZ Environnement Company would take over all SUEZ's rights and obligations relating to the Shares (as defined below).

The total dividend of €402,973,338.24 paid by SUEZ Environnement to the Company and Rivolam on June 9, 2008 relating to the SUEZ Environnement shares transferred to SUEZ Environnement Company (corresponding to €0.96 per transferred SUEZ Environnement share) will be fully retained by the Company.

SUEZ Environnement Company would undertake, on the Completion Date at the latest, to replace SUEZ (or where appropriate any

SUEZ subsidiaries) with respect to any guarantees, endorsements, comfort letters or similar commitments (including joint and several commitments) granted with respect to commitments made by SUEZ Environnement and its subsidiaries (the “**SUEZ Environnement Group**”) to any third parties. Said replacement may be made (i) by SUEZ Environnement Company itself; or (ii) through a subsidiary, provided said subsidiary is approved by SUEZ; or (iii) by arranging a replacement credit institution where appropriate. SUEZ

Environnement Company would further undertake to compensate any SUEZ Group company concerned for any guarantees for which such a replacement would not be possible or would not be made prior to the Completion Date. Said compensation may be made by (i) SUEZ Environnement Company itself; or (ii) any other SUEZ Environnement Group company approved by SUEZ; or (iii) any other entity approved by SUEZ.

TRANSFERRED ASSETS

The Transfer would involve all of the SUEZ Environnement shares held by the Company at the Completion Date which would correspond to SUEZ Environnement's entire capital (the “**Shares**”), breaking down as:

- (i) 417,382,531 SUEZ Environnement shares currently held by Rivolam which would be transferred to the Company on the Completion Date as a result of the Rivolam Merger; and

- (ii) 2,381,363 SUEZ Environnement shares currently held by the Company.

The Shares would be transferred with all their related financial rights, including rights to any interim or final dividend payments and to any distribution of reserves or similar amounts made after the Completion Date.

VALUATION OF THE NET ASSETS TRANSFERRED BY THE COMPANY

As the Company would not cease to exercise control over SUEZ Environnement Company after the Transfer – as defined in the applicable accounting regulations – the transferred SUEZ Environnement shares would be valued at their carrying amount.

The transfer value of said SUEZ Environnement shares, as stated in the transfer agreement, is based on (i) SUEZ's parent company financial statements at December 31, 2007; and (ii) a pro forma balance sheet drawn up for the purposes of the Transfer and taking into account the Rivolam Merger completed immediately prior to the Transfer (the “**Transfer Balance Sheet**”).

The carrying amount of the 417,382,531 SUEZ Environnement shares which would be received by the Company as a result of

the Rivolam Merger would correspond to their carrying amount in Rivolam's balance sheet at December 31, 2007, totaling €6,104,195,900 based on the Transfer Balance Sheet.

The carrying amount of the 2,381,363 SUEZ Environnement shares currently held by SUEZ would correspond to their carrying amount in the Company's balance sheet at December 31, 2007, totaling €53,194,433 based on the Transfer Balance Sheet.

As a result, based on the Transfer Balance Sheet, and as SUEZ Environnement Company would not assume any of SUEZ's liabilities as part of the Transfer, the total net assets transferred by the company would amount to €6,157,390,333.

RETROACTIVE EFFECT FOR TAX AND ACCOUNTING PURPOSES

The Transfer would take effect retroactively for tax and accounting purposes from January 1, 2008.

CONSIDERATION PAYABLE FOR THE TRANSFER

As (i) the Company currently holds a 99.99% stake in SUEZ Environnement Company, which would remain unchanged following the Transfer; and (ii) the shares received as consideration for the Transfer would represent at least 99% of SUEZ Environnement Company's capital, the payment methods concerning the consideration for the Transfer were agreed between SUEZ and SUEZ Environnement Company. Consequently, SUEZ Environnement Company would increase its capital by a nominal amount of €1,958,571,240 by issuing 489,642,810 new shares with a par value of €4 each to be used as consideration for the 419,763,894 SUEZ Environnement shares transferred by the

Company (thus raising SUEZ Environnement Company's capital from €225,000 to €1,958,796,240).

These shares would rank *pari passu* with the existing shares of SUEZ Environnement Company as from their issue date and would (i) be governed by that company's bylaws; (ii) carry rights to interim and final dividend payments as well as to any distributions of reserves (or similar amounts) made subsequent to their issue; and (iii) be tradable following completion of the capital increase carried out by SUEZ Environnement Company for the purpose of providing consideration for the Transfer.

TRANSFER PREMIUM

The difference between the €6,157,390,333 in net assets transferred by SUEZ and the €1,958,571,240 capital increase carried out by SUEZ Environnement Company would give rise to a transfer premium totaling €4,198,819,093. This amount, to which existing and new SUEZ Environnement Company's shareholders would have equivalent rights, would be recorded under liabilities in SUEZ Environnement Company's balance sheet.

This premium could be used immediately to make the required additions to the legal reserve and for the payment of all the

expenses and taxes whatsoever their nature relating to the transaction. However, the balance would be unavailable for a period of three years from the Completion Date in accordance with the letter received from the French tax authorities (*Direction Générale des Impôts*) dated June 3, 2008. After this three-year lock-up period, the transfer premium could be freely allocated by shareholders in accordance with the applicable regulations.

APPLICABLE TAX REGIME

An application was filed with the French tax authorities for an advance tax ruling on the corporate income tax regime applicable to the Transfer, requesting the preferential tax regime governing partial asset transfers as provided for under Articles 210 A and

210 B of the French Tax Code. In a letter dated June 3, 2008 the French tax authorities agreed in principle to issue this advance tax ruling provided that certain conditions are respected.

CONDITIONS PRECEDENT AND COMPLETION OF THE TRANSFER

The Transfer Agreement drawn up on June 5, 2008 and submitted for your approval provides that – subject to fulfillment of the following conditions precedent – the Transfer and SUEZ Environnement Company's related capital increase would be carried out on the Completion Date, immediately after completion of the Rivolam Merger and immediately before completion of the Distribution and the Merger.

- (i) Approval by the AMF of the prospectus prepared notably for the purpose of SUEZ Environnement Company shares being floated on Euronext Paris.
- (ii) Completion of the Rivolam Merger.
- (iii) Approval by SUEZ's Ordinary and Extraordinary Shareholders' Meeting of the Transfer Agreement, the Transfer referred to therein, and the Distribution.
- (iv) Approval by SUEZ Environnement Company's Ordinary and Extraordinary Shareholders' Meeting of the Transfer Agreement, the Transfer referred to therein, and the related capital increase to be carried out by SUEZ Environnement Company.
- (v) The decision by Euronext Paris to admit to trading SUEZ Environnement Company shares and allocation rights for SUEZ Environnement Company shares.
- (vi) Signature of the SUEZ Environnement Company shareholder pact.
- (vii) Fulfillment of all of the conditions precedent contained in the Merger Agreement relating to the Merger (other than completion of the Transfer/Distribution), which include the following:
 - Approval by the Company's Ordinary and Extraordinary Shareholders' Meeting of the proposed merger between SUEZ and Gaz de France, including the dissolution of the Company without liquidation.
 - Approval by Gaz de France's Extraordinary Shareholders' Meeting of the Merger and the ensuing capital increase, as described in the Merger Agreement.
 - Approval by Gaz de France's Extraordinary Shareholders' Meeting of (i) the proposal to take over the Company's obligations concerning stock options and share grants; and (ii) where required, the waiver by existing shareholders of any corresponding pre-emptive subscription rights.
 - Implementation of the order issued by the French Ministry of the Economy, Industry and Employment setting the terms and conditions of the Merger relating to the exchange parity and stock option plans, in line with the opinion issued by the *Commission des participations et des transferts*; and
 - Publication of the objectives of the industrial, commercial and financial cooperation agreement entered into between SUEZ and Gaz de France.

CREDITORS' RIGHTS TO OPPOSE THE TRANSFER

In accordance with Articles L. 236-14 and L. 236-21 of the French Commercial Code, creditors of SUEZ Environnement Company and SUEZ (other than bondholders), with receivables outstanding prior to the June 11, 2008 publication of the proposed Transfer would

be entitled to issue objections to the Transfer within thirty (30) calendar days of the most recent publications of notices on the proposed Transfer pursuant to Article R. 236-2 of said Code.

CONSULTATION PROCEDURE WITH EMPLOYEE REPRESENTATIVES

SUEZ's Works Council and European Dialogue Committee each issued an unfavorable opinion on the proposed Distribution/Transfer on November 29, 2007 and January 7, 2008 respectively.

However, the Works Council of SUEZ Environnement issued a favorable opinion on December 10, 2007.

DEMERGER AUDITORS' REPORT

Messrs Ledouble and Ricol – the Demerger auditors appointed by the Paris Commercial Court on October 17, 2007 – have submitted their reports on the valuation of the net assets to be transferred and the related consideration to be paid. Based on the information provided to them and the controls they performed, they concluded that (i) the methods used to calculate the consideration payable for the Transfer and the resulting issue of 489,642,810 SUEZ Environnement Company shares as consideration for the transfer of 419,763,894 SUEZ Environnement shares are fair; and (ii) the

€6,157,390,333 valuation of the assets to be transferred does not correspond to an overvaluation, and consequently that the amount of the net assets to be transferred by the Company is at least equal to the amount of the SUEZ Environnement Company share issue plus the transfer premium.

The Demerger auditors' report on the valuation of the net assets to be transferred was filed with the Paris Commercial Court within the appropriate legal timeframe.

4. ALLOCATION TO THE COMPANY'S SHAREHOLDERS OF 65% OF SUEZ ENVIRONNEMENT COMPANY'S SHARES BY WAY OF A DISTRIBUTION TO BE DEDUCTED FROM THE "ADDITIONAL PAID-IN CAPITAL" ACCOUNT (THIRD ORDINARY RESOLUTION)

You are also invited to approve the proposed distribution by the Company to its own shareholders of 65% of the shares making up SUEZ Environnement Company's capital. The purposes and description of the Distribution are set out in the Transfer Agreement governed by the French legal regime applicable to demergers

which was signed on June 5, 2008 and filed with the clerk of the Paris Commercial Court on June 6, 2008, as well as in the IPO Prospectus appended to this report. You will find below a summary description of the Distribution.

PURPOSES OF THE DISTRIBUTION

As set out in the overview provided at the beginning of this report, the proposed Distribution is a preliminary step to the floatation of SUEZ's Environmental Division, an operation which in turn forms part of the overall merger between SUEZ and Gaz de France.

After grouping all of SUEZ's Environmental activities within SUEZ Environnement Company by transferring all of SUEZ Environnement's shares to SUEZ Environnement Company as

described in the IPO Prospectus, the Company would distribute to its shareholders (other than SUEZ itself) a portion of the SUEZ Environnement Company shares issued as consideration for the Transfer representing 65% of SUEZ Environnement Company's capital at the Completion date after completion of the Transfer. SUEZ would retain a 35% stake in SUEZ Environnement Company following the Distribution, which would be completed immediately

prior to the Merger. SUEZ Environnement Company's shares would then be floated on Euronext Paris and Euronext Brussels at the opening of trading on the Completion Date.

This transaction would enable SUEZ Environnement Company to attain a level of visibility in line with the Group's stature and

ambitions while gaining direct access to financial markets. It would also enable GDF SUEZ to build privileged partnerships between environmental and energy activities.

ALLOCATION OF SUEZ ENVIRONNEMENT COMPANY SHARES

The Distribution would entail the immediate allocation of 318,304,389 SUEZ Environnement Company shares to SUEZ shareholders (other than SUEZ itself), representing 65.0075% of the SUEZ Environnement Company shares issued as consideration for the Transfer and 65% of SUEZ Environnement Company's capital at the Completion Date following completion of the Transfer.

These shares would be allocated based on shareholders' existing interests in the Company's capital applying a ratio of one (1) SUEZ Environnement Company share for four (4) SUEZ shares. Following the Distribution, SUEZ Environnement Company's shares would be floated on Euronext Paris and Euronext Brussels at the opening of trading on the Completion Date.

BENEFICIARIES OF THE DISTRIBUTION

In order to be entitled to receive the Distribution, holders of dematerialized SUEZ shares (other than SUEZ) must ensure that their shares are recorded in their name at the close of the business

day preceding the Completion Date, and holders of materialized shares must produce the corresponding share certificates.

TERMS AND CONDITIONS OF THE DISTRIBUTION

Each SUEZ share held by a shareholder entitled to the Distribution would carry one (1) allocation right for SUEZ Environment Company shares, with four (4) such rights entitling the shareholder to receive one (1) SUEZ Environnement Company share.

If a SUEZ shareholder holds (i) less than four (4) SUEZ shares; or (ii) a number of shares that is not a multiple of four (4), said shareholder would receive fractional allocation rights for SUEZ Environnement Company shares with respect to the number of shares below four or the number exceeding a multiple of four, subject to a cap of three (3) fractional rights per share account. In accordance with SUEZ's bylaws, said shareholders would

be personally responsible for either (i) acquiring the number of fractional allocation rights necessary to obtain one (1) SUEZ Environnement Company share, or one (1) additional SUEZ Environnement Company share, as appropriate; or (ii) selling their fractional allocation rights.

