



GIE SUEZ ALLIANCE

(an economic interest group (*groupement d'intérêt économique*) established under the laws of the Republic of France)

Euro 1,250,000,000 4.25 per cent. A notes due 2010 (the "A Notes")

Euro 750,000,000 5.125 per cent. B notes due 2015 (the "B Notes")

Euro 1,000,000,000 5.75 per cent. C notes due 2023 (the "C Notes")

Issue Price A Notes 99.467 per cent.

Issue Price Euro 500,000,000 principal amount B Notes 99.583 per cent.

Issue Price Euro 250,000,000 principal amount B Notes 101.744 per cent.

Issue Price C Notes 99.446 per cent.

The A Notes, the B Notes and the C Notes (together, the "Notes") of GIE Suez Alliance, an economic interest group (*groupement d'intérêt économique*) established under the laws of the Republic of France, (the "Issuer" or "GIE Suez Alliance") will be issued outside the Republic of France on 24 June 2003. The existing members of the Issuer are Suez, Suez Environnement, Ondeo, Sita France, Elyo, Lyonnaise des Eaux France, Suez Finance and Tractebel (the "Members") (see "Description of the Issuer").

Each A Note bears interest on its principal amount from, and including, 24 June 2003 to, but excluding, 24 June 2010 at the rate of 4.25 per cent. per annum payable annually in arrear on 24 June in each year commencing on 24 June 2004 (see "Terms and Conditions of the A Notes – Interest"). Each B Note bears interest on its principal amount from, and including, 24 June 2003 to, but excluding, 24 June 2015 at the rate of 5.125 per cent. per annum payable annually in arrear on 24 June in each year commencing on 24 June 2004 (see "Terms and Conditions of the B Notes – Interest"). Each C Note bears interest on its principal amount from, and including, 24 June 2003 to, but excluding, 24 June 2023 at the rate of 5.75 per cent. per annum payable annually in arrear on 24 June in each year commencing on 24 June 2004 (see "Terms and Conditions of the C Notes – Interest").

Payments of principal and interest on the Notes will be made without deduction for or on account of taxes of the Republic of France (see "Terms and Conditions of the A Notes, the B Notes and the C Notes respectively – Taxation").

Unless previously redeemed or purchased and cancelled, the A Notes will be redeemed at their principal amount on 24 June 2010, the B Notes will be redeemed at their principal amount on 24 June 2015 and the C Notes will be redeemed at their principal amount on 24 June 2023. The Notes may, and in certain circumstances shall, be redeemed, in whole but not in part, at their principal amount together with accrued interest in the event that certain French taxes are imposed (see "Terms and Conditions of the A Notes, the B Notes and the C Notes respectively – Redemption and Purchase").

The Notes will, upon issue on 24 June 2003, be inscribed (*inscription en compte*) in the books of Euroclear France which shall credit the accounts of the Euroclear France Account Holders (as defined in "Terms and Conditions of the A Notes, the B Notes and the C Notes respectively – Form, Denomination and Title") including Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear") and the depositary bank for Clearstream Banking, *société anonyme* ("Clearstream, Luxembourg").

The Notes will be in bearer form in denominations of Euro 1,000 each. The Notes will at all times be represented in book entry form (*démateriatisé*) in the books of the Euroclear France Account Holders in compliance with article L. 211-4 of the French *Code monétaire et financier*. No physical document of title (including *certificats représentatifs* pursuant to Article 7 of Decree No. 83-359 of 2 May 1983) will be issued in respect of the Notes.

The Notes have been assigned ratings of A- by Standard & Poor's Rating Group ("S&P") and A2 by Moody's Investor Service, Inc. ("Moody's"). S&P and Moody's will continue to monitor the Issuer's credit rating and will make future adjustments to the extent warranted. A rating reflects only the views of S&P or Moody's as the case may be, and is not a recommendation to buy, sell or hold the Notes. There is no assurance that any such rating will be retained for any given period of time or that it will not be revised downward or withdrawn entirely by S&P or Moody's, as the case may be, if, in their respective judgments, circumstances so warrant.

Application has been made to list the Notes on the Luxembourg Stock Exchange.

Crédit Agricole Indosuez JPMorgan

ABN AMRO
Banco Bilbao Vizcaya Argentaria S.A.
CMCIC
Fortis Bank
KBC International Group

Banc of America Securities Limited
BNP PARIBAS
Citigroup
ING
Natexis Banques Populaires

HSBC CCF SG Investment Banking

Barclays Capital
CDC IXIS Capital Markets
Deutsche Bank
InverCaixa
The Royal Bank of Scotland

The date of this Offering Circular is 20 June 2003

The Issuer, having made all reasonable inquiries, confirms that this Offering Circular contains all information with respect to it, Suez and the Notes that is material in the context of the issue and offering of the Notes, the statements contained in it relating to it, the Members and the Notes are in every material particular true and accurate and are not misleading in any material respect, the opinions and intentions expressed in this Offering Circular with regard to it and the Members are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, there are no other facts in relation to it, the Members or the Notes the omission of which would, in the context of the issue and offering of the Notes, make any statement in this Offering Circular misleading in any material respect and all reasonable enquiries have been made by it to ascertain such facts and to verify the accuracy of all such information and statements. The Issuer accepts responsibility accordingly.

In making an investment decision regarding the Notes, prospective investors must rely on their own independent investigation and appraisal of the Issuer, the Members, their business and the terms of the offering, including the merits and risks involved. The contents of this Offering Circular are not to be construed as legal, business or tax advice. Each prospective investor should consult its own advisers as to legal, tax, financial, credit and related aspects of an investment in the Notes.

The delivery of this Offering Circular, at any time and under any circumstances, does not create any implication that there has been no change in the affairs of the Issuer or those of the Members since the date hereof or that there has been no adverse change in the financial position of the Issuer or that of the Members since the date hereof or that any other information contained herein is correct as of any time subsequent to such date.

This Offering Circular does not constitute an offer of, or an invitation or solicitation by or on behalf of the Issuer, the Members or the Managers (as defined in "Subscription and Sale" below) to subscribe or purchase any of the Notes.

The distribution of this Offering Circular and the offering or sale of the Notes in certain jurisdictions, including the United States, the United Kingdom and France, may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Members and the Managers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers and sales of Notes and distribution of this Offering Circular, see "Subscription and Sale" below.

No person is authorised to give any information or to make any representation other than those contained in this Offering Circular in connection with the issue or sale of the Notes and, if given or made such information or representation must not be relied upon as having been authorised by or on behalf of the Issuer, the Members or the Managers. The delivery of this Offering Circular at any time does not imply that the information contained in it is correct as at any time subsequent to its date.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933 as amended (the "Securities Act"). Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to or for the account or benefit of U.S. persons (as defined in Regulation S under the Securities Act ("Regulation S")).

In this Offering Circular, unless otherwise specified or the context otherwise requires, references to "Euro" "EUR", "€" or "euro" are to the single currency of the participating member states of the European Union which was introduced on 1 January 1999, references to "£", "pounds sterling", "GBP" and "Sterling" are to the lawful currency of the United Kingdom, and references to "\$", "USD" and "US Dollars" are to the lawful currency of the United States of America.

In connection with this issue Crédit Agricole Indosuez, or any person acting for him, may over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligation on Crédit Agricole Indosuez or any agent of his to do this. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period.

Unless otherwise stated herein, financial data in this Offering Circular in respect of any period, or as at any date, after 31 December 2002 is unaudited.

This Offering Circular has not been submitted to the clearance procedures of the *Commission des opérations de bourse* (the "COB").

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INCORPORATION BY REFERENCE

This Offering Circular should be read and construed in conjunction with any amendments or supplements to this Offering Circular, the most recently published audited annual accounts and interim accounts (if any) (whether audited or unaudited) published subsequently to such annual accounts of the Issuer and its principal member Suez from time to time, each of which shall be deemed to be incorporated in and to form part of this Offering Circular and which shall be deemed to modify or supersede the contents of this Offering Circular to the extent that a statement contained in any such document is inconsistent with such contents.

Suez's *Document de Référence* in the French language registered with the COB on 27 March 2003 under number D.03-317, including the consolidated and non-consolidated audited annual financial statements of Suez for each of the periods ended 31 December 2001 and 2002 and giving further information in relation to Suez is incorporated by reference herein. Copies of the *Document de Référence* are available on request free of charge from, and are available for inspection during normal business hours at, the specified office of the Fiscal Agent and Paying Agents set forth at the end of this Offering Circular, subject to the provisions of "**Subscription and Sale**" below.

As soon as they are available, each of the Issuer and Suez will provide the Fiscal Agent and the Paying Agents with copies of (i) its non-consolidated audited annual financial statements, in the case of the Issuer, (ii) its annual report, in the case of Suez, including its consolidated and non-consolidated annual financial statements and (iii) its latest unaudited consolidated semi-annual accounts, in the case of Suez. Copies of the documents and statements listed in (i), (ii) and (iii) above may be obtained free of charge from the specified offices for the time being of each of the Fiscal Agent and the Paying Agents during normal business hours, so long as any of the Notes is outstanding. The Issuer does not publish any interim financial statements, Suez does not publish any non-consolidated interim financial statements and the Issuer does not publish any consolidated accounts.

TERMS AND CONDITIONS OF THE A NOTES

The terms and conditions of the A Notes (the “**Terms and Conditions of the A Notes**”), subject to completion and amendment, will be as follows:–

The issue outside the Republic of France of the Euro 1,250,000,000 4.25 per cent. A notes due 2010 (the “**A Notes**”) of GIE Suez Alliance (the “**Issuer**”) was authorised by a resolution of the Extraordinary General Meeting (*Assemblée Générale Extraordinaire*) of the Issuer made on 5 June 2003 and a decision of its Manager (*administrateur-gérant*) made on 19 June 2003. The existing members of the Issuer are Suez, Suez Environnement, Ondeo, Sita France, Elyo, Lyonnaise des Eaux France, Suez Finance and Tractebel (and, together with any future member of the Issuer, the “**Members**”). The A Notes are issued with the benefit of an agency agreement (the “**Agency Agreement**”) to be dated 24 June 2003 between the Issuer, Kredietbank S.A. Luxembourgeoise as fiscal agent and principal paying agent (the “**Fiscal Agent**” which expression shall, where the context so admits, include any successor for the time being as Fiscal Agent) and the other paying agents named therein (together with any additional paying agents, the “**Paying Agents**”, which expression shall, where the context so admits, include the Fiscal Agent and any successors for the time being of the Paying Agents). Holders of the A Notes (the “**A Noteholders**”) have the benefit of, and are deemed to have notice of, the provisions of the Agency Agreement applicable to them. Certain statements in these Terms and Conditions of the A Notes are summaries of, and are subject to, the detailed provisions of the Agency Agreement, copies of which are available for inspection at the specified offices of the Paying Agents. References below to “**Conditions**” are, unless the context otherwise requires, to the numbered paragraphs below.

1. **Form, Denomination and Title**

The A Notes are issued in book entry dematerialised bearer form (*au porteur*) in denominations of Euro 1,000 each. Title to the A Notes will be evidenced in accordance with article L. 211-4 of the French *Code monétaire et financier* by book-entries (*dématisation*). No physical document of title (including *certificats représentatifs* pursuant to Article 7 of Decree No. 83-359 of 2 May 1983) will be issued in respect of the A Notes.

The A Notes will, upon issue, be inscribed in the books of Euroclear France, which shall credit the accounts of the Euroclear France Account Holders. For the purpose of these Conditions, “**Euroclear France Account Holders**” shall mean any authorised financial intermediary institution entitled to hold accounts on behalf of its customers with Euroclear France and includes Euroclear Bank S.A./N.V., as operator of the Euroclear System (“**Euroclear**”), and the depositary bank for Clearstream Banking, *société anonyme* (“**Clearstream, Luxembourg**”).

Title to the A Notes shall be evidenced by entries in the books of Euroclear France Account Holders and will pass upon, and transfer of the A Notes may only be effected through, registration of the transfer in such books.

2. **Status of the A Notes**

The A Notes constitute unconditional, unsubordinated and (subject to the provisions of Condition 3) unsecured obligations of the Issuer and rank and will rank at all times *pari passu* without preference or priority among themselves and (subject to such exceptions as are from time to time mandatory under French law) equally and rateably with all other present or future unsecured and unsubordinated obligations, indebtedness and guarantees of the Issuer.

3. **Negative Pledge**

So long as any of the A Notes remains outstanding (as defined in the Agency Agreement), the Issuer will not, and will procure that the Members will not, grant any mortgage (*hypothèque*), pledge or other form of security interest (*sûreté réelle*) which are not created over cash on any of their respective present or future tangible assets, intangible assets or revenues in each case for the benefit of holders of their other negotiable bonds, notes or debt securities having an original maturity of more than one year, which are, or which are capable of being, quoted, listed, or ordinarily dealt with on any stock exchange, without granting the same ranking security to the A Notes.

None of the above shall prevent the Issuer, Suez Environnement, Ondeo, Sita France, Elyo, Lyonnaise des Eaux France, Tractebel or any future members from securing any present or future indebtedness for the benefit of holders of other negotiable bonds, notes or debt instruments which are, or are capable of being, quoted, listed, or ordinarily dealt with on any stock exchange, where such indebtedness is incurred for the purpose of, and the proceeds thereof are used in, (i) the purchase of an asset and such security is provided over or in respect of such asset or (ii) the refinancing of any indebtedness incurred for the purpose of (i) above, provided that the security is provided over or in respect of the same asset.

4. Interest

- (a) Each A Note bears interest on its principal amount from, and including, 24 June 2003 (the “**Interest Commencement Date**”), to, but excluding, 24 June 2010 at the rate of 4.25 per cent. per annum payable annually in arrear on 24 June in each year (each an “**Interest Payment Date**”) commencing on 24 June 2004.
- (b) Each A Note will cease to bear interest from the due date for redemption unless, upon such due date, payment of principal is improperly withheld or refused or if default is otherwise made in respect of payment thereof. In such event such A Note shall continue to bear interest in accordance with this Condition (both before and after judgment) on the principal amount of such A Note until whichever is the earlier of (i) the day on which all sums due in respect of such A Note up to that day are received by or on behalf of the relevant A Noteholder, and (ii) the day seven days after the Fiscal Agent has notified the A Noteholders of receipt of all sums due in respect of all the A Notes up to that seventh day (except to the extent that there is a failure in the subsequent payment to the relevant A Noteholder under these Conditions).
- (c) Interest will be calculated on an Actual / Actual (ISMA) basis. Where interest is to be calculated in respect of a period which is equal to or shorter than an Interest Period (as defined below), it shall be calculated on the basis of the number of days elapsed in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last).

For the purpose of this Condition 4, “**Interest Period**” means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date.

5. Redemption and Purchase

The A Notes may not be redeemed otherwise than in accordance with this Condition 5.

(a) **Final Redemption**

Unless previously redeemed or purchased and cancelled as provided below, the A Notes will be redeemed by the Issuer at their principal amount on 24 June 2010.

(b) **Redemption for Taxation Reasons**

- (i) If the Issuer would on the occasion of the next payment of principal or interest due in respect of the A Notes not be able to make such payment without having to pay additional amounts as specified in Condition 7 below, by reason of a change in French law, or any change in the official application or interpretation of such law, becoming effective after 24 June 2003, the Issuer may, at its option, on giving not more than 45 nor less than 30 days’ prior notice to the A Noteholders (which notice shall be irrevocable), in accordance with Condition 10, redeem all, but not some only, of the A Notes, at their principal amount together with accrued interest, if any, to the date set for redemption provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make payment of the full amounts payable in respect of the A Notes without withholding for French taxes.

(ii) If the Issuer would on the occasion of the next payment in respect of the A Notes be prevented by French law from making payment to the A Noteholders of the full amount then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 7 below, then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall redeem all, but not some only, of the A Notes then outstanding at their principal amount together with accrued interest, if any, to the date set for redemption upon giving not less than seven days' prior notice to the A Noteholders, in accordance with Condition 10, provided that the due date for redemption of which notice hereunder shall be given shall be the latest practicable date on which the Issuer could make payment of the full amount payable in respect of the A Notes without withholding for French taxes or if such date is passed, as soon as possible thereafter.

(c) **Purchases**

The Issuer, the Members and any of their subsidiaries or affiliates may at any time purchase A Notes in the open market or otherwise at any price.

(d) **Cancellation**

All A Notes which are redeemed or purchased by or on behalf of the Issuer pursuant to paragraph (b) (i) or (ii) or (c) or (e) of this Condition must be cancelled by transfer to an account in accordance with the rules and procedures of Euroclear France and accordingly may not be reissued or resold.

(e) **Illegality**

If, by reason of any change in, or any change in the official application of French law becoming effective after 24 June 2003, it will become unlawful for the Issuer to perform or comply with one or more of its obligations under the A Notes, the Issuer will, subject to having given not more than 45 nor less than 30 days' notice to the A Noteholders (which notice shall be irrevocable), in accordance with Condition 10, redeem all, but not some only, of the A Notes at their principal amount together with any interest accrued to the date set for redemption.

6. Payments

(a) **Method of payment**

Payments of principal and interest in respect of the A Notes will be made in Euro by credit or transfer to a Euro-denominated account (or any other account to which euro may be credited or transferred) specified by the payee with a bank in a city in which banks have access to the TARGET System. "TARGET System" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System.

Such payments shall be made for the benefit of the A Noteholders to the Euroclear France Account Holders (including Euroclear and the depositary bank for Clearstream, Luxembourg) and all payments validly made to such Euroclear France Account Holders in favour of the A Noteholders will be an effective discharge of the Issuer and the Paying Agents, as the case may be, in respect of such payments.

Payments of principal and interest on the A Notes will be subject in all cases to any fiscal or other laws, regulations and directives applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7.

No commission or expenses shall be charged to the A Noteholders in respect of such payments.

(b) **Payments on business days**

If any due date for payment of principal or interest in respect of any A Note is not a business day (as hereinafter defined), then the holder thereof shall not be entitled to payment of the amount due until the next following day which is a business day and the A

Noteholders shall not be entitled to any interest or other sums in respect of such postponed payment.

In this Condition “**business day**” means (i) a day on which Euroclear France is open for business and (ii) a day on which banks and foreign exchange markets are open for business in the city of the Fiscal Agent’s specified office and (iii) a day on which the TARGET System is operating.

(c) **Fiscal Agent and Paying Agents**

The names and specified offices of the initial Fiscal Agent and other initial Paying Agent are as follows, the initial Fiscal Agent being:

Kredietbank S.A. Luxembourgeoise
43, Boulevard Royal
L-2955 Luxembourg

and the initial Paying Agent being:

Crédit Agricole Investor Services Corporate Trust SNC
128-130, Boulevard Raspail
75288 Paris Cedex 06
France

The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent or any Paying Agent and/or appoint another Fiscal Agent and additional or other Paying Agents or approve any change in the office through which the Fiscal Agent or any Paying Agent acts provided that there will at all times be (i) a Fiscal Agent having a specified office in a European city and (ii) so long as the A Notes are listed on the Luxembourg Stock Exchange, and the rules of such stock exchange so require, a Paying Agent having a specified office in Luxembourg. Notice of any such termination or appointment and of any changes in the specified offices of the Fiscal Agent or any Paying Agent will be given to the A Noteholders in accordance with Condition 10.

