INTERIM **FINANCIAL REPORT**
at June 30, 2009

suez environnement

CONTENT

1 MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

Within a global adverse economic background, SUEZ Environnement's revenues for the first semester of 2009 of €5,872 million were slightly behind those of last year by -2.6%, although margins remained at a high level. EBITDA amounted to €951 million, representing a drop of -5.5%, resulting in a ratio of EBITDA over revenue of 16.2%, including the impact of the acceleration of the COMPASS optimization program. The Free Cash Flow amounted to €428 million and Net Income Group Share amounted to €175 million.

The growth progressed in both Water Europe and International segments. The economic slowdown has particularly affected the activities within the Waste Europe segment linked to industrial and commercial customers and to sorting/recycling, which represent activities of a cyclical nature.

Having a strong capacity to generate Free Cash Flow, SUEZ Environnement displays a sound financial position, as well as a robust profile.

In the light of the scale of the crisis, SUEZ Environnement immediately adapted its priorities as from the end of 2008, by continuing to improve the generation of cash and by maintaining its solid financial position via an increased financial discipline and selectivity of its investments.

Sales remained dynamic over the first semester of 2009. In France, growth pursued with the gain of new contracts in the Water sector such as that of Port-Saint-Louis-du-Rhone or Digne-Les-Bains as well as in the Waste sector with the new contract with ARKEMA or the renewal of the contracts of Vichy Val d'Allier, Pontarlier and Carcassonne. Within the International segment, the Group was named preferred bidder for the implementation of an energy from waste unit in Guernsey as well as for the hazardous waste management contract of Abu Dhabi and was awarded waste management contracts in both Morocco and Brisbane, Australia. In Melbourne, SUEZ Environnement has also recently won, as part of a consortium, the contract to build and operate the largest desalination plant in Australia for a total sales figure of €1.2 billion over 30 years.

SUEZ Environnement has pursued its policy to diversify its sources of funding and has extended the maturity of its debt via successful bond issues for a total of €2.35 billion at June, 30th. The Group has strengthened its financial profile. The success achieved by these bond issues reflects the quality of the signature of SUEZ Environnement.

SUEZ Environnement confirms its long term strategy exclusively dedicated to the water and waste businesses, by being present throughout the value chains. These businesses benefit from long term growth drivers. Over the first semester of 2009, the Group has made commitments towards sustainable development to be achieved by 2012 and has published the first edition of the Sustainable Development report, one of the pillars of its long term strategy.

Jean-Louis Chaussade

2 KEY FIGURES FOR THE FIRST SEMESTER OF 2009

The table below shows extracts of the income statements, balance sheets and cash flow statements from the condensed consolidated financial statements for the semesters ended June 30, 2009 and June 30, 2008. The following financial information should be read in conjunction with the condensed consolidated financial statements and the Interim Management Report which follow.

(in millions of euros)	**June 30, 2009**	**June 30, 2008**
Revenues	5,872	6,030
EBITDA *EBITDA margin*	951 *16.2%*	1,006 *16.7%*
Net income Group share	175	201
Free cash flow(*)	428	275
Net debt	6,507 *at June 30, 2009*	5,971 *at December 31, 2008*

(*) Before disposals and development capital expenditures.

3 HIGHLIGHTS – CONTRACTS 2009

JANUARY 2009

United Kingdom. Acquisition of Swansea, a company specialized in industrial and commercial waste collection and recycling in South Wales. This acquisition represented a £2 million investment (SITA UK).

France. Construction started of a new wastewater treatment plant in Digne-les-Bains. This plant will serve as a model for establishing the HQE (high environmental quality) standards for wastewater treatment plants in France. This concession contract has a 25-year term and represents cumulative revenues of €41 million (Lyonnaise des Eaux).

France. The SIAEP contract in Montbazens – Rignac was renewed for a 12-year term and represents cumulative revenues of €43 million (Lyonnaise des Eaux).

FEBRUARY 2009

Algeria. Contract for rebuilding and doubling the capacity of the Baraki wastewater treatment plant for a total of €108 million, of which €68 million for Degrémont. The plant will eventually treat the wastewater of 1.8 million inhabitants of Algiers (Degrémont).

Algeria. Contract for the transfer to the Setif high plains to supply water to the country's arid regions for the amount of €25 million (Safege).

China. Concession contract to build and operate a drinking water treatment plant which will, over the long-term supply 1.2 million inhabitants in the Yuelai region (Chongqing). Over 40 years, it will generate a total of nearly €3 billion in additional revenue, of which one quarter for SUEZ Environnement (Sino French Water Development and Chongqing Water Group).

France. Concession contract to build and operate the wastewater treatment system in Port-Saint-Louis-du-Rhône (Syndicat Ouest-Provence) for a 20-year term, representing cumulative revenues of €18 million (Lyonnaise des Eaux).

France. Renewal of the contract for the delegation of sanitation public services of the Syndicat d'Assainissement et d'Eau (SAE) in Puy-en-Velay for the management of the wastewater treatment plant of 80,000 eq. inhabitant, the monitoring of the city's industrial waste, including those of Tanneries du Puy, and sludge recovery. This 12-year contract represents cumulative revenues of €13 million (Lyonnaise des Eaux).

MARCH 2009

France. Nationwide contract for global waste management (sorting, collection, treatment, related services) for all of the production facilities of ARKEMA Group, a major chemicals company, and its subsidiaries, for a 5-year term. This contract covers 37 French facilities (SITA France).

China. The authorities of Tianjin approved the transfer of equity between Earth Tech and SUEZ Environnement, through its subsidiary Sino-French Water Development, to create a water supply joint venture in Tianjin. Through the remaining 14-year period of operations, SUEZ Environnement will operate the water treatment plant in Jieyuan, which supplies water to 1 million inhabitants, with a daily capacity of 500,000 m^3. This transfer of equity represents an investment of over €12 million (SUEZ Environnement, Sino French Water).

China. Renewal of the contract to operate the Island East Transfer Station, a marine waste transfer facility in Hong Kong, for at least a 4.5-year term that may be extended to 9 years. The new contract also includes the design, construction and operation of a biological treatment center where biodegradable waste will be transformed and treated. The annual revenue is expected to reach €5.5 million (Swire SITA Waste Services).

Malta. Contract to design and build the largest wastewater treatment plant in Malta. This contract was signed by a consortium formed and led by Degrémont, which has teamed up with two Italian civil engineering companies (CCC and CMR). It also includes 1 year of assistance in operating a treatment plant which will handle 80% of Malta's wastewater. The contract totals €57 million, of which €34.5 million for Degrémont and €0.5 million for the operation assistance over one year (Degrémont).

SUEZ Environnement launched a successful inaugural bond issue for €1.8 billion and followed by a tap issue of €300 million as well as a private placement of €250 million in May 2009.

APRIL 2009

France. Acquisition of ISIOM (French specialist in analyzing operating costs of a building). ISIOM's software completes the real-time automatic meter-reading system for Lyonnaise des Eaux water meters, providing property managers with a management solution adapted to all fluids of the building, i.e. not just water, but also other flows linked to energy. ISIOM generated revenues of €4.5 million in 2008 (Lyonnaise des Eaux).

Sweden. Acquisition of the waste management company Allren i Sverige AB, with 80 employees, 70 vehicles and total annual revenues of €13 million (SITA Sverige).

Spain. Contract with Marchena-Sevilla (19,000 inhabitants) for a 17-year term; Garrigues Sud contract for a 2.5-year term representing €18 million (Agbar).

Spain. Renewal of various contracts: Torremolinos-Malaga (60,000 inhabitants) for a 25-year term; Olot-Girona (32,000 inhabitants) for a 20-year term; Ribera de Gata-Caceres (24,000 inhabitants) for a 10-year term; Villanueva de la Serena-Badajoz (25,000 inhabitants) for a 25-year term (Agbar).

MAY 2009

United Arab Emirates. SUEZ Environnement was named preferred bidder in partnership with Al Qudra for the contract to manage all of the hazardous waste of the Emirate of Abu Dhabi. Al Qudra Suez Services will implement a waste traceability system and build a hazardous waste landfill, thermal treatment unit as well as a laboratory of reference. This 15-year contract represents cumulative revenues of €200 million.

Mexico. A BOT (Build, Operate and Transfer) contract signed with the "Junta Municipal de Agua y Saneamiento" of Ciudad Juárez, located in the Mexican state of Chihuahua for the construction, financing and operation of a wastewater treatment plant enabling the reuse of treated water to irrigate farmlands. Its capacity will be 310,000 m^3/day. This 15-year term contract represents cumulative revenues of €154 million (Degrémont).

JUNE 2009

France. Lyonnaise des Eaux won first prize for customer relations in the service industry.

France. Renewal of the contract to operate the technical landfill in Vichy Val d'Allier for a 20-year term, representing €68 million (SITA France).

France. Renewal of the contract to operate the energy recovery plant in Pontarlier. This contract signed with SMETOM (Syndicat Mixte d'Etude et de Traitement des Ordures Ménagères du Haut Doubs) represents revenues of €36 million over a period of 5 years, renewable twice, i.e. 15 years in all (Novergie).

France. Renewal of the contract to collect household waste in Montpellier for a 6-year term and €29 million (SITA France).

France. Renewal of the SMICTOM contract in the Carcassonne area for the collection of recyclable household waste door-to-door and at collection points and for skip removal at drop-off sites. SITA was awarded this contract thanks to an innovative solution: real-time "geo-localized" waste collection. This 5-year contract represents cumulative revenues of €17 million (SITA Sud).

France. SITA France inaugurated the new France Plastiques Recyclage bottle-to-bottle plastic recycling unit in Limay and signed an agreement with Evian Volvic Sources for the production of recycled PET, which involves 35% of production.

Guernsey. SUEZ Environnement was selected as the preferred bidder by the Public Services Department of the Island of Guernsey to design, build and operate a residual waste treatment plant. In all, over 95% of the incoming tonnage will be recovered, of which 50% as materials recycling. The plant's overall capacity will be approximately 45,000 tons per year as of 2012. The 25-year contract represents cumulative revenues of €226 million (£194 million).

Australia. Municipal waste collection contract for Brisbane, Queensland, in eastern Australia, the largest local waste collection contract in the country. It has an 8-year term and represents cumulative revenues of €120 million (SITA Environmental Solutions).

Morocco. Two waste management contracts. The first involves waste management for the city of Oujda (waste collection, transport to landfills, urban cleaning). This €37 million contract was signed for a 10-year term beginning in 2010. The second contract involves waste management for the city of El Jadida located south to Casablanca. This €13 million contract begins mid-2009 for a 7-year term.

Jordan. Disi Amman contract to transport 100 million cubic meters per year from the Disi aquifer (325 km from the capital) to Amman. This 25-year contract represents cumulative revenues of US$200 million.

JULY 2009

Australia. Contract to build and operate the largest seawater desalination plant in Australia, located 80 km from Melbourne (state of Victoria), and a capacity of 450,000 m^3 of drinking water per day. Degrémont was awarded this contract as part of the AquaSure Consortium. This plant will meet about one third of the water requirements for the Melbourne area as of the end of 2011. This 30-year contract represents revenues of €1.2 billion (Degrémont).

Suez Environnement. Suez Environnement launched a €500 million bond issue as part of a program set up in March 2009.

4 INTERIM MANAGEMENT REPORT

The first semester of 2009 was characterized by **a slight drop in revenue** of -2.6% due to the economic slowdown and unfavorable exchange rate effect relating mainly to the pound sterling, which was partially offset by positive scope effects. Organic growth came out negative, at -3.7%, with marked disparities among the three operating segments. The Water Europe and International segments displayed a positive organic growth. The Waste Europe segment experienced a fall in Industrial and Commercial waste volumes both collected and treated as well as a fall in prices of secondary raw materials (metals, paper and plastics), which mainly affected the sorting/recovery/recycling business.

In addition to the drop in revenues, **EBITDA** also fell by -5.5% (-4.1% excluding exchange rates impacts), but this decrease was limited thanks to the benefits of the cost reduction program (COMPASS). The **current operating income** dropped by -22.5% and -21.2% excluding exchange rates effects. The additional decrease in EBITDA is mainly due to increased depreciation (higher capital intensity from previous investments) and a net movement in provisions of -€20 million.

Net income Group share came to €175 million, down slightly compared to the €201 million posted over the first semester of 2008. The decrease in current operating income was partially offset by a sharp reduction in the tax expense (set-up of a tax group in France) and lower interest costs.