In order to facilitate this process, the fractional allocation rights for SUEZ Environnement Company shares would be tradable on Euronext Paris and Euronext Brussels for a 3 months following completion of the Transfer/Distribution and subsequently in the delisted shares segment of Euronext Paris (*compartiment des valeurs radiées des marchés réglementés*) and the temporary

securities segment of Euronext Brussels (*compartiment des valeurs temporaires des marchés réglementés*) for a further twenty (20) months.

Provided the Distribution is completed and subject to a time limit of three (3) months following the Completion Date, the Company would bear the brokerage fees and related VAT incurred by each SUEZ shareholder as a result of (i) the sale of any fractional allocation rights for SUEZ Environnement Company shares credited to the shareholder's account in connection with the Distribution, or, where appropriate, (ii) the purchase of the necessary fractional allocation rights – in view of the fractional allocation rights credited to the shareholder in connection with the Distribution – in order to obtain one additional SUEZ Environnement Company share. Any such costs borne by SUEZ would be capped at eight euros (€8.00) including VAT, and would cover the purchase or sale of a maximum of three (3) allocation rights for SUEZ Environnement Company shares per shareholder account.

Pursuant to Article L. 228-6 of the French Commercial Code, the Board of Directors of Gaz de France – acting on behalf of Gaz de France as the successor company to SUEZ – would be entitled to sell any SUEZ Environnement Company shares which holders of the related allocation rights have not claimed, subject to the applicable regulations, and provided Gaz de France implements the publicity measures required under the applicable regulations at least two (2) years prior to such a sale. As from the date of such sale, any fractional allocation rights would be canceled and their holders would only be able to claim a cash payment (without interest), representing the net proceeds from the sale of the unclaimed SUEZ Environnement Company shares plus a proportional share of any interim or final dividend payments or any distribution from reserves (or similar amounts) paid by SUEZ Environnement Company between the completion of the Distribution and the date of the sale of the unclaimed SUEZ Environnement Company shares. Any such entitlements to dividends or other distributions would be time-barred after a period of five years.

DEDUCTION FROM THE “ADDITIONAL PAID-IN CAPITAL” ACCOUNT

The Distribution of the 318,304,389 new SUEZ Environnement Company shares would be valued based on the carrying amount of the distributed SUEZ Environnement Company shares plus the related portion of the merger deficit recorded by the Company as a result of the Rivolam Merger (representing 65.0075% of the

overall merger deficit), corresponding to a total of €4,467,539,790 based on the balance sheets of the Company and Rivolam at December 31, 2007. This amount would be deducted in full from the “Additional paid-in capital” account.

APPLICABLE TAX REGIME

An application was filed with the French tax authorities for an advance tax ruling on the corporate income tax regime applicable to the Distribution, requesting the preferential tax regime provided for under Article 115-2 of the French Tax Code. In a letter dated

June 3, 2008, the French tax authorities agreed in principle to issue this advance tax ruling provided that certain conditions are respected.

ADJUSTMENTS TO THE RIGHTS OF BENEFICIARIES OF SUEZ STOCK OPTIONS AND SHARE GRANTS

In order to protect the rights of SUEZ stock option holders, in accordance with the French Commercial Code adjustments would be made following the Distribution to both the number of shares under option and the option exercise prices applicable to holders of SUEZ stock options that are outstanding at the Completion Date.

In addition, pursuant to the regulations of SUEZ's share grant plans, adjustments would also be made to protect the rights of beneficiaries of share grants that had not vested at the Distribution Completion date.

These adjustments are described in more detail in Section III of the Merger Agreement.

HOLDERS OF SUEZ DEPOSITARY RECEIPTS ("SUEZ DRs"), SUEZ VVPR STRIPS AND SUEZ ADRs

No SUEZ Environnement Company depositary receipts (the "SUEZ DRs") would be issued in connection with the Transfer/Distribution and the Company's shareholders would only be entitled to receive dematerialized SUEZ Environnement Company shares.

In connection with the Transfer/Distribution, holders of SUEZ ADRs would receive the amount corresponding to the proceeds of the

sale of SUEZ Environnement Company shares by the depositary bank, net of the bank's fees which would be payable by the SUEZ ADR holder.

No SUEZ Environment Company VVPR strips or ADRs would be issued in relation to the Transfer/Distribution.

CONDITIONS PRECEDENT AND COMPLETION OF THE DISTRIBUTION

Subject to fulfillment of the same conditions precedent as those applicable to the Transfer, the Distribution would be completed on

the Completion Date, immediately after completion of the Rivolam Merger and the Transfer and immediately prior to the Merger.

ORGANIZATION OF THE SUEZ ENVIRONNEMENT COMPANY GROUP AFTER FLOATATION OF ITS SHARES

SUEZ ENVIRONNEMENT COMPANY SHAREHOLDER PACT

In connection with the SUEZ Environnement Company IPO, SUEZ Environnement Company, Groupe Bruxelles Lambert, Sofina, la Caisse des Dépôts et Consignations, Areva, CNP Assurances and SUEZ have entered into a renewable five-year shareholder pact effective from the Completion Date. The main provisions of this pact (which are described in further detail in section 18.3 of the IPO Prospectus) are as follows:

- The Board of Directors would be made up of 18 members whose names are set out in the IPO Prospectus. The directors would be nominated as follows:
 - nine directors nominated by GDF SUEZ;
 - four independent directors nominated by joint agreement between the signatories of the pact on the recommendation of the Chairman of the Board of Directors (or three such directors if a director is appointed to represent employee shareholders);
 - two directors appointed on the recommendation of Groupe Bruxelles Lambert, one director appointed on the recommendation of Areva, one director appointed on the recommendation of CNP Assurances and one director appointed on the recommendation of Sofina.
- The Chairman and the Chief Executive Officer of SUEZ Environnement Company would be appointed by the Board of Directors on the recommendation of GDF SUEZ for the Chairman and on the recommendation of the Chairman for the Chief Executive Officer. The first Chairman and the first Chief Executive Officer as from the Completion Date would be Gérard Mestrallet and Jean-Louis Chaussade respectively.
- Four SUEZ Environnement Company Board Committees would be set up and remain in operation throughout the term of the pact (an Audit and Financial Statements Committee, a Nomination and Remuneration Committee, an Ethics and Sustainable Development Committee and a Strategy Committee). Please refer to section 16.3 of the IPO Prospectus for further details concerning the roles and membership of these committees.
- Decisions of the Board of Directors would be adopted by a simple majority of its members, with the Chairman having a casting vote in the event of a split decision. However, decisions concerning the company's capital, as well as amendments to the bylaws or any exceptional distribution would require a two thirds majority vote of the Board members.
- The members of the shareholder pact would be required to consult prior to any Board meeting or Shareholders' Meeting of SUEZ Environnement Company called in relation to major decisions.
- The members of the shareholder pact would have reciprocal pre-emptive rights with respect to any proposed sale of SUEZ Environnement Company shares (except in certain cases, notably any sales carried out by a shareholder involving less than 10% of its shareholding as at the last day of the month preceding the sale concerned, assessed on a 12-month basis). The procedures and order of priority for these rights are as follows:
 - If GDF SUEZ were to sell SUEZ Environnement Company shares, each of the other members of the pact would have a pre-emptive right to purchase the shares, with SUEZ Environnement Company having a pre-emptive right to purchase any shares not taken up by shareholders exercising this initial pre-emptive right.
 - If one of the other members of the pact were to sell SUEZ Environnement Company shares, each of the other members of the pact (excluding GDF SUEZ) would have a pre-emptive right to purchase the shares, with GDF SUEZ having a pre-emptive right to purchase any shares not taken up by the other members exercising their rights and SUEZ Environnement Company having a pre-emptive right to purchase any shares not taken up by GDF SUEZ.
- The members of the pact would be required to notify GDF SUEZ, in its capacity as the manager of the pact, of any proposed acquisition of SUEZ Environnement Company shares.
- Each member of the pact would not be able to purchase a number of shares that would result in the shareholders acting in concert being required to file a public tender bid or share price guarantee for SUEZ Environnement Company shares.
- If GDF SUEZ sold the majority of its interest in SUEZ Environnement Company at the Completion Date, the other members of the pact would benefit from a joint exit clause.

- The pact would be terminated in advance of term in the following cases: (i) if all of the shares governed by the pact represented less than 20% of SUEZ Environnement Company's total capital; (ii) if GDF SUEZ was no longer the principal shareholder within the pact due to the number of shares purchased by other shareholders exercising their pre-emptive rights; or (iii) if one of the member's interest in SUEZ Environnement Company falls to below one third of its original stake (in which case the pact would be terminated with respect to the member in question but would remain in force for the other members).

This shareholder pact would correspond to shareholders acting in concert within the meaning of Article L. 233-10 of the French Commercial Code, with GDF SUEZ playing the predominant role. As a result of the pact's provisions, GDF SUEZ would be deemed to control SUEZ Environnement Company, particularly as (i) it would be entitled to appoint half of the members of SUEZ

Environnement Company's Board of Directors, including the Chairman who will have a casting vote; and (ii) the fact that the company's Chief Executive Officer would be appointed by the Board on the recommendation of the Chairman. Consequently, SUEZ Environnement Company would be fully consolidated in the financial statements of the new GDF SUEZ Group.

The other members of the shareholder pact have indicated that they may increase their holdings in SUEZ Environnement Company in the short term and that during the thirty (30) calendar days following the Completion Date (depending on market conditions during this period), they may purchase a number of shares on the market that would bring the aggregate interest of the other members of the shareholder pact in SUEZ Environnement Company to close to 50% of the company's capital and voting rights (without exceeding this threshold).

BYLAWS AND INTERNAL RULES OF SUEZ ENVIRONNEMENT COMPANY

As part of the project to float SUEZ Environnement Company shares on Euronext Paris and Euronext Brussels, the bylaws of SUEZ Environnement Company would be amended – subject to the condition precedent (without retroactive effect) of SUEZ Environnement Company shares being admitted to trading on Euronext Paris – in order to align said bylaws with those of a company whose shares are traded on a regulated market.

It is also proposed to adopt a set of internal rules for the Board of Directors of SUEZ Environnement Company at the first Board

meeting following the completion of the floatation. These rules would specify the operating procedures of both the Board and the Board Committees.

The main provisions of the draft bylaws and Board of Directors' internal rules are described in section 21.2 and sections 16.3 and 21.2.2 respectively of the IPO Prospectus.

FINANCIAL AUTHORIZATIONS GRANTED TO THE BOARD OF DIRECTORS OF SUEZ ENVIRONNEMENT COMPANY

In order to enable SUEZ Environnement Company to take advantage of market opportunities once it has been floated, it is proposed to grant certain financial authorizations to the Board of Directors. These authorizations would be given for fixed periods with set limits and would be subject to the condition precedent

(without retroactive effect) of SUEZ Environnement Company shares being admitted to trading on Euronext Paris.

For further details on these financial authorizations – notably concerning their duration and amounts – please refer to sections 21.1.3 and 21.1.5 of the IPO Prospectus.

OTHER AGREEMENTS ENTERED INTO BETWEEN SUEZ AND THE ENTITIES OF THE FUTURE SUEZ ENVIRONNEMENT COMPANY GROUP

Certain other agreements described below have been entered into between the Company and SUEZ Environnement Company and/or companies of the SUEZ Environnement Group in order to define the future relations between the GDF SUEZ Group and the SUEZ Environnement Company Group as from the Completion Date:

- A cooperation and shared functions agreement entered into between SUEZ and SUEZ Environnement Company, setting out future cooperation procedures between GDF SUEZ and SUEZ Environnement Company. These procedures notably include the terms under which GDF SUEZ and SUEZ Environnement Company intend to preserve their close relations and deepen the synergies that already exist between them – while respecting their individual corporate interests, best corporate governance practices, shareholder equality and the scope of responsibility of their governance bodies – so that SUEZ Environnement Company and its subsidiaries can continue to follow the group-wide strategies of GDF SUEZ and continue to obtain centralized services provided by GDF SUEZ and certain of its subsidiaries. The cooperation and shared functions agreement will be automatically terminated if GDF SUEZ ceases to exercise control over SUEZ Environnement Company, subject to any transition periods to be determined between the parties on a case-by-case basis.
- A trademark licensing agreement entered into between SUEZ and SUEZ Environnement under which SUEZ will transfer to SUEZ Environnement for an automatically renewable five-year term the right to use (i) the “SUEZ” trademark in its corporate name and (ii) certain trademarks, free of consideration and on a non-exclusive basis. SUEZ Environnement will also be entitled to grant licenses to use the “SUEZ” trademark to other entities of the SUEZ Environnement Company Group, including SUEZ Environnement Company. As part of this arrangement, SUEZ will be entitled to oversee any communication and marketing initiatives that may be undertaken by SUEZ Environnement.

SUEZ will be entitled to terminate this licensing agreement at any time, subject to ten (10) months' notice, if the Company's direct or indirect interest in SUEZ Environnement falls below 5% or if SUEZ Environnement is the subject of a hostile takeover. In the event of a hostile takeover the applicable notice period will be reduced to two (2) months. If the agreement is terminated, SUEZ Environnement would transfer to the Company the “SUEZ Environnement” trademark and entities of the SUEZ Environnement Company Group would have a period of three (3) years to amend their corporate name to remove the word “SUEZ”. If the agreement is terminated as a result of the Company's interest in SUEZ Environnement falling to below 5%, the Company could waive its right to use the “SUEZ” brand and transfer this right to SUEZ Environnement which would be required to develop the brand through its continued use.