7. **Taxation**

(a) **Tax exemption**

The A Notes being denominated in Euros are deemed to be issued outside the Republic of France and as a result, all payments in respect of the A Notes benefit under present law from the exemption provided for in Article 131 *quater* of the *Code Général des Impôts* (French General Tax Code) from deduction of tax at source. Accordingly, such payments do not give the right to any tax credit from any French source.

(b) **Additional amounts**

If French law should require that payments of principal or interest in respect of any A Note be subject to deduction or withholding in respect of any present or future taxes, duties, assessments or other governmental charges of whatever nature imposed or levied by or on behalf of the Republic of France or any authority therein or thereof having power to tax, the Issuer shall, to the fullest extent then permitted by law, pay such additional amounts as may be necessary in order that the A Noteholder, after such deduction or withholding, will receive the full amount then due and payable thereon in the absence of such withholding; provided, however, that the Issuer shall not be liable to pay any such additional amounts in respect of any A Note:

- (i) to a A Noteholder (or beneficial owner (*ayant droit*)) who is subject to such taxes, duties, assessments or governmental charges in respect of such A Note by reason of his having some connection with the Republic of France other than the mere holding of such A Note; or
- (ii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any EU Directive on the taxation of savings implementing the conclusions of the ECOFIN Council Meeting of 26-27 November

2000, or any law implementing or complying with, or introduced in order to conform to, such Directive.

Any references in these Conditions to principal and interest shall be deemed also to refer to any additional amounts which may be payable under the provisions of this Condition 7.

8. Events of Default

The following will be Events of Defaults (each, an “**Event of Default**”) with respect to any A Note:

(a) **Payment Default:**

The Issuer shall fail to pay when due any amount (including any additional amounts pursuant to Condition 7 above, if any) in respect of such A Note, in each case as and when required hereby;

(b) **Breach of Agreement:**

The Issuer shall fail to comply with any of its obligations under the A Notes or the Agency Agreement for 30 business days (as defined in Condition 4(a) above) after receipt by the Fiscal Agent of written notice of such default given by the Representative (as defined in Condition 9 below) upon request of a A Noteholder;

(c) **Cross-Acceleration:**

The Issuer or any of its Members (i) shall fail to make one or more payments when due or within any applicable grace period on any indebtedness for money borrowed or guarantee of the indebtedness for money borrowed of another party in an aggregate principal amount of at least Euro 50,000,000 (or, in each case, the equivalent in another currency) and (ii) (other than where the due date for such defaulted payment is the stated maturity) such indebtedness shall have been accelerated; and

(d) **Bankruptcy:**

The Issuer or any of its Members (i) becomes insolvent or (ii) has entered into a voluntary arrangement with its creditors (*règlement ou concordat amiable*), or is in liquidation (*liquidation judiciaire* or other) or subject to any analogous proceedings under any applicable law.

Whenever an Event of Default shall have occurred and be continuing during seven calendar days, the acting Representative may, by notice by bailiff to the Issuer, and by written notice to the Members and the Fiscal Agent, declare the A Notes to be due and payable at their principal amount together with any accrued interest thereon, if any, upon the date that written notice is received by or on behalf of the Issuer, the Members and the Fiscal Agent. If an Event of Default specified in paragraph (d) occurs, the A Notes will be immediately due and payable at their principal amount together with any accrued interest thereon, if any, without any declaration or other act on the part of any A Noteholder.

9. Representation of the A Noteholders

(a) **The Masse**

The A Noteholders will be grouped automatically for the defence of their respective common interests in a *masse* (hereinafter referred to as the “*Masse*”).

The *Masse* will be governed in accordance with Article L.228-90 of the *Code de Commerce* (French Commercial Code), as amended, (the “**Code**”), by the provisions of the Code (with the exception of the provisions of Articles L.228-48 and L.228-59 thereof), of French decree no. 67-236 of 23rd March, 1967, as amended (with the exception of the provisions of Articles 222 and 224 thereof) and the conditions set out below.

(b) **Legal Personality**

The *Masse* will be a separate legal entity, by virtue of Article L.228-46 of the Code, acting in part through one representative (the “**Representative**”) and in part through a general meeting of the A Noteholders.

The *Masse* alone, to the exclusion of all individual A Noteholders, shall exercise the common rights, actions and benefits which now or in the future may accrue with respect to the A Notes.

(c) **Representative**

The office of Representative may be conferred on a person of any nationality. However, the following persons may not be chosen as Representative:

- (i) the Issuer, its Managing Director (*administrateur-gérant*), the members of its Management Committee (*comité de gestion*), its employees, its statutory auditors and their respective ascendants, descendants and spouses;
- (ii) companies possessing at least 10 per cent. of the share capital of the Issuer or of which the Issuer possesses at least 10 per cent. of the share capital;
- (iii) persons to whom the practice of banker is forbidden or who have been deprived of the right of directing, administering or managing a business in whatever capacity.

The initial Representatives shall be:

Patrick Cabel
96, Place André Malraux
78800 Houilles

Anne Pillias
2, square des Comb. d'Afn,
92120 Montrouge

In the event of death, retirement or revocation of one or more of the Representatives, the replacement Representatives shall be:

Jean-Pierre Carrafang
35, avenue Eglé
78600 Maisons-Lafitte

Laurent Tournier
90, rue d'Anjou
78000 Versailles

In the event of death, retirement or revocation of one or more of the replacement Representatives, replacements will be elected by a general meeting of the A Noteholders.

The Issuer shall pay to the Representatives an amount of Euro 300 per year, payable on the Interest Payment Date falling on, or nearest to, 24 June of each year of the issue in arrear. The replacement Representatives will only become entitled to the annual remuneration above if they exercise the duties of the initial Representatives on a permanent basis. Such remuneration will accrue from the day on which they assume such duties.

All interested parties will at all times have the right to obtain the name and the address of the Representatives at the head office of the Issuer and at the offices of any of the Fiscal Agent and Paying Agent.

(d) **Powers of the Representative**

The Representative shall, in the absence of any decision to the contrary of the general meeting of the A Noteholders, have the power to take all acts of management to defend the common interests of the A Noteholders.

All legal proceedings against the A Noteholders or initiated by them in order to be justifiable, must be brought against the Representative or by him, and any legal proceedings which shall not be brought in accordance with this provision shall not be legally valid.

The Representative may not interfere in the management of the affairs of the Issuer.

(e) **General Meetings of A Noteholders**

General meetings of the A Noteholders may be held at any time, on convocation either by the Issuer or by the Representative. One or more A Noteholders, holding together at least

one-thirtieth of outstanding A Notes may address to the Issuer and the Representative a demand for convocation of the general meeting; if such general meeting has not been convened within two months from such demand, such A Noteholders may commission one of themselves to petition the competent court in Paris to appoint an agent (*mandataire*) who will call the meeting.

Notice of the date, hour, place, agenda and quorum requirements of a general meeting will be published as provided under Condition 10 not less than 15 days prior to the date of the general meeting.

Each A Noteholder has the right to participate in general meetings of the *Masse* in person or by proxy. Each A Note carries the right to one vote.

(f) Powers of General Meetings

A general meeting is empowered to deliberate on the fixing of the remuneration of the Representative and on their dismissal and replacement, and also may act with respect to any other matter that relates to the common rights, actions and benefits which now or in the future may accrue with respect to the A Notes, including authorising the Representative to act at law as plaintiff or defendant.

A general meeting may further deliberate on any proposal relating to the modification of the Conditions of the A Notes, including:

- (i) any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions; and
- (ii) any proposal relating to the issue of securities carrying a right of preference compared to the rights of the A Noteholders,

it being specified, however, that a general meeting may not increase amounts payable by the A Noteholders, nor authorise or accept a postponement in the maturity for the payment of interest or a modification of the terms of repayment or of the rate of interest, nor establish any unequal treatment between the A Noteholders, nor decide to convert the A Notes into shares.

General meetings may deliberate validly on first convocation only if A Noteholders present or represented hold at least one quarter of the principal amount of the A Notes then outstanding. On second convocation, no quorum shall be required. Decisions at general meetings shall be taken by a simple majority of votes cast by the A Noteholders attending such meeting or represented thereat.

(g) Notice of Decisions

Decisions of the general meetings must be published in accordance with the provisions set out in Condition 10 not more than 90 days from the date thereof.

(h) Information to the A Noteholders

Each A Noteholder or representative thereof will have the right, during the 15 days period preceding the holding of each general meeting, to consult or make a copy of the text of the resolutions which will be proposed and of the reports which will be presented thereat, which will be available for inspection at the principal office of the Issuer, at the offices of the Fiscal Agent and the Paying Agent and at any other place specified in the notice of general meeting.

(i) Expenses

The Issuer will pay all reasonable expenses incurred in the operation of the *Masse*, including expenses relating to the calling and holding of general meetings and the expenses which arise by virtue of the remuneration of the Representative, and more generally all administrative expenses resolved upon by a general meeting, it being expressly stipulated that no expenses may be imputed against interest payable on the A Notes.

10. Notices

Any notice to the A Noteholders shall be validly given by delivery of the relevant notice to Euroclear France, Euroclear and Clearstream, Luxembourg, except that, so long as the A Notes are listed on the Luxembourg Stock Exchange and the rules of that stock exchange so require, the relevant notice shall also be published in a leading newspaper having general circulation in Luxembourg, which is expected to be the *Luxemburger Wort*, or, if publication therein shall not be practicable, in such other newspaper as the Fiscal Agent shall deem necessary to give fair and reasonable notice to the A Noteholders. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which such publication is made.

11. Prescription

Claims against the Issuer for the payment of principal and interest in respect of the A Notes shall be prescribed and become void unless made within 10 years (in the case of principal) or 5 years (in the case of interest) from the due date for payment thereof.

12. Further Issues

The Issuer may from time to time without the consent of the A Noteholders create and issue further notes to be assimilated (*assimilables*) with the A Notes as regards their financial service, provided that such further notes and the A Notes shall carry rights identical in all respects (or in all respects except for the first payment of interest thereon) and that the terms of such further notes shall provide for such assimilation. In the event of such assimilation, the A Noteholders and the holders of any assimilated (*assimilables*) notes will for the defence or their common interests be grouped in a single *Masse* having legal personality. References in these conditions to the A Notes include (unless the context requires otherwise) any other notes issued pursuant to this condition and assimilated with the A Notes.

13. Governing Law and Jurisdiction

The A Notes and the Agency Agreement are governed by the laws of the Republic of France.

Any action against the Issuer in connection with the A Notes will be submitted to the exclusive jurisdiction of the competent courts in Paris.

TERMS AND CONDITIONS OF THE B NOTES

The terms and conditions of the B Notes (the “Terms and Conditions of the B Notes”), subject to completion and amendment, will be as follows:–

The issue outside the Republic of France of the Euro 750,000,000 5.125 per cent. B notes due 2015 (the “B Notes”) of GIE Suez Alliance (the “Issuer”) was authorised, in the case of Euro 500,000,000 principal amount, by a resolution of the Extraordinary General Meeting (*Assemblée Générale Extraordinaire*) of the Issuer made on 5 June 2003 and a decision of its Manager (*administrateur-gérant*) made on 19 June 2003 and, in the case of Euro 250,000,000 principal amount, by a decision of its Manager (*administrateur-gérant*) made on 19 June 2003. The existing members of the Issuer are Suez, Suez Environnement, Ondeo, Sita France, Elyo, Lyonnaise des Eaux France, Suez Finance and Tractebel (and, together with any future member of the Issuer, the “Members”). The B Notes are issued with the benefit of an agency agreement (the “Agency Agreement”) to be dated 24 June 2003 between the Issuer, Kredietbank S.A. Luxembourgeoise as fiscal agent and principal paying agent (the “Fiscal Agent” which expression shall, where the context so admits, include any successor for the time being as Fiscal Agent) and the other paying agents named therein (together with any additional paying agents, the “Paying Agents”, which expression shall, where the context so admits, include the Fiscal Agent and any successors for the time being of the Paying Agents). Holders of the B Notes (the “B Noteholders”) have the benefit of, and are deemed to have notice of, the provisions of the Agency Agreement applicable to them. Certain statements in these Terms and Conditions of the B Notes are summaries of, and are subject to, the detailed provisions of the Agency Agreement, copies of which are available for inspection at the specified offices of the Paying Agents. References below to “Conditions” are, unless the context otherwise requires, to the numbered paragraphs below.

1. Form, Denomination and Title

The B Notes are issued in book entry dematerialised bearer form (*au porteur*) in denominations of Euro 1,000 each. Title to the B Notes will be evidenced in accordance with article L. 211-4 of the French *Code monétaire et financier* by book-entries (*dématisation*). No physical document of title (including *certificats représentatifs* pursuant to Article 7 of Decree No. 83-359 of 2 May 1983) will be issued in respect of the B Notes.

The B Notes will, upon issue, be inscribed in the books of Euroclear France, which shall credit the accounts of the Euroclear France Account Holders. For the purpose of these Conditions, “Euroclear France Account Holders” shall mean any authorised financial intermediary institution entitled to hold accounts on behalf of its customers with Euroclear France and includes Euroclear Bank S.A./N.V., as operator of the Euroclear System (“Euroclear”), and the depositary bank for Clearstream Banking, *société anonyme* (“Clearstream, Luxembourg”).

Title to the B Notes shall be evidenced by entries in the books of Euroclear France Account Holders and will pass upon, and transfer of the B Notes may only be effected through, registration of the transfer in such books.

2. Status of the B Notes

The B Notes constitute unconditional, unsubordinated and (subject to the provisions of Condition 3) unsecured obligations of the Issuer and rank and will rank at all times *pari passu* without preference or priority among themselves and (subject to such exceptions as are from time to time mandatory under French law) equally and rateably with all other present or future unsecured and unsubordinated obligations, indebtedness and guarantees of the Issuer.

3. Negative Pledge

So long as any of the B Notes remains outstanding (as defined in the Agency Agreement), the Issuer will not, and will procure that the Members will not, grant any mortgage (*hypothèque*), pledge or other form of security interest (*sûreté réelle*) which are not created over cash on any of their respective present or future tangible assets, intangible assets or revenues in each case for the benefit of holders of their other negotiable bonds, notes or debt securities having an original maturity of more than one year, which are, or which are capable of being, quoted, listed, or ordinarily dealt with on any stock exchange, without granting the same ranking security to the B Notes.

None of the above shall prevent the Issuer, Suez Environnement, Ondeo, Sita France, Elyo, Lyonnaise des Eaux France, Tractebel or any future members from securing any present or future indebtedness for the benefit of holders of other negotiable bonds, notes or debt instruments which are, or are capable of being, quoted, listed, or ordinarily dealt with on any stock exchange, where such indebtedness is incurred for the purpose of, and the proceeds thereof are used in, (i) the purchase of an asset and such security is provided over or in respect of such asset or (ii) the refinancing of any indebtedness incurred for the purpose of (i) above, provided that the security is provided over or in respect of the same asset.

4. Interest

- (a) Each B Note bears interest on its principal amount from, and including, 24 June 2003 (the “**Interest Commencement Date**”), to, but excluding, 24 June 2015 at the rate of 5.125 per cent. per annum payable annually in arrear on 24 June in each year (each an “**Interest Payment Date**”) commencing on 24 June 2004.
- (b) Each B Note will cease to bear interest from the due date for redemption unless, upon such due date, payment of principal is improperly withheld or refused or if default is otherwise made in respect of payment thereof. In such event such B Note shall continue to bear interest in accordance with this Condition (both before and after judgment) on the principal amount of such B Note until whichever is the earlier of (i) the day on which all sums due in respect of such B Note up to that day are received by or on behalf of the relevant B Noteholder, and (ii) the day seven days after the Fiscal Agent has notified the B Noteholders of receipt of all sums due in respect of all the B Notes up to that seventh day (except to the extent that there is a failure in the subsequent payment to the relevant B Noteholder under these Conditions).
- (c) Interest will be calculated on an Actual / Actual (ISMA) basis. Where interest is to be calculated in respect of a period which is equal to or shorter than an Interest Period (as defined below), it shall be calculated on the basis of the number of days elapsed in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last).

For the purpose of this Condition 4, “**Interest Period**” means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date.

5. Redemption and Purchase

The B Notes may not be redeemed otherwise than in accordance with this Condition 5.

- (a) **Final Redemption**

Unless previously redeemed or purchased and cancelled as provided below, the B Notes will be redeemed by the Issuer at their principal amount on 24 June 2015.
- (b) **Redemption for Taxation Reasons**
 - (i) If the Issuer would on the occasion of the next payment of principal or interest due in respect of the B Notes not be able to make such payment without having to pay additional amounts as specified in Condition 7 below, by reason of a change in French law, or any change in the official application or interpretation of such law, becoming effective after 24 June 2003, the Issuer may, at its option, on giving not more than 45 nor less than 30 days’ prior notice to the B Noteholders (which notice shall be irrevocable), in accordance with Condition 10, redeem all, but not some only, of the B Notes, at their principal amount together with accrued interest, if any, to the date set for redemption provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make payment of the full amounts payable in respect of the B Notes without withholding for French taxes.

- (ii) If the Issuer would on the occasion of the next payment in respect of the B Notes be prevented by French law from making payment to the B Noteholders of the full amount then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 7 below, then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall redeem all, but not some only, of the B Notes then outstanding at their principal amount together with accrued interest, if any, to the date set for redemption upon giving not less than seven days' prior notice to the B Noteholders, in accordance with Condition 10, provided that the due date for redemption of which notice hereunder shall be given shall be the latest practicable date on which the Issuer could make payment of the full amount payable in respect of the B Notes without withholding for French taxes or if such date is passed, as soon as possible thereafter.

(c) **Purchases**

The Issuer, the Members and any of their subsidiaries or affiliates may at any time purchase B Notes in the open market or otherwise at any price.

(d) **Cancellation**

All B Notes which are redeemed or purchased by or on behalf of the Issuer pursuant to paragraph (b) (i) or (ii) or (c) or (e) of this Condition must be cancelled by transfer to an account in accordance with the rules and procedures of Euroclear France and accordingly may not be reissued or resold.

(e) **Illegality**

If, by reason of any change in, or any change in the official application of French law becoming effective after 24 June 2003, it will become unlawful for the Issuer to perform or comply with one or more of its obligations under the B Notes, the Issuer will, subject to having given not more than 45 nor less than 30 days' notice to the B Noteholders (which notice shall be irrevocable), in accordance with Condition 10, redeem all, but not some only, of the B Notes at their principal amount together with any interest accrued to the date set for redemption.

6. Payments

(a) **Method of payment**

Payments of principal and interest in respect of the B Notes will be made in Euro by credit or transfer to a Euro-denominated account (or any other account to which euro may be credited or transferred) specified by the payee with a bank in a city in which banks have access to the TARGET System. "TARGET System" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System.

Such payments shall be made for the benefit of the B Noteholders to the Euroclear France Account Holders (including Euroclear and the depositary bank for Clearstream, Luxembourg) and all payments validly made to such Euroclear France Account Holders in favour of the B Noteholders will be an effective discharge of the Issuer and the Paying Agents, as the case may be, in respect of such payments.

Payments of principal and interest on the B Notes will be subject in all cases to any fiscal or other laws, regulations and directives applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7.

No commission or expenses shall be charged to the B Noteholders in respect of such payments.

(b) **Payments on business days**

If any due date for payment of principal or interest in respect of any B Note is not a business day (as hereinafter defined), then the holder thereof shall not be entitled to payment of the amount due until the next following day which is a business day and the B

Noteholders shall not be entitled to any interest or other sums in respect of such postponed payment.