Free cash flow before disposals and development capital expenditures stood at €428 million, an increase of 55.6% compared to 2008. This strong improvement is primarily attributable to well-managed maintenance investments, optimized management of working capital requirements and the reimbursement of income tax prepayments made in 2008 in France for €76 million. Investments (net of disposals) totaled €603 million, a significant drop with regards to the first semester of 2008. **Net financial debt** increased by €536 million since December 31, 2008 to €6,507 million.

SIGNIFICANT EVENTS IN THE FIRST SEMESTER OF 2009

The significant events that took place over the first semester of 2009 are summarized below.

BONDS

As part of its policy regarding financing, diversification and the extension of the maturity of its debt, SUEZ Environnement carried out a series of bond issues under the Euro Medium Term Notes (EMTN) program implemented in March 2009. A total of €2.35 billion was issued over the semester. Further information on these issues is provided in Note 7.3.4 to the consolidated financial statements.

ACQUISITIONS

Through its subsidiary Sino French Water Development (SFWD), SUEZ Environnement participated in the set-up of a new water supply joint venture in Tianjin, China. Tianjin Sino French Jieyuan Water Co. is a joint venture owned respectively for 52% and 48% by SFWD and Tianjin Water Works Group. This company will operate the water treatment plant in Jieyuan, which supplies water to 1 million inhabitants, i.e. one third of Tianjin's urban population.

Through its subsidiary SITA Sverige, SUEZ Environnement also acquired Allren i Sverige AB, which operates waste collection, sorting and recycling businesses in Sweden.

DISPOSAL

The Group sold its entire stake in the Wasteman group, specialized in waste collection and treatment in South Africa.

CONSOLIDATION OF NUOVE ACQUE AND ACQUE TOSCANE

The Italian companies Nuove Acque and Acque Toscane were included in the scope of consolidation on June 30, 2009. Nuove Acque manages water and sanitation services in 37 towns in the Arezzo area (Tuscany, Italy), serving 350,000 inhabitants. Acque Toscane manages water distribution for the cities of Montecatini Terme, Ponte Buggianese and Fiesole (Florence region), serving a population of approximately 50,000 inhabitants.

COMMISSIONING OF THE EVI INCINERATOR

The EVI incineration plant located in the international industrial park Europapark, in Emlichheim-Coevorden on the border of Germany and the Netherlands, began operating on April 2, 2009. With a total capacity of 365,000 tons, this incinerator internalizes the treatment of waste flows collected in the Benelux-Germany region.

AGREEMENT TO "UNWIND" SUBSIDIARIES JOINTLY OWNED WITH VEOLIA ENVIRONNEMENT

On December 19, 2008, a memorandum of understanding was signed by Veolia Eau – Cie Générale des Eaux, subsidiary of Veolia Environnement, and Lyonnaise des Eaux, subsidiary of SUEZ Environnement, aiming to "unwind" their joint direct and indirect investments in certain drinking water distribution and sanitation companies in France. This joint decision resulted from the decision by the Anti-trust Council of July 11, 2002. The unwinding process continued during the first semester of 2009.

MOVING OUT OF SUEZ ENVIRONNEMENT HEAD OFFICE AND FRENCH SUBSIDIARIES HEADQUARTERS

The SUEZ Environnement Group decided to bring together its teams from the SUEZ Environnement head office and those from its subsidiaries Lyonnaise des Eaux, Sita France, Degrémont and OIS. The move to a single site in La Défense (Paris) should be finalized by the end of 2010.

4.1 REVENUE AND OPERATIONAL RESULTS TRENDS

Within a global adverse economic background compared to that of the first semester of 2008, SUEZ Environnement recorded revenues of €5,872 million, down by -2.6%.

The decrease in revenues (-€158 million) is broken down as follows:

- negative organic growth of -€221 million;
- favorable impacts of scope effects amounting to +€150 million, mainly due to acquisitions made in the water business in North America and by Sita in France, as well as to the development of Agbar outside of Spain;
- unfavorable exchange rate impacts totaling -€87 million, mainly involving the pound sterling (-€81 million), the Australian dollar (-€17 million), the Swedish krona (-€14 million) and the Polish zloty (-€13 million). These effects were partially offset by the appreciation of the US dollar (+€32 million).

Negative organic growth stood at -3.7% and originated from Waste Europe (-10.3%). These businesses (services, treatment, sorting, recovery and recycling) were impacted by the unfavorable economic climate which saw both the drop in waste volumes produced by SITA's industrial and commercial clients and the sharp fall in secondary raw materials' prices since the fourth quarter of 2008. Conversely, the Water Europe and International segments delivered positive organic growth of +3.0% and +1.0% respectively, benefiting mainly from price increases obtained.

EBITDA fell by -€55 million ie -5.5%, resulting from the following factors:

- negative organic growth of -€59 million, i.e. -6.1%, primarily attributable to the slowdown of the Waste Europe businesses, which posted negative organic growth in EBITDA amounting to -€94 million, including the implementation of the COMPASS program;
- a positive impact of +€19 million due to favorable scope effects;
- an unfavorable exchange rate effect totaling -€14 million involving the currencies mentioned above.

Current operating income fell by -€114 million. In addition to the effects impacting EBITDA, current operating income was affected by the increase in provisions and depreciation and amortization (-€51 million) for the amount of -€4 million increase in expenses on concession contracts and the rise in expenses relating to stock options, bonus shares and other employee benefits (IFRS 2) in the amount of -€4 million (new attribution of the GDF SUEZ global bonus share plan on June 1, 2008: a month of costs in 2008 versus six months in 2009).

Income from operating activities totaled €363 million, down by -€154 million against the first semester 2008 as a result of the above-mentioned fall in current operating income and due to lower capital gains on disposals recorded over the first semester of the year (+€2 million in 2009 compared to +€39 million in 2008).

Net income Group share came to €175 million. Compared with the -€154 million decrease in income from operating activities, the drop in net income Group share was limited to -€26 million due to the sharp reduction in income tax of €105 million.

4.2 OPERATING SEGMENTS TRENDS

The revenues of SUEZ Environnement recorded negative organic growth of -3.7%, which breaks down by operating segment as follows.

Water Europe posted organic revenue growth of +3.0% ie +€55 million, reflecting:

- +2.9% organic growth of Lyonnaise des Eaux (+€31 million). The drop in volumes billed was offset by the increases in rates applied in France;
- +3.1% organic growth of Agbar (+€24 million), attributable to the rise in the number of insurance customers of Adeslas and to prices for water services applied in Chile, Spain and the United Kingdom. These factors helped offset the drop in volumes seen in the latter two countries.

Waste Europe revenues were struck hard by the sluggish economy, turning in negative organic growth of -10.3% (down -€288 million) compared with the first semester of 2008: -10.1% in France, -11.0% in the United Kingdom/Scandinavia and -10.0% in the Benelux/Germany region. This performance is a result of the unfavorable economic climate in Europe and was only partially offset by increased landfill taxes in France and the United Kingdom.

International businesses posted organic growth of +1.0% (+€13 million), arising from the following trends:

- strong growth in the Central Europe – Northern Africa – Middle East region (+6.0% i.e. +€21 million) notably in Poland (+19.2%) and Morocco (+3.7%);
- dynamic activity in Asia – Pacific (+2.1% ie +€5 million), including in Australia (+6.3%) and China (+2.9%);
- organic slowdown in North America where price increases have only partially offset the decrease in volumes linked to unfavorable levels of rainfall in the first half. Overall, revenues in North America showed negative organic growth of -1.1% (-€2 million);
- the slowdown in the Middle East (downsizing of the Jumeirah Golf Estates contract and anticipated reduction in revenues from the Barka 2 contract with its phasing out), resulting in a slightly negative organic growth in Degrémont's revenues of -2.5% (-€11 million).

EBITDA: SUEZ Environnement recorded negative organic growth of -6.1% (-€59 million), which breaks down as follows:

- strong organic growth in **Water Europe** (+7.5%, i.e. +€28 million);
- **Waste Europe** suffered from a sharp fall in business, from plunging secondary raw materials prices which affected the sorting/recovery/recycling businesses. This led to negative organic growth in EBITDA of -21.1%;
- EBITDA for the **International segment** enjoyed sharp growth, well above that of revenues (+ 8.6% versus +1.0%), mainly thanks to major efforts to reduce costs at United Water and Degrémont and the strong performance in Asia-Pacific and in the Central Europe – Northern Africa – Middle East region.

4.3 OTHER INCOME STATEMENT ITEMS

Net financial loss for the six months ended June 30, 2009 came in at -€115 million, compared with -€120 million in first half 2008. The slight rise in the cost of net debt, at -€133 million against -€129 million at end-June 2008, was offset by higher dividends of €5 million and other financial income of €4 million. The average cost of net debt has dropped compared to last year (4.6% in first-half 2009, versus 5.6% in first-half 2008).

Income tax expense fell sharply by €105 million compared to the first half of 2008 as a result of a drop in taxable income due to the sluggish economy and the impact of the set-up of the tax consolidation group in France in the amount of €73 million (further details are provided in Note 4.3.1 to the consolidated financial statements). This impact explains most of the drop in the effective tax rate from 36.7% at end-June 2008 to 16.5%.

The share in net income from associates increased by €3 million compared to the first six months of 2008.

Net income attributable to minority interests was of €53 million, down by -€16 million compared to the first semester of 2008, primarily due to AGBAR's sale of Suez shares in 2008, generating an exceptional €12 million increase in net income attributable to minority interests in 2008, as well as due to the purchase in 2008 of the 25% stake in SITA Sverige owned by E.On.

4.4 FINANCING

Cash generated from operations before income tax and financial expenses totaled €826 million for the six months ended June 30, 2009.

The working capital requirement (WCR) had a limited impact of -€26 million over the first semester thanks to its streamlined management.

Operating activities generated total cash surplus of +€765 million over the first semester 2009, reflecting an +€84 million increase compared to the same period last year.

NET CASH FLOW RELATED TO INVESTING ACTIVITIES

Investment expenditure net of disposals in first-half year of 2009 totaled €603 million and included:

- maintenance capital expenditure for an amount of €285 million;
- development capital expenditure for an amount of €260 million;
- financial investments for an amount of €118 million;
- proceeds from disposals totaling €60 million over the first six months of 2009.

Interest and dividends from non-current financial assets generated €39 million in cash inflows, an increase of €8 million compared to last year.

Overall, investing activity flows generated a €556 million cash shortfall in the first semester of 2009, compared to a €1,244 million cash shortfall in the first semester of 2008.

CASH FLOW RELATED TO FINANCING ACTIVITIES

A total of €403 million in dividends was paid in 2009, compared to €470 million in 2008. This payout includes €318 million in dividends paid by SUEZ Environnement to its shareholders versus €403 million in 2008. It also includes €85 million in dividends paid by various subsidiaries to minority shareholders (compared to €67 million in 2008). Net interest expense was of €105 million, compared to €149 million in first semester of 2008.

Overall, financing activities generated a cash inflow of €71 million over the first six months of 2009.

NET DEBT AT JUNE 30, 2009

Net debt at June 30, 2009 stood at €6,507 million compared to €5,971 million at 2008 year end. This +€536 million increase is mainly due to:

- a positive net balance between cash flows from operating activities and cash flows from investing activities (-€210 million impact on net debt).
- dividend payout of +€403 million.
- Scope effect for an amount of +€182 million.
- +€105 million in financial interest paid.

The Net debt/equity ratio came out at 156%, versus 143% at December 31, 2008.

At June 30, 2009, the Group had a total of €1,224 million in undrawn credit facilities.

4.5 OTHER BALANCE SHEET ITEMS

Intangible assets and goodwill totaled €5,086 million at June 30, 2009, that is an increase of €321 million compared to 2008 year end figures.

Property plant and equipment, net, stood at €6,427 million versus €6,206 million at 2008 year end, that is a €221 million increase.

Investments in associates have slightly decreased by -€33 million to €233 million. Available-for-sale securities remained virtually stable at €723 million.

Total shareholders' equity amounted to €4,164 million, remaining stable with regards to 2008 year end (-€6 million), after the payment of dividends for an amount of €403 million.

Provisions have slightly increased by +€44 million to €1,372 million at June 30, 2009, primarily due to provisions for site rehabilitation and provisions for other risks.

Deferred taxes resulted in a net asset of €214 million at June 30, 2009, €47 million higher than at December 31, 2008, following the recognition of deferred tax assets under the new tax consolidation group in France.

4.6 RELATED PARTY TRANSACTIONS

Note 10 to the consolidated financial statements provides details on the significant related party transactions. These transactions essentially involve the parent company GDF SUEZ (primarily the synthetic Argentinean agreement) and companies related to parent company GDF SUEZ (financing of SUEZ Environnement Company).