In such a case, the Company would remove the word “SUEZ” from its corporate name within a reasonable timeframe.

- A 20-year agreement between the Company and SUEZ Environnement under which the financial risks and rewards arising from or relating to investments in the Argentine companies Aguas Argentinas and Aguas Provinciales de Santa Fe (the “**Argentine Rights**”) will be transferred to SUEZ Environnement. The Company will, however, continue to hold sole legal title of the shares in said Argentine companies and, more generally, of the Argentine Rights.

This agreement provides for the Company to transfer to SUEZ Environnement the benefits of (i) the financial rights related to or arising from the shares held in the Argentine companies, including any sum(s) that SUEZ may receive in connection with current or future transactions or proceedings; and (ii) any non-financial rights related to or arising from said shares.

It also provides that the Company will bear any costs, fees, out-of-pocket expenses, fines, penalties and other financial losses (excluding brand image damage) that may arise from ownership of the shares in the Argentine companies (the “Argentine Risks”), up to an amount corresponding to the financial value of the Argentine Risks covered by the residual sum of the related provision for contingencies recorded in the Company's accounts – amounting to €63,404,788.90 at December 31, 2007. SUEZ Environnement will bear the portion of any such expenses in excess of this residual provision. The Company will pay to SUEZ Environnement the financial value of the amount corresponding to any provision reversal and any remaining amount of said provision on the date the Argentine Risks are extinguished or on expiry of the agreement.

Lastly, the Company will transfer title of the shares in the Argentine companies if requested by SUEZ Environnement.

A framework agreement relating to the financing of SUEZ Environnement and SUEZ Environnement Company entered into between the Company, SUEZ Finance, SUEZ Environnement and SUEZ Environnement Company, which sets out the main procedures concerning the future financing to be received by the SUEZ Environnement Company Group for 2008-2010. This agreement provides for financing to be supplied by SUEZ Finance or any other entity of the SUEZ Group designated by the Company, which may be granted to any entity of the SUEZ Environnement Company Group. SUEZ Environnement Company or SUEZ Environnement will guarantee repayment of any financing granted to their subsidiaries.

The aggregate amount of the financing granted will be limited to the overall financing requirements of the SUEZ Environnement Company Group as agreed on an annual basis between SUEZ

and SUEZ Environnement Company. The loans will be granted at market rates, depending on their duration.

As well as dealing with financing for the SUEZ Environnement Company Group, the framework agreement provides that for the entire term of said agreement and subject to certain exceptions, SUEZ Environnement Company and SUEZ Environnement may not dispose of any their assets without the prior agreement of the SUEZ Group, nor use any of their assets as collateral for financing requirements.

This financing commitment will cease and any funds granted may become immediately repayable in the event of a change in control of the SUEZ Environnement Company Group, arising from (i) the loss of control by SUEZ (or subsequently GDF SUEZ) over SUEZ Environnement Company within the meaning of Article L. 233-3 of the French Commercial Code, or of the power to appoint or remove a number of members of the administrative, management or supervisory bodies of SUEZ Environnement Company who together hold the majority of the voting rights in said bodies; (ii) the loss by SUEZ Environnement Company of control over SUEZ

Environnement within the meaning of Article L. 233-3 of the French Commercial Code; or (iii) the termination of full consolidation (in accordance with the definition provided under IFRS) by SUEZ (or subsequently GDF SUEZ) of SUEZ Environnement Company and SUEZ Environnement.

SUEZ Environnement has further undertaken, subject to fulfillment of the conditions precedent to the merger and, at SUEZ's request, to reclassify the 2.55% of the capital of Spanish company Gas Natural that it holds through Hisusa, subject to any necessary third party agreements, at market value under the SUEZ Group, at the latest by November 20, 2008.

The provisions of the cooperation and shared functions agreement, the framework agreement relating to the financing of SUEZ Environnement and SUEZ Environnement Company, the trademark licensing agreement and the agreement relating to Argentine operations as well as SUEZ Environnement's commitment in respect of Gas Natural are also described in sections 19.1 to 19.3 and section 5.1.6.2 of the IPO Prospectus.

5. APPROVAL OF REGULATED AGREEMENTS (FOURTH ORDINARY RESOLUTION)

The Statutory Auditors' special report on certain agreements governed by Article L. 225-38 of the French Commercial Code has been made available to you in accordance with the applicable regulations.

The agreements referred to in this report notably relate to the running of SUEZ Environnement Company following completion of the Merger. For further details please refer to sections 5.1.6.2, 18.3 and 19 of the IPO Prospectus.

Consequently, you are invited to note the conclusions of the Statutory Auditors' special report and approve the agreements referred to therein, in accordance with Article L. 225-40 of the French Commercial Code.

6. PROPOSED MERGER OF THE COMPANY INTO GAZ DE FRANCE (FIFTH EXTRAORDINARY RESOLUTION)

In the fifth resolution you are asked to approve the proposed Merger. The purposes and description of the transaction are set out in the merger agreement signed on June 5, 2008 and filed with the clerk of the Paris Commercial Court on June 6, 2008, as well as in the Merger Prospectus. The Merger Prospectus – which incorporates by reference SUEZ's registration document

filed with the AMF on March 18, 2008, as well as Gaz de France's registration document filed with the AMF on May 15, 2008 and the updated version of SUEZ's registration document filed with the AMF on June 13, 2008, is appended to this report. You will find below a summary description of the Merger.

PURPOSES OF THE MERGER

The main purposes of the proposed Merger of SUEZ into Gaz de France are set out in the overview provided at the beginning of this report as well as in the appended Merger Prospectus.

PRIVATIZATION

The Merger would lead to the majority of Gaz de France's capital being transferred to the private sector. This privatization falls within the scope of the legal and regulatory provisions described below.

French Act no. 2006-1537 dated December 7, 2006 relating to the energy sector (the "**Energy Sector Act**") authorized the French State to reduce its interest in Gaz de France to less than 50% but not below one third. Article 39 of said Act amending Article 24 of Act no. 2004-803 dated August 9, 2004 relating to (i) the public supply of electricity and gas and (ii) gas and electricity utility companies, provided for Gaz de France to be added to the list of companies scheduled to be privatized as appended to the Privatization Act of July 19, 1993 (Act no. 93-923).

The Energy Sector Act also provides for the following relating to natural gas:

- Deregulation of the natural gas market, enabling consumers to choose their gas supplier.
- Consumer protection measures in relation to natural gas supply contracts.
- Spinning off Gaz de France's natural gas distribution business.
- That the capital of the company that manages the gas transport network can only be owned by Gaz de France, the French State or public sector firms or bodies.

The Gaz de France privatization would be carried out through an industrial, commercial and financial cooperation agreement entered into between the Company and Gaz de France. This agreement would precede the Merger and its objectives will be published in the *Journal Officiel de la République Française*.

The privatization was rendered possible by the adoption of (i) Decree no. 2007-1784 dated December 19, 2007 implementing Act no. 93-923 of July 19, 1993 providing for the transfer from the public to the private sector of the majority of Gaz de France's capital; and (ii) Decree no. 2008-80 of January 24, 2008 amending Decree no. 93-1041 of September 3, 1993 implementing Act no. 86-912 of August 6, 1986.

In accordance with Articles 3 and 4 of Act no. 86-912 dated August 6, 1986 relating to privatization procedures and Decree no. 93-1041 of September 3, 1993 (amended), the transfer to the private sector of the majority of Gaz de France's capital by means of a merger may only take place via an order issued by the French Ministry of the Economy, Industry and Employment, following an opinion issued by the *Commission des Participations et des Transferts* (the "CPT") on the financial terms of the transaction, the procedures followed and the choice of purchaser. This order will set out the terms and conditions applicable to the transaction.

In addition, in application of Article 39 of the Energy Sector Act which amended Article 24-1 of Act no. 2004-803 dated August 9, 2004,

Decree no. 2007-1790 of December 20, 2007 provides for one ordinary share held by the French State in Gaz de France's capital to be converted into a golden share. This golden share is intended to protect France's essential interests in the energy sector concerning the continuous supply of energy and energy security.

The golden share gives the French State a long-term right to oppose decisions made by Gaz de France and/or Gaz de France subsidiaries governed by French law (or by any company that may take over the rights and obligations of Gaz de France) in

relation to certain assets defined in the Decree which indirectly or directly result in (i) the sale of said assets (ii) a transfer concerning their operation; (iii) using them as collateral or as a guarantee; or (iv) changing their use, where it considers that such a decision runs counter to France's essential interests in the energy sector concerning the continuous supply of energy and energy security. The rights attached to this golden share are described in more detail in the Merger Prospectus appended to this report.

LEGAL REGIME APPLICABLE TO THE MERGER

In accordance with Article L. 236-3 of the French Commercial Code, the Merger would constitute a full transfer of the Company's assets and liabilities to Gaz de France as existing at the Completion

Date (including guarantees given by SUEZ both for existing and future debt).

NET ASSETS TRANSFERRED BY THE COMPANY IN CONNECTION WITH THE MERGER

In accordance with the applicable accounting regulations, the Company's assets and liabilities would be transferred based on their carrying amounts as recorded in the Company's financial statements at December 31, 2007 ("**SUEZ's Financial Statements**").

Based on SUEZ's Financial Statements, the carrying amounts of the transferred assets and liabilities total €37,736,998,010 and €943,831,672 respectively. Consequently, the total net asset transfer would amount to €29,187,602,056 after taking into account the price of shares issued since January 1, 2008

(€47,810,633) and after deducting (i) the carrying amount of the treasury shares held by SUEZ after December 31, 2007 (representing €1,456,840,674); (ii) the dividend payments made by SUEZ in respect of fiscal 2007 (representing €1,728,994,451); and (iii) the amount corresponding to the distribution of SUEZ Environnement Company shares (plus the portion of the deficit arising on the Rivolam Merger corresponding to the distributed SUEZ Environnement Company shares) made to the Company's shareholders in connection with the Distribution (representing €4,467,539,790).

RETROACTIVE EFFECT FOR TAX AND ACCOUNTING PURPOSES

The Merger would take effect retroactively for tax and accounting purposes from January 1, 2008.

EXCHANGE RATIO

The exchange ratio offered to shareholders of the Company and Gaz de France would be set at twenty-one (21) Gaz de France shares for twenty-two (22) SUEZ shares, representing approximately 0.9545⁽¹⁾ of a Gaz de France share for 1 SUEZ share.

Based on the structure of the merger, the exchange ratio should be assessed by analyzing the ratio between the equity per share figures⁽²⁾ of Gaz de France and SUEZ after the distribution by SUEZ of 65% of SUEZ Environnement Company's shares to SUEZ's shareholders other than SUEZ itself ("SUEZ as Adjusted" figures).

The per share figure for SUEZ as Adjusted was calculated based on the value of SUEZ's equity less 65% of the value of the Environmental Division's equity.

The exchange ratio for the Merger was determined using a multi-criteria approach based on the methods habitually used for similar transactions, including:

- An analysis of share prices and weighted average share prices for the daily trading volumes of Gaz de France and SUEZ as Adjusted at August 28, 2007 (the last trading day before rumors of the merger started to affect share prices) and May 16, 2008.
- A review of analysts' target prices at May 16, 2008 for Gaz de France and SUEZ as Adjusted.
- A comparison between the valuations obtained for Gaz de France and SUEZ as Adjusted using valuation multiples for comparable listed companies at May 16, 2008.
- A comparison of the valuations obtained for Gaz de France and SUEZ as Adjusted using the discounted cash flow method (DCF).

The table below provides a summary of the ranges of exchange ratios obtained based on the different methods referred to above:

		Exchange ratio Range
Share price May 16, 2008	Closing price	0.91x – 0.94x
	1-month average	0.90x – 0.93x
	3-month average	0.90x – 0.94x
	6-month average	0.93x – 0.97x
	Since the Sept. 3, 2007 merger announcement	0.94x – 0.97x
August 28, 2007	Closing price	0.92x – 0.96x
	1-month average	0.92x – 0.96x
	3-month average	0.93x – 0.97x
	6-month average	0.94x – 0.97x
Analysts' target prices May 16, 2008		0.91x – 1.02x
Valuation multiples for comparable listed companies		0.85x – 1.03x
Discounted cash flow method (DCF)		0.86x – 1.05x

The valuation methods used and the results obtained are described in further detail in the Merger Prospectus appended to this report.

The following opinions have been requested in relation to the exchange ratio for the Merger:

- SUEZ asked Oddo Corporate Finance to issue a statement on the fairness of the exchange ratio in its capacity as an independent expert.
- SUEZ requested BNP-Paribas and JP Morgan to issue an opinion on the exchange ratio in their capacity as SUEZ's financial advisors on said ratio.

- The Company's Board of Directors requested HSBC to issue an opinion on the exchange ratio.
- Gaz de France requested an opinion on the exchange ratio from Merrill Lynch and Lazard Frères in their capacity as Gaz de France's financial advisors on said ratio.
- Gaz de France's Board of Directors requested Goldman Sachs International to issue an opinion on the exchange ratio.

Oddo Corporate Finance issued the following conclusion in its statement on the fairness of the exchange ratio: "In the current market context, and considering the entirety of our work and

(1) $0.9545 = 21 \div 22$ rounded to the fourth decimal place.