In this Condition “**business day**” means (i) a day on which Euroclear France is open for business and (ii) a day on which banks and foreign exchange markets are open for business in the city of the Fiscal Agent’s specified office and (iii) a day on which the TARGET System is operating.

(c) **Fiscal Agent and Paying Agents**

The names and specified offices of the initial Fiscal Agent and other initial Paying Agent are as follows, the initial Fiscal Agent being:

Kredietbank S.A. Luxembourgeoise
43, Boulevard Royal
L-2955 Luxembourg

and the initial Paying Agent being:

Crédit Agricole Investor Services Corporate Trust SNC
128-130, Boulevard Raspail
75288 Paris Cedex 06
France

The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent or any Paying Agent and/or appoint another Fiscal Agent and additional or other Paying Agents or approve any change in the office through which the Fiscal Agent or any Paying Agent acts provided that there will at all times be (i) a Fiscal Agent having a specified office in a European city and (ii) so long as the B Notes are listed on the Luxembourg Stock Exchange, and the rules of such stock exchange so require, a Paying Agent having a specified office in Luxembourg. Notice of any such termination or appointment and of any changes in the specified offices of the Fiscal Agent or any Paying Agent will be given to the B Noteholders in accordance with Condition 10.

7. **Taxation**

(a) **Tax exemption**

The B Notes being denominated in Euros are deemed to be issued outside the Republic of France and as a result, all payments in respect of the B Notes benefit under present law from the exemption provided for in Article 131 *quater* of the *Code Général des Impôts* (French General Tax Code) from deduction of tax at source. Accordingly, such payments do not give the right to any tax credit from any French source.

(b) **Additional amounts**

If French law should require that payments of principal or interest in respect of any B Note be subject to deduction or withholding in respect of any present or future taxes, duties, assessments or other governmental charges of whatever nature imposed or levied by or on behalf of the Republic of France or any authority therein or thereof having power to tax, the Issuer shall, to the fullest extent then permitted by law, pay such additional amounts as may be necessary in order that the B Noteholder, after such deduction or withholding, will receive the full amount then due and payable thereon in the absence of such withholding; provided, however, that the Issuer shall not be liable to pay any such additional amounts in respect of any B Note:

- (i) to a B Noteholder (or beneficial owner (*ayant droit*)) who is subject to such taxes, duties, assessments or governmental charges in respect of such B Note by reason of his having some connection with the Republic of France other than the mere holding of such B Note; or
- (ii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any EU Directive on the taxation of savings implementing the conclusions of the ECOFIN Council Meeting of 26-27 November

2000, or any law implementing or complying with, or introduced in order to conform to, such Directive.

Any references in these Conditions to principal and interest shall be deemed also to refer to any additional amounts which may be payable under the provisions of this Condition 7.

8. Events of Default

The following will be Events of Defaults (each, an “**Event of Default**”) with respect to any B Note:

(a) **Payment Default:**

The Issuer shall fail to pay when due any amount (including any additional amounts pursuant to Condition 7 above, if any) in respect of such B Note, in each case as and when required hereby;

(b) **Breach of Agreement:**

The Issuer shall fail to comply with any of its obligations under the B Notes or the Agency Agreement for 30 business days (as defined in Condition 4(a) above) after receipt by the Fiscal Agent of written notice of such default given by the Representative (as defined in Condition 9 below) upon request of a B Noteholder;

(c) **Cross-Acceleration:**

The Issuer or any of its Members (i) shall fail to make one or more payments when due or within any applicable grace period on any indebtedness for money borrowed or guarantee of the indebtedness for money borrowed of another party in an aggregate principal amount of at least Euro 50,000,000 (or, in each case, the equivalent in another currency) and (ii) (other than where the due date for such defaulted payment is the stated maturity) such indebtedness shall have been accelerated; and

(d) **Bankruptcy:**

The Issuer or any of its Members (i) becomes insolvent or (ii) has entered into a voluntary arrangement with its creditors (*règlement ou concordat amiable*), or is in liquidation (*liquidation judiciaire* or other) or subject to any analogous proceedings under any applicable law.

Whenever an Event of Default shall have occurred and be continuing during seven calendar days, the acting Representative may, by notice by bailiff to the Issuer, and by written notice to the Members and the Fiscal Agent, declare the B Notes to be due and payable at their principal amount together with any accrued interest thereon, if any, upon the date that written notice is received by or on behalf of the Issuer, the Members and the Fiscal Agent. If an Event of Default specified in paragraph (d) occurs, the B Notes will be immediately due and payable at their principal amount together with any accrued interest thereon, if any, without any declaration or other act on the part of any B Noteholder.

9. Representation of the B Noteholders

(a) **The Masse**

The B Noteholders will be grouped automatically for the defence of their respective common interests in a *masse* (hereinafter referred to as the “*Masse*”).

The *Masse* will be governed in accordance with Article L.228-90 of the *Code de Commerce* (French Commercial Code), as amended, (the “**Code**”), by the provisions of the Code (with the exception of the provisions of Articles L.228-48 and L.228-59 thereof), of French decree no. 67-236 of 23rd March, 1967, as amended (with the exception of the provisions of Articles 222 and 224 thereof) and the conditions set out below.

(b) **Legal Personality**

The *Masse* will be a separate legal entity, by virtue of Article L.228-46 of the Code, acting in part through one representative (the “**Representative**”) and in part through a general meeting of the B Noteholders.

The *Masse* alone, to the exclusion of all individual B Noteholders, shall exercise the common rights, actions and benefits which now or in the future may accrue with respect to the B Notes.

(c) **Representative**

The office of Representative may be conferred on a person of any nationality. However, the following persons may not be chosen as Representative:

- (i) the Issuer, its Managing Director (*administrateur-gérant*), the members of its Management Committee (*comité de gestion*), its employees, its statutory auditors and their respective ascendants, descendants and spouses;
- (ii) companies possessing at least 10 per cent. of the share capital of the Issuer or of which the Issuer possesses at least 10 per cent. of the share capital;
- (iii) persons to whom the practice of banker is forbidden or who have been deprived of the right of directing, administering or managing a business in whatever capacity.

The initial Representatives shall be:

Patrick Cabel
96, Place André Malraux
78800 Houilles

Anne Pillias
2, square des Comb. d'Afn,
92120 Montrouge

In the event of death, retirement or revocation of one or more of the Representatives, the replacement Representatives shall be:

Jean-Pierre Carrafang
35, avenue Eglé
78600 Maisons-Lafitte

Laurent Tournier
90, rue d'Anjou
78000 Versailles

In the event of death, retirement or revocation of one or more of the replacement Representatives, replacements will be elected by a general meeting of the B Noteholders.

The Issuer shall pay to the Representatives an amount of Euro 300 per year, payable on the Interest Payment Date falling on, or nearest to, 24 June of each year of the issue in arrear. The replacement Representatives will only become entitled to the annual remuneration above if they exercise the duties of the initial Representatives on a permanent basis. Such remuneration will accrue from the day on which they assume such duties.

All interested parties will at all times have the right to obtain the name and the address of the Representatives at the head office of the Issuer and at the offices of any of the Fiscal Agent and Paying Agent.

(d) **Powers of the Representative**

The Representative shall, in the absence of any decision to the contrary of the general meeting of the B Noteholders, have the power to take all acts of management to defend the common interests of the B Noteholders.

All legal proceedings against the B Noteholders or initiated by them in order to be justifiable, must be brought against the Representative or by him, and any legal proceedings which shall not be brought in accordance with this provision shall not be legally valid.

The Representative may not interfere in the management of the affairs of the Issuer.

(e) **General Meetings of B Noteholders**

General meetings of the B Noteholders may be held at any time, on convocation either by the Issuer or by the Representative. One or more B Noteholders, holding together at least

one-thirtieth of outstanding B Notes may address to the Issuer and the Representative a demand for convocation of the general meeting; if such general meeting has not been convened within two months from such demand, such B Noteholders may commission one of themselves to petition the competent court in Paris to appoint an agent (*mandataire*) who will call the meeting.

Notice of the date, hour, place, agenda and quorum requirements of a general meeting will be published as provided under Condition 10 not less than 15 days prior to the date of the general meeting.

Each B Noteholder has the right to participate in general meetings of the *Masse* in person or by proxy. Each B Note carries the right to one vote.

(f) **Powers of General Meetings**

A general meeting is empowered to deliberate on the fixing of the remuneration of the Representative and on their dismissal and replacement, and also may act with respect to any other matter that relates to the common rights, actions and benefits which now or in the future may accrue with respect to the B Notes, including authorising the Representative to act at law as plaintiff or defendant.

A general meeting may further deliberate on any proposal relating to the modification of the Conditions of the B Notes, including:

- (i) any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions; and
- (ii) any proposal relating to the issue of securities carrying a right of preference compared to the rights of the B Noteholders,

it being specified, however, that a general meeting may not increase amounts payable by the B Noteholders, nor authorise or accept a postponement in the maturity for the payment of interest or a modification of the terms of repayment or of the rate of interest, nor establish any unequal treatment between the B Noteholders, nor decide to convert the B Notes into shares.

General meetings may deliberate validly on first convocation only if B Noteholders present or represented hold at least one quarter of the principal amount of the B Notes then outstanding. On second convocation, no quorum shall be required. Decisions at general meetings shall be taken by a simple majority of votes cast by the B Noteholders attending such meeting or represented thereat.

(g) **Notice of Decisions**

Decisions of the general meetings must be published in accordance with the provisions set out in Condition 10 not more than 90 days from the date thereof.

(h) **Information to the B Noteholders**

Each B Noteholder or representative thereof will have the right, during the 15 days period preceding the holding of each general meeting, to consult or make a copy of the text of the resolutions which will be proposed and of the reports which will be presented thereat, which will be available for inspection at the principal office of the Issuer, at the offices of the Fiscal Agent and the Paying Agent and at any other place specified in the notice of general meeting.

(i) **Expenses**

The Issuer will pay all reasonable expenses incurred in the operation of the *Masse*, including expenses relating to the calling and holding of general meetings and the expenses which arise by virtue of the remuneration of the Representative, and more generally all administrative expenses resolved upon by a general meeting, it being expressly stipulated that no expenses may be imputed against interest payable on the B Notes.

10. Notices

Any notice to the B Noteholders shall be validly given by delivery of the relevant notice to Euroclear France, Euroclear and Clearstream, Luxembourg, except that, so long as the B Notes are listed on the Luxembourg Stock Exchange and the rules of that stock exchange so require, the relevant notice shall also be published in a leading newspaper having general circulation in Luxembourg, which is expected to be the *Luxemburger Wort*, or, if publication therein shall not be practicable, in such other newspaper as the Fiscal Agent shall deem necessary to give fair and reasonable notice to the B Noteholders. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which such publication is made.

11. Prescription

Claims against the Issuer for the payment of principal and interest in respect of the B Notes shall be prescribed and become void unless made within 10 years (in the case of principal) or 5 years (in the case of interest) from the due date for payment thereof.

12. Further Issues

The Issuer may from time to time without the consent of the B Noteholders create and issue further notes to be assimilated (*assimilables*) with the B Notes as regards their financial service, provided that such further notes and the B Notes shall carry rights identical in all respects (or in all respects except for the first payment of interest thereon) and that the terms of such further notes shall provide for such assimilation. In the event of such assimilation, the B Noteholders and the holders of any assimilated (*assimilables*) notes will for the defence or their common interests be grouped in a single *Masse* having legal personality. References in these conditions to the B Notes include (unless the context requires otherwise) any other notes issued pursuant to this condition and assimilated with the B Notes.

13. Governing Law and Jurisdiction

The B Notes and the Agency Agreement are governed by the laws of the Republic of France.

Any action against the Issuer in connection with the B Notes will be submitted to the exclusive jurisdiction of the competent courts in Paris.

TERMS AND CONDITIONS OF THE C NOTES

The terms and conditions of the C Notes (the “Terms and Conditions of the C Notes”), subject to completion and amendment, will be as follows:–

The issue outside the Republic of France of the Euro 1,000,000,000 5.75 per cent. C notes due 2023 (the “C Notes”) of GIE Suez Alliance (the “**Issuer**”) was authorised by a resolution of the Extraordinary General Meeting (*Assemblée Générale Extraordinaire*) of the Issuer made on 5 June 2003 and a decision of its Manager (*administrateur-gérant*) made on 19 June 2003. The existing members of the Issuer are Suez, Suez Environnement, Ondeo, Sita France, Elyo, Lyonnaise des Eaux France, Suez Finance and Tractebel (and, together with any future member of the Issuer, the “**Members**”). The C Notes are issued with the benefit of an agency agreement (the “**Agency Agreement**”) to be dated 24 June 2003 between the Issuer, Kredietbank S.A. Luxembourgeoise as fiscal agent and principal paying agent (the “**Fiscal Agent**” which expression shall, where the context so admits, include any successor for the time being as Fiscal Agent) and the other paying agents named therein (together with any additional paying agents, the “**Paying Agents**”, which expression shall, where the context so admits, include the Fiscal Agent and any successors for the time being of the Paying Agents). Holders of the C Notes (the “**C Noteholders**”) have the benefit of, and are deemed to have notice of, the provisions of the Agency Agreement applicable to them. Certain statements in these Terms and Conditions of the C Notes are summaries of, and are subject to, the detailed provisions of the Agency Agreement, copies of which are available for inspection at the specified offices of the Paying Agents. References below to “**Conditions**” are, unless the context otherwise requires, to the numbered paragraphs below.

1. Form, Denomination and Title

The C Notes are issued in book entry dematerialised bearer form (*au porteur*) in denominations of Euro 1,000 each. Title to the C Notes will be evidenced in accordance with article L. 211-4 of the French *Code monétaire et financier* by book-entries (*dématisation*). No physical document of title (including *certificats représentatifs* pursuant to Article 7 of Decree No. 83-359 of 2 May 1983) will be issued in respect of the C Notes.

The C Notes will, upon issue, be inscribed in the books of Euroclear France, which shall credit the accounts of the Euroclear France Account Holders. For the purpose of these Conditions, “**Euroclear France Account Holders**” shall mean any authorised financial intermediary institution entitled to hold accounts on behalf of its customers with Euroclear France and includes Euroclear Bank S.A./N.V., as operator of the Euroclear System (“**Euroclear**”), and the depository bank for Clearstream Banking, *société anonyme* (“**Clearstream, Luxembourg**”).

Title to the C Notes shall be evidenced by entries in the books of Euroclear France Account Holders and will pass upon, and transfer of the C Notes may only be effected through, registration of the transfer in such books.

2. Status of the C Notes

The C Notes constitute unconditional, unsubordinated and (subject to the provisions of Condition 3) unsecured obligations of the Issuer and rank and will rank at all times *pari passu* without preference or priority among themselves and (subject to such exceptions as are from time to time mandatory under French law) equally and rateably with all other present or future unsecured and unsubordinated obligations, indebtedness and guarantees of the Issuer.

3. Negative Pledge

So long as any of the C Notes remains outstanding (as defined in the Agency Agreement), the Issuer will not, and will procure that the Members will not, grant any mortgage (*hypothèque*), pledge or other form of security interest (*sûreté réelle*) which are not created over cash on any of their respective present or future tangible assets, intangible assets or revenues in each case for the benefit of holders of their other negotiable bonds, notes or debt securities having an original maturity of more than one year, which are, or which are capable of being, quoted, listed, or ordinarily dealt with on any stock exchange, without granting the same ranking security to the C Notes.

None of the above shall prevent the Issuer, Suez Environnement, Ondeo, Sita France, Elyo, Lyonnaise des Eaux France, Tractebel or any future members from securing any present or future indebtedness for the benefit of holders of other negotiable bonds, notes or debt instruments which are, or are capable of being, quoted, listed, or ordinarily dealt with on any stock exchange, where such indebtedness is incurred for the purpose of, and the proceeds thereof are used in, (i) the purchase of an asset and such security is provided over or in respect of such asset or (ii) the refinancing of any indebtedness incurred for the purpose of (i) above, provided that the security is provided over or in respect of the same asset.

4. Interest

- (a) Each C Note bears interest on its principal amount from, and including, 24 June 2003 (the “**Interest Commencement Date**”), to, but excluding, 24 June 2023 at the rate of 5.75 per cent. per annum payable annually in arrear on 24 June in each year (each an “**Interest Payment Date**”) commencing on 24 June 2004.
- (b) Each C Note will cease to bear interest from the due date for redemption unless, upon such due date, payment of principal is improperly withheld or refused or if default is otherwise made in respect of payment thereof. In such event such C Note shall continue to bear interest in accordance with this Condition (both before and after judgment) on the principal amount of such C Note until whichever is the earlier of (i) the day on which all sums due in respect of such C Note up to that day are received by or on behalf of the relevant C Noteholder, and (ii) the day seven days after the Fiscal Agent has notified the C Noteholders of receipt of all sums due in respect of all the C Notes up to that seventh day (except to the extent that there is a failure in the subsequent payment to the relevant C Noteholder under these Conditions).
- (c) Interest will be calculated on an Actual / Actual (ISMA) basis. Where interest is to be calculated in respect of a period which is equal to or shorter than an Interest Period (as defined below), it shall be calculated on the basis of the number of days elapsed in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last).

For the purpose of this Condition 4, “**Interest Period**” means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date.

5. Redemption and Purchase

The C Notes may not be redeemed otherwise than in accordance with this Condition 5.

(a) Final Redemption

Unless previously redeemed or purchased and cancelled as provided below, the C Notes will be redeemed by the Issuer at their principal amount on 24 June 2023.

(b) Redemption for Taxation Reasons

- (i) If the Issuer would on the occasion of the next payment of principal or interest due in respect of the C Notes not be able to make such payment without having to pay additional amounts as specified in Condition 7 below, by reason of a change in French law, or any change in the official application or interpretation of such law, becoming effective after 24 June 2003, the Issuer may, at its option, on giving not more than 45 nor less than 30 days’ prior notice to the C Noteholders (which notice shall be irrevocable), in accordance with Condition 10, redeem all, but not some only, of the C Notes, at their principal amount together with accrued interest, if any, to the date set for redemption provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make payment of the full amounts payable in respect of the C Notes without withholding for French taxes.

- (ii) If the Issuer would on the occasion of the next payment in respect of the C Notes be prevented by French law from making payment to the C Noteholders of the full amount then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 7 below, then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall redeem all, but not some only, of the C Notes then outstanding at their principal amount together with accrued interest, if any, to the date set for redemption upon giving not less than seven days' prior notice to the C Noteholders, in accordance with Condition 10, provided that the due date for redemption of which notice hereunder shall be given shall be the latest practicable date on which the Issuer could make payment of the full amount payable in respect of the C Notes without withholding for French taxes or if such date is passed, as soon as possible thereafter.

(c) **Purchases**

The Issuer, the Members and any of their subsidiaries or affiliates may at any time purchase C Notes in the open market or otherwise at any price.

(d) **Cancellation**

All C Notes which are redeemed or purchased by or on behalf of the Issuer pursuant to paragraph (b) (i) or (ii) or (c) or (e) of this Condition must be cancelled by transfer to an account in accordance with the rules and procedures of Euroclear France and accordingly may not be reissued or resold.

(e) **Illegality**

If, by reason of any change in, or any change in the official application of French law becoming effective after 24 June 2003, it will become unlawful for the Issuer to perform or comply with one or more of its obligations under the C Notes, the Issuer will, subject to having given not more than 45 nor less than 30 days' notice to the C Noteholders (which notice shall be irrevocable), in accordance with Condition 10, redeem all, but not some only, of the C Notes at their principal amount together with any interest accrued to the date set for redemption.