The nature of related party transactions did not materially change during the first six months of the year. The only significant change concerned the sharp reduction in the borrowings of the SUEZ Environnement Group from GDF SUEZ (€2,070 million at June 30, 2009 versus €2,935 million at December 31, 2008).

4.7 DESCRIPTION OF THE MAIN RISKS AND UNCERTAINTIES FOR THE REMAINING SIX MONTHS OF THE YEAR

The section on risk factors (Chapter 4) of SUEZ Environnement Company's 2008 Reference Document provides a detailed description of the Group's risk exposure. No other risks or uncertainties are expected other than those presented in the above mentioned document.

4.8 OUTLOOK FOR 2009

SUEZ Environnement confirms its long term strategy based on a balanced and flexible business model, on a dynamic market driven by growing global water demand and circular economy.

In a deteriorated macro-economic environment and still uncertain for the 2nd semester of 2009, SUEZ Environnement priority is to generate Free Cash flow and maintain a solid financial profile.

For 2009, SUEZ Environnement objectives are:

- to achieve an overall stability of operating performance (Revenues, EBITDA) compared to 2008 – excluding effects of foreign exchange rates – through dynamic sales and through the pursuit of the acceleration of its cost reduction COMPASS program;
- to generate an increased Free Cash Flow compared to 2008;
- net investments reduced by 25% compared to 2008, for a total of €1.3 billion [(1)];
- a Net Debt/EBITDA [(2)] ratio of around 3 times.

2010 COMPASS program objectives should result in a cost reduction of more than €180 million [(3)] in less than 3 years.

(1) Excluding strategic investments.
(2) EBITDA rolling 12 months.
(3) At EBITDA level.

5 CONSOLIDATED FINANCIAL STATEMENTS OF SUEZ ENVIRONNEMENT COMPANY AT JUNE 30, 2009

5.1 CONSOLIDATED BALANCE SHEETS

(in millions of euros)	Note	June 30, 2009	December 31, 2008
NON-CURRENT ASSETS			
Intangible assets, net	5	2,115.0	1,867.2
Goodwill	5	2,971.0	2,897.5
Property, plant and equipment, net	5	6,426.5	6,205.8
Available-for-sale securities		722.9	729.2
Loans and receivables carried at amortized cost		549.1	457.4
Derivative financial instruments	7	44.1	89.6
Investments in associates		232.6	265.6
Other non-current assets		119.5	120.0
Deferred tax assets		423.5	500.2
TOTAL NON-CURRENT ASSETS		**13,604.2**	**13,132.5**
CURRENT ASSETS			
Derivative financial instruments	7	5.4	0.3
Loans and receivables carried at amortized cost		41.6	151.8
Trade and other receivables		3,543.2	3,588.4
Inventories		280.8	245.9
Other current assets		799.3	872.6
Financial assets at fair value through income	7	1,210.2	51.0
Cash and cash equivalents	7	1,989.2	1,668.5
TOTAL CURRENT ASSETS		**7,869.7**	**6,578.5**
TOTAL ASSETS		**21,473.9**	**19,711.0**
Shareholders' equity Group share		3,467.5	3,532.4
Minority Interests		696.9	637.6
TOTAL CONSOLIDATED SHAREHOLDERS' EQUITY		**4,164.4**	**4,170.0**
NON-CURRENT LIABILITIES			
Provisions	6	1,028.7	1,021.1
Long-term borrowings	7	7,023.3	5,100.5
Derivative financial instruments	7	50.7	22.5
Other financial liabilities	7	28.7	18.9
Other non-current liabilities		512.5	514.2
Deferred tax liabilities		209.4	332.7
TOTAL NON-CURRENT LIABILITIES		**8,853.3**	**7,009.9**
CURRENT LIABILITIES			
Provisions	6	343.0	306.9
Short-term borrowings	7	2,637.0	2,620.8
Derivative financial instruments	7	70.2	83.3
Trade and other payables	7	3,660.6	3,863.7
Other current liabilities		1,745.4	1,656.4
TOTAL CURRENT LIABILITIES		**8,456.2**	**8,531.1**
TOTAL CONSOLIDATED SHAREHOLDERS' EQUITY AND LIABILITIES		**21,473.9**	**19,711.0**

5.2 CONSOLIDATED INCOME STATEMENTS

(in millions of euros)	Note	June 30, 2009	June 30, 2008
Revenues		5,872.1	6,030.4
Purchases		(1,284.9)	(1,341.0)
Personnel costs		(1,585.2)	(1,542.4)
Depreciation, amortization and provisions		(419.7)	(368.9)
Other operating income and expenses		(2,188.9)	(2,270.2)
CURRENT OPERATING INCOME		**393.4**	**507.9**
Mark-to-market on operating financial instruments		2.1	(1.1)
Impairment of property, plant and equipment, intangible and financial assets		(7.7)	(6.8)
Restructuring costs		(26.5)	(2.8)
Expenses linked to the Initial Public Offering		-	(18.9)
Disposals of assets		2.1	39.4
INCOME FROM OPERATING ACTIVITIES	**4**	**363.4**	**517.7**
Financial expenses		(175.0)	(186.1)
Financial income		60.0	65.7
FINANCIAL INCOME/(LOSS)	**4**	**(115.0)**	**(120.4)**
Income tax expense	4	(40.9)	(145.8)
Share in net income from associates		20.7	18.2
CONSOLIDATED NET INCOME		**228.2**	**269.7**
Minority interest		53.3	69.1
Net income, Group share		174.9	200.6
Consolidated net income (Group share) per share		**0.36**	**0.41**

5.3 CONSOLIDATED CASH FLOW STATEMENTS

(in millions of euros)	June 30, 2009	June 30, 2008
CONSOLIDATED NET INCOME	**228.2**	**269.7**
- Share in net income from associates	(20.7)	(18.2)
+ Dividends received from associates	18.2	13.9
- Net depreciation, amortization and provisions	418.3	366.5
- Net capital gains on disposals	(2.1)	(39.4)
- Other items with no cash impact	28.2	24.1
- Income tax expense	40.9	145.8
- Net financial loss	115.0	120.4
Cash generated from operations before financial income/(expense) and income tax	**826.0**	**882.8**
+ Tax paid	(35.5)	(110.3)
Change in working capital requirements	**(25.5)**	**(91.6)**
Cash from/(used in) operating activities	**765.0**	**680.9**
Investments in property, plant and equipment and intangible assets	(544.7)	(463.5)
Acquisitions of entities net of cash and cash equivalents acquired	(15.2)	(831.7)
Acquisitions of available-for-sale securities	(102.5)	(25.8)
Disposals of property, plant and equipment and intangible assets	3.0	19.8
Disposals of entities net of cash and cash equivalents sold	10.9	(12.6)
Disposals of available-for-sale securities	45.9	62.9
Interest received on non-current financial assets	8.2	4.8
Dividends received on non-current financial assets	31.0	26.1
Change in loans and receivables issued by the Company and others	7.9	(23.6)
Cash flow from (used in) investing activities	**(555.5)**	**(1,243.5)**
Dividends paid[(a)]	(403.0)	(470.1)
Repayment of financial debt	(1,489.8)	(234.2)
Change in financial assets at fair value through income	(1,157.6)	95.3
Financial interest paid	(104.7)	(149.1)
Financial interest received on cash and cash equivalents	10.4	29.3
Increase in financial debt	3,211.6	1,339.2
Increase in share capital	1.1	0.1
Treasury stock movements	3.0	-
Cash from/(used in) financing activities	**71.0**	**610.5**
Impacts of changes in exchange rates and other	40.2	(32.5)
TOTAL CASH FLOW FOR THE PERIOD	**320.7**	**15.4**
OPENING CASH AND CASH EQUIVALENTS	**1,668.5**	**1,466.2**
CLOSING CASH AND CASH EQUIVALENTS	**1,989.2**	**1,481.7**

(a) Including deductions at source for dividends paid to Suez Environnement and Lyonnaise des Eaux France by subsidiaries in Morocco, New Caledonia and Polynesia.

5.4 CHANGE IN CONSOLIDATED SHAREHOLDERS' EQUITY

AT JUNE 30, 2009

(in millions of euros)	Number of shares	Share Capital	Additional paid-in capital, Reserves and Net income (Group share)	Fair value adjustments and other	Treasury shares	Translation adjustments	Consolidated shareholders' equity, Group share	Minority Interests	Total
IFRS consolidated shareholders' equity at December 31, 2008	**489,699,060**	**1,958.8**	**1,795.3**	**94.1**	**(17.1)**	**(298.7)**	**3,532.4**	**637.6**	**4,170.0**
Income and expense recognized directly in equity				5.7		42.2	47.9	28.5	76.4
Consolidated net income			174.9				174.9	53.3	228.2
TOTAL RECOGNIZED INCOME AND EXPENSES			**174.9**	**5.7**		**42.2**	**222.8**	**81.8**	**304.6**
Employee share issues and share-based payment			25.4				25.4		25.4
Capital increase/reduction			-				-	0.1	0.1
Net acquisitions of Treasury stock			(0.8)		3.8		3.0		3.0
Dividends paid			(317.6)				(317.6)	(83.6)	(401.2)
Other changes			1.5				1.5	61.0[a]	62.5
IFRS consolidated shareholders' equity at June 30, 2009	**489,699,060**	**1,958.8**	**1,678.7**	**99.8**	**(13.3)**	**(256.5)**	**3,467.5**	**696.9**	**4,164.4**

(a) This change mainly involves first-time consolidations mentioned in Note 2 – Significant Events of this document.

AT JUNE 30, 2008

(in millions of euros)	Number of shares	Share Capital	Additional paid-in capital, Reserves and Net income (Group share)	Fair value adjustments and other	Treasury shares	Translation adjustments	Consolidated shareholders' equity, Group share	Minority Interests	Total
IFRS consolidated shareholders' equity at December 31, 2007	**489,699,060**	**1,958.6**	**1,459.8**	**412.4**		**(186.9)**	**3,643.9**	**613.0**	**4,256.9**
Income and expense recognized directly in equity				(43.9)		(107.1)	(151.0)	(62.9)	(213.9)
Consolidated net income			200.6				200.6	69.1	269.7
TOTAL RECOGNIZED INCOME AND EXPENSES			**200.6**	**(43.9)**		**(107.1)**	**49.6**	**6.2**	**55.8**
Employee share issues and share-based payment			21.1				21.1		21.1
Capital increase/reduction			-				-	-	-
Net acquisitions of Treasury stock			-	-			-		-
Dividends paid			(403.0)				(403.0)	(67.1)	(470.1)
Movements relating to the Argentinean dispute			236.0[(a)]				236.0		236.0
Other changes			(28.1)				(28.1)	60.5[(b)]	32.4
IFRS consolidated shareholders' equity at June 30, 2008	**489,699,060**	**1,958.6**	**1,486.4**	**368.5**		**(294.0)**	**3,519.5**	**612.6**	**4,132.1**

(a) See Note 2 – Significant Events, in particular the sections relating to the synthetic agreement entered into by SUEZ and SUEZ Environnement concerning the management of the Argentinean dispute.
(b) See Note 2 – Significant Events. This item mainly concerns the accounting treatment of the Public Offering for Agbar shares.

5.5 STATEMENT OF RECOGNIZED INCOME AND EXPENSES

	Total as of June 30, 2009	Of which Group share	Of which minority interests	Total as of June 30, 2008	Of which Group share	Of which minority interests
Available-for-sale securities	(31.7)	(30.8)	(0.9)	(112.6)	(92.3)	(20.3)
Net investment hedges	(12.9)	(12.5)	(0.4)	11.5	10.2	1.3
Cash flow hedges	(12.1)	(8.2)	(3.9)	12.9	8.7	4.2
Commodity cash flow hedges	20.6	18.9	1.7	3.6	3.6	-
Actuarial gains and losses	28.9	30.5	(1.6)	(66.2)	(64.1)	(2.1)
Deferred taxes	20.4	19.6	0.8	34.3	34.0	0.3
Translation adjustments	63.2	30.4	32.8	(97.4)	(51.1)	(46.3)
Income and expense recognized directly in shareholder's equity	**76.4**	**47.9**	**28.5**	**(213.9)**	**(151.0)**	**(62.9)**
Consolidated net income	228.2	174.9	53.3	269.7	200.6	69.1
TOTAL RECOGNIZED INCOME AND EXPENSES	**304.6**	**222.8**	**81.8**	**55.8**	**49.6**	**6.2**

5.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTENT

NOTE 1 Basis of presentation, principles and significant accounting policies

1.1 BASIS OF PRESENTATION

SUEZ Environnement Company S.A., parent company of the Group which includes all water and waste operations (the Group), is a *société anonyme* (French corporation) which was established in November 2000 and headquartered in Paris (75008), 1 rue d'Astorg – France.

