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PRESS RELEASE

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2010 HALF-YEAR RESULTS

STRONGLY GROWING RESULTS, 2010 OBJECTIVES RAISED

2010 HALF-YEAR RESULTS GROWING STRONGLY

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

2010 REVENUE AND EBITDA OBJECTIVES RAISED

- Revenue growth 2010 ≥ 7%[2] compared to 2009, at constant forex
- EBITDA growth 2010 ≥ 9%[2] compared to 2009, at constant forex

- 2010 Free Cash Flow generation ≥ €0.7bn[3]
- 2010 Net investments ≤ €1.3bn plus €0.6bn related to the acquisition of AGBAR
- Net financial debt / EBITDA ratio of around 3x by 2012:
  with the COMPASS 2 cost optimization plan of €250m over the period 2010-12
  and pursuit of the capex selectivity in 2011 and 2012

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

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

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

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

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

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

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

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[1] *H1 2009 Free Cash Flow of €428m and €352m excluding non-recurring items*
[2] *Vs. ≥5% for 2010 revenue and ≥8% for 2010 EBITDA announced on 25 February 2010*
[3] *2009 Free Cash Flow of €710m excluding non-recurring items*

STRONGLY GROWING HALF-YEAR RESULTS

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

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

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

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

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

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

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

- **Operating Cash Flow[4] was €905m, up +9.5%**.

- **Free Cash Flow was €457m, up +6.8%,** and up 30%[5] excluding 2009 non-recurring items. This improvement is attributable mainly to the increase in Operating Cash Flow as well as the control of working capital requirements and maintenance investments.

- **Net Debt was €8,291m at 30 June 2010.** The increase on 31 December 2009 is attributable mainly to the friendly takeover of AGBAR (€1,354m) and unfavourable forex effects due to the depreciation of the euro against most currencies (€375m).
As part of its financing policy, SUEZ ENVIRONNEMENT continues to diversify and extend debt maturities. Average gross debt maturity[6] lengthened from 5.6 at the end of 2009, to 6.4 years at 30 June 2010.

[4] Before interest expense and tax
[5] Free Cash Flow in H1 2009 excluding non-recurring items was €352m
[6] Excluding GDF SUEZ debt

REINFORCEMENT OF SUEZ ENVIRONNEMENT'S STRATEGIC POSITIONS

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

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

DYNAMIC COMMERCIAL DEVELOPMENT SUPPORTED BY TECHNOLOGICAL EXPERTISE

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

WATER EUROPE

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

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

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

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

Waste Europe

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

The increase in Waste Europe revenue is attributable mainly to the growth in sorting and recycling activity which benefited principally from the increase in the price of secondary raw materials. Revenue in this segment was €730m in the first half of 2010.
Volumes of waste treated[7] in incineration and landfill were stable, impacted negatively early in the year by a particularly harsh winter.
Growth was strong in France and in the Benelux/Germany region, though less so in the United Kingdom/Scandinavia due to a decline in industrial and commercial volumes.

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

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

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

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

International

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

The main driver of Degrémont's strong growth was the ongoing construction of the Melbourne desalination plant in Australia, as well as new contracts including Achères in France, Mapocho in Chile, and in Panama. At 30 June 2010 Degrémont posted historic level of backlog[8] at €1.9bn.

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

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

[7] *Non-hazardous waste volumes treated in Europe*
[8] *In design and build*

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

2010 REVENUE AND EBITDA OBJECTIVES RAISED

With solid half-year results and the full consolidation of AGBAR from June 1st 2010, SUEZ ENVIRONNEMENT is raising its 2010 revenue and EBITDA objectives[9]:

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

The Group maintains its other 2010 objectives :

- Free Cash Flow generation greater than or equal to €0.7bn[10]
- Net investments less than or equal to €1.3bn plus €0.6bn for AGBAR acquisition

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

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

Next communication:

28 October 2010: 3rd quarter 2010 publication.

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

The consolidated half-year financial statements at 30 June 2010 are available at: www.suez-environnement.com

[9] *With maintained hypothesis of GDP growth estimated at 1% for the eurozone and stable average secondary raw materials prices in 2010 compared to year-end 2009.*
[10] *2009 Free Cash Flow of €710m excluding non-recurring items*

Disclaimer

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

In €m

ASSETS	31/12/09	30/06/10
NON CURRENT ASSETS	**13,683**	**17,197**
o/w goodwill	3,070	3,710
CURRENT ASSETS	**8,864**	**8,892**
o/w financial assets at fair value through income	1,141	491
o/w cash & cash equivalents	2,712	2,777
TOTAL ASSETS	**22,548**	**26,089**

LIABILITIES	31/12/09	30/06/10
Equity, group share	3,676	3,873
Minority Interests	742	1,357
TOTAL EQUITY	**4,418**	**5,230**
Provisions	1,389	1,620
Financial Debt	10,080	11,506
Other Liabilities	6,660	7,732
TOTAL LIABILITIES	**22,548**	**26,089**

SUMMARY INCOME STATEMENT

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

SUMMARY CASH FLOW STATEMENT

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

(1) Of which €-666m for step up in AGBAR and €-146m for former joint French companies
(2) Of which ADESLAS (€687m - €356m of cash) and former joint French companies (€137m - €26m of cash)
(3) Of which €345m of cash consolidated for the step up in AGBAR

SPLIT OF REVENUE GROWTH BY DIVISION

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