6. Payments

(a) **Method of payment**

Payments of principal and interest in respect of the C Notes will be made in Euro by credit or transfer to a Euro-denominated account (or any other account to which euro may be credited or transferred) specified by the payee with a bank in a city in which banks have access to the TARGET System. "TARGET System" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System.

Such payments shall be made for the benefit of the C Noteholders to the Euroclear France Account Holders (including Euroclear and the depositary bank for Clearstream, Luxembourg) and all payments validly made to such Euroclear France Account Holders in favour of the C Noteholders will be an effective discharge of the Issuer and the Paying Agents, as the case may be, in respect of such payments.

Payments of principal and interest on the C Notes will be subject in all cases to any fiscal or other laws, regulations and directives applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7.

No commission or expenses shall be charged to the C Noteholders in respect of such payments.

(b) **Payments on business days**

If any due date for payment of principal or interest in respect of any C Note is not a business day (as hereinafter defined), then the holder thereof shall not be entitled to payment of the amount due until the next following day which is a business day and the C

Noteholders shall not be entitled to any interest or other sums in respect of such postponed payment.

In this Condition “**business day**” means (i) a day on which Euroclear France is open for business and (ii) a day on which banks and foreign exchange markets are open for business in the city of the Fiscal Agent’s specified office and (iii) a day on which the TARGET System is operating.

(c) **Fiscal Agent and Paying Agents**

The names and specified offices of the initial Fiscal Agent and other initial Paying Agent are as follows, the initial Fiscal Agent being:

Kredietbank S.A. Luxembourgeoise
43, Boulevard Royal
L-2955 Luxembourg

and the initial Paying Agent being:

Crédit Agricole Investor Services Corporate Trust SNC
128-130, Boulevard Raspail
75288 Paris Cedex 06
France

The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent or any Paying Agent and/or appoint another Fiscal Agent and additional or other Paying Agents or approve any change in the office through which the Fiscal Agent or any Paying Agent acts provided that there will at all times be (i) a Fiscal Agent having a specified office in a European city and (ii) so long as the C Notes are listed on the Luxembourg Stock Exchange, and the rules of such stock exchange so require, a Paying Agent having a specified office in Luxembourg. Notice of any such termination or appointment and of any changes in the specified offices of the Fiscal Agent or any Paying Agent will be given to the C Noteholders in accordance with Condition 10.

7. Taxation

(a) **Tax exemption**

The C Notes being denominated in Euros are deemed to be issued outside the Republic of France and as a result, all payments in respect of the C Notes benefit under present law from the exemption provided for in Article 131 *quater* of the *Code Général des Impôts* (French General Tax Code) from deduction of tax at source. Accordingly, such payments do not give the right to any tax credit from any French source.

(b) **Additional amounts**

If French law should require that payments of principal or interest in respect of any C Note be subject to deduction or withholding in respect of any present or future taxes, duties, assessments or other governmental charges of whatever nature imposed or levied by or on behalf of the Republic of France or any authority therein or thereof having power to tax, the Issuer shall, to the fullest extent then permitted by law, pay such additional amounts as may be necessary in order that the C Noteholder, after such deduction or withholding, will receive the full amount then due and payable thereon in the absence of such withholding; provided, however, that the Issuer shall not be liable to pay any such additional amounts in respect of any C Note:

- (i) to a C Noteholder (or beneficial owner (*ayant droit*)) who is subject to such taxes, duties, assessments or governmental charges in respect of such C Note by reason of his having some connection with the Republic of France other than the mere holding of such C Note; or
- (ii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any EU Directive on the taxation of savings implementing the conclusions of the ECOFIN Council Meeting of 26-27 November

2000, or any law implementing or complying with, or introduced in order to conform to, such Directive.

Any references in these Conditions to principal and interest shall be deemed also to refer to any additional amounts which may be payable under the provisions of this Condition 7.

8. Events of Default

The following will be Events of Defaults (each, an “**Event of Default**”) with respect to any C Note:

(a) **Payment Default:**

The Issuer shall fail to pay when due any amount (including any additional amounts pursuant to Condition 7 above, if any) in respect of such C Note, in each case as and when required hereby;

(b) **Breach of Agreement:**

The Issuer shall fail to comply with any of its obligations under the C Notes or the Agency Agreement for 30 business days (as defined in Condition 4(a) above) after receipt by the Fiscal Agent of written notice of such default given by the Representative (as defined in Condition 9 below) upon request of a C Noteholder;

(c) **Cross-Acceleration:**

The Issuer or any of its Members (i) shall fail to make one or more payments when due or within any applicable grace period on any indebtedness for money borrowed or guarantee of the indebtedness for money borrowed of another party in an aggregate principal amount of at least Euro 50,000,000 (or, in each case, the equivalent in another currency) and (ii) (other than where the due date for such defaulted payment is the stated maturity) such indebtedness shall have been accelerated; and

(d) **Bankruptcy:**

The Issuer or any of its Members (i) becomes insolvent or (ii) has entered into a voluntary arrangement with its creditors (*règlement ou concordat amiable*), or is in liquidation (*liquidation judiciaire* or other) or subject to any analogous proceedings under any applicable law.

Whenever an Event of Default shall have occurred and be continuing during seven calendar days, the acting Representative may, by notice by bailiff to the Issuer, and by written notice to the Members and the Fiscal Agent, declare the C Notes to be due and payable at their principal amount together with any accrued interest thereon, if any, upon the date that written notice is received by or on behalf of the Issuer, the Members and the Fiscal Agent. If an Event of Default specified in paragraph (d) occurs, the C Notes will be immediately due and payable at their principal amount together with any accrued interest thereon, if any, without any declaration or other act on the part of any C Noteholder.

9. Representation of the C Noteholders

(a) **The Masse**

The C Noteholders will be grouped automatically for the defence of their respective common interests in a *masse* (hereinafter referred to as the “*Masse*”).

The *Masse* will be governed in accordance with Article L.228-90 of the *Code de Commerce* (French Commercial Code), as amended, (the “**Code**”), by the provisions of the Code (with the exception of the provisions of Articles L.228-48 and L.228-59 thereof), of French decree no. 67-236 of 23rd March, 1967, as amended (with the exception of the provisions of Articles 222 and 224 thereof) and the conditions set out below.

(b) **Legal Personality**

The *Masse* will be a separate legal entity, by virtue of Article L.228-46 of the Code, acting in part through one representative (the “**Representative**”) and in part through a general meeting of the C Noteholders.

The *Masse* alone, to the exclusion of all individual C Noteholders, shall exercise the common rights, actions and benefits which now or in the future may accrue with respect to the C Notes.

(c) **Representative**

The office of Representative may be conferred on a person of any nationality. However, the following persons may not be chosen as Representative:

- (i) the Issuer, its Managing Director (*administrateur-gérant*), the members of its Management Committee (*comité de gestion*), its employees, its statutory auditors and their respective ascendants, descendants and spouses;
- (ii) companies possessing at least 10 per cent. of the share capital of the Issuer or of which the Issuer possesses at least 10 per cent. of the share capital;
- (iii) persons to whom the practice of banker is forbidden or who have been deprived of the right of directing, administering or managing a business in whatever capacity.

The initial Representatives shall be:

Patrick Cabel
96, Place André Malraux
78800 Houilles

Anne Pillias
2, square des Comb. d'Afn,
92120 Montrouge

In the event of death, retirement or revocation of one or more of the Representatives, the replacement Representative shall be:

Jean-Pierre Carrafang
35, avenue Eglé
78600 Maisons-Lafitte

Laurent Tournier
90, rue d'Anjou
78000 Versailles

In the event of death, retirement or revocation of one or more of the replacement Representatives, replacements will be elected by a general meeting of the C Noteholders.

The Issuer shall pay to the Representatives an amount of Euro 300 per year, payable on the Interest Payment Date falling on, or nearest to, 24 June of each year of the issue in arrear. The replacement Representatives will only become entitled to the annual remuneration above if they exercise the duties of the initial Representatives on a permanent basis. Such remuneration will accrue from the day on which they assume such duties.

All interested parties will at all times have the right to obtain the name and the address of the Representatives at the head office of the Issuer and at the offices of any of the Fiscal Agent and Paying Agent.

(d) **Powers of the Representative**

The Representative shall, in the absence of any decision to the contrary of the general meeting of the C Noteholders, have the power to take all acts of management to defend the common interests of the C Noteholders.

All legal proceedings against the C Noteholders or initiated by them in order to be justifiable, must be brought against the Representative or by him, and any legal proceedings which shall not be brought in accordance with this provision shall not be legally valid.

The Representative may not interfere in the management of the affairs of the Issuer.

(e) **General Meetings of C Noteholders**

General meetings of the C Noteholders may be held at any time, on convocation either by the Issuer or by the Representative. One or more C Noteholders, holding together at least

one-thirtieth of outstanding C Notes may address to the Issuer and the Representative a demand for convocation of the general meeting; if such general meeting has not been convened within two months from such demand, such C Noteholders may commission one of themselves to petition the competent court in Paris to appoint an agent (*mandataire*) who will call the meeting.

Notice of the date, hour, place, agenda and quorum requirements of a general meeting will be published as provided under Condition 10 not less than 15 days prior to the date of the general meeting.

Each C Noteholder has the right to participate in general meetings of the *Masse* in person or by proxy. Each C Note carries the right to one vote.

(f) Powers of General Meetings

A general meeting is empowered to deliberate on the fixing of the remuneration of the Representative and on their dismissal and replacement, and also may act with respect to any other matter that relates to the common rights, actions and benefits which now or in the future may accrue with respect to the C Notes, including authorising the Representative to act at law as plaintiff or defendant.

A general meeting may further deliberate on any proposal relating to the modification of the Conditions of the C Notes, including:

- (i) any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions; and
- (ii) any proposal relating to the issue of securities carrying a right of preference compared to the rights of the C Noteholders,

it being specified, however, that a general meeting may not increase amounts payable by the C Noteholders, nor authorise or accept a postponement in the maturity for the payment of interest or a modification of the terms of repayment or of the rate of interest, nor establish any unequal treatment between the C Noteholders, nor decide to convert the C Notes into shares.

General meetings may deliberate validly on first convocation only if C Noteholders present or represented hold at least one quarter of the principal amount of the C Notes then outstanding. On second convocation, no quorum shall be required. Decisions at general meetings shall be taken by a simple majority of votes cast by the C Noteholders attending such meeting or represented thereat.

(g) Notice of Decisions

Decisions of the general meetings must be published in accordance with the provisions set out in Condition 10 not more than 90 days from the date thereof.

(h) Information to the C Noteholders

Each C Noteholder or representative thereof will have the right, during the 15 days period preceding the holding of each general meeting, to consult or make a copy of the text of the resolutions which will be proposed and of the reports which will be presented thereat, which will be available for inspection at the principal office of the Issuer, at the offices of the Fiscal Agent and the Paying Agent and at any other place specified in the notice of general meeting.

(i) Expenses

The Issuer will pay all reasonable expenses incurred in the operation of the *Masse*, including expenses relating to the calling and holding of general meetings and the expenses which arise by virtue of the remuneration of the Representative, and more generally all administrative expenses resolved upon by a general meeting, it being expressly stipulated that no expenses may be imputed against interest payable on the C Notes.

10. Notices

Any notice to the C Noteholders shall be validly given by delivery of the relevant notice to Euroclear France, Euroclear and Clearstream, Luxembourg, except that, so long as the C Notes are listed on the Luxembourg Stock Exchange and the rules of that stock exchange so require, the relevant notice shall also be published in a leading newspaper having general circulation in Luxembourg, which is expected to be the *Luxemburger Wort*, or, if publication therein shall not be practicable, in such other newspaper as the Fiscal Agent shall deem necessary to give fair and reasonable notice to the C Noteholders. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which such publication is made.

11. Prescription

Claims against the Issuer for the payment of principal and interest in respect of the C Notes shall be prescribed and become void unless made within 10 years (in the case of principal) or 5 years (in the case of interest) from the due date for payment thereof.

12. Further Issues

The Issuer may from time to time without the consent of the C Noteholders create and issue further notes to be assimilated (*assimilables*) with the C Notes as regards their financial service, provided that such further notes and the C Notes shall carry rights identical in all respects (or in all respects except for the first payment of interest thereon) and that the terms of such further notes shall provide for such assimilation. In the event of such assimilation, the C Noteholders and the holders of any assimilated (*assimilables*) notes will for the defence or their common interests be grouped in a single *Masse* having legal personality. References in these conditions to the C Notes include (unless the context requires otherwise) any other notes issued pursuant to this condition and assimilated with the C Notes.

13. Governing Law and Jurisdiction

The C Notes and the Agency Agreement are governed by the laws of the Republic of France.

Any action against the Issuer in connection with the C Notes will be submitted to the exclusive jurisdiction of the competent courts in Paris.

USE OF PROCEEDS

The net proceeds of the issue of the Notes are estimated to be approximately Euro 2,978,697,500 and will be used for the general corporate purposes of the Suez group.

DESCRIPTION OF THE ISSUER

Legal Status, Objects and Management

GIE Suez Alliance is an “economic interest group” (a *groupement d'intérêt économique* or “GIE”).

Articles L.251-1 *et seq.* of the French Commercial Code (*Code de Commerce*), sets out the legal basis for the establishment of GIEs in France. The purpose of a GIE is to facilitate or develop and improve the economic activity of its members, but not to seek profit for itself (although if it realises a profit it may distribute it among its members). Its activities must be related to the economic activity of its members and can only be of an ancillary nature with regard to those activities.

The owners of a GIE (called its “members”) have unlimited, joint and several liability for its debts and liabilities. New members of a GIE become jointly and severally liable for the GIE’s debts, even those incurred prior to their admission, except if the GIE’s articles of association (*contrat constitutif*) provide that new members may be exempt from liability for the pre-admission debts of the GIE (the articles of association of GIE Suez Alliance do not contain such a provision) and the decision confirming such exemption in respect of a new member is duly published. A departing member of a GIE will remain liable for the debts and obligations of the GIE incurred prior to its departure. The provisions of articles L.251-1 *et seq.* of the French Commercial Code (*Code de Commerce*) allow the members of a GIE to determine freely how the GIE will be managed.

A GIE may be operated by one or more managers who may be natural persons or legal entities represented by a natural person, and who are appointed as director(s) by the general meeting of all its members. The sole managing director (*administrateur-gérant*) of GIE Suez Alliance is Suez Finance which was appointed for an unlimited period. The managing director may be an individual or a legal entity, he need not be a member of GIE Suez Alliance and is appointed by the members. The managing director represents the GIE and is responsible for its general management. The Management Committee consists of the managing director, Suez, Ondo, Suez Environnement and Tractebel and is authorised to approve the issuance of debt securities and guarantees exceeding certain thresholds but within the overall annual thresholds fixed by an extraordinary resolution of the general meeting of the members. GIE Suez Alliance currently has no subsidiaries or employees.

The general meeting of the members of a GIE is authorised to take all decisions relating to the achievement of its corporate purpose, in accordance with its articles of association, and to approve its financial statements.

Enforcement against the Members

A creditor may only validly sue a member of the GIE after having served notice by bailiff on the GIE to no avail. However, there is nothing under French law that prevents a creditor, at the same time as serving notice by bailiff on the GIE, sending the members a copy of such notice as provided in the Conditions of the Notes.

French law does not impose a fixed period that a creditor must wait between serving notice on the GIE and seeking enforcement against the members, it is simply a question of proving that notice has been to no avail. As is the case for notice provisions applicable to similar entities to GIEs (for example, a *société en nom collectif*), it may be prudent to respect the eight day time period provided by French law.

Existence and Membership

GIE Suez Alliance is registered with the *Registre du Commerce et des Sociétés de Paris* under reference number SIREN 440 087 161 RCS Paris and its registered office is located at 16, rue de la Ville l’Evêque, 75008 Paris, France.

GIE Suez Alliance was established on 21 November 2001 and incorporated on 27 November 2001 for an initial duration of 99 years. The purpose of GIE Suez Alliance is to facilitate and develop the economic activity of its members by facilitating their financing operations and its objects set out the ways in which it may do this (see “Activity” below). GIE Suez Alliance has seven members in addition to Suez, namely Ondo, Lyonnaise des Eaux France, Suez Environnement, Sita France, Elyo, Suez Finance and Tractebel. Ondo, Lyonnaise des Eaux France, Suez Environnement, Sita France, Suez Finance and Tractebel are 100 per cent.-owned by Suez. Elyo is 100 per cent.-owned by Tractebel.

Description of the Issuer

GIE Suez Alliance has an authorised, issued and paid up share capital of €100,000,000 divided into 100 shares (*parts*) of €1,000,000 each.

The table below sets forth certain information with respect to the shareholdings of GIE Suez Alliance's members as at 15 May 2003:

	Number of Shares Owned	Par Value of Shares Owned (€ millions)
Members		
Suez.....	58	58
Suez Environnement.....	6	6
Ondeo	6	6
Sita France.....	6	6
Elyo.....	6	6
Lyonnaise des Eaux France.....	6	6
Suez Finance.....	6	6
Tractebel	6	6
Total	100	100

GIE Suez Alliance is designated as the principal financing vehicle of the Group in the debt securities markets. Its aim is to finance or refinance the development of the three global activities of Suez.

Currently, each of Suez, Ondeo, Lyonnaise des Eaux France, Suez Environnement, Sita France, Elyo and Suez Finance is a *société anonyme* organised under the laws of the Republic of France. Suez, Suez Finance, Lyonnaise des Eaux France, Ondeo and Suez Environnement are registered with the *Registre du Commerce et des Sociétés de Paris* under reference numbers SIREN 542 062 559 RCS Paris, SIREN 397 552 811 RCS Paris, SIREN 410 034 607 RCS Paris, SIREN 414 960 153 RCS Paris and SIREN 410 118 608 RCS Paris respectively. Sita France and Elyo are registered with the *Registre du Commerce et des Sociétés de Nanterre* under reference numbers SIREN 775 690 035 RCS Nanterre and SIREN 552 046 955 RCS Nanterre, respectively. Tractebel is a limited liability company, organised under the laws of Belgium. Each of the Members is authorised to be a member of GIE Suez Alliance.

Suez Environnement is the head company for Suez's municipal water treatment/management and for the Waste Management division. It provides a complete range of services including collecting, sorting, bio-recycling, processing and creating energy from waste, urban cleansing and landfilling of residential and industrial waste and is a water-related solutions provider, offering a wide range of engineering, processing, treatment, outsourcing and management services for municipalities. In France, SITA France and Lyonnaise des Eaux France are the main operating subsidiaries respectively for waste and water.

Ondeo is the head company for Suez's industrial Water division. Ondeo, mainly through Ondeo Nalco and Ondeo Industrial Solutions, is a water-related solutions provider, offering a wide range of engineering, processing, treatment, outsourcing and management services for industries.

Elyo is part of Suez's Energy division. It offers private companies and public entities outsourcing and management solutions, helping them to enhance their economic performance and attain their strategic goals. Elyo is a wholly-owned subsidiary of Tractebel, the head company of Suez's Energy division.

Tractebel provides electricity production and distribution, gas transmission and distribution, municipal heating and cooling systems and cogeneration.