In the context of the merger operations with Gaz de France, the SUEZ Group consolidated all of its subsidiaries and interests in the Environment sector into Suez Environnement Company. SUEZ Environnement Company has been listed on the Euronext Paris market (Compartment A) since July 22, 2008.

The creation of the Group results from reclassifications carried out between different holding companies of SUEZ S.A. These reclassifications have not made any changes to SUEZ S.A.'s control over the entities that are included the Group. These transactions between entities under common control do not fall within the scope of IFRS 3 – Business Combinations, and were recognized in the consolidated financial statements at their book value under the "pooling of interests" method. As IFRS does not provide any specific guidance for business combinations involving entities under common control, the accounting treatment adopted was reviewed by Group management in light of IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors – and in particular paragraph 10 of the standard – Selection and Application of Accounting Policies.

On this basis, the Group's condensed Consolidated Financial Statements at June 30, 2009 were presented according to the "pooling of interest" accounting method, including the comparative half-year 2008, considering that the SUEZ Environnement Company group had already been formed at January 1, 2008.

At June 30, 2008, in the absence of a parent company, condensed interim combined financial statements were presented to provide a consistent financial overview of the Group's scope of operations. These financial statements had been prepared based on the financial statements of companies historically consolidated in SUEZ's financial statements, in accordance with the policies and procedures applicable as of June 30, 2008 as well as in accordance with the "pooling of interest" method.

The comparative information at June 30, 2008 contained in the consolidated financial statements as at June 30, 2009 corresponds to the information presented in the 2008 condensed interim combined financial statements.

On August 25, 2009, the condensed interim consolidated financial statements of SUEZ Environnement Company and its subsidiaries at June 30, 2009, were presented to the Board of Directors of SUEZ Environnement Company.

1.2 ACCOUNTING STANDARDS

Pursuant to the European Commission Regulation of July 19, 2002 on the International Financial Reporting Standards (IFRS), the annual Consolidated Financial Statements of the Group were established in accordance with IFRS as issued by the IASB and adopted by the European Union(1). This regulation includes the standards approved by the International Accounting Standards Board (IASB), that is IFRS, international accounting standards (IAS) and the interpretations developed by the International Financial Reporting Interpretation Committee (IFRIC), replacing the former Standard Interpretation Committee (SIC).

(1) Basis of presentation available on the website of the European Commission http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm.

The Group's condensed interim consolidated financial statements for the six months ended June 30, 2009 were prepared in accordance with the provisions of IAS 34 – Interim Financial Reporting, which allows entities to present selected explanatory notes. The interim consolidated financial statements for the six months ended June 30, 2009 do not therefore incorporate all of the notes and disclosures required by IFRS for the annual consolidated financial statements, and must thus be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2008, subject to specific dispositions relating to the preparation of interim financial information as described hereafter.

1.3 ACCOUNTING POLICIES

The accounting policies used in preparing the condensed interim consolidated financial statements are the same as those used for the year ended December 31, 2008, in accordance with IFRS as issued by the IASB and adopted by the European Union.

The following amendments to standards and interpretations relating to the presentation of the financial statements, disclosures and required application in 2009 will be applied at December 31, 2009:

- **amendment to IFRS 7 –** Improving Disclosures about Financial Instruments(*);
- **IAS 1 –** Presentation of Financial Statements (revised in 2007).

IFRIC 18 – Transfers of Assets from Customers(*) will be applied on July 1, 2009 prospectively.

The impact of these standards is currently being assessed.

The following amendments to standards and interpretations relating to the assessment of the financial statements and whose application is required in 2009 do not have any impact on the Group's financial statements:

- **amendments to IFRIC 9 and IAS 39 –** Reassessment of embedded derivatives(*);
- **amendments to IFRS 1 and IAS 27 –** Cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements;
- **amendment to IFRS 2 –** Vesting Conditions and Cancellations;
- **amendment to IAS 32 and IAS 1 –** Puttable Financial Instruments and Obligations Arising on Liquidation;
- **IFRIC 13 –** Customer Loyalty Programmes;
- **IFRIC 15 –** Agreements for the Construction of Real Estate;
- **IFRIC 16 –** Hedges of a Net Investment in a Foreign Operation;
- improvements to IFRS (May 2008) except IFRS 5.

The application of the following standards or amendments is not mandatory in 2009, and they will not be subject to early application:

- **revised IAS 27 –** Consolidated and Separate Financial Statements;
- **revised IFRS 3 –** Business Combinations;
- **amendment to IAS 39 –** Eligible hedged items(*);
- **IFRIC 17 –** Distributions of Non-cash Assets to Owners(*);
- **amendment to IFRS 2 –** Group Cash-settled Share-based payment transactions(*);
- improvements to IFRS (April 2009)(*).

1.4 USE OF JUDGMENT AND ESTIMATES

The current financial crisis has led the Group to strengthen its risk oversight procedures and to conduct an assessment of these, in particular counterparty risk in the valuation of financial instruments. The Group's estimates, business plans and discount rates used for impairment tests and for calculating provisions take into account the crisis conditions and the resulting extreme market volatility.

Estimates

The preparation of Consolidated Financial Statements requires the use of estimates and assumptions to determine the value of the assets and liabilities, the disclosure of contingent assets and liabilities at the balance sheet date and the revenues and expenses reported during the period.

Due to uncertainties inherent in the estimation process, the Group regularly revises its estimates in light of currently available information. Final outcomes could differ from those estimates.

The main estimates used by the Group in preparing the interim Consolidated Financial Statements relate mainly to:

- the evaluation of the recoverable amount of property, plant and equipment and intangible assets;
- the evaluation of provisions, particularly for legal and arbitration proceedings and for pensions and other employee benefits;
- capital renewal and replacement liabilities;
- financial instruments;
- unmetered revenues;
- the recognition of tax losses carried forward.

Detailed information related to the use of estimates is provided in Note 1 to the 2008 annual consolidated financial statements.

Judgment

As well as relying on estimates, Group management makes judgments to define the appropriate accounting treatment to

(*) Those standards and interpretations have not yet been adopted by the European Union.

apply to certain activities and transactions when the effective IFRS and their interpretations do not specifically deal with a given accounting issue.

This particularly applies in relation to the recognition of concession arrangements, the classification of service agreements that contain a lease and the recognition of acquisitions of minority interests.

1.5 INTERIM FINANCIAL REPORTING

Seasonality of operations

Although the Group's operations are intrinsically subject to seasonal fluctuations, key performance indicators and income from operating activities are more heavily influenced by changes in climate conditions. Consequently, the interim results for the six months ended June 30, 2009 are not necessarily indicative of those that may be expected for the full-year 2009.

Income tax expense

Current and deferred income tax expense for interim periods is calculated at the level of each tax entity by applying the average estimated annual effective tax rate for the current year to the taxable income for the period.

Pension benefit obligations

Pension costs for interim periods are calculated on the basis of the actuarial valuations performed at the end of the prior year. If necessary, these valuations are adjusted to take account of curtailments, settlements or other major non-recurring events during the period. Amounts recognized in the balance sheet in respect of defined benefit plans are adjusted, if necessary, in order to reflect material changes impacting the yield on investment-grade corporate bonds in the geographic area concerned (the benchmark used to determine the discount rate) and the actual return on plan assets.

Provisions for site rehabilitation

These provisions are recalculated once a year in order to establish the balance sheet at December 31 (see Note 18.4 to the financial statements of the Reference Document of December 31, 2008).

NOTE 2 Significant events

2.1 SIGNIFICANT EVENTS IN THE FIRST-HALF OF 2009

Bonds

As part of its policy regarding financing, diversification and the extension of the maturity of its debt, SUEZ Environnement Company carried out a series of bond issues under the Euro Medium Term Notes (EMTN) program implemented in March 2009. A total of €2.35 billion was issued over the half-year. Further information on these issues is provided in Note 7.3.4 of this document.

Acquisitions

Through its subsidiary Sino French Water Development (SFWD), SUEZ Environnement participated in the set-up of a new water supply joint venture in Tianjin, China. Tianjin Sino French Jieyuan Water Co. is a joint venture owned respectively for 52% and 48% by SFWD and Tianjin Water Works Group. This company will operate the water treatment plant in Jieyuan, which supplies water to 1 million inhabitants, i.e. one third of Tianjin's urban population.

Through its subsidiary SITA Sverige, SUEZ Environnement invested in shares in Allren i Sverige AB, which is active in the waste collection, sorting and recycling businesses.

Disposal

The Group sold its entire stake in the Wasteman group, specialized in waste collection and treatment in South Africa.

Consolidation of Nuove Acque and Acque Toscane

The Italian companies Nuove Acque and Acque Toscane were included in the scope of consolidation on June 30, 2009. Nuove Acque manages water and sanitation services in 37 towns in the Arezzo area (Tuscany, Italy), serving 350,000 inhabitants. Acque Toscane manages water distribution for the cities of Montecatini Terme, Ponte Buggianese and Fiesole (region of Florence), serving a population of approximately 50,000 inhabitants.

Commissioning of the EVI incinerator

The EVI incineration plant located in the international industrial park Europapark, in Emlichheim-Coevorden on the border of Germany and the Netherlands, began operating on April 2, 2009. With a total capacity of 365,000 tons, this incinerator internalizes the treatment of waste flows collected in the Benelux-Germany region.

Agreement to "unwind" subsidiaries jointly owned with Veolia Environnement

On December 19, 2008, a memorandum of understanding was signed by Veolia Eau – Cie Générale des Eaux, subsidiary of Veolia Environnement, and Lyonnaise des Eaux, subsidiary of SUEZ Environnement, aiming to "unwind" their joint direct and indirect investments in certain drinking water distribution and sanitation companies in France. This joint decision came as a result of the decision by the Anti-trust Council of July 11, 2002.

As at June 30, 2009, the unwinding process was still underway.

Moving out of SUEZ Environnement head office and French subsidiaries headquarters

The SUEZ Environnement Group decided to bring together its teams from the SUEZ Environnement head office and those from its subsidiaries Lyonnaise des Eaux, Sita France, Degrémont and OIS. The move to a single site in La Défense (Paris) should be finalized by the end of 2010.

2.2 SIGNIFICANT EVENTS IN THE FIRST-HALF OF 2008

Public tender offer for minority interest shares in Sociedad General de Aguas de Barcelona (Agbar)

The offer launched by Hisusa, SUEZ Environnement, SUEZ Environnement España and Criteria Caixa Corp for the Aguas de Barcelona shares they did not already own was concluded successfully on January 16, 2008, with the bidding companies gaining control of 90.01% of Agbar's share capital. Upon completion of the offer, Agbar is:

- 66.44%-owned by Hisusa (proportionately consolidated);
- 12.02%-owned by SUEZ Environnement and SUEZ Environnement España (fully consolidated);
- 11.55%-owned by Criteria Caixa Corp, a non-Group company.

The bidding companies brought their ownership interest to 90.00% shortly after the conclusion of the offer.

On the basis of the acceptance rate attained in January 2008, SUEZ Environnement's investment represented €708 million.

Disposal by Agbar of its interest in Suez S.A.

In May 2008, the Agbar group disposed of its remaining shares in Suez S.A. The Group recorded capital gains on disposal in the amount of €42 million in consolidated income from operating activities, representing a positive €25.5 million impact on net income Group share.

Transactions preceding the GDF Suez merger and SUEZ Environnement Company's stock market listing

a. Transfer of the environmental division's interests under SUEZ Environnement Company or some of its subsidiaries

During the first half of 2008, the Group acquired the following shares from Suez S.A. and some of its subsidiaries:

- 100% of the shares of the Moroccan company Eaux de l'Oum Er Rbia for €8.2 million. This company operates a water production activity on behalf of Lydec;
- 44.42% of the shares of Calédonienne des Eaux (water distribution operations) for €12.3 million. The Group now holds 100% of this company;
- 53% of the New Caledonian company Sadet (water distribution operations) for €5.3 million. The Group now holds 100% of this company;
- 51% of the shares of Consortium Intesa Aretina, a holding company owning 46% of the company operating the water distribution concession for the city of Arezzo, Italy, for €14 million.

b. Synthetic Argentinean agreement

On June 5, 2008, Suez and SUEZ Environnement signed a 20-year agreement involving the economic transfer in favor of SUEZ Environnement of the rights and obligations associated with Suez's equity interests in the Argentine companies Aguas Argentinas and Aguas Provinciales de Santa Fe. Suez remains the sole owner of the shares of these two companies. The shares of these two companies could not be reclassified given their particular situations and the litigation in progress (see Section 20.5.2 of the SUEZ Environnement Company prospectus for the listing).