(2) Shares outstanding at April 30, 2008, excluding treasury shares and taking into account the impact of dilution at May 16, 2008 in accordance with the treasury share method (i.e. assuming that the proceeds from purchases of new shares will be used to buy shares on the market): 968.8 million for Gaz de France and 1,296.6 million for SUEZ. These share figures were used for all the per share calculations referred to above.

preceding items, we consider that the proposed exchange ratio of twenty-one Gaz de France shares for twenty-two SUEZ shares, in addition to the distribution by SUEZ to its shareholders (other than SUEZ itself) of 65% of the share capital of SUEZ Environnement Company, is fair from a financial perspective for SUEZ shareholders."

The analysis used by the above-mentioned independent expert and its banks, and their conclusions, are set out in Appendices 4 to 11 of the Merger Prospectus appended to this report.

CONSIDERATION PAYABLE FOR THE TRANSACTION AND ISSUE OF GAZ DE FRANCE SHARES

In accordance with Article L. 236-3 of the French Commercial Code, no Gaz de France shares would be exchanged for (i) treasury shares held by the Company; or (ii) SUEZ shares held by Gaz de France.

At the Completion Date the Company would hold 35,724,397 SUEZ shares and Gaz de France would hold 8,049,212 SUEZ shares. The exercise of SUEZ stock options and the Company's share buyback program were suspended at the close of trading on May 22, 2008 and May 28, 2008 respectively.

Consequently, after applying the exchange ratio of twenty-two (22) SUEZ shares for twenty-one (21) Gaz de France shares,

1,207,660,692 new fully paid-up Gaz de France shares with a par value of €1 each would be issued by Gaz de France, corresponding to a capital increase of €1,207,660,692. These newly issued shares would be allocated to the holders of the 1,265,168,344 shares making up the Company's capital in proportion to their existing shareholdings, after deducting the 35,724,397 SUEZ shares held in treasury and the 8,049,212 SUEZ shares held by Gaz de France. Following this share issue Gaz de France's capital would be increased from €983,871,988 to €2,191,532,680.

RIGHTS TO FRACTIONS OF SHARES

The Company's shareholders who do not possess a sufficient number of SUEZ shares to obtain a multiple of 21 Gaz de France shares would be personally responsible for purchasing or selling the requisite number of SUEZ shares to obtain such a multiple of Gaz de France shares. In order to facilitate this process, as from the Completion Date SUEZ shares corresponding to fractions of Gaz de France shares would be tradable on Euronext Paris and Euronext Brussels for 3 months and subsequently in the delisted shares segment of Euronext Paris and the temporary securities segment of Euronext Brussels for a further 20 months.

Gaz de France would undertake to bear the related brokerage fees and VAT incurred by each SUEZ shareholder for a period of three months from the Completion Date. Any such costs borne by Gaz de France would be capped at €8 (including VAT) and would cover the purchase or sale of a maximum of 21 SUEZ shares per shareholder account, corresponding to (i) the sale of fractional SUEZ shares which the shareholder still owns at the Completion Date; or (ii) the purchase of fractional shares in order to add to

the number of fractional shares owned at the Completion Date and obtain 21 Gaz de France shares.

Pursuant to Article L. 228-6 of the French Commercial Code, Gaz de France's Board of Directors may decide to sell any Gaz de France shares issued as consideration for the Merger that are not claimed by SUEZ shareholders, subject to the applicable regulations and provided Gaz de France implements the publicity measures required under the applicable regulations at least two years prior to such a sale. As from the date of such sale, SUEZ shareholders would only be able to claim a cash payment (without interest), representing the net proceeds from the sale of the unclaimed Gaz de France shares plus a proportional share of any interim or final dividend payments or any distribution from reserves (or similar amounts) paid by Gaz de France between the Completion Date and the sale of the unclaimed Gaz de France shares. Any such entitlements to dividends or other distributions would be time-barred after a period of five years.

DESCRIPTION OF THE GAZ DE FRANCE SHARES SUBMITTED TO THE EXCHANGE

The newly-issued Gaz de France shares would rank *pari passu* with Gaz de France's existing shares from the issue date and would carry the same rights and be subject to the same costs, notably concerning withholding tax. All shareholders would therefore be entitled to the same payouts during the term of incorporation of Gaz de France or on liquidation, subject to any amounts withheld at source in accordance with the applicable laws and regulations.

In accordance with Article L. 228-10 of the French Commercial Code, the Gaz de France shares issued as consideration for the Merger would be tradable as from the completion of the related capital increase and would be admitted to trading on Euronext Paris. Both existing and newly-issued Gaz de France shares

would also be admitted to trading on Euronext Brussels and on the regulated market of the Luxembourg stock exchange. However, they would not be admitted to trading on the Swiss stock exchange and an application has been made to delist SUEZ shares from the Swiss stock exchange subject to completion of the Merger.

As Gaz de France's bylaws do not provide for double voting rights for registered shares held for more than two years and as no such provision will be submitted for approval to Gaz de France shareholders, the shareholders of SUEZ (whose bylaws currently provide for double voting rights) who receive Gaz de France shares in connection with the Merger would not be entitled to double voting rights after the Merger.

MERGER PREMIUM

The difference between (i) the portion of the net assets transferred by the Company (excluding treasury shares) corresponding to SUEZ shares not held by Gaz de France, and before any adjustments for distributions carried out in the interim period (i.e. the effective date of the Merger and the Completion Date) less the full amount of any such distributions, representing €28,963,905,475; and (ii) the nominal amount of the capital increase to be carried out by Gaz de France, representing €1,207,660,692, would correspond to a merger premium amounting to €27,756,244,783.

This merger premium would be recorded in Gaz de France's financial statements in a "Merger premium" account to which existing and new Gaz de France shareholders would have equivalent rights. The merger premium may be allocated in any

appropriate way approved by Gaz de France's shareholders in accordance with the provisions of the Merger Agreement relating to the allocation of said premium.

At the Extraordinary Shareholders' Meeting called to approve the proposed merger Gaz de France shareholders will be invited to authorize the Board of Directors to deduct any and all amounts from the merger premium in order to (i) set up in the new company's accounts the reserves and untaxed provisions recorded in SUEZ's balance sheet; (ii) offset any expenses or taxes incurred or due in connection with the Merger; (iii) allocate the required amounts to the legal reserve; and (iv) cancel the dividend payments made by Gaz de France to SUEZ during the above-described interim period.

MERGER DEFICIT

The difference between the portion of the net assets transferred by SUEZ (excluding treasury shares and before any adjustments for distributions carried out during the interim period) that corresponds to SUEZ shares held by Gaz de France (representing €223,696,581) and the carrying amount of the SUEZ shares held

by Gaz de France (amounting to €256,081,804) would give rise to a merger deficit of €32,385,223.

In view of its nature, this merger deficit would be recorded in Gaz de France's balance sheet in a "Merger deficit" sub-account under intangible assets.

APPLICABLE TAX REGIME

The Merger would be subject to the corporate income tax regime applicable to mergers provided for in Article 210 A of the French Tax Code, based on:

- Applications submitted to the French tax authorities to obtain advance tax rulings and follow-up rulings relating to (i) the transfer of part of the Company's tax losses to Gaz de France in accordance with Articles 223 I 5 and 223 I 6 of the French Tax Code; (ii) the transfer of another portion of the Company's tax losses to SUEZ Environnement Company in accordance with Articles 223 I 5 and 223 I 7 of said Code; and (iii) application of the preferential tax regime provided for in Articles 210 A, 210 B and 115-2 of said Code for the Transfer/Distribution and the Merger.
- Letters dated June 3, 2008 received from the French tax authorities stating that in principle they will approve these advance tax rulings and follow-up rulings provided certain conditions are respected.

UNDERTAKING BY GAZ DE FRANCE TO TAKE OVER THE COMMITMENTS MADE BY THE COMPANY TO HOLDERS OF SUEZ STOCK OPTIONS AND BENEFICIARIES OF SUEZ SHARE GRANTS

As from the Completion Date, Gaz de France would take over SUEZ's commitments (as adjusted following the Distribution) given to (i) holders of SUEZ stock options; and (ii) beneficiaries of SUEZ share grants. As a result the rights of these option holders and beneficiaries

would relate to Gaz de France shares instead of SUEZ shares. The terms and conditions of the adjustments that would be made in this respect are described in the Merger Agreement as well as in section 2.2.6 of the Merger Prospectus.

HOLDERS OF SUEZ DEPOSITARY RECEIPTS ("SUEZ DRs"), SUEZ VVPR STRIPS AND SUEZ ADRs

Current holders of SUEZ DRs would be required to remit their SUEZ DRs to Euroclear France via their customary bank or broker in order to receive a number of new Gaz de France shares determined based on the merger exchange ratio. As in the case of shareholders, holders of fractional SUEZ DRs would be personally responsible for purchasing or selling the requisite number of securities to obtain a whole multiple (and if necessary dematerializing their shares). Gaz de France would bear the costs of purchasing or selling fractional shares in accordance with the above-described conditions. New Gaz de France shares issued in connection with the Merger may not be held in the form of depositary receipts.

Holders of SUEZ VVPR strips would receive a number of Gaz de France VVPR strips determined based on the merger exchange ratio. Holders who do not possess a sufficient number of SUEZ VVPR strips to exercise all of their rights would be personally responsible for purchasing or selling the requisite number of securities to enable them to exercise such rights. In order to facilitate this process, fractional SUEZ VVPR strips would continue to be traded on Euronext Brussels for three (3) months after the Completion Date. Holders of SUEZ VVPR strips would bear any related costs they may incur.

Following this three-month period, it would only be possible to trade SUEZ VVPR strips over-the-counter. In addition, exchanges of SUEZ VVPR strips for Gaz de France VVPR strips may no longer be carried out following the sale of any Gaz de France shares remaining unclaimed following the Merger as described in section 2.2.5 of the Merger Prospectus.

Once the Merger is completed, holders of SUEZ VVPR strips would no longer be entitled to reduced withholding tax on dividends paid by Gaz de France.

No application will be submitted to admit existing and newly-issued Gaz de France shares to trading on the New York Stock Exchange. However, an unlisted American Depositary Receipts (ADR) program for newly-issued Gaz de France shares would be set up. Under this program, holders of SUEZ ADRs would receive Gaz de France ADRs in connection with the Merger, in accordance with the terms and conditions described in the information notice (Form F-4) provided to American shareholders and the contract entered into with the depositary bank.

CONDITIONS PRECEDENT AND COMPLETION OF THE MERGER

The Merger Agreement drawn up on June 5, 2008 and submitted for your approval provides that – subject to fulfillment of the following conditions precedent – (i) the Merger would be carried out on the Completion Date, immediately after completion of the Rivolam Merger and the Transfer/Distribution; and (ii) at the same date and subject to the same conditions precedent, the Company would be immediately dissolved without being liquidated.

Conditions precedent:

- (i) Approval of the Merger by the Company's General Shareholders' Meeting and completion of the Rivolam Merger.
- (ii) Approval of the Transfer by the General Shareholders' Meetings of SUEZ and SUEZ Environnement Company and completion of the Transfer.
- (iii) Approval of the Distribution by the Company's General Shareholders' Meeting and completion of the Distribution.
- (iv) Signature of the SUEZ Environnement Company shareholder pact.
- (v) The decision by Euronext Paris to admit SUEZ Environnement Company shares to trading on Euronext Paris.
- (vi) Approval by the Company's Ordinary and Extraordinary Shareholders' Meeting of the proposed merger between SUEZ and Gaz de France, including the dissolution of the Company without liquidation.
- (vii) Approval by Gaz de France's Extraordinary Shareholders' Meeting of the Merger and the ensuing capital increase, as described in the Merger Agreement.
- (viii) Approval by Gaz de France's Extraordinary Shareholders' Meeting of (i) the proposal to take over the Company's obligations concerning stock options and share grants; and (ii) where required, the waiver by existing shareholders of any corresponding pre-emptive subscription rights.
- (ix) Implementation of the order issued by the French Ministry of the Economy, Industry and Employment setting the terms and conditions of the Merger relating to the exchange parity and stock option plans, in line with an opinion issued by the *Commission des participations et des transferts*; and
- (x) Publication of the objectives of the industrial, commercial and financial cooperation agreement entered into between SUEZ and Gaz de France.

CREDITORS' RIGHTS TO OPPOSE THE MERGER

In accordance with Article L. 236-14 of the French Commercial Code, creditors of the Company and Gaz de France with receivables outstanding prior to the June 11, 2008 publication of the proposed merger would be entitled to issue objections to

the merger within thirty (30) calendar days of the most recent publications of notices on the proposed merger pursuant to Article R. 236-2 of said Code.

CONSULTATION PROCEDURE WITH EMPLOYEE REPRESENTATIVES

As part of the consultation procedure with employee representatives, on November 29, 2007 the Company's Works Council issued a favorable opinion on the proposed merger. However the European Dialogue Committee issued an unfavorable opinion on January 7, 2008.

As part of the consultation procedure with employee representatives, Gaz de France's European Works Council and Central Works Council each issued an unfavorable opinion on the proposed merger, on March 11, 2008 and May 26, 2008 respectively.