Suez Finance is a directly-owned finance subsidiary of Suez. It is involved in all types of treasury management and financing operations, in domestic and international currencies, with Suez and the subsidiaries of Suez pursuant to Article L.511-7 (3) and (4) of the French *Code monétaire et financier*. It issues, purchases and sells securities in domestic and international currencies and deals in financial instruments on over-the-counter or organised markets in domestic and international currencies, issuing, purchasing, managing and selling all types of securities.

The articles of association of GIE Suez Alliance set out the conditions and procedure for the admission of new members or the withdrawal or exclusion of existing members. According to the articles of association

of GIE Suez Alliance, certain companies which are directly or indirectly 50 per cent. owned by Suez may apply to become members of GIE Suez Alliance. The admission is decided by an extraordinary resolution of the general meeting of the members. Existing members may also withdraw from GIE Suez Alliance at any time, provided that they have met all their obligations to and paid all sums owing to GIE Suez Alliance and its members. In addition, members who leave the Group are excluded from GIE Suez Alliance. It is also expressly provided in the articles of association of GIE Suez Alliance that members who withdraw voluntarily or who are excluded compulsorily will remain liable for the debts incurred by GIE Suez Alliance prior to registration at the *Registre du Commerce et des Sociétés de Paris* of their withdrawal or exclusion.

Activity

GIE Suez Alliance is authorised by its articles of association to issue and purchase all types of notes and debt securities on any organised or over-the-counter market, and to enter into any loan or hedging agreements with its members or those members of the Group which are finance vehicles and grant sureties and guarantees relating to debts of Suez, Ondeo and Suez Environnement and of members of the Group which are finance vehicles. Its articles of association also authorise GIE Suez Alliance to trade on currency, derivatives or capital markets, and to enter into any type of swap agreement or interest rate or exchange rate hedging agreement.

Financial Statements

GIE Suez Alliance's financial statements are prepared on a non-consolidated basis in accordance with generally accepted accounting principals in France (French GAAP) and consist of a balance sheet and a profit and loss statement together with appropriate notes. GIE Suez Alliance's accounts are audited by Barbier Frinault et Autres and Deloitte Touche Tohmatsu-Audit, its statutory auditors, pursuant to article L.225-219 of the *Code de Commerce*. A general meeting must be held at least once a year to approve GIE Suez Alliance's accounts. Suez Finance submits the report relative to the transactions of GIE Suez Alliance for the financial year, the inventory and the annual accounts (balance sheet, profit and loss account and notes to the financial statements) for the approval (by way of ordinary resolution) of the members in a general meeting within six months from the end of the relevant financial year, after such accounts and notes thereto have been submitted to the auditor(s).

GIE Suez Alliance's financial year begins on 1 January and ends on 31 December. Exceptionally, its first financial year began on 21 November 2001 and ended on 31 December 2001.

CAPITALISATION OF THE ISSUER

The following table sets out the capitalisation of the Issuer as at 31 March 2003:

	As at 31 December 2001	As at 31 December 2002	As at 31 March 2003	As at 31 March 2003 Adjusted for the issue of the Notes
	(€) (Audited actual)	(€) (Audited actual)	(€) (Non-Audited)	(€) (Non-Audited)
Cash and cash equivalent.....	0	(97,395,681)	(115,470,513)	(3,115,470,513)
Short-term corporate debt ¹	0	804,822,856	804,096,000	804,096,000
Long-term corporate debt ¹	0	1,610,959,583	1,563,042,256	4,563,042,256
Stockholders' equity	100,394,544	104,320,993	99,101,294	99,101,294
Share capital.....	100,000,000	100,000,000	100,000,000	100,000,000
Additional paid-in capital	0	0	0	0
Reserves.....	0	0	0	0
Retained earnings	394,544	4,320,993	(898,706)	(898,706)
Currency conversions	0	0	0	0
Treasury shares.....	0	0	0	0
Total capitalisation (net of cash and cash equivalent)	100,394,544	2,422,707,751	2,350,769,037	2,350,769,037

Notes:

1 There has been no material change in the capitalisation of the Issuer since 31 March 2003, except for the issue by Suez on 22 May 2003 of €1,190,000,000 4.5 per cent. fixed and additional rate guaranteed mandatorily exchangeable notes due 2006 exchangeable into shares of Fortis unconditionally and irrevocably guaranteed by the Issuer.

The Issuer has no outstanding issues of convertible and exchangeable debt securities or debt securities with warrants attached.

**STATUTORY AUDITORS' REPORT OF THE ISSUER FOR THE YEAR ENDED
31 DECEMBER 2002**

The free translation of the auditors' report reproduced hereafter refers to the full set of non-consolidated financial statements that are included in the latest annual report of the Issuer incorporated by reference herein and not to the financial information provided in the present Offering Circular.

BARBIER FRINAULT & AUTRES
ERNST & YOUNG
Commissaire aux Comptes
Membre de la Compagnie de Versailles
41, rue Ybry
92576 Neuilly-sur-Seine Cedex

DELOITTE TOUCHE TOHMATSU-AUDIT
Commissaire aux Comptes
Membre de la Compagnie de Versailles
185, avenue Charles-de-Gaulle
B.P. 136
92203 Neuilly-sur-Seine Cedex

To the Shareholders of the company GIE Suez Alliance,

In compliance with the assignment entrusted to us by your articles of incorporation, we hereby report to you, for the year ended 31 December 2002 on:

- the audit of the accompanying financial statements of the company GIE Suez Alliance,*
- the specific verifications and information required by law.

These financial statements have been approved by the managing director. Our role is to express an opinion on these financial statements based on our audit.

1. Opinion on the financial statements

We conducted our audit in accordance with the professional standards applied in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the company's financial position and its assets and liabilities as of 31 December 2002, and of the results of its operations for the year then ended in accordance with accounting principles generally accepted in France.

2. Specific variations and information

We also performed the specific variations required by law, in accordance with the professional standards applied in France.

We have no comment as to the fair presentation and the conformity with the financial statements of the information given in the management report of the managing director, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Neuilly-sur-Seine, 18 March 2003

The Statutory Auditors

BARBIER FRINAULT & AUTRES
Christian Chochon

DELOITTE TOUCHE TOHMATSU – Audit
Jean Paul Picard

* *The present Offering Circular includes an extract from the company's financial statements. The full version of the company's financial statements enclosed with the auditors' report is available at the company's headquarters and at the office of the Fiscal Agent and the Paying Agents.*

**EXTRACT FROM THE AUDITED NON-CONSOLIDATED FINANCIAL DATA OF
THE ISSUER FOR THE YEAR ENDED 31 DECEMBER 2002**

The following tables are extracted from the audited non-consolidated financial statements of the Issuer as at, and for the two years ended, 31 December 2001 and 2002 and should be read in conjunction with the audited non-consolidated financial statements and related notes of the Issuer which are incorporated by reference in this Offering Circular.

Balance Sheet

	Gross Amount (€)	Depreciation (€)	As at 31 December 2002 (€)	As at 31 December 2001 (€)
Assets				
Subscribed uncalled capital	—	—	—	—
Intangible Assets				
Setting-up costs.....	—	—	—	—
Research and development costs.....	—	—	—	—
Concessions, patents and related rights.....	—	—	—	—
Goodwill	—	—	—	—
Other	—	—	—	—
Intangible fixed assets in progress	—	—	—	—
Advances and deposits	—	—	—	—
Tangible Assets				
Land	—	—	—	—
Property	—	—	—	—
Equipment, material, tools	—	—	—	—
Other	—	—	—	—
Tangible fixed assets in progress	—	—	—	—
Advances and deposits	—	—	—	—
Financial Fixed Assets				
Shareholding equivalence	—	—	—	—
Other shareholdings.....	—	—	—	—
Claims relating to shareholdings	—	—	—	—
Long term portfolio investments.....	—	—	—	—
Other long term investments	—	—	—	—
Loans.....	2,261,816,592	—	2,261,816,592	—
Other financial investments	—	—	—	—
Fixed Assets	2,261,816,592	—	2,261,816,592	—
Stock, Work in Progress				
Raw materials, supplies	—	—	—	—
Work in progress (production of goods).....	—	—	—	—
Work in progress (production of services)	—	—	—	—
Intermediary and finished products.....	—	—	—	—
Merchandise.....	—	—	—	—
Prepayments paid on order	—	—	—	—
Receivables				
Client receivables and related accounts.....	5,144,895	—	5,144,895	—
Other receivables	164,134,744	—	164,134,744	100,396,222
Subscribed, called unpaid capital	—	—	—	—
Marketable Securities				
Share capital	—	—	—	—
Other securities	—	—	—	—
Treasury instruments	97,394,870	—	97,394,870	—
Liquid assets	811	—	811	—
Expenses in advance	—	—	—	—
Current Assets	266,675,320	—	266,675,320	100,396,222
Prepaid expenses	4,745,278	—	4,745,278	—
Issuance discount.....	7,107,899	—	7,107,899	—
Unrealised foreign exchange gains	97,394,870	—	97,394,870	—
Total	2,637,739,958	—	2,637,739,958	100,396,222

	As at 31 December 2002 (€)	As at 31 December 2001 (€)
Liabilities		
Capital	100,000,000	100,000,000
Issue, transfer, contribution premiums	—	—
Difference of re-evaluation	—	—
Legal reserves	—	—
Contractual or statutory reserves	—	—
Regulatory reserves (provisional fluctuations)	—	—
Other reserves (purchase of original artistic works)	—	—
Balance carried forward	—	—
Net Income for Financial Year (profit or loss)	4,320,993	394,544
Investment subsidies	—	—
Regulated provisions	—	—
Shareholders Equity	104,320,993	100,394,544
Income from issue of non-voting shares	—	—
Conditioned advances	—	—
Other Shareholders Equity	—	—
Provision for contingencies	—	—
Provision for losses	—	—
Provisions for Contingencies and Losses	—	—
Financial Liabilities		
Convertible bonds	—	—
Other bonds	2,415,782,439	—
Bank loans and borrowings	—	—
Other loans and borrowings	—	—
Prepayments from orders	—	—
Operating Liabilities	—	—
Supplier debts and related accounts	—	—
Tax and social liabilities	—	—
Miscellaneous Liabilities	—	—
Debts on fixed assets and related accounts	—	—
Other liabilities	8,806,754	1,678
Treasury instruments	—	—
Deferred income	11,434,903	—
Liabilities	2,436,024,095	1,678
Unrealised foreign exchange losses	97,394,870	—
Total	2,637,739,958	100,396,222
Result of the financial year in centimes	4,320,992.70	—
Total balance sheet in centimes	2,637,957.90	—

Statements of Income

	France (€)	Export (€)	As at 31 December 2002 (€)	As At 31 December 2001 (€)
Sales				
Income from sale of goods	—	—	—	—
Income from sale of services	5,144,895	—	5,144,895	—
Net Turnover	5,144,895	—	5,144,895	—
Products in stocks	—	—	—	—
Products immobilised	—	—	—	—
Partial net income from long term operations	—	—	—	—
Operating grants	—	—	—	—
Carry forward on allowances and provisions, transfer of expenses	—	—	—	—
Other income	—	—	0	—
Operating Income	—	—	5,144,895	—
Purchase of merchandise (including customs rights) ..	—	—	—	—
Variation of stock (merchandise)	—	—	—	—
Purchase of raw materials and other supplies (customs rights)	—	—	—	—
Variation of stock (raw materials and supplies)	—	—	—	—
Other purchases and external costs	—	—	1,028,569	1,678
Tax and related payments	—	—	83,745	—
Salaries and wages	—	—	—	—
Social security charges	—	—	—	—
Operating Emoluments				
Fixed assets: emoluments to allowances	—	—	692,222	—
Fixed assets: emoluments to provisions	—	—	—	—
On assets: emoluments to provisions	—	—	—	—
For liabilities and charges: provisions	—	—	—	—
Other expenses	—	—	—	—
Operating Expenses	—	—	1,804,536	1,678
Total Net Operating Income	—	—	3,340,359	(1,678)

	As at 31 December 2002 (€)	As at 31 December 2001 (€)
Current Operations		
Attributed profit or loss transferred.....	—	—
Loss suffered or profit transferred	—	—
Financial Income		
Financial income from shareholdings	—	—
Income from other securities and receivables of immobilised assets.....	53,511,705	—
Other interest and related income.....	86,019,888	396,222
Carry forward on provisions and transfer of expenses.....	—	—
Exchange gain	1,825	—
Net income from transfers of investment securities.....	—	—
Financial Income	139,533,418	396,222
Amortisation and provisions.....	915,101	—
Interest and related expenses.....	137,630,600	—
Exchange loss	7,083	—
Net expenses/transfers of investment securities.....	—	—
Financial Expenses	138,552,784	—
Net Financial Income	980,633	396,222
Current Pre-Tax Income	4,320,993	394,544
Non recurring income on management operations.....	—	—
Non recurring income on capital operations	—	—
Carry forward on provisions and transfer of expenses.....	—	—
Non Recurring Income	—	—
Non recurring expenses on management operations	—	—
Non recurring expenses on capital operations.....	—	—
Non recurring emoluments on amortisation and provisions	—	—
Non Recurring Expenses	—	—
Non Recurring Income/Deficit	—	—
Employee profit sharing programmes.....	—	—
Income tax.....	—	—
Total Income	144,678,313	396,222
Total Expenses	140,357,320	1,678
Profit or Loss	4,320,993	394,544

DESCRIPTION OF SUEZ

Introduction

Suez is registered at the *Registre du Commerce et des Sociétés de Paris* under reference number SIREN 542 062 559. Its registered and principal office is currently at 16, rue de la Ville l'Evêque, 75008 Paris, France.

Suez is a *société anonyme* (a form of limited liability company) established under French law until 31 December 2040. On 4 May 2001, Suez's shareholders decided to change Suez's form of management from a *Directoire* and a *Conseil de Surveillance* to a *Conseil d'Administration* and a *Président-Directeur Général*. Suez is governed by the French Commercial Code (*Code de Commerce*) and *décret* no. 67-236 of 23 March 1967.

Corporate Purpose

The corporate purpose of Suez is the management and development of its current and future assets, in all countries and by all means and, in particular:

- (a) obtaining, purchasing, leasing and operating any and all concessions and companies involved in supplying towns with drinking or industrial water, the evacuation and treatment of waste water, drying and drainage operations, irrigation and the development of all water transport, protection and storage structures;
- (b) obtaining, purchasing, leasing and operating any and all selling and service activities to local public authorities and private individuals with respect to urban development and management of the environment;
- (c) the design, development and performance of any and all projects and all public or private works on behalf of local public authorities and private individuals; the preparation and signing of any and all treaties, contracts and agreements relating to the performance of such projects and works;
- (d) the acquisition of any and all shareholdings through the subscription, purchase, transfer, exchange or by any other means of shares, interests, bonds, and any and all other securities in companies already in existence or to be created;
- (e) obtaining, purchasing, assigning, conceding and operating of all patents, licenses and processes; and
- (f) more generally, any and all industrial, commercial, financial, personal or real-estate transactions relating directly or indirectly to Suez's corporate purpose or which are likely to favour and develop Suez's business.

The corporate purpose of Suez may, furthermore, be amended by the extraordinary general meeting of shareholders in accordance with applicable law and its bylaws (*statuts*).

Overview

More detailed information in relation to Suez and the Group is contained in its *Document de Référence* and its Form 20-F, both of which are incorporated herein by reference, and in the section "**Management Report of Suez**" set out below.

Suez was formed by the merger of Compagnie de Suez and Lyonnaise des Eaux in June 1997. Since then, the Group has evolved into a global services group promoting sustainable development and offering comprehensive solutions in energy, water, and waste services for companies, individuals, and municipalities. Total 2002 consolidated sales amounted to €46,090 million, a 8.8 per cent. increase compared to 2001. The Group's two major business areas accounted for 98.6 per cent. of such sales in 2002.

The principal trading market for Suez's ordinary shares is Euronext Paris. Suez's shares are also listed on other stock exchanges in Brussels, Zurich and Luxembourg. Since 18 September 2001, Suez's American depository shares have been listed on the New York Stock Exchange.

Energy. Through its head energy subsidiary Tractebel, the Group provides energy and related services worldwide. Its core businesses are electricity and natural gas, which include electric power generation, wholesale trading, construction and operation of transmission and distribution networks, and sale of electricity and natural gas. In 2002, Tractebel was one of the world's leading electricity producers and a

European leader in energy and industry services. Overall, Tractebel had more than 50,000 mega-watts of installed electricity capacity and a natural gas transmission network on three continents. In 2002, the Group's energy businesses accounted for 64.1 per cent. and 56.9 per cent. of Suez's consolidated revenues and EBITDA (as this term is used in the *Document de Référence*), respectively. In 2002, sales in this segment amounted to €29,548 million, a 12 per cent. increase compared to 2001.

Environment. The Group is a global leader in the Water and Waste Services markets of the environment sector. Suez Environnement Local Services (SELS), through Suez Environnement and its subsidiaries, focuses on municipal water treatment, water management, and waste collection and treatment services. In 2002, the Group's municipal businesses in Environment accounted for 28.1 per cent. and 32.8 per cent. of Suez's consolidated revenues and EBITDA, respectively. In 2002, sales in this segment amounted to €12,939 million, a 4.8 per cent. increase compared to 2001. Suez Environnement Industrial Services (SEIS), through Ondeo Nalco and Ondeo Industrial Solutions, focuses on chemical water treatment and industrial process efficiency improvement businesses. In 2002, the Group's industrial services businesses in Environment accounted for 6.4 per cent. and 7.4 per cent. of Suez's consolidated revenues and EBITDA, respectively. In 2002, sales in this segment amounted to €2,959 million, a 2.2 per cent. decrease compared to 2001.

Others. Suez owns majority and minority interests in communications through its investments in Noos, M6 and LD Com. It also has some other non-strategic participations. In 2002, the Group's other businesses accounted for 1.4 per cent. and 2.9 per cent. of Suez's consolidated revenues and EBITDA, respectively. In 2002, these sales amounted to €644 million, a 5.4 per cent. increase compared to 2001.

In 2002, the Group employed approximately 200,000 people in over 130 countries and generated approximately 55 per cent. of its revenues outside France and Belgium.