This transfer was part of the reclassification of all of Suez's environment-related assets to SUEZ Environnement prior to the merger with GDF and the spin-off distribution of SUEZ Environnement shares.

The main provisions of this agreement set out the following:

- GDF Suez will bear all costs of any type resulting from the ownership of the shares of these two companies up to the residual amount of the provision for risks and contingencies appearing in SUEZ's consolidated financial statements as of December 31, 2007;
- SUEZ Environnement would bear the excess of these costs over this amount;
- if all of these costs should prove to be less than the amount set aside in the provision, GDF SUEZ would repay an amount equal to the unused balance of this provision to SUEZ Environnement;
- GDF SUEZ will repay to SUEZ Environnement any sum that it might collect in connection with ongoing or future proceedings.

Other acquisitions

During the first half of 2008, Sita Germany acquired 68.4% of Belland Vision (packaging recycling), which reported revenues of €35 million in 2007.

SUEZ Environnement acquired 25% of the share capital of Sita Sweden from German group E.On. Accordingly, at June 30, 2008, the Group held the entire share capital of Sita Sweden.

NOTE 3 Segment information

In accordance with the provisions of IFRS 8, which the Group early adopted in 2008, the segments defined below to present segment information have been identified based on internal reporting, in particular those segments monitored by the Group Management Committee which is made up of the Group's key operational decision-makers.

The Group is divided into four operating segments:

- Water Europe;
- Waste Europe;
- International;
- Others.

A distinction is made between the water distribution and water treatment services and the waste collection and waste treatment services in Europe.

The activities conducted internationally are grouped together and separated from those conducted in the Europe region. This specific segmentation reflects the difference in development strategy implemented internationally compared to the strategy pursued in Europe and is consistent with the Group's internal organizational systems and management structure.

3.1 OPERATING SEGMENTS

SUEZ Environnement Company's subsidiaries have been organized into the following operating segments:

- Water Europe: water distribution and treatment services, particularly under concession contracts (water management). These services are provided to private customers, local authorities and industrial clients;
- Waste Europe: waste collection and treatment services for local authorities and industrial clients. These services include collection, sorting, recycling, composting, energy recovery and landfilling for both non-hazardous and hazardous waste;
- International: the Group is expanding in these business segments, depending on the opportunities that may arise, in the areas of water, waste and engineering services, with a special priority on risk-management resulting from specific local environments (setting up partnerships, hedging, limiting invested capital or other investments in highly regulated environments).

The "Others" segment is made up of holding companies including SUEZ Environnement Company.

3.2 KEY INDICATORS BY OPERATING SEGMENT

REVENUES

	June 30, 2009			June 30, 2008		
(in millions of euros)	Non-group	Group	Total	Non-group	Group	Total
Water Europe	1,926.7	4.1	1,930.8	1,881.7	5.3	1,887.0
Waste Europe	2,599.0	17.8	2,616.8	2,892.9	20.3	2,913.2
International	1,338.0	16.3	1,354.3	1,247.4	9.4	1,256.8
Other	8.4	19.0	27.4	8.4	14.2	22.6
Intercompany eliminations		(57.2)	(57.2)		(49.2)	(49.2)
TOTAL REVENUES	**5,872.1**	**0.0**	**5,872.1**	**6,030.4**	**0.0**	**6,030.4**

EBITDA

(in millions of euros)	June 30, 2009	June 30, 2008
Water Europe	419.9	387.6
Waste Europe	368.3	459.3
International	196.8	184.7
Other	(34.4)	(25.7)
TOTAL EBITDA	**950.6**	**1,005.9**

CURRENT OPERATING INCOME

(in millions of euros)	June 30, 2009	June 30, 2008
Water Europe	209.5	200.5
Waste Europe	132.2	232.1
International	110.8	122.7
Other	(59.1)	(47.4)
TOTAL CURRENT OPERATING INCOME	**393.4**	**507.9**

DEPRECIATION

(in millions of euros)	June 30, 2009	June 30, 2008
Water Europe	(115.5)	(104.9)
Waste Europe	(223.9)	(209.0)
International	(66.3)	(60.9)
Other	(1.0)	(1.0)
TOTAL DEPRECIATION	**(406.7)**	**(375.8)**

INCOME FROM OPERATING ACTIVITIES

(in millions of euros)	June 30, 2009	June 30, 2008
Water Europe	203.2	242.5
Waste Europe	109.9	229.5
International	111.7	111.3
Other	(61.4)	(65.6)
TOTAL INCOME FROM OPERATING ACTIVITIES	**363.4**	**517.7**

CAPITAL EMPLOYED

(in millions of euros)	June 30, 2009	December 31, 2008
Water Europe	3,306.4	3,208.5
Waste Europe	4,356.0	4,118.4
International	2,676.1	2,639.1
Other	252.1	160.4
TOTAL CAPITAL EMPLOYED	**10,590.6**	**10,126.4**

INVESTMENT IN PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND FINANCIAL ASSETS

(in millions of euros)	June 30, 2009	June 30, 2008
Water Europe	(182.8)	(441.4)
Waste Europe	(245.4)	(335.9)
International	(141.9)	(114.2)
Other	(92.3)	(429.6)
TOTAL INVESTMENTS	**(662.4)**	**(1,321.1)**

3.3 KEY INDICATORS BY GEOGRAPHICAL AREA

The indicators below are broken down by:

- for revenues by destination of goods and services sold;
- for capital employed by geographical location of the subsidiaries.

	Revenues		Capital employed	
(in millions of euros)	June 30, 2009	June 30, 2008	June 30, 2009	December 31, 2008
France	2,624.7	2,703.1	2,325.3	2,509.8
Europe	2,288.0	2,500.4	5,769.1	5,378.6
International	959.4	826.9	2,496.2	2,238.0
TOTAL	**5,872.1**	**6,030.4**	**10,590.6**	**10,126.4**

3.4 RECONCILIATION OF EBITDA WITH CURRENT OPERATING INCOME

(in millions of euros)	June 30, 2009	June 30, 2008
Current operating income	**393.4**	**507.9**
(-) Depreciation, amortization and provisions	419.7	368.9
(-) Share-based payments (IFRS 2)	28.2	24.1
(-) Disbursements under concession contracts	109.3	105.0
EBITDA	**950.6**	**1,005.9**

3.5 RECONCILIATION OF CAPITAL EMPLOYED

(in millions of euros)	June 30, 2009	December 31, 2008
(+) Property, plant and equipment and intangible assets	8,541.5	8,073.0
(+) Goodwill (net)	2,971.0	2,897.5
(+) Available-for-sale securities (excluding marketable securities)	706.7	682.5
(+) Other receivables carried at amortized cost	653.3	671.6
(+) Investments in associates	232.6	265.6
(+) Trade and related receivables	3,543.2	3,588.4
(+) Inventories	280.8	245.9
(+) Other current and non-current assets	918.8	992.6
(-) Provisions and actuarial gains/losses on pension plans	(1,310.2)	(1,237.5)
(-) Trade and related payables	(3,660.6)	(3,863.7)
(+) Other current and non-current liabilities	(2,257.8)	(2,170.6)
(-) Other financial liabilities	(28.7)	(18.9)
CAPITAL EMPLOYED	**10,590.6**	**10,126.4**

NOTE 4 Income statement

4.1 INCOME FROM OPERATING ACTIVITIES

(in millions of euros)	June 30, 2009	June 30, 2008
Current operating income	**393.4**	**507.9**
Mark-to-market on operating financial instruments	2.1	(1.1)
Impairment of property, plant and equipment, intangible assets and financial assets	(7.7)	(6.8)
Restructuring costs	(26.5)	(2.8)
Expenses linked to Initial Public Offering	-	(18.9)
Disposals of assets	2.1	39.4
INCOME FROM OPERATING ACTIVITIES	**363.4**	**517.7**

Restructuring costs

In 2009, this amount mainly includes the costs linked to adapting to the slowdown in business, primarily in the waste sector as well as costs arising from the transfer of Sita France, OIS, Degrémont, Lyonnaise des Eaux and SUEZ Environnement to a single location at La Défense (Paris). The latter costs include the temporary double rent and office refurbishment costs.

Expenses attributable to the initial public offering

During the first half of 2008, the Group recognized fees to external service providers in the amount of €18.9 million incurred with respect to consulting services during the preparation of SUEZ Environnement Company's initial public offering.

Disposals of assets

Over the six months to June 30, 2008, disposal gains for an amount of €42 million were attributable mainly to the sale of Agbar's shares in Suez S.A.

4.2 FINANCIAL INCOME/(LOSS)

	June 30, 2009			June 30, 2008		
(in millions of euros)	Expenses	Income	Total	Expenses	Income	Total
Net finance costs	**(149.4)**	**16.8**	**(132.6)**	**(162.1)**	**33.0**	**(129.1)**
Interest expense on gross debt	(149.4)	-	(149.4)	(162.1)	-	(162.1)
Exchange gain/(loss) on financial debt and hedges	-	1.9	1.9	-	3.1	3.1
Income/(expense) from hedges on borrowings	-	1.6	1.6	-	0.4	0.4
Income/(expense) on financial assets at fair value through income	-	2.8	2.8	-	0.5	0.5
Income/(expense) on cash and cash equivalents	-	10.5	10.5	-	29.0	29.0
Other financial income and expenses	**(25.6)**	**43.1**	**17.5**	**(24.0)**	**32.7**	**8.7**
FINANCIAL INCOME/(LOSS)	**(175.0)**	**60.0**	**(115.0)**	**(186.1)**	**65.7**	**(120.4)**

The change in net finance costs over the period results from the increase in the average net debt offset by the considerable reduction in the average rate of net debt between June 2008 (5.6%) and June 2009 (4.6%).

4.3 INCOME TAX

4.3.1 Breakdown of the income tax expense recognized in income statement

(in millions of euros)	June 30, 2009	June 30, 2008
Net income (a)	228.2	269.7
Total income tax expense recognized in income (b)	(40.9)	(145.8)
Share in net income from associates (c)	20.7	18.2
Income before tax and share in net income from associates (a) - (b) - (c) = (d)	**248.4**	**397.4**
EFFECTIVE TAX RATE – (b)/(d)	**16.5%**	**36.7%**

At June 30, 2009, the effective tax rate was 16.5%, compared to 36.7% at June 30, 2008.

The low effective tax rate at June 30, 2009 essentially stems from the set-up of the tax consolidation group headed by SUEZ Environnement Company. The event that led to the set-up of this consolidation group had not yet occurred as at June 30, 2008.

At June 30, 2009, the effective tax rate mainly results from the following factors:

- the impact of the SEC tax consolidation group:

  The Group mainly recorded:

  - a deferred tax asset of €38.8 million for the losses generated by consolidated companies in the first half of 2009,
  - a deferred tax asset of €26.8 million for the provisions not tax deductible but that will ultimately generate subsequent tax savings,
  - a deferred tax asset of €6.5 million for other temporary differences that will generate subsequent tax savings,
  - others in the amount of €1.1 million;

  The tax consolidation group had an overall favorable impact on income of €73.2 million at June 30, 2009.

- other effects:

  These mainly include the consequences of the decline in earnings of companies with tax losses carried forward or companies that do not pay taxes but have not recognized deferred tax assets in their financial statements.

Once these items are adjusted for, the effective tax rate was 32% at June 30, 2009.

4.3.2 Income tax recorded directly in shareholders' equity – Group share

Over the first semester of 2009, the change in deferred taxes recognized directly in equity resulting from actuarial gains and losses calculated over the period as well as changes in the fair value of financial instruments recorded through equity, amounts to a positive €19.6 million.

NOTE 5 Property, plant and equipment and intangible assets

(in millions of euros)	***Goodwill***	**Other intangible assets**	**Property, plant and equipment**
A. GROSS AMOUNT			
At December 31, 2008	**3,060.1**	**3,815.2**	**12,517.5**
Acquisitions	-	124.1	325.3
Disposals	-	(2.7)	(126.4)
Translation adjustments	51.2	7.2	185.0
Other	38.8	243.4	161.3
At June 30, 2009	**3,150.1**	**4,187.2**	**13,062.7**
B. ACCUMULATED DEPRECIATION, AMORTIZATION AND IMPAIRMENT			
At December 31, 2008	**(162.6)**	**(1,948.0)**	**(6,311.7)**
Amortization	-	(82.5)	(324.2)
Impairment losses	(0.7)	(0.1)	(5.7)
Disposals	-	1.9	127.6
Translation adjustments	(15.8)	0.7	(108.1)
Other	-	(44.2)	(14.1)
At June 30, 2009	**(179.1)**	**(2,072.2)**	**(6,636.2)**
C. CARRYING AMOUNT = A + B			
At December 31, 2008	**2,897.5**	**1,867.2**	**6,205.8**
At June 30, 2009	**2,971.0**	**2,115.0**	**6,426.5**

GOODWILL SEGMENT INFORMATION

The carrying amount of goodwill can be broken down by operating segment as follows:

(in millions of euros)	**June 30, 2009**	**December 31, 2008**
Water Europe	724.4	726.8
Waste Europe	1,518.5	1,440.7
International	728.1	730.0
Other	-	-
TOTAL	**2,971.0**	**2,897.5**

The segment breakdown set out above is based on the operating segments of the acquired entity (and not on those of the acquirer).