MERGER AUDITORS' REPORT

Messrs Ledouble, Ricol and Baillot – the Merger auditors appointed by the Paris Commercial Court on May 30, 2006 – have submitted their reports on the terms and conditions of the merger and on the valuation of the net assets to be transferred. Based on the information provided to them and the controls they performed, and considering the characteristics of the transaction and the circumstances of their engagement, they concluded that (i) the exchange ratio of twenty-one Gaz de France shares for twenty-two SUEZ shares, following

the distribution by SUEZ to its shareholders (other than SUEZ itself) of 65% of the share capital of SUEZ Environnement Company is fair; and (ii) the amount of the net assets to be transferred by the Company is at least equal to the amount of the Gaz de France share issue plus the issue premium.

The Merger auditors' report on the valuation of the net assets to be transferred will be filed with the Paris Commercial Court.

GOVERNANCE RULES RELATING TO THE NEW GROUP AND PROPOSED FINANCIAL AUTHORIZATIONS

In connection with the Merger, SUEZ and Gaz de France have signed a draft framework agreement (the "**Framework Agreement**") aimed at setting the principles of the structure, operation and governance of the new group to be formed as a result of the merger between SUEZ and Gaz de France.

The main provisions of the Framework Agreement – which are described in detail in sections 3.5 and 3.6 of the Merger Prospectus – are as follows:

- The new group will comprise the following six operating divisions: five Energy divisions (Infrastructure, Global Gas & GNL, Energy France, Energy Europe and International, and Energy Services) and an Environment division.
- The new group created from the merger will be structured around the 10 central functions described in the Merger Prospectus.
- The Board of Directors will initially comprise 24 members whose names are provided in the Merger Prospectus, based on the following membership structure:
 - 10 members proposed by SUEZ (of whom at least 5 will be independent).
 - 10 members proposed by Gaz de France (of whom at least 2 will be independent), including 7 representatives of the French State in accordance with the applicable regulations.
 - 3 members elected by the employees of SUEZ and Gaz de France, within 6 months of the Completion Date, and 1 member representing employee shareholders (in line with the parties' wish that there be a balanced representation of employees from the two groups).
- Five Board Committees will be set up covering areas relating to audit, strategy and investments, nominations and compensation, and ethics, the environment and sustainable development. At least half of the members of these Committees (two-thirds for the Audit Committee) will be independent directors. Their

operating procedures will be set out in the Board of Directors' internal rules as part of the description of the Board's general practices. An outline of these proposed internal rules is provided in the Merger Prospectus.

- Gérard Mestrallet will be Chairman and CEO of the new Group and Jean-François Cirelli will be Vice Chairman and President. Major decisions such as management appointments, financial and investment strategy, mergers, acquisitions and disposals will be taken jointly and restrictions on the Chairman and CEO's and Vice Chairman and President's powers will be set in the Board's internal rules (see section 3.6 of the Merger Prospectus).
- The Management Board will comprise six members, including Gérard Mestrallet and Jean-François Cirelli, as well as four Chief Operating Officers – Messrs Colliou, Dauger, Hansen and Lamarche. The Executive Committee will have 19 members whose names are provided in the Merger Prospectus.
- The financial authorizations for the new group, which are described in detail in the Merger Prospectus, include (i) standard authorizations to carry out capital increases with or without pre-emptive subscription rights for existing shareholders (including employee rights issues), subject to an overall ceiling of €310 million (excluding capital increases paid up by capitalizing reserves, additional paid-in capital, income or other eligible amounts); (ii) an authorization to grant shares free of consideration to employees and officers of GDF SUEZ Group entities, provided the shares thus granted do not represent more than 0.5% of the new company's capital (an aggregate ceiling that also covers the stock option authorization); (iii) an authorization to grant stock options to employees and officers of GDF SUEZ Group entities, provided that the shares issued on exercise of the options do not represent more than 0.5% of the new company's capital (an aggregate ceiling that also covers the share grant authorization); and (iv) authorizations to buy back and cancel treasury shares.

- The Merger will result in the two groups being gradually integrated together. Executive management representatives will be selected equally from both SUEZ and Gaz de France and a concerted effort will be made to avoid simply juxtaposing the operations of the two groups, by setting up specific structures to achieve the planned synergies. The main principle adopted will be that when the head of a department or division is from one group, his or her deputy will be from the other group provided that they have the right skills.
 - There will also be a concerted effort to ensure that there is a mix of SUEZ and Gaz de France representatives on (i) the Boards of Directors of the Group's main subsidiaries and (ii) the management committees of the operating divisions.
 - The main amendments to Gaz de France's bylaws made in connection with the Merger are described in the Merger Prospectus.
 - The two groups have agreed that the Merger will not have an unfavorable impact on current job conditions for SUEZ and Gaz de France employees, notably regarding compensation and retirement benefits. A special committee will be set up to manage job conditions for SUEZ and Gaz de France employees, whose members will comprise an equal number of representatives from SUEZ and Gaz de France. The objectives of this committee will be to converge job conditions and ensure that they are in line with those applicable in comparable global groups.
 - Both parties will agree to undertake talks as of 2008 to set up an employee share ownership program.
- You are therefore also asked to note the following (subject to fulfillment of the conditions precedent set out in Section IV of the Merger Agreement):
- (i) The shares issued by Gaz de France as consideration for the Merger will be immediately and directly allocated to the Company's shareholders – other than Gaz de France and SUEZ itself – at the Completion Date, based on an exchange ratio of twenty-one Gaz de France shares for twenty-two SUEZ shares. This allocation will take place immediately after the completion of (i) the Rivolam Merger described in the first resolution; (ii) the Transfer referred to in the second resolution; and (iii) the Distribution referred to in the third resolution.
 - (ii) In accordance with Article L. 228-10 of the French Commercial Code, all of the shares issued by Gaz de France as consideration for the Merger will be tradable as from the completion of the capital increase carried out as a result of the Merger, on the Completion Date and immediately after the completion of (i) the Rivolam Merger described in the first resolution; (ii) the Transfer referred to in the second resolution; and (iii) the Distribution referred to in the third resolution.
 - (iii) SUEZ will be automatically dissolved on the Completion Date, without being liquidated.

7. POWERS TO CARRY OUT FORMALITIES (SIXTH ORDINARY RESOLUTION)

In the sixth resolution you are invited to give full powers to the bearer of an original, extract or copy of the minutes of the Ordinary and Extraordinary Shareholders' Meeting of July 16, 2008 to carry out all necessary publication, filing and other formalities as required by the applicable laws and regulations.

We would be happy to answer any questions you may have on any specific phase of the Merger, or on the Merger as a whole.

We sincerely hope that the proposed operation will receive your approval.

The Board of Directors

PRESENTATION OF THE CONTEXT AND SUMMARY OF THE RESOLUTIONS

Introduction:

For a detailed presentation of the resolutions and corresponding transactions, please refer to the Report of the Board of Directors to the General Meeting of Shareholders and to the appendices thereto, and notably to the Prospectuses filed with the Autorité des Marchés financiers and relative to the SUEZ - Gaz de France merger and to the listing for trading of the SUEZ Environnement Company shares.

PRESENTATION OF THE PRINCIPAL LEGAL TRANSACTIONS REQUIRED FOR THE MERGER OF SUEZ AND GAZ DE FRANCE AND PROPOSED TO THE GENERAL MEETING OF SHAREHOLDERS OF JULY 16, 2008

Six resolutions are submitted for approval of the shareholders of SUEZ. All the resolutions pertain to the completion of the planned merger of SUEZ and Gaz de France and reflect the series of legal transactions required in advance.

The planned merger is designed to create a worldwide leader in the energy sector. This major industrial transaction is based on a consistent industrial project boosting the development of the two groups. By means of ambitious objectives for synergies and results, the goal of the planned merger is to create value for all stakeholders involved and a high shareholder payout policy.

Along with the planned merger there will be an initial public offering of SUEZ' Environment business. This transaction will provide greater visibility for SUEZ Environnement along with direct access to the financial markets backed by the support of stable shareholders enabling it to pursue its aggressive growth strategy. This deal will create a company focused on the Environment becoming one of the two global leaders in the waste and water sectors and boosted by a blue chip status on the stock market.

The merger exchange ratio proposed to SUEZ shareholders is 21 Gaz de France shares for 22 SUEZ shares, after distribution of 65% of the Environment business line to SUEZ shareholders. This merger exchange ratio was confirmed by SUEZ' Board of Directors at its meeting of June 4, 2008.

The Paris Commercial court has appointed auditors to value the transaction; their reports are included in the SUEZ - Gaz de France merger prospectus and in the prospectus for the listing of SUEZ Environnement Company. In addition, several top ranking financial institutions have confirmed the fairness of the terms of the transaction: BNP Paribas and JP Morgan in their capacity as bank advisors to SUEZ, HSBC as bank advisor to the Board of Directors of SUEZ, and Oddo as independent expert, which submitted a fairness opinion to SUEZ' Board of Directors.

The legal transactions to be completed are as follows:

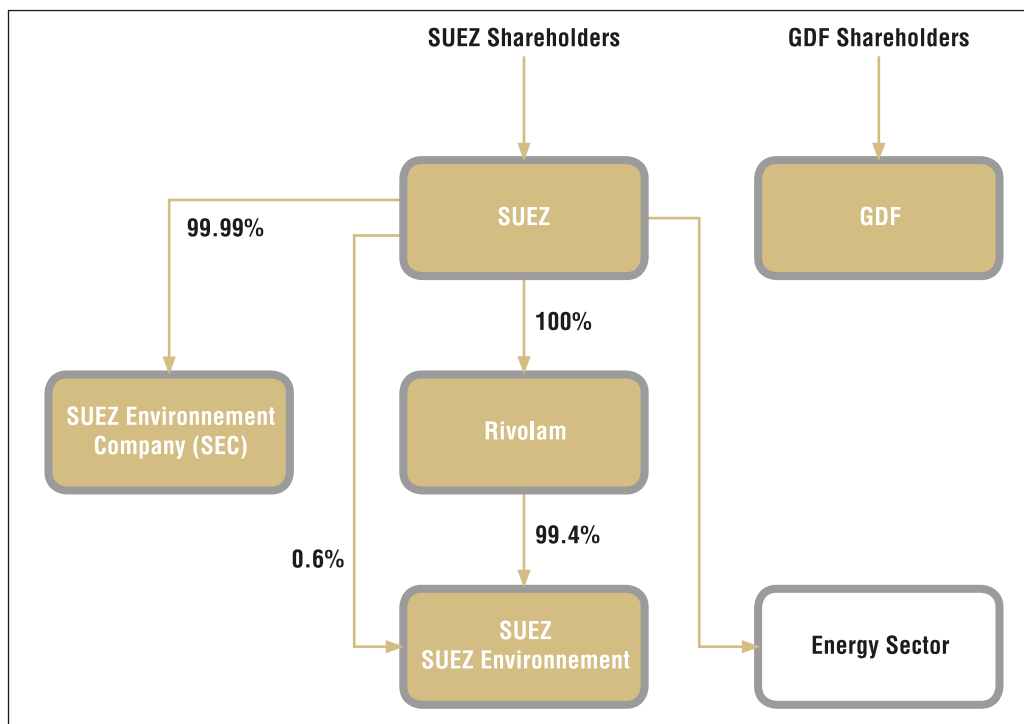
1. Simplifying SUEZ' holding structure of SUEZ Environnement;
 - SUEZ will take over Rivolam, its wholly-owned subsidiary holding the shares in SUEZ Environnement as its main asset (1st Resolution);
2. In order for the distribution of 65% of the Environment business to benefit from a tax treatment benefiting SUEZ shareholders, the following transactions are planned:
 - SUEZ will transfer to SUEZ Environnement Company, a 99.9%-held ⁽¹⁾. special purpose subsidiary, the entire share capital of SUEZ Environnement (2nd Resolution);
 - SUEZ will distribute 65% of SUEZ Environnement Company shares to its own shareholders, in proportion to their equity stake in SUEZ. Each SUEZ shareholder will receive one SUEZ Environnement Company share for four SUEZ shares (3rd Resolution);
3. Merger-takeover of SUEZ by Gaz de France (5th Resolution);
4. Flotation of the newly issued SUEZ Environnement Company and GDF SUEZ shares on the Euronext Paris and Euronext Brussels stock exchanges.

These transactions will be completed concomitantly, in the order indicated above at zero hours on July 22, 2008; GDF SUEZ and SUEZ Environnement Company shares will be quoted for the first time when the Euronext Paris and Euronext Brussels markets open.

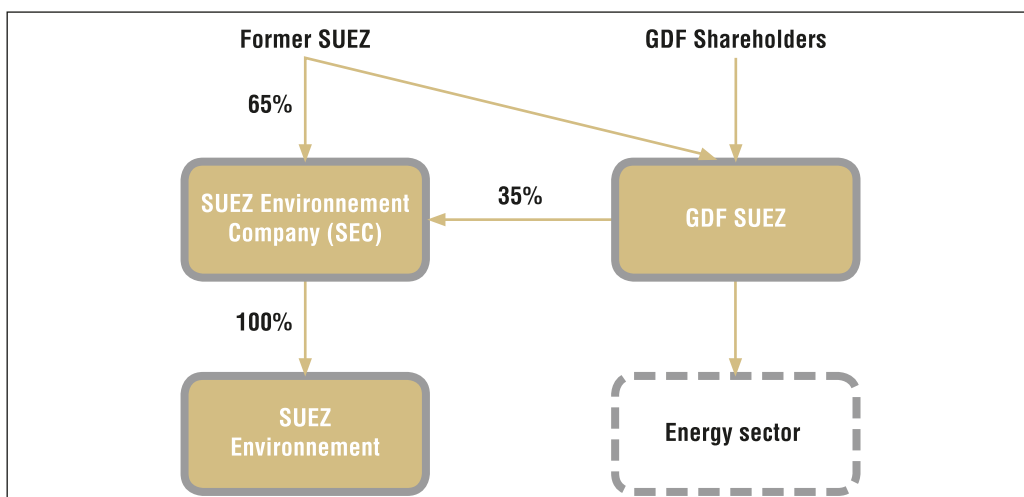
The merger of SUEZ and Rivolam, the asset transfer followed by the distribution of SUEZ Environnement Company and the merger of SUEZ and Gaz de France are interdependent transactions and, therefore, none of them can be completed unless the other ones are adopted. Consequently, the General Meeting of Shareholders may not decide to solely distribute the 65% stake in the Environment business line or solely the merger of SUEZ and Gaz de France.