Board of Directors of Suez

Gérard Mestrallet	<i>Chairman and Chief Executive Officer</i>
Jean Gandois	<i>Vice Chairman, Honorary Chairman of MEDEF</i>
Albert Frère	<i>Vice Chairman, Chairman of Groupe Bruxelles Lambert (Belgium)</i>
Antonio Brufau	<i>Chairman and Chief Executive Officer of La Caixa (Spain)</i>
Gerhard Cromme	<i>Chairman of the Supervisory Board of ThyssenKrupp AG (Germany)</i>
Etienne Davignon	<i>Vice Chairman of Société Générale de Belgique</i>
Paul Desmarais Jr	<i>Chairman of the Board and Co-Chief Executive of Power Corporation of Canada</i>
Lucien Douroux	<i>Chairman of the Banque de Gestion Privée Indosuez</i>
Jacques Lagarde	<i>Advisor to the Chairman of Braun GmbH (Germany)</i>
Anne Lauvergeon	<i>Chairwoman of the Executive Board of Areva</i>
Jean Peyrelevade	<i>Chairman of Crédit Lyonnais</i>
Félix G. Rohatyn	<i>Member of the Council on Foreign Relations, Former United States Ambassador to France</i>
Jean-Jacques Salane	<i>Representative of employee shareholders, Chairman of the Supervisory Board of the Company Share Trusts "Spring"</i>
Lord David Simon of Highbury	<i>Former Minister of State, former European Minister of Trade and Competition</i>

CONSOLIDATED CAPITALISATION OF SUEZ

The following table sets out the consolidated capitalisation of Suez as at 31 December 2002:

	As at 31 December 2002
	(€ millions)
Marketable securities, cash and cash equivalents.....	(8,538.9)
Borrowings and long-term debt – current portion.....	13,396.1
Borrowings and long-term debt net of current portion ⁽¹⁾⁽²⁾	21,148.4
Minority interests.....	5,190.7
Shareholders' equity:.....	10,577.5
Share capital ⁽³⁾	2,014.8
Additional paid-in capital.....	6,439.8
Consolidated reserves.....	5,048.9
Retained earnings.....	(862.5)
Cumulative translation adjustment.....	(1,691.0)
Treasury stock.....	(372.6)
Total capitalisation.....	41,733.8

Notes:

- 1 There has been no material change in the capitalisation of Suez and its consolidated subsidiaries since 31 December 2002, except for:
 - the issue by Suez on 22 May 2003 of €1,190,000,000 4.5 per cent. fixed and additional rate guaranteed mandatorily exchangeable notes due 2006 exchangeable into shares of Fortis unconditionally and irrevocably guaranteed by GIE Suez Alliance;
 - the sale by Suez on 23 May 2003 of 75 per cent. of Northumbrian Group, its UK water and sewerage business;
 - the €50,000,000 issue on 28 February 2003 of notes due 2011 and the issue on 8 January 2003 of €100,000,000 notes due 2010 by Tractebel Finance Inc guaranteed by Tractebel SA;
 - the issue by Suez Finance, since the beginning of 2003 until 15 May 2003, of €117 million in aggregate principal amount of notes under its current EMTN Programme;
 - the sale (i) on 24 April 2003, by Genfina (100% directly owned) of 50 million Fortis Shares for an aggregate amount of €750 million, and (ii) on 28 February 2003, of Suez's remaining shares in AXA and Vinci and a substantial reduction in its holding in Total Fina Elf. These transactions amounted to €400 million;
 - the redemption by Suez Finance, on 15 May 2003, of €201 million in aggregate principal amount of notes under its EMTN Programme;
 - funding of the acquisition on 21 February 2003 of 60 per cent. of the shares of Polaniec WK (Poland) for a total consideration of €160 million. Polaniec WK (Poland) operates a coal fired power plant having a 1800 MEGA-WATT ("MW") installed capacity;
 - funding of the acquisition on 29 January 2003 of a 35 per cent. indirect ownership of Interpower for an initial funding of €124.94 million. Interpower is the third generating company privatised by the Italian conglomerate ENEL. Interpower has an installed capacity of 2611 MW; and
 - payment on 2 May 2003 of the ordinary dividend in respect of the 2002 financial year to Suez's shareholders for a total amount of €706,284,320.11.
- 2 Assumes that none of Suez's outstanding 4 per cent. convertible bonds issued in 1996 have been converted. If all such bonds outstanding at 31 December 2002 were converted, long-term debt would be reduced by €249.2 million. As at 30 April 2003, 4,040,588 bonds have been converted.
- 3 As at the date of this Offering Circular, the authorised and issued share capital of Suez is €2,014,844,806 consisting of 1,007,422,403 ordinary shares of €2 nominal value each of which 3,386,799 shares were not fully paid-up as at 30 April 2003.

Suez's outstanding issues of convertible and exchangeable debt securities and debt securities with warrants attached consist of €525,949,158.25 4 per cent. convertible bonds due 1 January 2006 into Suez shares, at an initial conversion rate of 1 share for 1 bond amended to 5 shares for 1 bond following division of Suez's shares in May 2001.

**STATUTORY AUDITORS' REPORT OF SUEZ FOR THE YEAR ENDED
31 DECEMBER 2002**

The free translation of the auditors' report reproduced hereafter refers to the full set of consolidated financial statements that are included in the latest annual report of Suez incorporated by reference herein and not to the financial information provided in the present Offering Circular.

**BARBIER FRINAULT & AUTRES
ERNST & YOUNG NETWORK**
Statutory Auditors
Member of the Versailles Auditors Council
41, rue Ybry
92576 Neuilly-sur-Seine Cedex

DELOITTE TOUCHE TOHMATSU-AUDIT
Statutory Auditors
Member of the Versailles Auditors Council
185, avenue Charles-de-Gaulle
B.P. 136
92203 Neuilly-sur-Seine Cedex

To the Shareholders of Suez,

In accordance with our appointment as auditors at your Annual General Meeting, we have audited the accompanying consolidated financial statements of Suez for the year ended 31 December 2002.*

The consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements, based on our audit.

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the financial position and the assets and liabilities of the Group as of 31 December 2002 and the results of its operations for the year then ended in accordance with accounting principles generally accepted in France.

Without qualifying the above opinion, we would draw your attention to Notes 1, 13, 14 and 15 to the consolidated financial statements detailing changes in accounting methods resulting from initial application, beginning 1 January 2002, of CRC Regulation n° 2000-06 concerning liabilities.

We have also verified the Group financial information contained in the Management Report. We have no comment to make as to the fair presentation of this information nor its consistency with the consolidated financial statements.

Neuilly-sur-Seine, 7 March 2003

The Statutory Auditors

BARBIER FRINAULT & AUTRES
Christian Chochon

DELOITTE TOUCHE TOHMATSU – Audit
Jean Paul Picard

(This is a free translation of the original French text for information purposes only).

* The present Offering Circular includes an extract from the company's financial statements. The full version of the company's financial statements enclosed with the auditors' report is available at the company's headquarters and at the office of the Fiscal Agent and the Paying Agents.

EXTRACT FROM THE AUDITED CONSOLIDATED FINANCIAL DATA OF SUEZ

The following tables are extracted from the audited consolidated financial statements of Suez as at, and for the three years ended, 31 December 2000, 2001 and 2002, and should be read in conjunction with the relevant audited consolidated financial statements and related notes of Suez which are incorporated by reference in this Offering Circular.

Consolidated Balance Sheets – Assets

As at 31 December					
	2002			2001	2000
	Gross (€ millions)	Depreciation, Amortisation & Reserves (€ millions)	Net (€ millions)	Net (€ millions)	Net (€ millions)
Intangible assets	5,423.6	1,520.6	3,903.0	4,234.9	3,887.0
Goodwill	11,065.6	2,354.7	8,710.9	10,319.3	9,763.6
Tangible assets					
Owned outright	49,190.4	24,508.1	24,682.3	28,662.9	27,593.3
Under concession	8,249.7	2,645.7	5,604.0	5,532.5	5,400.1
Construction in progress and down payments	3,009.6	20.1	2,989.5	3,796.2	4,009.2
Financial assets					
Equity securities	7,348.2	1,614.6	5,733.6	6,653.1	4,007.4
Companies accounted for under the equity method..	3,270.4		3,270.4	3,254.0	5,743.9
Other assets	2,478.7	382.9	2,095.8	1,256.2	1,354.0
Total non-current assets	90,036.2	33,046.7	56,989.5	63,709.1	61,758.5
Inventories and work-in- progress	2,790.2	137.6	2,652.6	4,203.3	2,766.1
Accounts receivable					
Trade accounts and notes receivable	10,570.3	603.2	9,967.1	10,212.6	8,495.5
Other receivables	3,849.7	147.0	3,702.7	3,377.4	3,770.5
Marketable securities and cash and cash equivalents					
Marketable securities	2,611.1	35.4	2,575.7	1,122.6	1,348.3
Cash and cash equivalents ...	5,963.2		5,963.2	4,628.6	4,488.6
Prepaid expenses	2,300.5		2,300.5	2,227.8	2,870.1
Total current assets	28,085.0	923.2	27,161.8	25,772.3	23,739.1
Total assets	118,121.2	33,969.9	84,151.3	89,481.4	85,497.6

Consolidated Balance Sheets – Liabilities and Shareholders' Equity

	As at 31 December		
	2002 (€ millions)	2001 (€ millions)	2000 (€ millions)
Share capital.....	2,014.8	2,052.6	2,042.7
Additional paid-in capital.....	6,439.8	6,843.3	6,690.7
Consolidated reserves.....	5,048.9	4,132.8	3,059.6
Cumulative translation adjustment.....	(1,691.0)	112.3	231.7
Net income/(loss) for the year	(862.5)	2,086.7	1,919.4
Treasury stock.....	(372.6)	(830.5)	(810.0)
Shareholders' equity.....	10,577.5	14,397.2	13,134.1
Minority interests.....	5,190.7	6,447.0	7,089.3
Total shareholders' equity.....	15,768.2	20,844.2	20,223.4
Special concession accounts.....	4,849.2	4,668.6	4,602.7
Reserves for contingencies and losses.....	10,208.1	9,437.1	9,917.7
Borrowings and long-term debt.....	34,544.5	33,760.6	32,191.9
Accounts payable			
Advances and down payments received on orders.....	1,543.9	3,071.6	1,657.8
Trade payables.....	6,643.2	6,343.3	5,172.5
Other accounts payable.....	6,558.6	6,854.5	6,876.2
Deferred income.....	4,035.5	4,501.5	4,855.4
Total liabilities and shareholders' equity.....	84,151.3	89,481.4	85,497.6

Consolidated Statements of Income

	For the year ended 31 December		
	2002 (€ millions, unless by share)	2001 (€ millions, unless by share)	2000 (€ millions, unless by share)
Revenues	46,089.8	42,359.2	34,617.0
Other income	2,073.6	1,774.1	1,766.0
Other operating income	1,606.3	1,350.3	1,340.5
Income from mixed inter-municipal companies and partnerships	467.3	423.8	425.5
Operating expenses	41,384.9	36,970.8	29,579.3
Purchases and changes in inventories	17,127.3	15,746.0	10,403.4
Receipts on behalf of local authorities	1,081.2	894.7	877.1
Taxes and related payments	852.7	828.0	757.8
Salaries, wages and social security charges	9,295.0	8,426.6	7,727.5
Other operating expenses	13,028.7	11,075.5	9,813.5
Operating income before depreciation, amortisation and provisions	6,778.5	7,162.5	6,803.7
Depreciation, amortisation and provisions	3,070.9	3,098.7	3,025.7
Operating income	3,707.6	4,063.8	3,778.0
Financial loss	(976.0)	(1,257.7)	(972.0)
Current income of consolidated companies	2,731.6	2,806.1	2,806.0
Exceptional income/(loss)	(1,783.7)	826.2	568.7
Income tax	(657.1)	(722.0)	(662.5)
Share in income of companies accounted for under the equity method	51.4	333.7	511.5
Income before amortisation of goodwill	342.2	3,244.0	3,223.7
Amortisation of goodwill	(382.6)	(422.7)	(368.3)
Group share of goodwill amortisation	(350.1)	(376.6)	(332.8)
Total net income/(loss)	(40.4)	2,821.3	2,855.4
Minority interests	822.1	734.6	936.0
Net income/(loss)	(862.5)	2,086.7	1,919.4
Earnings/(loss) per share (in EUR)	(0.87)	2.12	2.01
Diluted earnings/(loss) per share (in EUR)	(0.87)	2.08	1.94

Consolidated Statements of Cash Flows

	As at, and for the year ended, 31 December		
	2002 (€ millions)	2001 (€ millions)	2000 (€ millions)
Net income/(loss)	(862.5)	2,086.7	1,919.4
Share in net income of companies accounted for under the equity method (net of dividends received).....	(19.0)	(220.5)	(425.3)
Net depreciation, amortisation and provisions.....	5,659.4	3,553.2	3,118.4
Net capital gains on disposals of assets.....	(1,362.1)	(1,880.3)	(1,077.0)
Minority interests.....	822.1	734.6	936.1
Other.....	618.8	543.0	20.6
Gross Cash Flow	4,856.7	4,816.7	4,492.2
Changes in:			
Inventory.....	62.6	45.2	(188.5)
Receivables.....	(806.5)	(144.2)	(1,817.7)
Payables.....	620.4	485.2	1,971.8
Total operating working capital cash flows.....	(123.5)	386.2	(34.4)
Other.....	93.3	199.6	430.5
Cash flow from operating activities	4,826.5	5,402.5	4,888.3
Purchases of tangible and intangible investments.....	(4,157.8)	(4,391.1)	(4,567.4)
Purchase of financial investments.....	(4,174.0)	(3,432.1)	(7,610.4)
Disposals of tangible and intangible assets.....	878.9	422.8	375.1
Disposals of financial assets.....	4,154.7	3,128.4	2,264.7
Cash acquired from acquisitions net of cash disposed of in divestitures ⁽¹⁾	(34.0)	271.6	731.3
Decrease/(increase) in other assets.....	186.3	(267.2)	(217.5)
Other cash requirements.....	(55.0)	(64.4)	(65.4)
Cash flow used in investing activities	(3,200.9)	(4,332.0)	(9,089.6)
Dividends distributed.....	(1,646.0)	(1,569.2)	(1,388.1)
Repayment of long-term debt.....	(14,738.1)	(8,398.6)	(6,412.2)
Increase in long-term debt.....	18,121.0	8,947.4	10,467.9
Treasury stock movements.....	(145.2)	53.1	(235.8)
Increase in total shareholders' equity.....	128.1	78.0	699.8
Cash flow from (used in) financing activities	1,719.8	(889.3)	3,131.6
Effect of changes in consolidation method and exchange rates.....	(356.8)	(18.2)	746.8
Total cash flow for the year	2,988.6	163.0	(322.9)
Cash at beginning of year	4,886.4	4,723.4	5,046.3
Cash at year end⁽²⁾	7,875.0	4,886.4	4,723.4

Notes:

(1) Cash balances of companies acquired or over which the Group has gained control less the cash balances of consolidated companies sold.

(2) Cash balances comprise the following:

	As at 31 December		
	2002 (€ millions)	2001 (€ millions)	2000 (€ millions)
Cash and cash equivalents.....	5,963.1	4,628.6	4,488.6
Marketable securities ⁽³⁾	1,911.9	257.8	234.8
Total	7,875.0	4,886.4	4,723.4

(3) Marketable securities with maturities of less than 90 days only. In the absence of information, the balance as of 1 January 2001 has been considered equal to that as of 30 June 2000.

Consolidated Statements of Changes in Shareholders' Equity

	Share capital (€ millions)	Additional paid-in capital (€ millions)	Consolidated reserves (€ millions)	Cumulative translation adjustment (€ millions)	Treasury stock (€ millions)	Shareholders' equity (€ millions)
	13.1		13.2	13.3	13.4	
Shareholders' equity as of 31 December 1999	1,984.3	5,982.5	3,760.2	97.1	(553.6)	11,270.5
Shares issued for employees.....	33.5	418.8	3.4			455.7
Conversion of debenture loans and exercise of equity warrants attached to Northumbrian shares.....	24.9	173.4	2.5			200.8
Change in value of treasury shares.....			16.6		(256.4)	(239.8)
Dividends distributed.....			(793.2)		2.3	(790.9)
Changes in cumulative translation adjustment.....				134.6		134.6
Reversal of goodwill.....		116.0				116.0
Change in accounting principle related to deferred tax.....			(24.7)			(24.7)
Change in accounting principle related to fixed asset costs.....			80.5			80.5
Miscellaneous.....			12.0			12.0
Net income for the year.....			1,921.7		(2.3)	1,919.4
Shareholders' equity as of 31 December 2000.....	2,042.7	6,690.7	4,979.0	231.7	(810.0)	13,134.1
Shares issued for employees.....	2.2	12.9	0.2			15.3
Conversion of debenture loans and exercise of equity warrants attached to Northumbrian shares.....	7.7	59.3	0.8			67.8
Change in value of treasury shares.....			15.8		(20.5)	(4.7)
Dividends distributed.....			(921.0)		4.0	(917.0)
Changes in cumulative translation adjustment.....				(119.4)		(119.4)
Change in accounting principle related to loan issue costs.....			50.5			50.5
Change in accounting principle related to transaction gains and losses.....			3.1			3.1
Reversal of goodwill.....		77.3				77.3
Miscellaneous.....		3.1	0.4			3.5
Net income for the year.....			2,090.7		(4.0)	2,086.7
Shareholders' equity as at 31 December 2001.....	2,052.6	6,843.3	6,219.5	112.3	(830.5)	14,397.2
Shares issued for employees.....	25.4	225.1	2.6			253.1
Conversion of debenture loans.....	1.5	10.8	0.2			12.5
Cancellation of treasury shares.....	(64.7)	(767.6)	(120.9)		953.2	0.0
Change in value of treasury shares.....					(146.7)	(146.7)
Reclassification of treasury shares.....					(348.6)	(348.6)
Dividends distributed.....			(1,006.6)		2.5	(1,004.1)
Changes in cumulative translation adjustment.....				(1,803.3)		(1,803.3)
Application of CRC Regulation 2000.06 on liabilities.....			(48.3)			(48.3)
Reversal of goodwill.....		128.2				128.2
Net loss for the year.....			(860.0)		(2.5)	(862.5)
Shareholders' equity as at 31 December 2002.....	2,014.8	6,439.8	4,186.5	(1,691.0)	(372.6)	10,577.5

MANAGEMENT REPORT OF SUEZ

The following is an extract from the Document de Référence of Suez filed with the COB on 27 March 2003 under number D.03-317 for the year ended 31 December 2002.

Suez's financial statements for the year ended 2002 reflect:

- strong operating performance in challenging times, with 5.7% organic growth in revenues and 3.3% organic growth in EBITDA;
- €1.7 billion of exceptional expenses recorded, mainly due to the effects of the South American crisis and asset write-downs due to declining capital markets.

The financial structure of Suez is experiencing the external effect of the Argentine and stock market crises, and yet:

- gross cash flow increased by 0.8 % and by 5.8% on a constant Group structure and exchange rate basis;
- net debt decreased by €2 billion. As of 31 December 2002, the Group had €3.8 billion in non-strategic assets. The cash position is satisfactory, with cash and cash equivalents totalling €8.5 billion (€7.1 billion, net of bank overdrafts).

1. Revenue Trends

Gross change (%)	Organic growth ⁽¹⁾ (%)		2002 (€ millions)	International (%) ⁽²⁾	2001 (€ millions)	International (%) ⁽²⁾
12	4.9	Energy	29,548.2	49.4	26,373.9	47.0
3.4	6.6	Environment	15,897.4	67.1	15,374.3	69.9
8.9	5.6	Global businesses	45,445.6	55.6	41,748.2	55.4
5.4	10.6	Other	644.2		611.0	
8.8	5.7	GROUP TOTAL	46,089.8	54.8	42,359.2	54.6

Notes:

1 On constant structural, accounting method and exchange rate basis, excluding energy trading and gas price variations.

2 Outside France and Belgium.

Total Group revenues for the year ended 31 December 2002 amounted to €46.1 billion, up 8.8% compared to 2001. Excluding energy trading activities, revenues stood at €40.2 billion, an increase of €1.7 billion, or 4.5%.

Group organic growth reached 5.7%. This demonstrates the strength of its businesses in a challenging economic environment.