At June 30, 2009, goodwill amounted to €2,971.0 million; it relates mainly to the following cash-generating units (CGUs): Agbar (€632 million), SITA France (€538 million), SITA UK (€387 million), SITA Nederland BV (€235 million), SE Deutschland (€189 million), United Water (€374 million) and Utility Service Group (€103 million).

As we did not identify any indicator of impairment on the first semester, no impairment was considered necessary at June 30, 2009.

NOTE 6 Provisions

(in millions of euros)	December 31, 2008	Allowances	Reversals (utilizations)	Reversals (surplus provisions)	Changes in scope of consolidation	Discounting[(1)]	Translation adjustments[(2)]	Other	June 30, 2009
Pensions and other benefit obligations	428.9	10.0	(11.8)	-	(0.1)	8.4	(0.7)	(26.3)	408.4
Sector-related risks	102.3	3.3	(4.7)	(2.4)	3.8	-	0.2	(4.6)	97.9
Warranties	34.5	1.5	(1.0)	(0.1)	-	-	(0.2)	(2.5)	32.2
Disputes, claims and tax risks	125.0	2.8	(4.9)	(0.1)	1.0	-	0.1	(1.5)	122.4
Site rehabilitation	485.3	12.9	(11.9)	-	-	7.9	14.2	3.0	511.4
Restructuring costs	19.6	16.3	(4.1)	(1.7)	0.1	-	-	(0.3)	29.9
Other contingencies	132.4	25.8	(26.6)	(0.2)	25.9	0.3	1.8	10.1	169.5
TOTAL PROVISIONS	**1,328.0**	**72.6**	**(65.0)**	**(4.5)**	**30.7**	**16.6**	**15.4**	**(22.1)**	**1,371.7**

(1) The amount presented in respect of pensions and other employee benefit obligations relates to the interest cost on pension obligations, net of the expected return on plan assets.
(2) The Group reported €15.4 million in translation gains in the six months to June 30, 2009, relating mainly to its UK and Australian subsidiaries.

The assumptions used to measure pension obligations as at June 30, 2009 primarily include a projected inflation rate of 2% in the euro zone and a discount rate set at 5.2% given the average duration of obligations.

The "Other" column includes mainly actuarial gains and losses for pensions and other employee benefits generated in 2009 and recognized under shareholders' equity.

The allowances, reversals and changes presented above and resulting from discounting impacts are presented as follows in the income statement for first semester 2009:

(in millions of euros)	Net (reversals)/ allowances
Income from operating activities	4.1
Other financial income and expenses	16.6
Income tax expense	(1.0)
TOTAL	**19.7**

NOTE 7 Financial instruments

7.1 FINANCIAL ASSETS

The Group's financial assets are broken down into the following categories:

	June 30, 2009			December 31, 2008
(in millions of euros)	Non-current	Current	Total	Total
Available-for-sale securities	**722.9**	**-**	**722.9**	**729.2**
Loans and receivables carried at amortized cost	**549.1**	**3,584.8**	**4,133.9**	**4,197.6**
• Loans and receivables carried at amortized cost (excluding trade and other receivables)	549.1	41.6	590.7	609.2
• Trade and other receivables	-	3,543.2	3,543.2	3,588.4
Financial assets at fair value through income	**44.1**	**1,215.6**	**1,259.7**	**140.9**
• Derivative financial instruments (incl. commodity derivatives)	44.1	5.4	49.5	89.9
• Financial assets at fair value through income excluding derivatives	-	1,210.2	1,210.2	51.0
Cash and cash equivalents	**-**	**1,989.2**	**1,989.2**	**1,668.5**
TOTAL	**1,316.1**	**6,789.6**	**8,105.7**	**6,736.2**

The change in financial assets booked at fair value through the income statement since December 31, 2008 is due to investment of funds raised from the bond issues carried out over the half-year into money market UCITS. These investments are subject to a strict selection policy.

7.1.1 Available-for-sale securities

Movements during the year are broken down as follows:

At December 31, 2008	**729,2**
Acquisitions	102.5[(a)]
Net book value of disposals	(45.6)
Impairment	(0.6)
Changes in fair value recorded in shareholders' equity	(31.7)
Change in scope of consolidation, exchange rates and other	(30.9)
At June 30, 2009	**722.9**

(a) Mainly includes the subscription to the capital increase of Gas Natural.

Gains and losses on available-for-sale securities are recognized either in equity or in the income statement as follows:

		Remeasurement			
(in millions of euros)	Dividends	Change in fair value	Impact of exchange rates	Other	Income/(loss) on disposals
Shareholders' equity		(31.7)	-		
Income	31.0			-	(0.3)
TOTAL AS OF JUNE 30, 2009	**31.0**	**(31.7)**	**-**	**-**	**(0.3)**
Shareholders' equity		(341.1)	-		
Income	33.0			(2.2)	54.8
TOTAL AS OF DECEMBER 31, 2008	**33.0**	**(341.1)**	**-**	**(2.2)**	**54.8**

7.2 FINANCIAL LIABILITIES

The Group's financial liabilities are classified under the following categories at June 30, 2009:

	June 30, 2009			December 31, 2008
(in millions of euros)	Non-current	Current	Total	Total
Borrowings	7,023.3	2,637.0	9,660.3	7,721.3
Derivative financial instruments (incl. commodity derivatives)	50.7	70.2	120.9	105.8
Trade and other payables	-	3,660.6	3,660.6	3,863.7
Other financial liabilities	28.7	-	28.7	18.9
TOTAL	**7,102.7**	**6,367.8**	**13,470.5**	**11,709.7**

7.3 NET DEBT

7.3.1 Analysis by type of debt

	June 30, 2009			December 31, 2008		
(in millions of euros)	Non-current	Current	Total	Non-current	Current	Total
Outstanding borrowings	7,054.6	2,570.1	9,624.7	5,112.9	2,599.9	7,712.8
Impact of measurement at amortized cost	(31.3)	64.1	32.8	(22.4)	21.2	(1.2)
Impact of fair value hedge[(a)]	-	2.8	2.8	10.0	(0.3)	9.7
Borrowings and debt	**7,023.3**	**2,637.0**	**9,660.3**	**5,100.5**	**2,620.8**	**7,721.3**
Derivatives hedging borrowings under liabilities[(b)]	40.2	36.3	76.5	11.9	31.2	43.1
Gross debt	**7,063.5**	**2,673.3**	**9,736.8**	**5,112.4**	**2,652.0**	**7,764.4**
Financial assets at fair value through income	-	(1,210.2)	(1,210.2)	-	(51.0)	(51.0)
Cash and cash equivalents	-	(1,989.2)	(1,989.2)	-	(1,668.5)	(1,668.5)
Cash and cash equivalents and financial assets at fair value through income	**-**	**(3,199.4)**	**(3,199.4)**	**-**	**(1,719.5)**	**(1,719.5)**
Derivatives hedging borrowings under assets[(b)]	(30.7)	-	(30.7)	(73.7)	0.0	(73.7)
Net cash	**(30.7)**	**(3,199.4)**	**(3,230.1)**	**(73.7)**	**(1,719.5)**	**(1,793.2)**
Net debt	**7,032.8**	**(526.1)**	**6,506.7**	**5,038.7**	**932.5**	**5,971.2**
Outstanding borrowings	7,054.6	2,570.1	9,624.7	5,112.9	2,599.9	7,712.8
Financial assets at fair value through income	-	(1,210.2)	(1,210.2)	-	(51.0)	(51.0)
Cash and cash equivalents	-	(1,989.2)	(1,989.2)	-	(1,668.5)	(1,668.5)
Net debt excluding amortized cost and impact of derivative financial instruments	**7,054.6**	**(629.3)**	**6,425.3**	**5,112.9**	**880.4**	**5,993.3**

(a) This item corresponds to the revaluation of the interest rate component of debt in a designated fair value hedging relationship.
(b) This item represents the fair value of debt-related derivatives irrespective of whether or not they are designated as hedges. It also includes instruments designated as net investment hedges.

7.3.2 Net debt by maturity

At June 30, 2009 *(in millions of euros)*	**Total**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**Beyond 5 years**
Outstanding borrowings	9,624.7	1,666.3	2,389.9	162.8	490.6	769.8	1,446.9	2,698.4
Cash and cash equivalents and financial assets at fair value through income	(3,199.4)	(3,199.4)	-	-	-	-	-	-
NET DEBT EXCLUDING AMORTIZED COST AND IMPACT OF DERIVATIVE FINANCIAL INSTRUMENTS	**6,425.3**	**(1,533.1)**	**2,389.9**	**162.8**	**490.6**	**769.8**	**1,446.9**	**2,698.4**

7.3.3 Change in net debt

Over the first semester of 2009, net debt increased by €535.5 million, mainly due to:

- dividends paid to Group shareholders generated a €403 million increase in net debt (of which €317.6 million paid by SUEZ Environnement Company);
- changes in the scope of consolidation over the first semester led to a €181.7 million increase in net debt;
- the exchange rate impact contributed to an increase in net debt by €12.8 million.

7.3.4 Bond issues

In the first half of 2009, SUEZ Environnement Company carried out a series of bond issues under the EMTN program implemented early in the year. A total of €2.35 billion was issued over the first half of 2009:

- a €2.1 billion bond issues with two terms:
  - a 5-year term for €1.3 billion paying a coupon of 4.875% and maturing on April 8, 2014,
  - a 10-year term for €800 million paying a coupon of 6.25% and maturing on April 8, 2019;
- an issue of €250 million in 8-year bonds paying a coupon of 5.20% and maturing on June 8, 2017.

On July 9, 2009, SUEZ Environnement Company also issued €500 million in 15-year bonds paying a coupon of 5.50% and maturing on July 22, 2024, but this transaction has no impact on the Group financial statements for the half-year ended June 30, 2009.

7.3.5 Debt/equity ratio

(in millions of euros)	**June 30, 2009**	**December 31, 2008**
Net debt	6,506.7	5,971.2
Total equity	4,164.4	4,170.0
Net debt/equity ratio	156.2%	143.2%

7.4 DERIVATIVE FINANCIAL INSTRUMENTS

DERIVATIVE FINANCIAL ASSETS

	June 30, 2009			December 31, 2008
(in millions of euros)	Non-current	Current	Total	Total
Debt derivative financial instruments	30.7	-	30.7	73.7
Commodity derivative financial instruments	-	2.1	2.1	-
Derivative financial instruments on other items	13.4	3.3	16.7	16.2
TOTAL	**44.1**	**5.4**	**49.5**	**89.9**

DERIVATIVE FINANCIAL LIABILITIES

	June 30, 2009			December 31, 2008
(in millions of euros)	Non-current	Current	Total	Total
Derivatives hedging borrowings	40.2	36.3	76.5	43.1
Commodity instruments	-	32.9	32.9	51.4
Derivatives hedging other items	10.5	1.0	11.5	11.3
TOTAL	**50.7**	**70.2**	**120.9**	**105.8**

These instruments are set up according to the Group's risk management policy and are analyzed in Note 8.

NOTE 8 Management of risks arising from financial instruments

The Group mainly uses derivative instruments to manage its exposure to credit, liquidity and market risks. The risk management policy is described in Note 15 to the consolidated financial statements in the Reference Document of December 31, 2008.

8.1 MANAGEMENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS EXCLUDING COMMODITIES

8.1.1 Counterparty risk

The Group is exposed to counterparty risk through its operating activities on the one hand, and through its activities involving cash investments and derivatives used to hedge interest rates and exchange rates on the other. The Group's exposure to counterparty risk has not increased, thanks to the tighter monitoring policy implemented as a result of the current crisis.

Operating activities

COUNTERPARTY RISK ARISING FROM TRADE AND OTHER RECEIVABLES

The maturity of past-due trade and other receivables is broken down below:

(in millions of euros)	Non-impaired assets but past-due at the balance sheet date				Impaired assets	Non-impaired and not past-due assets	Gross amount
Trade and other receivables	**0-6 months**	**6-12 months**	**over one year**	**Total**	**Total**	**Total**	**Total**
At June 30, 2009	170.0	12.4	61.0	243.4	200.2	3,299.8	3,743.4
At December 31, 2008	367.5	77.0	105.6	550.1	183.0	3,039.6	3,772.7

The Group does not consider to be exposed to any material concentration risk in respect of receivables.