(1) The remaining shares are held by directors of the company.

ORGANIZATIONAL CHART BEFORE THE TRANSACTION



ORGANIZATIONAL CHART AFTER THE TRANSACTION



Summary of the resolutions:

- resolutions 1 to 3 pertain to the approval of the transactions intended to enable SUEZ to distribute 65% of the share capital of SUEZ Environnement Company to its shareholders;
- resolution 4 pertains to the approval of regulated agreements;
- resolution 5 pertains to the approval of the planned merger of SUEZ and Gaz de France;
- resolution 6 pertains to performance of formalities pursuant to the decisions of the General Meeting of Shareholders.

SUMMARY OF RESOLUTIONS

1st resolution

The purpose of this resolution is the approval by the shareholders of the simplified merger of Rivolam into SUEZ. This is a technical procedure enabling the transfer of all of the SUEZ Environnement shares, currently held by Rivolam, to SUEZ in order to facilitate the transactions provided for by the subsequent resolutions, upon which it is contingent. This resolution is subject to the conditions precedent contained in the Rivolam Merger Agreement.

2nd resolution

The purpose of this resolution is the approval by the shareholders of the transfer of SUEZ Environnement shares by SUEZ to SUEZ Environnement Company, with a view to enabling the distribution of 65% of SUEZ Environnement Company's shares under a tax regime that is favorable to SUEZ shareholders. This transaction will be governed by the French legal regime applicable to demergers. This resolution is subject to the conditions precedent contained in the Transfer Agreement.

3rd resolution

The purpose of this resolution is the approval by the shareholders of the allocation of 65% of the shares in SUEZ Environnement Company by way of distribution to SUEZ shareholders, based on a ratio of 1 SUEZ Environnement Company share for 4 SUEZ shares.

The brokerage fees relating to the sale or purchase of fractional allocation rights will be compensated for an amount of €8 inclusive of VAT for a maximum of 3 SUEZ Environnement Company fractional allocation rights. SUEZ Environnement Company shares will be listed for trading on the Euronext Paris and Euronext Brussels markets on July 22, 2008. This resolution is subject to the same conditions precedent as the previous resolution.

4th resolution

The purpose of this resolution is the approval by the shareholders of the regulated agreements falling within the scope of the proposed distribution of SUEZ Environnement Company shares. These include:

- SUEZ Environnement Company's shareholders' agreement;
- Cooperation agreement between SUEZ and SUEZ Environnement Company;

- Framework agreement regarding the financing of SUEZ Environnement and SUEZ Environnement Company;
- Trademark agreement;
- Memorandum of understanding with regard to Argentine operations.

These agreements are the subject of comments set out in the Statutory Auditors' special report.

5th resolution

The purpose of this resolution is the approval by the shareholders of the merger of SUEZ into Gaz de France.

Pursuant to this resolution, following the distribution of SUEZ Environnement shares, the exchange ratio applicable with respect to the merger will be 21 Gaz de France shares for 22 SUEZ shares. The brokerage fees relating to the sale or purchase of fractional allocation rights will be compensated for an amount of €8 inclusive of VAT for a maximum of 21 SUEZ shares. Subject to the approval by Gaz de France's Extraordinary Shareholders' Meeting of the merger and the resulting capital increase, the new Gaz de France shares will be listed for trading on the Euronext Paris and Euronext Brussels markets and on the Luxembourg stock exchange on July 22, 2008. This resolution is subject to the conditions precedent contained in the SUEZ - Gaz de France Merger Agreement.

6th resolution

The purpose of this resolution is to give full powers to the bearer of an original, copy or extract of the minutes of the Shareholders' Meeting to carry out all necessary publication, filing and other formalities required by law.

STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS WITH THIRD PARTIES

This is a free translation into English of the statutory auditors' special report on regulated agreements and commitments with third parties that is issued in the French language and is provided solely for the convenience of English speaking readers. This report on regulated agreements and commitments should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code (Code de Commerce) and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

To the Shareholders,

In our capacity as statutory auditors of your Company, we hereby report to you on the regulated agreements and commitments with third parties authorized during the period January 1, to June 5, 2008.

Pursuant to Article L. 225-40 of the French Commercial Code (*Code de commerce*), the following agreements, previously authorized by the Board of Directors of your Company between January 1, and June 5, 2008, have been brought to our attention.

The terms of our engagement do not require us to identify such other agreements, if any, but to communicate to you, based on information provided to us, the principal terms and conditions of those agreements brought to our attention, without expressing an opinion on their usefulness and appropriateness. It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code (*Code de commerce*), to assess the interest involved in respect of the conclusion of these agreements for the purpose of approving them.

We conducted our procedures in accordance with professional standards applicable in France; those standards require that we agree the information provided to us with the relevant source documents.

The agreements described in this report relate mainly to the way SUEZ Environnement will function after the distribution by SUEZ of 65% of its shares in its subsidiary SUEZ Environnement Company to its shareholders.

1. SUEZ ENVIRONNEMENT COMPANY SHAREHOLDERS' AGREEMENT

The Board of Directors authorized the following agreement during its meeting on June 4, 2008:

Pursuant to the SUEZ Environmental Division "Spin-off - Distribution", which will lead to the listing of SUEZ Environnement Company shares on the Euronext Paris and Euronext Brussels stock markets, SUEZ (which will become GDF SUEZ following the merger), Groupe Bruxelles Lambert, Sofina, Caisse des Dépôts et Consignations, Areva and CNP Assurances, together with SUEZ Environnement Company entered into a shareholders' agreement on June 5, 2008 for a renewable period of 5 years, commencing on the date of Spin-off - Distribution.

Pursuant to this shareholders' agreement the parties act in concert, as defined by Article L. 233-10 of the French Commercial Code (*Code de commerce*), with GDF SUEZ playing the leading role. The agreement effectively confers control of SUEZ Environnement Company to GDF SUEZ.

The shareholders' agreement shall terminate in advance should (i) all the shares represented by the agreement represent less than 20% of the share capital of SUEZ Environnement Company, (ii) or should GDF SUEZ no longer be the leading shareholder party to the agreement. Moreover, should any of the parties hold less than a third of its initial shareholding, the shareholders' agreement shall terminate for this party but shall be maintain for the other parties.

As Mr. Gérard Mestrallet, is both Chairman and CEO of SUEZ and Chairman of the Board of Directors of SUEZ Environnement Company,

As Mr. Albert Frère, is both Vice-Chairman of the Board of Directors of SUEZ and Chairman of the Board of Directors and Executive Director of Groupe Bruxelles Lambert,

As Mr. Edmond Alphandery is both Director of SUEZ and Chairman of the Board of Directors of CNP Assurances,

As Mr. Etienne Davignon, is both Director of SUEZ and Director of Sofina,

As Mr. Paul Desmarais Jr., is both Director of SUEZ and Director of Groupe Bruxelles Lambert,

As Mr. Richard Goblet d'Alviella, is both Director of SUEZ and Executive Director of Sofina,

As Mr. Thierry de Rudder, is both Director of SUEZ and Executive Director of Groupe Bruxelles Lambert,

As Mrs. Anne Lauvergeon, is both Director of SUEZ and Chair of the Areva Executive Board,

and as Groupe Bruxelles Lambert, is a SUEZ shareholder with over 10% of the voting rights, this agreement is governed by Article L. 225-38 of the French Commercial Code (*Code de Commerce*) on regulated agreements with third parties.

2. COOPERATION AND SHARED SERVICES AGREEMENT BETWEEN SUEZ AND SUEZ ENVIRONNEMENT COMPANY

During its meeting on June 4, 2008, the Board of Directors authorized the signature of a cooperation and shared services agreement between SUEZ and SUEZ Environnement Company, which come into effect after the distribution by SUEZ of 65% of its shares in its subsidiary SUEZ Environnement Company to its shareholders .

Under this agreement, SUEZ and SUEZ Environnement Company agree to continue current cooperation, primarily in the areas of strategy, accounting services, internal control, audit and risk, finance, tax policy, IT services and communication, noting that in the event of completion of the proposed merger-takeover of SUEZ by Gaz de France, all rights and obligations of SUEZ under this agreement shall be transferred to the company resulting from the merger, to be known as GDF SUEZ.

SUEZ Environnement Company and SUEZ reaffirm their attachment to the SUEZ Group "Social Pact" and the continued application of charters and agreements signed within the Group. Subject to legislative and regulatory provisions, employees of SUEZ Environnement Company and its subsidiaries shall qualify for future stock option and bonus share plans and future employee-shareholder plans of GDF SUEZ.

Finally, SUEZ Environnement Company and SUEZ agree that SUEZ Environnement Company shall continue to benefit from centralized services provided by GDF SUEZ and notably GDF SUEZ centers of excellence.

Services rendered pursuant to the cooperation and shared services agreement shall be billed between SUEZ Environnement Company and GDF SUEZ on an arm's length basis.

The cooperation and shared services agreement shall terminate automatically, in advance, should GDF SUEZ lose control of SUEZ Environnement Company, subject, where applicable, to transition periods to be determined between the parties on an individual case basis.

As Mr. Gérard Mestrallet is both Chairman and CEO of SUEZ and Chairman of the Board of Directors of SUEZ Environnement Company, this agreement is governed by Article L. 225-38 of the French Commercial Code (*Code de Commerce*) on regulated agreements with third parties.

3. FRAMEWORK AGREEMENT CONCERNING THE FINANCING OF SUEZ ENVIRONNEMENT AND SUEZ ENVIRONNEMENT COMPANY

Pursuant to the SUEZ Environmental Division Spin-off - Distribution, which will lead to the listing of SUEZ Environnement Company on the Euronext Paris and Euronext Brussels stock markets, your Board of Directors authorized during its meeting on June 4, 2008, the signature between SUEZ, SUEZ Finance, SUEZ Environnement Company and SUEZ Environnement of a financing framework agreement setting forth the principal financing terms and conditions for the SUEZ Environnement Company Group for the period 2008-2010.

Financing shall be provided by SUEZ Finance or any other SUEZ Group entity and may be granted to any entity of the SUEZ Environnement Company Group. SUEZ Environnement Company or SUEZ Environnement shall guarantee repayment where financing is granted to one of their subsidiaries. The total amount of financing granted shall be limited to the total financing requirements of the SUEZ Environnement Company Group, as agreed annually between SUEZ and SUEZ Environnement Company.

Loans shall bear interest on an arm's length basis, according to the term of the loan.

Throughout the term of the framework agreement and subject to certain exceptions, SUEZ Environnement Company and SUEZ Environnement undertake not to sell all or part of their assets without the prior agreement of SUEZ Group, or to grant collateral secured on their assets for financing purposes.

The SUEZ Group financing commitment shall terminate and SUEZ Group may request repayment of financing granted in the event of a change in control of SUEZ Environnement Company Group, evidenced by (i) the loss by SUEZ of control of SUEZ Environnement Company, (ii) the loss by SUEZ Environnement Company of control of SUEZ Environnement as defined by Article L. 233-3 of the French Commercial Code (*Code de Commerce*), or (iii) the cessation of full consolidation (as defined by IFRS) of SUEZ Environnement Company and SUEZ Environnement by SUEZ.

As Mr. Gérard Mestrallet is both Chairman and CEO of SUEZ and Chairman of the Board of Directors of SUEZ Environnement and SUEZ Environnement Company, this agreement is governed by Article L. 225-38 of the French Commercial Code (*Code de Commerce*) on regulated agreements with third parties.

4. BRAND LICENSE AGREEMENT

Pursuant to the SUEZ Environmental Division Spin-off - Distribution, which will lead to the listing of SUEZ Environnement Company on the Euronext Paris and Euronext Brussels stock markets and pursuant to the planned GDF SUEZ merger, your Board of Directors authorized during its meeting on June 4, 2008, the signature between SUEZ and SUEZ Environnement of a brand license agreement under the terms of which SUEZ, and therefore the merged entity GDF SUEZ, grants SUEZ Environnement, for a term of 5 years starting from the date of the merger between SUEZ and Gaz de France (renewable by tacit agreement), the right to the non-exclusive and gratuitous use of the "SUEZ" brand in its company name and certain of its brands.

The agreement states that SUEZ will be entitled to a view on communication and promotion envisaged by SUEZ Environnement.

SUEZ will be entitled to terminate the brand license agreement should SUEZ cease to hold more than 5% in SUEZ Environnement capital or should SUEZ Environnement be subject to a hostile acquisition.