- **Organic growth** reached 5.7% excluding energy trading activities and gas price fluctuations. This figure is stable compared to 2001. The figures for the four quarters of 2002 are +4.9%, +3.2%, +5.7% and +8.6% respectively. Second half 2002 activity benefited in particular from the start-up of the Puerto Rico contract (€241 million).
- **External growth** reached 4.0% (€1,698 million) and corresponded to Group acquisitions during 2001 in Energy and Industrial Services for €1,355 million (GTI, Axima Winterthur, etc.), and during 2002 in Waste Services for €138 million (Teris and Teris LLC).
- **Foreign exchange** fluctuations had a negative net effect of €1,526 million, or 3.6%. This is explained by the devaluation of the Argentine peso (-€834 million), as well as depreciations of the Brazilian real (€305 million) and the US dollar (€267 million).
- **Declining gas prices** had an overall negative effect of €643 million, or 1.5%, although the effect on operating margins was limited.

- **Geographical breakdown:** Revenues by geographic area, excluding energy trading activities, are as follows:

	31 December 2002 (€ millions)	31 December 2001 (€ millions)	Change %
France	9,542.3	8,925.7	+6.9
Belgium	9,927.3	10,064.5	-1.4
France-Belgium sub-total.....	19,469.6	18,990.2	+2.5
Other European Union countries	10,145.9	8,682.6	+16.9
Other European countries.....	1,041.0	714.9	+45.6
North America	4,659.9	4,301.7	+8.3
Europe and North America sub-total.....	35,316.4	32,689.4	+8.0
South America	2,098.1	3,055.5	-31.3
Asia and Oceania	2,109.1	2,093.1	+0.8
Africa	694.2	652.2	+6.4
Total	40,217.8	38,490.2	+4.5

Growth in the European Union is due in particular to the entry of Axima Winterthur and GTI in the Group structure.

Growth in the North America zone results from the partially offsetting impacts of the new water contract in Puerto Rico, the decrease in gas prices (Trigen and Tractebel LNG NA) and the depreciation of the US dollar.

The decline in the South America zone is related to the depreciation of the Brazilian and Argentine currencies.

Revenues realised in Europe and North America grew by 8% and represented 88% of total revenues (excluding energy trading activities).

2. Business Trends

2.1 Energy

(€ millions)	2002 Revenues	2002/2001 (change in %)	EBITDA	Margin(*) (%)	2001 Revenues	EBITDA	Margin(*) (%)
EGE	16,253	12.7	2,375	22.8	14,424	2,600	24.6
EGI	3,732	-6.0	1,203	32.2	3,970	1,135	28.6
SEI	9,562	19.8	547	5.7	7,980	596	7.5
Energy Total	29,548	12.0	4,125	17.4	26,374	4,331	19.2

(*) Excluding trading revenues but including trading margin.

Energy revenues amounted to €29.6 billion, including the trading activities of Tractebel Electricity & Gas Europe for €5.9 billion (compared to €3.9 billion in 2001).

Excluding trading activities, Energy revenues stood at €23.7 billion, up by 5.2%.

Organic growth of the Energy activity amounted to 4.9%, taking into account exchange losses (€515 million, or 2.3%, mainly in Latin America), changes in Group structure (€1,216 million, or + 5.4%) and the negative effects of lower gas prices (€643 million, or 2.9%).

Energy EBITDA declined by €206 compared to 2001. Excluding changes in Group structure (particularly accounting under the equity method for Elia from 1 October 2002), which had a negative effect of €64 million, and unfavourable foreign exchange fluctuations of €200 million, mainly involving the Brazilian real (€120 million) and, to a lesser extent, the Argentine peso and the US dollar, organic growth in Energy EBITDA amounted to 1.4% (€59 million).

The margin rate stood at 17.4% to 19.2%, or 1.8 basis points, due to Group structure changes (down 0.7 basis points), essentially due to a relative increase in services for which the margin rate is structurally lower, and was affected in 2002 by declining performances. In addition, the lower prices in Belgium and equity accounting for Elia (the Belgian power transmission network) were not offset by the positive impact of rationing measures in Brazil. The net impact of these elements was a drop of 1.3 basis points.

Excluding these elements, the margin rate was stable compared to 2001.

Tractebel Electricity & Gas Europe (EGE):

The increase in Electricity & Gas Europe revenues (up 12.7%) is mainly due to higher trading revenues of €2 billion and changes in Group structure and foreign exchange impacts representing €35 million. Excluding trading and the effect of changes in Group structure, foreign exchange and gas price variations, revenues posted 2.8% organic growth (€293 million) primarily from electricity sales to industrial customers.

EBITDA decreased by €225 million, including €57.5 million due to Group structure changes and without significant foreign exchange impacts. The organic decrease of 6.5% (€170 million) is mainly due to the lower prices in Belgium in connection with deregulation and, to a lesser extent, adverse weather conditions (2001/2002 winter), and the non-recurrence of positive elements in 2001 for Distrigaz and Electrabel NL. These elements were partially offset by the start-up of a new plant in Luxembourg and productivity gains at Electrabel in connection with the Transform 2003 project that was approved in 2001 and which, in accordance with the plan, has not yet generated all the expected cost savings.

Tractebel Electricity & Gas International (EGI):

The decline in Electricity & Gas International revenues (down 6%) breaks down into an organic growth rate of 9.2% (€366 million), negative foreign exchange impacts (€529 million, or 13%), the negative effect of gas price variations (€95 million, or 2.4%) and the effect of changes in positive Group structure of €21 million. Electricity & Gas International organic growth primarily stemmed from the start-up of two new power stations in the United States (Red Hills, Mississippi, on 1 April and Ennis, Texas on 2 May), higher volumes in Asia and solid performances in Latin America. Latin America benefited in particular from price supplements granted by the Brazilian authorities in connection with the energy rationing program set up following the 2001 drought and from the start-up of production units.

EGI EBITDA rose by €68 million, in spite of a foreign exchange impact of negative €204 million due to unfavourable fluctuations relating to the Brazilian real, the Argentine peso and the US dollar. The effect of changes in Group structure amounted to €26 million, following the acquisition of Houay Ho in Laos in late 2001 and the sale of two plants in Thailand in late 2002. Organic growth thus stood at €245.4 million (up 21.6%).

Suez's Brazilian subsidiary, played a significant role in this organic growth due to the favorable indexation of a portion of its contracts, the start-up of the Cana Brava plant during the first half of 2002 and the full-year contribution of the Itasa plant. The rationing program income valued in the first half of 2002 by the local regulatory authorities (MAE), net of payments to distributors imposed in the second half of 2002, contributed €122 million to 2002 EBITDA.

Thailand contributed €55 million to EBITDA organic growth, due to the combined impact of a marked improvement in operating performance of plants commissioned in 2001 and increased revenues following the start-up of a unit.

North America contributed €34 million to EBITDA organic growth, mainly because of the commissioning of the Ennis and Red Hills power stations in the Spring of 2002 and sustained LNG sales activity.

Energy and Industry Services (EIS):

Revenues from Energy and Industry Services amounted to €9.6 billion, an increase of 19.8%, of which €1.2 billion (up 14.7%) resulted from changes in Group structure following the GTI, Axima Winterthur, Treg and Restiani acquisitions in 2001 and the transfer of 50% of Novergie to SITA.

The Services and Installations and Maintenance subsidiaries experienced contrasting trends in 2002:

- The Services activity experienced sustained growth in revenues (€234 million in organic growth or 6.5%) as well as in EBITDA (€54 million) resulting from Elyo's growth in maintenance

management, facilities management and industrial outsourcing, along with urban heating and cooling with the start-up of the new Vitry cogeneration plant. This was achieved despite losses on completion incurred by Axima on certain contracts in Germany and the transfer of 50% of Novergie to SITA.

- The Installations and Maintenance activities recorded organic growth of some €114 million (2.9%), but EBITDA declined due to the weak performances turned in by Dutch and German subsidiaries in a difficult economic environment.

Finally, the Engineering activity posted a €112 million increase in revenues (24%) compared to 2001, while EBITDA was down by €26 million, due to losses on turnkey contracts for which reserves had previously been recorded.

2.2 Environment

(€ millions)	2002 Revenues	2002/2001 change in %	EBITDA	Margin (%)	2001 Revenues	EBITDA	Margin (%)
SELS	12,938.5	4.8	2,379.9	18.4	12,348.1	2,575.1	20.9
SEIS	2,958.9	(2.2)	535.9	18.1	3,026.2	548.8	18.1
Environment total	15,897.4	3.4	2,915.8	18.3	15,374.3	3,123.9	20.3

The Environment margin rate decreased from 20.3% to 18.3% because of the effect of foreign exchange fluctuations and the Argentine crisis (down 1.4 margin points), the start-up of the Puerto Rico contract (down 0.4 basis points) and Group structure impacts (down 0.1 basis points). Excluding these elements, the margin rate is steady compared to 2001.

Suez Environnement Local Services (SELS):

Local Services generated revenues of €12.9 billion, a 4.8% increase compared to 2001. Exchange rate fluctuations had a negative impact of €822 million, of which €643 million was related to the devaluation of the Argentine peso. Excluding this impact, revenues increased by 10%.

Changes in Group structure (up €450 million) mainly concern the industrial hazardous waste treatment activities (buyout of Rhodia's investment in Teris and Teris LLC), the transfer of 50% of Novergie to SITA and the acquisition of an additional 50% of Eurawasser.

Revenue organic growth reached 7.8% (€962 million), primarily due to the new Puerto Rico contract which started up on 1 July 2002 (€241 million), sustained Waste Services activity (€228 million, notably in France, the UK, and Northern Europe and in industrial hazardous waste treatment activity), Water activities in Europe (€227 million essentially in France and Spain) and finally Ondeo Degrémont (€105 million, whose activity was sustained by major contracts in Egypt and the United Arab Emirates, the start-up of Mexican BOT contracts and new contracts obtained in France, Spain and Italy). Local Services organic growth was 10.3% for Water and 4.4% for Waste Services.

SELS EBITDA totalled €2.4 billion in 2002, down €195 million or 7.6% compared to 2001. This decline is mainly due to negative exchange rate fluctuations (€333 million, of which €273 on the Argentine peso), whereas the effect of changes in Group structure was €80 million.

EBITDA organic growth of Suez Environnement Local Services was 2.2% (€58 million) and was primarily due to the strong growth of Degrémont (high level of activity and structural rationalization efforts) and by operational improvements in France and England - in both Water and Waste Services. These favorable trends offset the difficulties of SITA in Belgium (resulting notably from the amendment of tax regulations related to waste in Flanders) and in Germany (unfavorable economic context), as well as the negative contribution related to the start-up of the Puerto Rico contract.

Excluding the Argentine subsidiaries, SELS EBITDA grew by 5%.

Suez Environnement Industrial Services (SEIS):

This business line is made up of two operating entities, Nalco and Ondeo Industrial Services. It generated revenues of €3.0 billion, a decrease of 2.2% compared to 2001, mainly due to the depreciation of the US dollar against the euro (negative foreign exchange fluctuations of €189 million). SEIS generated organic

growth in revenues of 1.9%. The sustained efforts of the Specialties and Services activity in the oil industry compensated for the decline experienced by the Industry and Pulp & Paper divisions in North America.

SEIS EBITDA came to €536 million, down 2.4% on 2001. Excluding the effect of changes in Group structure and foreign exchange fluctuations, EBITDA rose by €29 million (5.3%), mainly because of continued reductions in procurement costs at Ondeo Nalco. These were partially offset by OIS development costs and difficulties in Germany.

2.3 Communication, Capital Investment and Other

	Revenues (€ millions)	2002/2001 change in %	2002 EBITDA (€ millions)	2001 Revenues (€ millions)	2001 EBITDA (€ millions)
Communication, Capital Investment and Other.....	644.2	5.4	212.5	611.0	283.0

The Communication business is the sole contributor to revenues of this segment. These revenues were mainly realised by Métropole Télévision and NOOS, two subsidiaries respectively 37.5% and 50.1% proportionally consolidated. Capital investment businesses and holding companies (primarily Suez and Société Générale de Belgique) contribute to this segment's EBITDA.

Communication revenues rose by 5.4% between 2001 and 2002. Organic growth of the Communication business reached 10.6%, under the combined impact of an increase in cable subscriber numbers (NOOS) and 33% growth in the diversification activities of M6.

The sale of shares in Fortis and Vinci in 2001, which had no effect on revenues, led to a €172.5 million decrease in EBITDA.

Excluding this impact, EBITDA of the Communication business totalled €176 million, up €41 million due to an improvement in the contribution of Métropole Télévision/TPS (+ €17 million), the removal of Coficem Sagem from the scope of consolidation (sold at the beginning of the year), which contributed €10 million to 2001 EBITDA, and the cost control policy launched by the cable business.

Venture Capital EBITDA amounted to €44 million, up €45 million due particularly to the sale of Labeyrie.

3. Other Income Statement Items

EBITDA and operating income are reconciled as follows:

	2002 (€ millions)	2001 (€ millions)
EBITDA (segment profit).....	7,254	7,738
Depreciation, amortisation and provisions	(3,071)	(3,099)
Share of income of companies accounted for under the equity method	(51)	(334)
Financial items not related to net debt	(359)	(198)
Other adjustments.....	(65)	(43)
Operating income	3,708	4,064

Depreciation, amortisation and provisions were stable compared to 2001 (€3.1 billion, down 1%). Exchange rate fluctuations led to a reduction in charges of approximately €200 million, offset by allocations to operating provisions in the Energy sector.

Operating income fell 8.8% to €3,707.6 million. Excluding the impact of the Argentine crisis, operating income fell 2.7% compared to last year.

The net financial loss amounts to €976 million, compared to a loss of €1,258 million in 2001, due to growth in dividends from unconsolidated companies (Fortis, accounted for under the equity method up to December 2001, paid a dividend of €119 million in 2002). The improvement in the net financial loss was also due to a reduced interest expense (down €260 million) under the combined impact of lower interest

rates (the average cost of debt fell by 70 basis points) and a reduced level of net debt starting in the second half of 2002.

Due to improvement in the net financial loss, the decrease in current income of consolidated companies from €2.8 billion in 2001 to €2.7 billion in 2002 is limited to 2.7%.

Net exceptional loss was €1.8 billion, compared to a net exceptional income of €0.8 billion in 2001, during which substantial net capital gains were realised.

Net of tax and minority interests, the net exceptional loss was €1,733 million and breaks down as follows:

The consequences of the South American crisis led the Group to record expenses and provisions amounting to €500 million related to Argentine investments (corresponding to foreign exchange losses on local subsidiary debt denominated in US dollars, write-downs of certain assets such as goodwill and deferred tax and contingency reserves), exceptional losses of €112 million on debt of Brazilian subsidiaries denominated in strong currencies and write-downs of tangible and intangible assets of Chilean subsidiaries amounting to €90 million.

The Group also recorded charges related to the announced withdrawal from certain loss-making contracts or activities, both in emerging countries (Jakarta, Manila, etc.) and in the USA (Atlanta contract) in the amount of €245 million, Group share.

The performance of certain subsidiaries (notably in the Waste services and Energy sectors in Germany and in the Energy sector in the Netherlands) was below levels forecast on their acquisition, which led the Group to write down goodwill balances in the amount of €320 million, Group share. Asset write-downs of €150 million were recorded in the cable sector as well.

The Communication sector recorded a number of arbitrage transactions (contribution of FirstMark Communications France to LD COM in the wireless local loop sector and liquidation of the Europ@web portfolio) and write-downs, representing an exceptional loss of €150 million, net of the sale of TPS (which generated a capital gain, Group share, of €170 million).

The 2002 net exceptional loss, Group share, also includes the capital gain realised on the sale of 30% of Elia (Belgian electricity transmission network) of €167 million and the sale of various non-strategic assets enabling the realisation of capital gains (Château d'Eau: €90 million, corporate headquarters: €188 million, Acesa: €99 million, Arbed/Arcelor: €51 million, Adeslas: €42 million, Scottish Power and Iberdrola: €105 million), offset by capital losses and write-downs recorded on other unconsolidated investments (€570 million), particularly Fortis and Axa.

Finally, the net exceptional loss, Group share, includes restructuring expenses of €147 million, including €36 million due to the plan implemented on the start-up of the Puerto Rico contract.

Suez's corporation tax charge was €657 million. The effective tax rate was 69%, compared to 20% in 2001, mainly due to the high level of exceptional losses related to Argentina, which did not give rise to the recording of deferred tax assets. Conversely, 2001 net income included substantial non-taxable capital gains. The effective tax rate based on current income was 26.4% for 2002 (compared to 24.4% in 2001).

The share in income of companies accounted for under the equity method is €51 million, compared to €334 million in 2001, following the removal of Fortis from the scope of consolidation as of December 2001 and Vinci as of May 2001.

The total net loss is €40 million, compared to total net income of €2,821 million in 2001.

The minority interests share totals €822 million, compared to €734 million in 2001, particularly due to the capital gains realised on the sale of 30% of Elia recorded by Electrabel in 2002, partially offset by losses borne by minority interests in Argentine water companies.

The Group share of the net loss is €862 million and breaks down as follows:

- current income, Group share, of the global businesses of €1,135 million, virtually stable in 2001 (down 1.7%), and up 5% excluding the Argentine subsidiaries, or 11% excluding Argentina and other exchange rate impacts;
- other current loss items, Group share, of €264 million (compared to positive €38 million in 2001); this decrease is due particularly to the reduced contribution of Fortis, which is no longer consolidated (down €160 million), an increase in losses reported by the Communication and Capital

Investment business and a reduction in the tax consolidation gain received by the parent company (down €43 million); and

- exceptional loss, Group share, of €1,733 million (compared to exceptional income of €894 million in 2001).

4. Return on Capital Employed

Return on capital employed is measured as the ratio between Net operating profit after tax (NOPAT) and capital employed at the beginning of the year (adjusted for material changes in Group structure and exchange rate fluctuations, on a time-apportioned basis).

NOPAT is calculated as follows:

	2002 (€ millions)	2001 (€ millions)
SEGMENT profit (EBITDA)	7,253.7	7,737.9
Depreciation, amortisation and provisions	(3,070.8)	(3,098.7)
Current tax expense	(561.8)	(500.6)
Cancellation of amortisation of intangible asset fair value adjustment (*)	83.0	87.6
Other	(167.8)	(60.9)
NET OPERATING PROFIT AFTER TAX (NOPAT)	3,632.4	4,165.3

(*) Intangible assets resulting from the allocation of initial differences on consolidation, net of associated deferred tax liabilities, are treated here as goodwill. Their value before amortisation and net of deferred tax is, therefore, included in capital employed and their amortisation excluded from NOPAT.

Capital employed is calculated as follows:

	As of January 1, 2002 (adjusted) (€ millions)
Gross goodwill, net of exceptional amortisation	11,820.0
Net tangible and intangible assets	42,226.5
Concession accounts	(4,668.6)
Financial assets, excluding loans and receivables from equity investments	10,518.2
Working capital requirements	378.1
Reserves for contingencies and losses	(9,437.1)
Intangible asset fair value adjustment (see above)	(791.2)
2002 changes in Group structure and exchange rate fluctuations	(3,265.1)
Capital employed	46,780.8

Return on capital employed (ROCE) of the global businesses breaks down as follows:

	NOPAT (€ millions)	Capital employed (€ millions)	ROCE 2002 (%)	ROCE 2001 (%)
Energy	2,227.3	19,342.7	11.5	12.1
Environment	1,260.5	21,363.0	5.9	7.1
GLOBAL BUSINESSES	3,487.8	40,705.7	8.6	9.4

The decrease in ROCE reported by Environment is mainly due to the lower contribution provided by the Argentine subsidiaries (which reported a ROCE of 13.9% in 2001). The decrease in ROCE reported by Energy is due to Electricity & Gas Europe.