Financial activities

COUNTERPARTY RISK ARISING FROM PAST-DUE LOANS AND RECEIVABLES CARRIED AT AMORTIZED COST (EXCLUDING TRADE AND OTHER RECEIVABLES)

The maturity of past-due loans and receivables carried at amortized cost (excluding trade and other receivables) is broken down below:

(in millions of euros)	Non-impaired assets but past-due at the balance sheet date				Impaired assets	Non-impaired and not past-due assets	Gross amount
Loans and receivables carried at amortized cost (excluding trade and other receivables)	**0-6 months**	**6-12 months**	**over one year**	**Total**	**Total**	**Total**	**Total**
At June 30, 2009	-	-	76.8	76.8	135.0	577.5	789.3
At December 31, 2008	5.8	18.4	83.9	108.1	104.1	564.2	776.4

Outstanding loans and receivables carried at amortized cost (excluding trade and other receivables) do not include items relating to impairment, change in fair value and amortized cost and came out at -€198.6 million at June 30, 2009 as against -€167.2 million at December 31, 2008.

COUNTERPARTY RISK ARISING FROM INVESTING ACTIVITIES

The Group is exposed to counterparty risk on the investment of its cash surpluses (excluding loans to non-consolidated companies) and through its use of derivative financial instruments. Counterparty risk represents the Group's potential loss if counterparties fail to meet their contractual obligations. For financial instruments, this risk corresponds to the positive fair value.

At June 30, 2009, the total outstandings exposed to counterparty risk amounted to €3,230.1 million.

Furthermore, no single counterparty accounted for more than 23% of cash investments as at June 30, 2009 (weighted percentage of the estimated risk of each investment according to type, currency and maturity).

8.1.2 Liquidity risk

At June 30, 2009, bank loans represented 30.4% of the Group's gross financial debt (excluding bank overdrafts, the amortized cost and impact of derivatives). Financing through capital markets (use of securitization for 2.6% and of bond borrowings for 35.9%) represented 38.5% of the gross financial debt. At June 30, 2009, the Group had €1,948.9 million in confirmed credit facilities, of which €724.4 million had been withdrawn.

Cash and cash equivalents (net of bank overdrafts) totaled €2,958.4 million at June 30, 2009.

Undiscounted contractual payments on outstanding borrowings by maturity and type of lender are as follows:

At June 30, 2009 *(in millions of euros)*	**Total**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**Beyond 5 years**
Debt with GDF SUEZ	2,070.5	524.7	911.2	-	6.0	467.8	33.6	127.2
Bond or bank borrowings	7,554.2	1,141.6	1,478.7	162.8	484.6	302.0	1,413.3	2,571.2
TOTAL	**9,624.7**	**1,666.3**	**2,389.9**	**162.8**	**490.6**	**769.8**	**1,446.9**	**2,698.4**

Moreover, at June 30, 2009, undiscounted contractual payments on outstanding borrowings are broken down as follows by maturity and type:

At June 30, 2009 *(in millions of euros)*	**Total**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**Beyond 5 years**
Bond issues	3,356.2	255.3	16.4	1.3	8.2	1.3	1,301.2	1,772.5
Drawdowns on credit facilities	724.4	99.8	479.5	-	78.2	-	-	66.9
Borrowings under finance leases	470.7	27.9	48.8	44.8	44.4	44.4	40.9	219.5
Other bank borrowings	2,121.9	206.9	912.3	98.5	90.1	248.3	64.0	501.8
Other borrowings	2,084.3	209.2	932.9	18.2	269.7	475.8	40.8	137.7
Overdrafts and current accounts	867.2	867.2	-	-	-	-	-	-
Outstanding borrowings	**9,624.7**	**1,666.3**	**2,389.9**	**162.8**	**490.6**	**769.8**	**1,446.9**	**2,698.4**

At December 31, 2008 *(in millions of euros)*	**Total**	**2009**	**2010**	**2011**	**2012**	**2013**	**Beyond 5 years**
Outstanding borrowings	**7,712.8**	**2,599.9**	**2,218.7**	**136.9**	**464.1**	**738.5**	**1,554.7**

At June 30, 2009, no single counterparty accounted for more than 27% of the Group's confirmed undrawn credit lines.

8.1.3 Market risks

8.1.3.1 Sensitivity analysis: foreign currency and interest rate instruments

The sensitivity analysis was based on the debt position (including interest rate and foreign currency derivatives) as at the balance sheet date.

With respect to foreign currency risk, the sensitivity calculation consists in evaluating the impact of a 10% variation in foreign currency rates against the euro compared to closing rates.

Impact on income:

Changes in exchange rates against the euro only affect income through gains and losses on liabilities denominated in a currency other than the reporting currency of the companies carrying the liabilities on their balance sheet, and to the extent that these liabilities do not qualify as net investment hedges. A uniform 10% rise in the value of the euro against all other foreign currencies would have a positive impact of +€2.1 million on income.

Impact on equity:

For financial liabilities (debt and derivatives) designated as net investment hedges, a uniform rise of 10% in the value of the euro against all other foreign currencies would have a positive impact of +€80.2 million on equity. This impact is offset by the negative effect of the net investment hedge.

With respect to the interest rate risk, the sensitivity calculation consists in evaluating the impact of a 1% variation in the yield curve compared with year-end interest rates.

Impact on income:

A uniform 1% rise in short-term interest rates (for all currencies) on the nominal amount of the floating-rate net debt and the floating-rate component of derivatives, as well as a 1% increase of all the yield curves on the fair value of derivatives which are not classified as hedges, would have a negative impact of -€11.5 million on net interest expense.

Impact on equity:

A uniform 1% increase in interest rates across the yield curves (identical for all currencies) on the fair value of derivatives classified as hedges would have a positive impact of +€37.3 million on equity.

8.1.3.2 Market risk on available-for-sale securities

At June 30, 2009, available-for-sale securities held by the Group amounted to €722.9 million.

A fall of 10% in the value of the listed securities would have a negative impact of around -€36.0 million on either income or Group shareholders' equity, depending on whether it would lead to impairment or not. The Group's portfolio of listed and unlisted equity investments is managed in accordance with a specific investment policy. Reports on the equity portfolio are submitted to Executive Management on a regular basis.

8.2 MANAGEMENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS LINKED TO COMMODITIES

8.2.1 Fair value of derivative instruments linked to commodities

The fair value of derivative instruments linked to commodities is presented in the table below:

	June 30, 2009				December 31, 2008			
	Assets		Liabilities		Assets		Liabilities	
(in millions of euros)	Current	Non current	Current	Non current	Current	Non current	Current	Non current
Cash flow hedges	2.1	-	32.9	-	-	-	51.4	-
TOTAL	**2.1**	**-**	**32.9**	**-**	**-**	**-**	**51.4**	**-**

Commodity trading derivatives mainly include hedges on diesel fuel.

NOTE 9 Share-based payments

Suez Environnement Company employees are eligible for the benefits offered to employees of the GDF SUEZ Group. The following note only explains changes in this item that have occurred over the first six months of 2009. A description of share-based payment plans implemented in prior years is provided in Note 25 to the consolidated financial statements of the 2008 Reference Document of SUEZ Environnement Company.

Expenses recognized in respect of share-based payment are as follows:

	Expense for the period	
(in millions of euros)	June 30, 2009	June 30, 2008
Stock option plans	(7.0)	(7.4)
Share Appreciation Rights	0.3	(1.2)
Bonus/performance share award plans	(18.5)	(13.6)
Exceptional bonus	(1.3)	(2.9)
TOTAL	**(26.5)**	**(25.1)**

BONUS SHARE AWARD PLAN

Under the resolution approved at the General Shareholders' Meeting of May 26, 2009, the Board of Directors of SUEZ Environnement Company (SEC), at its meeting on June 25, 2009, decided to allocate 30 existing SEC shares to each employee. This decision was made subject to the decision of the Board of Directors of GDF SUEZ at its meeting on July 8, 2009 to implement its global bonus share plan for 2009, in line with the employee incentive scheme of July 3, 2007.

The allocation of 30 SEC shares to each employee completes the bonus share plan launched by GDF SUEZ and approved by the Board of Directors of GDF SUEZ at its meeting on July 8, 2009. Under the GDF SUEZ plan, each employee of the SUEZ Environnement Group shall be granted 8 GDF SUEZ shares.

As the actual grant date of both plans was July 8, 2009, no expenses were booked as at June 30, 2009. Approximately 68,000 SUEZ Environnement employees benefited from the plan.

SHARE APPRECIATION RIGHTS

The accounting impact of cash-settled Share Appreciation Rights (SARs) consists in recognizing a payable to the employee over the vesting period of the rights, with the corresponding adjustment recorded in income. At June 30, 2009, the fair value of the liability related to these awards in 2004, 2005 and 2007 amounted to €10.1 million. The positive impact of these awards on the income statement stood at +€0.3 million.

NOTE 10 Related party transactions

The aim of this note is to describe material transactions between (i) the Group and its shareholders (or representatives), and (ii) the Group and the companies which it does not exclusively control (joint ventures or associates).

10.1 TRANSACTIONS BETWEEN THE PARENT COMPANY AND RELATED ENTITIES

Only material transactions are described below.

(in millions of euros)	June 30, 2009	December 31, 2008	June 30, 2008
TRANSACTIONS WITH THE PARENT COMPANY GDF SUEZ:			
Purchases / sales of goods and services	(7.6)	(30.7)	(13.1)
Financial income	-	1.4	1.4
Non-financial payables	8.9	13.3	13.0
Non-financial receivables	1.6	1.2	-
Receivables carried at amortized cost[(a)]	33.8	36.6	53.0
TRANSACTIONS WITH COMPANIES RELATED TO THE PARENT COMPANY GDF SUEZ:			
Purchases/sales of goods and services	(22.4)	(5.4)	(2.1)
Financial income	4.3	14.8	9.0
Financial expenses	(41.3)	(128.4)	(48.0)
Non-financial receivables	30.6	36.1	36.6
Financial receivables	8.5	43.5	71.6
Non-financial payables	2.4	2.2	1.5
Outstanding borrowings excluding financial instruments	2,070.5	2,935.3	2,334.9
Commodity instruments	32.9	51.4	(6.8)
Accrued interest	24.9	7.7	22.3
Net cash	184.2	319.2	309.8

(a) See Note 2.2 – Argentine Agreement.

Outstanding balances relate mainly to amounts payable by SUEZ Environnement, Sita Flandres and Sita Wallonie to SUEZ Finance S.A. and Energy Europe Invest.

The borrowings of the SUEZ Environnement Group from GDF SUEZ or companies related to GDF SUEZ totaled €2,935.3 million at December 31, 2008 compared to €2,070.5 million at June 30, 2009.

This reduction is mainly due to reimbursements by SUEZ Environnement (-€470 million), Lyonnaise des Eaux France (-€231 million), Sita Nederland BV (-€115 million) and SUEZ Environnement Company (-€49 million) to Suez Finance, a subsidiary of GDF SUEZ, resulting primarily from SUEZ Environnement Company's bond issues over the first semester of 2009.

Apart from this debt reduction, the Group did not record any significant changes in its transactions with related entities.

10.2 TRANSACTIONS WITH JOINT VENTURES AND ASSOCIATES

Transactions with joint ventures and associates consisted mainly in technical services provided to and received from Swire Sita for an amount of €1.6 million at June 30, 2009.

NOTE 11 Legal and arbitration proceedings

11.1 COMPETITION AND INDUSTRY CONCENTRATION

Through its decision of July 11, 2002, the French Anti-trust Council ruled that the existence of equal stakes in water distribution companies held by Veolia Eau (a subsidiary of Veolia Environment) and Lyonnaise des Eaux France (a subsidiary of SUEZ Environnement) created a collective dominant position between the two groups. Although the French Anti-trust Council did not impose sanctions against the two companies, it requested the Minister of the Economy to order the two companies to modify or terminate the agreements that combine their resources within joint subsidiaries in order to lift the barrier to competition. Veolia Eau has filed several appeals regarding the decision of the Anti-trust Council.

As part of the investigation conducted by the Minister of the Economy, the two companies were asked to unwind their cross-shareholdings in these joint subsidiaries.

In December 2008, Lyonnaise des Eaux France and Veolia signed an agreement to unwind these cross-shareholdings. On July 30, 2009, the European Commission approved Veolia Eau's plan to purchase the stakes held by Lyonnaise des Eaux in three subsidiaries jointly owned with Lyonnaise des Eaux. The purchase of six other jointly owned subsidiaries by Lyonnaise des Eaux was approved by the European Commission on August 5, 2009.