As Mr. Gérard Mestrallet is both Chairman and CEO of SUEZ and Chairman of the Board of Directors of SUEZ Environnement, this agreement is governed by Article L. 225-38 of the French Commercial Code (*Code de Commerce*) on regulated agreements with third parties.

5. MEMORANDUM OF UNDERSTANDING CONCERNING ARGENTINA

Pursuant to the SUEZ Environmental Division Spin-off - Distribution, which will lead to the listing of SUEZ Environnement Company on the Euronext Paris and Euronext Brussels stock markets, your Board of Directors authorized during its meeting on June 4, 2008, and subject to the condition precedent of the completion of the GDF SUEZ merger, the signature of an agreement between SUEZ and SUEZ Environnement concerning the economic transfer to SUEZ Environnement of the rights and obligations relating to and flowing from investments held by SUEZ in the Argentine companies Aguas Argentinas and Aguas Provinciales de Santa Fe (the "Argentine rights").

Notably, SUEZ and SUEZ Environnement agreed:

- the transfer by SUEZ to SUEZ Environnement of the benefit of:
 - (i) economic rights relating to the holding of shares in the Argentine companies, including any amounts received by SUEZ as a result of current or future legal proceedings, and
 - (ii) non-pecuniary rights relating to the holding of shares in the Argentine companies;

- costs, sentences and other economic damages (excluding damage to reputation) potentially resulting from ownership of shares in the Argentine companies shall be borne:
 - (i) by SUEZ up to the residual amount of the corresponding contingency provision recorded in the SUEZ financial statements (€63.3 million as of December 31, 2007), and
 - (ii) by SUEZ Environnement for the excess.
- SUEZ shall pay to SUEZ Environnement the amount of any provision reversal and, where applicable, the residual balance on such provision as of the date on which the Argentine risks are extinguished or the contract arrives at its term;
- SUEZ (GDF SUEZ after the merger) shall transfer to SUEZ Environnement ownership of the shares in the Argentine companies at first request.

As Mr. Gérard Mestrallet is both Chairman and CEO of SUEZ and Chairman of the Board of Directors of SUEZ Environnement, this agreement is governed by Article L. 225-38 of the French Commercial Code (*Code de Commerce*) on regulated agreements with third parties.

Neuilly-sur-Seine, June 13, 2008

Statutory Auditors

ERNST & YOUNG & Autres
Pascal Macioce

Nicole Maurin

DELOITTE & ASSOCIES
Jean-Paul Picard

Pascal Pincemin

EXTRAORDINARY RESOLUTIONS

1st resolution

REVIEW AND APPROVAL OF THE SIMPLIFIED MERGER OF RIVOLAM INTO SUEZ AND THE SUBSEQUENT DISSOLUTION OF RIVOLAM WITHOUT LIQUIDATION, SUBJECT TO FULFILLMENT OF THE RELATED CONDITIONS PRECEDENT

Having considered:

- the Board of Directors' report;
- the report drawn up by Messrs Ledouble and Ricol, the Merger Auditors appointed by the Paris Commercial Court on October 17, 2007;
- the agreement relating to the simplified merger of Rivolam into SUEZ (the "Rivolam Merger Agreement"), drawn up in the form of a private deed dated June 5, 2008;
- the financial statements of Rivolam and SUEZ at December 31, 2007, as approved by their respective shareholders on April 16, 2008 and May 6, 2008;

the shareholders:

1. Approve all the provisions of the Rivolam Merger Agreement, whereby Rivolam – a joint stock company (*société anonyme*) with a share capital of €5,736,882,100, whose registered office is located at 16, rue de la Ville l'Evêque, 75008 Paris, France, and which is registered with the Paris Companies' Registry under number 430 440 586 – will be merged into SUEZ – a joint stock company (*société anonyme*) with a share capital of €2,617,883,906, whose registered office is located at 16, rue de la Ville l'Evêque, 75008 Paris, France, and which is registered with the Paris Companies' Registry under number 542 062 559 – by transferring all of its assets and liabilities (the "Rivolam Merger"), provided the conditions precedent set out in Section V of the Rivolam Merger Agreement are met. The shareholders further approve:
 - (i) the valuation of the assets transferred and liabilities assumed, based on the carrying amounts recorded in Rivolam's balance sheet at December 31, 2007 and amounting to €6,538,024,279 and €2,435,589 respectively, representing a total net asset transfer of €6,535,588,690; and
 - (ii) January 1, 2008 as the retroactive effective date of the transaction for accounting and tax purposes.
2. Resolve that as SUEZ held all of the 1,434,220,525 shares making up Rivolam's capital before the Rivolam Merger Agreement was filed with the Paris Commercial Court, in accordance with Articles L. 236-3 I and L. 236-3 II of the French Commercial Code, the merger will not lead to a capital increase and that the absorbed company will be immediately and automatically dissolved on completion of the merger, without being liquidated.
3. Note that the difference between the value of the net assets transferred – i.e. €6,535,588,690 – and the carrying amount of Rivolam's shares in SUEZ's financial statements at December 31, 2007 – i.e. €7,250,546,642 – corresponds to a merger deficit amounting to €714,957,952 which will be recorded in SUEZ's balance sheet in a "Merger deficit" sub-account under intangible assets.
4. Note that:
 - provided the conditions precedent set out in Section V of the Rivolam Merger Agreement are met, the simplified merger of Rivolam into SUEZ will be completed at 0h00 (CET) on the day on which SUEZ Environnement Company's shares are admitted to trading on Euronext Paris (as stated in the Notice of Admission to Trading issued by Euronext Paris), immediately prior to the completion of the Transfer, Distribution and Merger referred to in the second, third and fifth resolutions below (the "Rivolam Merger Completion Date").
 - subject to the same conditions, Rivolam will be automatically dissolved on the Rivolam Merger Completion Date, without being liquidated.
5. Give full powers to SUEZ's Board of Directors, including the power to delegate, to place on record the completion of the Rivolam Merger and to carry out any and all filing and other formalities that may be necessary in connection with the merger of Rivolam into SUEZ and the subsequent dissolution of Rivolam.

2nd resolution**REVIEW AND APPROVAL OF THE TRANSFER OF SUEZ ENVIRONNEMENT SHARES BY SUEZ TO SUEZ ENVIRONNEMENT COMPANY, GOVERNED BY THE FRENCH LEGAL REGIME APPLICABLE TO DEMERGERS AND SUBJECT TO FULFILLMENT OF THE RELATED CONDITIONS PRECEDENT**

Having considered:

- the Board of Directors' report, including the prospectus approved by the *Autorité des marchés financiers* relating to the admission to trading of SUEZ Environnement Company shares on Euronext Paris and Euronext Brussels in connection with the allocation of 65% of SUEZ Environnement Company's shares to SUEZ shareholders (other than SUEZ itself);
- the reports drawn up by Messrs Ledouble and Ricol, the Demerger Auditors appointed by the Paris Commercial Court on October 17, 2007, on the value of the assets transferred and the consideration paid for the transaction;
- the transfer agreement concerning the transaction governed by the French legal regime applicable to demergers and entered into between SUEZ and SUEZ Environnement Company by way of a private deed dated June 5, 2008 (the "Transfer Agreement");
- the financial statements of SUEZ and SUEZ Environnement Company at December 31, 2007, as approved by their respective shareholders on May 6, 2008 and March 6, 2008;

the shareholders:

1. Approve all the provisions of the Transfer Agreement and the transaction referred to therein (the "Transfer") governed by the French legal regime applicable to demergers in accordance with Article L. 236-22 of the French Commercial Code, whereby SUEZ will transfer to SUEZ Environnement Company – a joint stock company (*société anonyme*) with a share capital of €225,000, which is registered with the Paris Companies' Registry under number 433 466 570 – all of the shares making up the capital of SUEZ Environnement, including the shares held by SUEZ as a result of the Rivolam Merger referred to in the first resolution above, provided the conditions precedent set out in Section IV of the Transfer Agreement are met. The shareholders further approve:
 - the €6,157,390,333 valuation of the net assets transferred, based on the carrying amounts recorded in the balance sheets of SUEZ and Rivolam at December 31, 2007,

- the fact that there will be no joint and several liability between SUEZ and SUEZ Environnement Company, particularly with respect to SUEZ's liabilities, in accordance with Article L. 236-21 of the French Commercial Code,
 - the consideration for the Transfer, which will be paid through SUEZ Environnement Company increasing its capital by a nominal amount of €1,958,571,240 by issuing 489,642,810 new SUEZ Environnement Company shares with a par value of €4 each. The new shares issued by SUEZ Environnement Company as consideration for the Transfer will rank *pari passu* with the company's existing shares and will (i) be governed by the company's bylaws; (ii) carry rights to interim and final dividend payments as well as to any distributions of reserves (or similar amounts) made subsequent to their issue; and (iii) be tradable following the completion of the Transfer,
 - the completion date of the Transfer, which is set at 0h00 (CET) on the day on which SUEZ Environnement Company's shares are admitted to trading on Euronext Paris (as stated in the Notice of Admission to Trading issued by Euronext Paris), immediately after the completion of the Rivolam Merger referred to in the first resolution above, and immediately prior to the completion of the Distribution and Merger referred to in the third and fifth resolutions below (the "Transfer Completion Date"); and
 - January 1, 2008 as the retroactive effective date of the transaction for accounting and tax purposes;
2. Give full powers to the Board of Directors of SUEZ and/or of SUEZ Environnement Company, including the power to delegate, to place on record the completion of the Transfer and to carry out any and all filing and other formalities that may be necessary in connection therewith.

ORDINARY RESOLUTIONS

3rd resolution

ALLOCATION TO SUEZ SHAREHOLDERS OF 65% OF THE SHARES IN SUEZ ENVIRONNEMENT COMPANY BY WAY OF A DISTRIBUTION TO BE DEDUCTED FROM THE “ADDITIONAL PAID-IN CAPITAL” ACCOUNT, SUBJECT TO FULFILLMENT OF THE RELATED CONDITIONS PRECEDENT

Having considered:

- the Board of Directors’ report, including the prospectus approved by the *Autorité des marchés financiers* relating to the admission to trading of SUEZ Environnement Company shares on Euronext Paris and Euronext Brussels in connection with the allocation of 65% of SUEZ Environnement Company’s shares to SUEZ shareholders;
- the transfer agreement concerning the transaction governed by the French legal regime applicable to demergers and entered into between SUEZ and SUEZ Environnement Company by way of a private deed dated June 5, 2008 (the “Transfer Agreement”);
- the report drawn up by Messrs Ledouble and Ricol, the Demerger Auditors appointed by the Paris Commercial Court on October 17, 2007;

the shareholders:

1. Resolve – provided that all of the conditions precedent set out in Section IV of the Transfer Agreement are met – to allocate to SUEZ shareholders (excluding SUEZ itself), immediately after completion of the transaction provided for in the Transfer Agreement (the “Transfer”), 318,304,389 of the SUEZ Environnement Company shares issued as consideration for the Transfer. Said shares will be allocated pro rata to each shareholder’s existing holding in SUEZ based on a ratio of one (1) SUEZ Environnement Company share for four (4) SUEZ shares (the “Distribution”), and will represent 65% of SUEZ Environnement Company’s shares following completion of the Transfer (the “Distribution Completion Date”);
2. Resolve, subject to the same conditions, that in order to be entitled to receive the Distribution, holders of dematerialized shares (other than SUEZ) must ensure that their shares are recorded in their name at the close of the business day preceding the Transfer Completion Date as defined above, and holders of materialized shares must produce the corresponding share certificates;
3. Resolve, subject to the same conditions, that each SUEZ share held by a shareholder entitled to the Distribution will carry one (1) allocation right for SUEZ Environment Company shares, with four (4) such rights automatically entitling the shareholder to receive one (1) SUEZ Environnement Company share;
4. Resolve, subject to the same conditions, that if a SUEZ shareholder holds (i) less than four (4) SUEZ shares; or (ii) a number of shares that is not a multiple of four (4); said shareholder will receive fractional allocation rights for SUEZ Environnement Company shares with respect to the number of shares below four (4) or the number exceeding a multiple of four (4), subject to a cap of three (3) fractional rights per share account. In accordance with SUEZ’s bylaws, said shareholders will be personally responsible for:
 - (i) acquiring the number of fractional allocation rights necessary to obtain one (1) SUEZ Environnement Company share, or one (1) additional SUEZ Environnement Company share, as appropriate; or
 - (ii) selling their fractional allocation rights;
5. Notes that – provided the Distribution is completed and subject to a time limit of three (3) months following the Distribution Completion Date – the Company will bear the brokerage fees and related VAT incurred by each SUEZ shareholder as a result of:
 - (i) the sale of any fractional allocation rights for SUEZ Environnement Company shares credited to the shareholder’s account in connection with the Distribution, or, where appropriate,
 - (ii) the purchase of the necessary fractional allocation rights – in view of the fractional allocation rights credited to the shareholder in connection with the Distribution – in order to obtain one additional SUEZ Environnement Company share, in accordance with the conditions to be set out in the Euronext notice relating to the transaction.

Any such costs borne by SUEZ will be capped at eight euros (€8.00) including VAT, and will cover the purchase or sale of a maximum of three (3) allocation rights for SUEZ Environnement Company shares per shareholder account.