As at June 30, 2009, the unwinding process was still underway.

11.2 LITIGATIONS AND ARBITRATIONS

In the normal course of its business, the Group is involved with a certain amount of litigations and arbitrations with third parties or with the tax administrations of certain countries. Provisions are recorded for these litigations and arbitrations when (i) a legal, contractual, or constructive obligation exists at the balance sheet date with respect to a third party; (ii) it is probable that an outflow of resources without economic benefits will be necessary to settle the obligation; and (iii) the amount of that outflow of resources can be estimated in a sufficiently reliable manner. Provisions recorded in respect of the above amounted to €122 million at June 30, 2009.

11.2.1 Litigations and arbitrations with third parties

Litigations in Argentina

In Argentina, tariffs under delegation of public services contracts have been frozen by a Public Emergency and Exchange Regime Reform Law (Emergency Act) in January 2002, preventing the application of contractual provisions to index rates in the event of a depreciation of the Argentine peso against the US dollar.

In 2003, SUEZ – now GDF SUEZ- and its co-shareholders, concession holders of the Buenos Aires and Santa Fe water services filed arbitration proceedings against the Argentine government in its role as grantor before the International Center for Settlement of Investment Disputes (ICSID), in compliance with Franco-Argentine Bilateral Investment Protection Treaties, in order to apply the contractual provisions of the concession contracts.

These ICSID arbitration proceedings, currently in progress, aim at obtaining indemnities to compensate for the loss of value of the investments made since the start of the concession due to the measures adopted by the Argentine government following the adoption of the above-mentioned Emergency Act. The ICSID found that it had jurisdiction to decide both cases in 2006. Hearings took place for both arbitration proceedings in 2007, and the rulings are expected in 2009. In addition to the ICSID proceedings, the concession holders Aguas Argentinas and Aguas Provinciales de Santa Fe were required to launch termination proceedings in respect of their delegation of public services contracts before the local administrative authorities.

However, as the concession holders' financial position has deteriorated since the Emergency Act was passed, Aguas Provinciales de Santa Fe announced that it had initiated bankruptcy proceedings at its General Shareholders' Meeting on January 13, 2006.

At the same time, Aguas Argentinas filed a request for a *"Concurso Preventivo"* (a similar mechanism to bankruptcy in France). Within the framework of these bankruptcy proceedings, a composition proposal involving the novation of the company's admissible liabilities was approved by creditors and ratified by the bankruptcy court on April 11, 2008. The liability is currently being settled. The proposal provides for an initial payment of 20% (the equivalent of about US$40 million) upon ratification and a second payment of 20% if compensation is paid by the Argentinean government. As controlling shareholders, Suez and Agbar decided to aid Aguas Argentinas financially in this initial payment and paid €6.1 million and €3.8 million respectively upon ratification.

Note that Suez and Suez Environnement agreed – prior to the merger between Suez and Gaz de France and the listing of SUEZ Environnement Company on the stock exchange – upon the economic transfer, in SUEZ Environnement's favor, of the rights and obligations linked to the interests held by SUEZ in Aguas Argentinas and Aguas Provinciales de Santa Fe.

The Group considers that the provisions recognized in the accounts relating to these disputes are adequate.

Novergie

Novergie Centre Est, a wholly-owned subsidiary of SUEZ Environnement, used to operate an incineration plant in Gilly-sur-Isère near Albertville (in the Savoie region), which was built in 1984 and owned by SIMIGEDA (a public-private waste management company in the Albertville district). In 2001, high levels of dioxin were found near the incineration plant and the Préfet of Savoie ordered the closing of the plant in October 2001.

Criminal complaints and action for damages parallel to prosecution were filed in March 2002 against, among others, the president of SIMIGEDA, the Préfet of Savoie and Novergie Centre Est for poisoning, endangering the life of others, and non intentional assault and battery, with respect to dioxin pollution allegedly cause by the incineration plant. In the first half of 2009, the Court of Cassation confirmed the decision of the criminal investigation unit of the Lyon Appeals Court that rejected a private prosecution.

Novergie Centre Est was indicted on December 22, 2005 on the counts of endangering the life of others and violating administrative regulations.

In the context of this procedure, investigations ordered by the court showed that there had been no increase of the number of cancers in neighboring populations.

On October 26, 2007, the judge in charge of investigating the case dismissed the charges against physical persons indicted for endangering the life of others. However, the judge ordered that SIMIGEDA and Novergie Centre Est be sent for trial before the Albertville criminal court for having operated the incinerator "without prior authorization, due to the expiry of the initial authorization as a result of significant changes in operating conditions at the plant". A ruling from the criminal investigation unit of the Court of Chambéry is expected in the second half of 2009. The prosecution requested the confirmation of the order to dismiss charges in favor of the physical persons and suggests that the Court overturn the committal of the legal entities for the charge of non-compliant operation.

United Water (New York)

In March 2008, certain residents of the riverbank of the Hackensack River in Rockland County (New York state) filed a claim for a total amount of US$66 million (subsequently raised to US$130 million) with the New York Supreme Court against United Water (New York) following flooding after heavy rains.

These residents are claiming faulty maintenance of the reservoir and of the DeForest Lake dam adjoining DeForest Lake, which allegedly did not operate properly after these heavy rains and did not enable the gradual overflow of water into the Hackensack River on which it is built, and thus causing flooding in the homes of these residents. As the rain water drainage network operated by United Water flows into the river upstream from the dam, the residents, although living in a flood zone, are claiming compensatory damages and interest from United Water for an amount of US$65 million, as well as punitive damages and interest for the same amount for alleged negligence in the maintenance of the DeForest Lake reservoir and dam.

United Water does not consider itself to be responsible for the maintenance of the dam and the reservoir and does not believe that the claims are likely to succeed. A motion to dismiss the case was filed by United Water in July 2009.

The claim has been declared to the insurance companies.

Sita Australia

In November 2008, the residents of Brookland Greens Estate located in the suburbs of the city of Casey, state of Victoria, Australia, filed a class action suit with the Supreme Court of Victoria against the city of Casey.

Biogas (a mix of methane and carbon dioxide) produced by the Stevensons Road landfill, which belongs to the city, has allegedly migrated through the soil, threatening the residences built in the vicinity.

The plaintiffs have not specified figures but are claiming a loss in value of their homes, requesting that the competent authorities determine the amount of damages.

In April 2009, the city of Casey called on Sita Australia to guarantee the services provided by Sita Australia between 2003 and 2006 pertaining to the landfill closure and cover.

Sita Australia does not expect the third-party proceedings initiated by the city of Casey to succeed.

The claim has been declared to the insurance companies.

11.2.2 Tax litigation

Sociedad General de Aguas de Barcelona

Agbar was subject to a number of tax audits, mainly relating to corporate tax.

With respect to corporate tax, Agbar received a reassessment notice from the Spanish tax authorities for the 1995 to 1998 fiscal years, mentioning a reassessment of tax payable of €28 million in addition to penalties of €12 million. Agbar also received a reassessment notice relating to the 1999 to 2001 fiscal years, mentioning a reassessment of tax payable of €41 million in addition to penalties of €25 million. Lastly, Agbar received a reassessment notice relating to the 2002 to 2004 fiscal years, mentioning a reassessment of tax payable of €60.5 million without additional penalties.

The company challenged these notices in court, alleging that the tax authorities' arguments were not grounded.

In May 2007, with regard to the 1995 to 1998 fiscal years, the administrative court reduced the amount of the claim to €21 million and canceled the penalties. However, Agbar appealed this judgment on the remaining part of the reassessment, which is now being examined by the Administrative Court of Appeal.

Moreover, in May 2008, the Administrative Court canceled the penalties relating to the 1999 to 2001 fiscal years, but upheld almost all of the reassessment. As a result, Agbar appealed that judgment in July 2008: the part of the reassessment that was upheld is currently being examined.

Finally, in June 2009, Agbar set forth a request before the administrative court to challenge the reassessments made for the 2002 to 2004 fiscal years.

Lydec

LYDEC, a 51%-owned subsidiary of the Group, was subject to a tax audit relating to the 2002 to 2005 fiscal years concerning corporate tax, Value Added Tax and general income tax.

In this context, LYDEC has received since December 2006 reassessment notices relating to the audited fiscal years, for amounts which the Group considers to be abnormally high.

Lydec challenged almost all of the reassessments proposed by the tax authorities and initiated actions before the local taxation commission concerning all of the fiscal years audited.

A provision has been recorded for this litigation in the consolidated Group financial statements at June 30, 2009, pursuant to the Group's risk analysis, for an amount much lower than the reassessments claimed by the tax authorities.

Lyonnaise des Eaux and its subsidiaries

With respect to the calculation of business tax *("taxe professionnelle"),* Lyonnaise des Eaux France and its subsidiaries are in discussions with the French tax authorities. These discussions relate to the valuation method used for real estate assets and for equipment and other assets relating to the delegations of public services financed by the relevant delegated entity and/or local public entities. In this context, notices of claims for reassessment have been received by Lyonnaise des Eaux, Eau du Sud Parisien, Eau & Force, Société des Eaux du Nord, SERAM, Société des Eaux de Marseille and Stéphanoise des Eaux.

NOTE 12 Subsequent events

On July 30, 2009, SUEZ Environnement, through its subsidiary Degrémont as part of the AquaSure Consortium, was awarded the seawater desalination plant project led by the state of Victoria (Australia), which will meet about one third of the water requirements for the Melbourne area as of the end of 2011.

This contract provides for the financing, design and construction of the plant, with a capacity of 450,000 m^3 of drinking water per day, and the 85 km water transportation network, in addition to the operation of the plant until 2039. The total amount of the investment comes to €2 billion.

The contract represents total revenues of €1.2 billion over 30 years for SUEZ Environnement and Degrémont.

6 DECLARATION OF THE PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

Paris, August 25, 2009

I hereby certify that, to the best of my knowledge, the condensed financial statements for the first half of 2009 have been drawn up in accordance with applicable accounting standards and give a true and fair view of the assets, financial situation and results of the Company and all of the consolidated companies. I also certify that the Interim Management Report presents a true and fair picture of the significant events over the first six months of the year, their impact on the financial statements, the major related party transactions and a description of the main risks and uncertainties they face for the remaining six months of 2009.

Jean-Louis Chaussade

Chief Executive Officer

Suez Environnement Company

7 STATUTORY AUDITORS' REVIEW REPORT ON THE FIRST HALF-YEARLY FINANCIAL INFORMATION

(Free translation of the French Language)

This is a free translation into English of the statutory auditors' review report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

Period from January 1 to June 30, 2009

To the Shareholders,

In compliance with the assignment entrusted to us by your general meetings and in accordance with article L. 451-1-2 III of the French monetary and financial code (Code monétaire et financier), we hereby report to you on:

- our review of the accompanying condensed half-yearly consolidated financial statements of Suez Environnement Company, for the period from January 1 to June 30, 2009, and
- the verification of the information contained in the interim management report.

These condensed half-yearly consolidated financial statements are the responsibility of the board of directors, and have been drawn up under circumstances, described in note 1.4 to the consolidated financial statements and in the interim management report, of financial and economic crisis characterized by some difficulty in forecasting the economic outlook which already existed on December 31, 2008. Our role is to express a conclusion on these financial statements based on our review.

1. CONCLUSION ON THE FINANCIAL STATEMENTS

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that the financial statements, taken as a whole, are free from material misstatements, as we would not become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that these condensed half-yearly consolidated financial statements are not prepared in all material respects in accordance with IAS 34 – IFRS as adopted by the European Union applicable to interim financial information.

Without qualifying the conclusion expressed above, we draw your attention to the matters discussed in notes to the condensed half-yearly consolidated financial statements relating to:

- note 1.1, "Basis of presentation", which specifies that the condensed half-yearly consolidated financial statements have been presented according to the "pooling of interest" accounting method, including for the comparative financial period from January 1 to June 30, 2008;
- note 1.3, "Accounting policies", which outlines the impact of new standards and interpretations whose adoption is mandatory.

2. SPECIFIC VERIFICATION

We have also verified the information provided in the interim management report in respect of the condensed half-yearly consolidated financial statements that were the object of our review.

We have no matters to report on the fairness and consistency of this information with the condensed half-yearly consolidated financial statements.

Courbevoie and Neuilly-sur-Seine, August 25, 2009

The Statutory Auditors

French original signed by

MAZARS		**ERNST & YOUNG et Autres**	
Thierry Blanchetier	Philippe Castagnac	Charles-Emmanuel Chosson	Pascal Macioce

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