6. Note that, subject to the same conditions:

- pursuant to Article L. 228-6 of the French Commercial Code, the Board of Directors of Gaz de France – acting on behalf of Gaz de France as the successor company to SUEZ – will be entitled to sell any SUEZ Environnement Company shares which holders of the related allocation rights have not claimed, subject to the applicable regulations, and provided Gaz de France implements the publicity measures required under the applicable regulations at least two (2) years prior to such a sale,
 - as from the date of such sale, any fractional allocation rights will be canceled and their holders will only be able to claim a cash payment, in accordance with the applicable regulations, representing the net proceeds from the sale of the unclaimed SUEZ Environnement Company shares plus a proportional share of any interim or final dividend payments or any distribution from reserves (or similar amounts) paid by SUEZ Environnement Company between the Distribution Completion Date and the date of the sale of the unclaimed SUEZ Environnement Company shares. Any such entitlements to dividends or other distributions will be time-barred after a period of five years;
7. Resolve, subject to the same conditions, that the amount of the Distribution – corresponding to the carrying amount of the 318,304,389 SUEZ Environnement Company shares distributed plus the related portion of the merger deficit arising on the Rivolam merger described in the first resolution, i.e. a total of €4,467,539,790 based on the balance sheets of SUEZ and

Rivolam at December 31, 2007 – will be deducted in full from the “Additional paid-in capital” account;

8. Note that SUEZ Environnement Company shares will be admitted to trading on Euronext Paris and Euronext Brussels;

9. Note that the Distribution will result in the following:

- For holders of existing SUEZ stock options outstanding at the Distribution Completion Date: an adjustment to the number of shares under option and the option exercise price, pursuant to the French Commercial Code and in accordance with the methods described in the Merger Agreement referred to in the fifth resolution below,
- For beneficiaries of SUEZ share grants that have not vested at the Distribution Completion Date: an adjustment to their entitlements, as provided in the regulations of SUEZ’s share grant plans and in accordance with the methods described in the Merger Agreement referred to in the fifth resolution below;

10. Give full powers, including the power to delegate:

- to the Board of Directors of SUEZ in order to place on record the completion of the Distribution and to carry out any and all filing and other formalities that may be necessary in connection therewith,
- where applicable, to the Board of Directors of SUEZ and subsequently the Board of Directors of Gaz de France – acting on behalf of Gaz de France as the successor company to SUEZ and Rivolam following the mergers referred to in the first and fifth resolutions – in order to carry out any and all filing and other formalities that may be necessary in connection with the Distribution described in this resolution.

4th resolution

APPROVAL OF REGULATED AGREEMENTS

Having considered the Statutory Auditors’ special report on certain agreements governed by Article L. 225-38 of the French Commercial Code, the shareholders note the conclusions of the

report and, in accordance with Article L. 225-40 of said Code, approve the agreements referred to therein.

EXTRAORDINARY RESOLUTIONS

5th resolution

REVIEW AND APPROVAL OF THE MERGER OF SUEZ INTO GAZ DE FRANCE AND THE SUBSEQUENT DISSOLUTION OF SUEZ WITHOUT LIQUIDATION, SUBJECT TO FULFILLMENT OF THE RELATED CONDITIONS PRECEDENT

Having considered:

- the Board of Directors' report, including the prospectus approved by the *Autorité des marchés financiers* relating to the issue and admission to trading on Euronext Paris and Euronext Brussels of the Gaz de France shares issued as a result of the merger between SUEZ and Gaz de France;
- the reports drawn up by Messrs Ledouble, Ricol and Baillot, the Merger Auditors appointed by the Paris Commercial Court on May 30, 2006, on the terms and conditions of the merger and the valuation of the assets transferred;
- the agreement relating to the merger of SUEZ into Gaz de France, drawn up by way of a private deed dated June 5, 2008 (the "Merger Agreement");
- the financial statements of SUEZ and Gaz de France at December 31, 2007, as approved by their respective shareholders on May 6, 2008 and May 19, 2008;

the shareholders:

1. Approve all the provisions of the SUEZ Merger Agreement, whereby SUEZ will be merged into Gaz de France – a joint stock company (*société anonyme*) with a share capital of €983,871,988, whose registered office is located at 23, rue Philibert Delorme, 75017 Paris, France, and which is registered with the Paris Companies' Registry under number 542 107 651 – by transferring all of its assets and liabilities (the "Merger"), provided the conditions precedent set out in Section IV of the Merger Agreement are met. The shareholders further approve:
 - the valuation of the assets transferred and liabilities assumed, based on the carrying amounts recorded in SUEZ's balance sheet at December 31, 2007 and amounting to €37,736,998,010 and €943,831,672 respectively, representing a total net asset transfer of €29,187,602,056, after taking into account the price of shares issued from January 1, 2008 through May 22, 2008 and after deducting (i) the carrying amount of any treasury shares held by SUEZ after December 31, 2007; (ii) the dividend payments made

by SUEZ in respect of fiscal 2007; and (iii) the amount corresponding to the distribution of SUEZ Environnement Company shares (plus the portion of the deficit arising on the above-mentioned merger of Rivolam into SUEZ that is attributable to the SUEZ Environnement Company shares distributed) to be allocated to SUEZ shareholders (other than SUEZ itself) prior to completion of this Merger (subject to approval of the third resolution and provided the related conditions precedent are met),

- the exchange ratio applicable with respect to the consideration payable for the assets transferred in connection with the Merger, i.e. twenty-one (21) Gaz de France shares for twenty-two (22) SUEZ shares,
 - the completion date of the Merger, which is set at 0h00 (CET) on the day on which SUEZ Environnement Company's shares are admitted to trading on Euronext Paris (as stated in the Notice of Admission to Trading issued by Euronext Paris), immediately after the completion of (i) the simplified merger of Rivolam into SUEZ as described in the first resolution; (ii) the Transfer referred to in the second resolution; and (iii) the Distribution referred to in the third resolution (the "Merger Completion Date"),
 - January 1, 2008 as the retroactive effective date of the Merger for accounting and tax purposes, meaning that all income and expenses arising from SUEZ's operations between January 1, 2008 and the Merger Completion Date will be deemed to be received or incurred by Gaz de France and that all operations carried out by SUEZ as from January 1, 2008 will be deemed to be carried out by Gaz de France;
2. Note that, subject to the same conditions, (i) in accordance with Article L. 236-3 of the French Commercial Code neither the 35,724,397 treasury shares held by SUEZ nor the 8,049,212 SUEZ shares held by Gaz de France will be exchanged in connection with the Merger; (ii) provided the conditions precedent set out in Section IV of the Merger Agreement are met, Gaz de France will carry out a €1,207,660,692

capital increase on the Merger Completion Date by issuing 1,207,660,692 new fully paid-up shares with a par value of €1 each to be remitted as consideration for the Merger; and (iii) following this share issue Gaz de France's share capital will be increased from €983,871,988 to €2,191,532,680;

3. Note that these 1,207,660,692 new Gaz de France shares will (i) carry rights to any interim and final dividend payments as well as to any distributions of reserves (or similar amounts) made subsequent to their issue; (ii) be tradable as from their issue date; and (iii) rank *pari passu* with Gaz de France's existing shares;
4. Resolve that SUEZ shareholders who do not possess a sufficient number of shares to obtain a multiple of twenty-one (21) Gaz de France shares will be personally responsible for purchasing or selling the requisite number of SUEZ shares to obtain such a multiple of Gaz de France shares. An application for admission to trading on Euronext Paris, Euronext Brussels and the Luxembourg stock exchange will be made in respect of these newly issued Gaz de France shares;
5. Note that, subject to the same conditions and a time limit of three (3) months following the Merger Completion Date, Gaz de France will bear the brokerage fees and related VAT incurred by each SUEZ shareholder as a result of (i) the sale of fractional SUEZ shares which the shareholder still owns at the Merger Completion Date; or (ii) the purchase of fractional shares in order to add to the number of fractional shares owned at the Merger Completion Date and obtain 21 Gaz de France shares.

7. Note that, subject to the same conditions, the difference between:

the portion of the net assets transferred by SUEZ – before any adjustments for distributions carried out in the interim period and less the full amount of any such distributions – that corresponds to SUEZ shares not held by Gaz de France (excluding treasury shares), amounting to:	€28,963,905,475
and the nominal amount of the capital increase to be carried out by Gaz de France, amounting to:	€1,207,660,692
will correspond to a merger premium, amounting to:	€27,756,244,783

and that this merger premium will be recorded in Gaz de France's financial statements in a "Merger premium" account to which existing and new Gaz de France shareholders will have equivalent rights. The shareholders approve the provisions of the Merger

Any such costs borne by Gaz de France will be capped at eight euros (€8.00) including VAT, and will cover the purchase or sale of a maximum of twenty-one (21) SUEZ shares per shareholder account.

6. Note that, subject to the same conditions:

- pursuant to Article L. 228-6 of the French Commercial Code, Gaz de France will be entitled, by decision of its Board of Directors, to sell any Gaz de France shares issued as consideration for the Merger that are not claimed by SUEZ shareholders, subject to the applicable regulations, and provided Gaz de France implements the publicity measures required under the applicable regulations at least two (2) years prior to such a sale in accordance with the applicable regulations,
- as from the date of such sale, SUEZ shareholders will only be able to claim a cash payment (without interest), in accordance with the applicable regulations, representing the net proceeds from the sale of the unclaimed Gaz de France shares plus a proportional share of any interim or final dividend payments or any distribution from reserves (or similar amounts) paid by Gaz de France between the Merger Completion Date and the date of the sale of the unclaimed Gaz de France shares. Any such entitlements to dividends or other distributions will be time-barred after a period of five years;

Agreement concerning the allocation of this premium, notably the related proposal to be made to Gaz de France's General Shareholders' Meeting;

8. Note that, subject to the same conditions, the difference between:

the portion of the net assets transferred by SUEZ (excluding treasury shares and before any adjustments for distributions carried out in the interim period) that corresponds to SUEZ shares held by Gaz de France, amounting to:	€223,696,581
and the carrying amount of the SUEZ shares held by Gaz de France, amounting to:	€256,081,804
will correspond to a merger deficit, amounting to:	€32,385,223

In view of its nature, this merger deficit will be recorded in Gaz de France's balance sheet in a "Merger deficit" sub-account under intangible assets;

9. Notes that, subject to fulfillment of the conditions precedent set out in Section IV of the Merger Agreement, as from the Merger Completion Date Gaz de France will take over all the rights and obligations of SUEZ, including in relation to the following:

- The commitments given by SUEZ to holders of SUEZ stock options outstanding at the Merger Completion Date. As a result, following the Merger the options will be exercisable for Gaz de France shares in accordance with the conditions described in the Merger Agreement and based on the same exchange ratio as that used for the Merger. The number of shares under option and the option exercise prices will have already been adjusted prior to the Merger in accordance with the French Commercial Code and the methods described in the Merger Agreement, as a result of the Distribution referred to in the third resolution (subject to approval of said resolution and provided the related conditions precedent are met),
- The commitments given by SUEZ to beneficiaries of share grants that have not vested at the Merger Completion Date. As a result, following the Merger the rights of these beneficiaries will be exercisable for Gaz de France shares in accordance with the conditions described in the Merger Agreement and based on the same exchange ratio as that used for the Merger. The number of shares to be granted free of consideration will have already been adjusted prior to the Merger, in accordance with the regulations of SUEZ's share grant plans and the methods described in the Merger Agreement, as a result of the Distribution referred to in the third resolution (subject to approval of said resolution and provided the related conditions precedent are met);

10. Note that, subject to the same conditions, and notably subject to the approval of the Merger and the related capital increase by Gaz de France's Extraordinary Shareholders' Meeting:

- The shares issued by Gaz de France as consideration for the Merger will be immediately and directly allocated to SUEZ shareholders other than Gaz de France and SUEZ itself at the Merger Completion Date based on an exchange ratio of twenty-one (21) Gaz de France shares for twenty-two (22) SUEZ shares. In accordance with Article L. 228-10 of the French Commercial Code, all of these shares will be tradable as from the completion of the capital increase carried out as a result of the Merger (i.e. at 0h00 (CET) on the day on which SUEZ Environnement Company's shares are admitted to trading on Euronext Paris, as stated in the Notice of Admission to Trading issued by Euronext Paris), immediately after the completion of (i) the Rivolam Merger described in the first resolution above; (ii) the Transfer referred to in the second resolution; and (iii) the Distribution referred to in the third resolution),
- SUEZ will be automatically dissolved on the Merger Completion Date, without being liquidated;

11. Give full powers, including the power to delegate, to the Board of Directors of Gaz de France – acting on behalf of Gaz de France as the successor company to SUEZ and Rivolam following the Rivolam Merger referred to in the first resolution and the Merger referred to in this resolution – in order to place on record the completion of the Merger of SUEZ into Gaz de France and to carry out any and all filing and other formalities that may be necessary in connection with said Merger and the subsequent dissolution of SUEZ.

ORDINARY RESOLUTIONS

6th resolution

POWERS TO CARRY OUT FORMALITIES

The shareholders give full powers to the bearer of an original, copy or extract of the minutes of this Meeting to carry out all necessary publication, filing and other formalities.

SUEZ

Joint-stock company (*société anonyme*)
Share capital: €2,617,883,906
Registered with the Paris Companies'
Registry under no. 542 062 559
Registered office: 16, rue de la Ville l'Évêque,
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