5. Financing

5.1 Cash Flows From Operating Activities

Gross cash flow totalled €4,857 million, stable on last year (up 0.8%). Excluding changes in Group structure and exchange rate fluctuations, gross cash flow increased 5.8%, mainly due to the impact of lower financial expenses.

The contribution of the different businesses to gross cash flow is as follows:

	2002 (€ millions)	2001 (€ millions)	% change
Energy	3,193	3,297	-3.2
Environment.....	1,837	1,729	+6.3
Other	(173)	(209)	+17.2
Group total	4,857	4,817	+0.8

Reconciliation of segment profit (EBITDA) and gross cash flow:

	2002 (€ millions)
Segment profit (EBITDA)	7,254
Dividends received from equity investees less related share in consolidated current income	(33)
Net cost of borrowings.....	(1,239)
Net payment of exceptional expenses, excluding capital gains	(615)
Income tax expense.....	(363)
Other	(147)
Gross Cash Flow	4,857

Working capital requirements increased by €30 million on 2001.

5.2 Cash Flows From Investing Activities

Investments net of divestments totalled €3.3 billion in 2002.

Capital expenditure totalled €4,158 million (compared to €4,391 million in 2001), and was incurred as to 53% by Energy businesses and as to 43% by Environment businesses. Expenditure was particularly limited in the Environment sector (down 15% compared to 2001), while generation facility construction programs in North America resulted in an increase of approximately 10% in 2002 Energy expenditure. Sales of tangible and intangible assets totalled €879 million (€423 million in 2001), mainly due to the sale of real-estate assets in the amount of €600 million.

Net financial investments during the year were close to nil, with divestments offsetting investments. Investments in securities of consolidated companies (€1,268 million) related primarily to acquisitions of minority interests in controlled subsidiaries (Tractebel for €218 million, Electrabel for €180 million, Ondeo Services UK for €234 million, Teris for €65 million, Eurawasser in Germany for €38 million), and the development of international projects in the Energy (€280 million) and Water (€240 million) sectors. Sales of consolidated entities (€1,115 million), concerned Elia (€184 million), two cogeneration units in Thailand (€95 million), various Tractebel Installation-Maintenance and Elyo subsidiaries (€115 million), Adeslas (€87 million), Château d'Eau (€143 million), Coficem (€160 million) and TPS (€133 million). Finally, net security portfolio sales by the Group totalled €470 million and related primarily to the sale of Iberdrola (€700 million), Scottish Power (€130 million), Acesa (€160 million), Axa (€160 million), Arcelor (€84 million) and TotalFinaElf (€260 million) securities, to the purchase of Acea (€240 million), Gas Natural (€209 million) and Union Fenosa (€106 million) securities, and to the subscription to the LD COM share issue in the amount of €200 million.

5.3 Cash Flow used in Financial Activities

Dividends paid and the associated *précompte* generated a total cash outflow of €1,646 million in 2002, including €1,004 million paid by Suez (of which a *précompte* of €304 million).

The main financing operations of the year were carried out by GIE Suez Alliance, including two bond issues totaling €2.3 billion. Suez Finance also issued treasury notes and contracted new Euro Medium Term Notes for a total amount of €1.1 billion. Northumbrian Water Finance PLC launched a £250 million bond issue in December 2002. At the end of the year, the Group performed several security monetization operations (sales of securities under repurchase agreements and similar agreements) for a total of €1.1 billion. These operations do not impact net debt.

Between December 2001 and December 2002, net balance sheet debt fell by €2 billion, the aforementioned financing flows being more than offset by the impact of exchange rate fluctuations (negative €2,315 million), mainly on US dollar denominated borrowings.

6. Financing Policy and Net Debt as of 31 December 2002

The Group financing policy seeks to:

- finance the growth of the Group's businesses, while ensuring the balance and stability of the balance sheet, a pre-requisite for its long-term contract based activities;
- ensure the Group's financial flexibility, which is supported by liquid non-core assets and diversified financing sources. This diversity is demonstrated by a wide range of classic financing arrangements, available from banks and on the capital markets. For each of these two principal financing sources, the Group ensures the diversification of its net debt, either through debt issued to large banking syndicates or issues on capital markets with short, medium and very long-term maturities.

Cash management

Cash surpluses are pooled within special-purpose Group financial vehicles (Suez Finance S.A., Suez Finance LP, Tractebel Cash Management Services – TCMS), before being redistributed to borrower entities. An intermediate pooling is performed either at the business level (Tractebel, Ondeo Nalco, Ondeo Degremont, SITA, etc.), or by geographical area (Suez Finance LP for the US Dollar, Suez Finance and TCMS in Belgium for the euro, etc.). Any residual balance is invested to ensure maximum liquidity for minimum risk.

Financing policy

The Group uses the various instruments available on financial markets (treasury notes, US commercial paper, medium term notes, bond issues, convertible bonds, bank facilities, trade receivable securitization, etc.) to ensure liquidity while minimizing the cost of debt.

Depending on its nature, the financing is carried by Suez (convertible bond issues, bank facilities), GIE Suez Alliance (bond issues), special-purpose financial vehicles (treasury notes, US commercial paper, medium term notes, etc.), or directly by the subsidiaries (bank facilities, capital leases, project financing, etc.).

Financing is generally denominated, wherever possible, in the same currency as the cash flows generated by the assets financed, and primarily the euro, US dollar and pounds sterling.

Net debt as of 31 December 2002

Net debt per the balance sheet stands at €26 billion at the end of 2002, compared to €28 billion at the end of 2001.

The debt/equity ratio increased, nonetheless, from 134% at the end of 2001 to 165% at the end of 2002, primarily as a result of exchange rate fluctuations (Argentine peso, Brazilian real and to a lesser extent the US dollar) which affected the level of shareholders' equity.

Net debt breaks down as follows:

- it is denominated 49% in euro, 34% in US dollars and 13% in pounds sterling, after considering the impact of exchange rate instruments; and
- it is 70% at fixed rates (compared to 66% as of 31 December 2001), after taking into account the effect of interest rate instruments.

The average maturity is 4.5 years.

The average annual cost of debt is 4.9% in 2002, after taking into account the effect of financial instruments. The debt spot average rate is 4.5% as of 31 December 2002, after considering the effect of financial instruments.

At the end of 2002, the Group had available authorised credit facilities and treasury note back-up lines totalling €6,855 million (€5,934 million as of 31 December 2001).

7. Other Balance Sheet Headings

Exchange rate fluctuations generated a 7.5% decrease in net assets compared to 2001.

Non-current assets totalled €57 billion. Goodwill (€8.7 billion) dropped €1.6 billion due to negative exchange rate fluctuations (€0.7 billion), amortisation for the period (€0.4 billion) and exceptional write-downs recorded in 2002 (€0.6 billion), partially offset by goodwill recorded on acquisitions during the year.

Total shareholders' equity stood at €15.8 billion as of 31 December 2002 compared to €20.8 billion as of 31 December 2001, due to the aforementioned exchange rate fluctuations (shareholders' equity, Group share down €1.8 billion and minority interests down €0.6 billion) and the distribution of dividends (€1.6 billion).

The increase in reserves for contingencies and losses (€0.8 billion, or €1 billion excluding exchange rate fluctuations) mainly reflects charges relating to nuclear activities and the coverage of emerging country risks, notably in Argentina.

8. Suez Company Financial Statements

Suez continued its restructuring measures in 2002 aimed at rationalising the Group structure and notably the Environment sector, with the creation of Suez Environnement Local Services (SELS) and Suez Environnement Industrial Services (SEIS).

This primarily resulted in the transfer to SELS of SITA shares previously held directly by Suez. Due to the Argentine crisis, existing reserves of €43.3 million were increased to €488.9 million. In the Communication sector, reserves of €1,591.4 million were recorded, primarily related to cable activities in France and Belgium.

Treasury stock held by Suez to cover stock purchase option plans granted to employees was reclassified within Other financial assets. In addition, Suez cancelled 32,373,156 shares, resulting in a €832.3 million reduction of shareholders' equity and the recognition of a €120.9 million loss.

As of 31 December 2002, Suez held 10,984,300 of its own shares for a gross value of €300.0 million and a net value of €190.4 million, after the deduction of write-down reserves based on the average stock market price in December 2002.

Suez net income amounting to €736.8 million breaks down as follows:

	2002 (€ millions)	2001 (€ millions)
Current income	2,735.0	1,389.3
Exceptional income/(loss)	(2,188.8)	678.4
Income tax, employee profit-sharing and incentive schemes.....	190.6	215.6
NET INCOME	736.8	2,283.3

Despite growth in current income primarily due to an increase in dividends, net income decreased compared to 2001 due to the aforementioned write-down reserves.

9. Outlook for the Future

The Group's priorities were reiterated at the 9 January 2003 presentation of the 2003-2004 Action Plan. They are to improve and protect profitability and strengthen its financial soundness.

Suez has substantial resources for sustainable growth in Energy and Environment, bolstered in particular by commercial breakthroughs achieved serving both industrial and local government customers.

In this context, Suez favours:

- profitability growth;
- organic development;
- accelerated refocusing on Energy and Environment;
- ongoing evaluations of the Energy and Environment business portfolios;
- emphasis on cost-reduction programs;
- reduction of debt and of exposure to developing countries; and
- cash flow generated by each of the four business lines to finance all their investments.

2003 will be a year of consolidation for Suez.

RECENT DEVELOPMENTS

7 April 2003: Standard & Poor's confirmed A- rating and announced that the credit watch had been removed

After reviewing Suez's 2002 annual results and its 2003-2004 strategic business plan, Standard & Poor's Rating Services, a division of the McGraw Hill Companies ("Standard & Poor's") confirmed, on 4 April 2003, its A- rating of Suez and its related subsidiaries, with negative outlook, while awaiting certain results of the 2003-2004 action plan. Standard & Poor's also removed Suez from negative credit watch where it had been placed since 9 January 2003.

Suez has been rated A- for its long term debt by Standard & Poor's since April 2001.

24 April 2003: Suez sold its Fortis stake

On 24 April 2003, Suez, the biggest shareholder in Fortis with 140 million shares (a 10.8% ownership stake), carried out the following transactions in concert with Fortis: (i) 50 million Fortis shares were sold on the market through a "bought deal", with a view to a further sale to institutional investors; and (ii) 70 million shares are being cashed in through the issue by Suez on 22 May 2003 of €1,190,000,000 4.5 per cent. fixed and additional rate guaranteed mandatorily exchangeable notes due 2006 exchangeable into shares of Fortis unconditionally and irrevocably guaranteed by GIE Suez Alliance.

These combined transactions allow the Group to cash in €1.8 billion and enable it to reduce net debt by the same amount. Following these transactions, Suez holds 1.5% of Fortis' capital (20 million shares). This stake constitutes an underlying position for the exchangeable bond issued by Suez in July 2000.

6 May 2003: Suez announced an increase of 5.3% in its growth revenues for the first quarter of 2003

In a press release dated 6 May 2003, Suez announced the following:

- Group revenues: +5.3% (€10.8 billion)
- Group organic growth: +6.8% (Energy: +6.1%; Environment: +7.5%.)
- Revenues in Europe and North America: €9.7 billion, i.e. 90% of total revenues (+12.6%)

Total Group revenues at 31 March 2003 were €10.8 billion, an increase of 5.3% compared with the figure for the same period in 2002. Most revenues are generated in Europe and North America. Europe and North America represent 90% of total and grew by 12.6% in relation to the 1st quarter 2002.

These revenues growth figures include the negative impact of exchange rate fluctuations and the favourable impacts of changes in Group structure and natural gas price increases in relation to the 1st quarter 2002.

- **Exchange rate fluctuations** (negative impact €611.9 million), the main factors being depreciations of the U.S. dollar (-€206.1 million) and of South American currencies (including Brazil for -€235.5 million and Argentina for -€65.5 million).
- **Changes in Group structure** (positive impact €291.2 million). The main factors were the acquisition of Interpower, consolidation of ACEA Electrabel SPA and subsidiaries, and 2002 ownership increases in Teris and Teris LLC.
- **Natural gas prices** (positive impact €202 million). Natural gas prices were higher during 1st quarter 2003 in relation to the same period in 2002.

On a comparable basis, **Group organic revenues were up 6.8%, as a result both of Energy (+6.1%) and Environment (+7.5%) activities, reflecting Suez businesses' commercial dynamism and their growth potential, despite a continuing difficult economic environment.** This favourable top line trend, in line with Group expectations, was due to sustained growth in its domestic European markets in both the environment (France, Spain, and others) and the energy sectors, the latter due to the cold winter. Outside Europe, the notable organic growth in North America resulted from the start-up of the Puerto Rico contract and the energy sales growth following the bringing into service of new power plants, good performance of the LNG business and the cold winter there as well.

Recent Developments

Revenues Contribution by Business Activity

	31 March 2003	31 March 2002 ¹	Gross change	Organic growth ²
	(in € millions)	(in € millions)		
Energy	6,794.1	6,415.8	+5.9%	+6.1%
Environment	3,772.2	3,656.3	+3.2%	+7.5%
Subtotal	10,566.3	10,072.1	+4.9%	+6.6%
Other businesses	190.2	142.8	+33.2%	+21.6%
TOTAL GROUP	10,756.5	10,214.9	+5.3%	+6.8%

¹ Reported in 2002, after netting energy trading purchases and sales.

² On a 2002/2003 comparable basis, i.e. constant exchange rates and accounting methods, after netting energy trading purchases and sales, and excluding natural gas price variations and changes in Group structure.

Group Business Revenues Trend

1. Energy

Energy revenues grew by 5.9%, of which 6.1% came from organic growth. The unfavourable impact of foreign exchange fluctuations was nearly offset by changes in Group structure and natural gas price increases.

	31 March 2003	31 March 2002 ¹	Gross change	Organic growth
	(in € millions)	(in € millions)		
Electricity & Gas Europe	3,389.5	2,910.6	+16.5%	+8.4%
Electricity & Gas International	1,088.1	1,223.1	-11.0%	+7.3%
Energy and Industrial Services	2,316.5	2,282.1	+1.5%	+2.4%
	6,794.1	6,415.8	+5.9%	+6.1%

¹ Trigen contribution (€124 million) transferred from SEI to EGI and netting energy trading purchases and sales.

1.1 **Revenues of Electricity & Gas in Europe (EGE)** increased by 16.5% during 1st quarter 2003. On a comparable basis, revenues increased €249.9 million reflecting 8.4% organic growth, thanks to strong growth in natural gas sales:

Electricity (+€38 million)

- Sales to direct customers increased by €89 million. This growth is accounted for by expanded sales outside the Benelux, particularly in Italy, and by a transfer of customers from mixed inter-communal companies toward the deregulated market segment which is provided directly by Electrabel and Electrabel Customer Solutions. In Belgium, electricity volumes sold to direct customers increased by 18.5%.
- Sales to distributors and other wholesalers, mainly in Belgium, declined €75 million as a result of the transfer mentioned above of customers to the deregulated market segment. Outside the Benelux sales are progressing, particularly in Poland and Hungary.

Natural gas (+€212 million)

- Sales to distributors in Belgium increased in volume terms over the same period in 2002 due to 2003's harsher winter.
- Export volumes grew substantially with punctual sales in Spain and the signing of a new contract in France.

1.2 The revenues trend for **Electricity & Gas International** (-11.0%), was accounted for by unfavourable exchange rate fluctuations. On a comparable basis, EGI's contribution rose by €73.7 million, for an organic growth rate of 7.3%, and this despite of the strong 1st quarter 2002 performance due to the

Recent Developments

positive impact of rationing in Brazil. First quarter 2003 growth was generated mainly in North America (+€136.5 million), with several factors contributing to the positive trend: a progression in LNG activity (+€87 million); Trigen's good performance (+€18.1 million); and the startup of two new power plants, one at Red Hills, Mississippi on 1 April 2002 and the other at Ennis, Texas on 2 May 2002 (+€52 million). In Latin America, excluding the impact of rationing, sales increased slightly following the replacement in Brazil of the initial contractual volumes sold to distributors with new bi-lateral contracts (+€46 million). In Asia, the Bowin power plant (Thailand) entered service at the end of January 2003 (+€32 million) and Hanjin City Gas (South Korea) has turned in a good performance (+€21 million).

- 1.3 Revenues from Energy and Industrial Services increased by 1.5%. On a comparable basis, this rate was higher, bringing organic growth to 2.4% (+€54.7 million). Most of this growth resulted from Elyo's expansion in operation and maintenance, outsourcing, as well as from the increased output of cogeneration.

2. Environment

Environment businesses' organic growth was 7.5%. Exchange rate fluctuations had an unfavourable impact (-€271.1 million). Changes in Group structure relate mainly to the increase in ownership of Teris and Teris LLC following the acquisition of Rhodia's shares.

	31 March 2003	31 March 2002	Gross change	Organic growth
	(in € millions)	(in € millions)		
Local Services (SELS) ¹	3,128.0	2,917.7	+7.2%	+8.9%
SELS Water Europe	1047.7	977.5	+7.2%	+5.0%
SELS Waste Services	1261.8	1182.7	+6.7%	+3.2%
Degrémont	191.1	173.5	+10.2%	+16.9%
Others / International	627.4	584.0	+7.4%	+27.9%
Industrial Services (SEIS)	644.2	738.6	-12.8%	+1.8%
	3,772.2	3,656.3	+3.2%	+7.5%

1 The presentation of Local Services activities reflects the organization established since May 2002.

Suez Environnement Local Services (SELS) generated €3.1 billion in revenues, a net increase, excluding exchange rate fluctuations and changes in Group structure, of 8.9% or +€240.4 million (+4.7% excluding Puerto Rico). This progression stemmed mainly from SELS activities in Europe and North America, which account for 87% of this business line's activity. Water and Waste Services in Europe grew by 5% and 3.2% respectively, thanks to sustained activity levels in France and Spain. In France, the continued development of sanitation activities in the municipal and industrial markets and increased hazardous waste landfill volumes are the main drivers of growth. Degrémont continued its expansion in Europe (+€15 million with numerous contracts signed in France, Spain, and Italy) and in North America (+€9 million). International activities benefit from strong organic growth in water in North America, with the 1 July 2002 startup of the new Puerto Rico contract, which generated €113.9 million during the 1st quarter of 2003, and the development of unregulated activities in the U.S.

Revenues from **Suez Environnement Industrial Services (SEIS)** (Ondeo Nalco and Ondeo Industrial Solutions) recorded net growth of 1.8% (+€11.1 million). Ondeo Nalco revenues increased by 1.2% largely to the oil and paper manufacturing sectors. Ondeo Industrial Solutions revenues expanded with significant contracts signed during the 1st quarter 2003 which represent activities of over €50 million.

3. Others

Revenues from the Communications sector grew by 33.2%, an increase of €47.5 million over 1st quarter 2002; this growth was attributed to a good performance by M6 and to increased sales by Noos. This sector's organic growth was 21.6%.

Recent Developments

Revenues Breakdown by Geographic Zone

The geographic revenues breakdown was as follows:

	31 March 2003	31 March 2002 ¹	Gross change
	(in € millions)	(in € millions)	
France	2,454.1	2,275.7	+7.8%
Belgium	2,991.1	2,700.6	+10.8%
Subtotal, France-Belgium.....	5,445.2	4,976.3	+9.4%
Other European Union	2,593.4	2,428.4	+6.8%
Other European countries.....	343.3	201.0	+70.8%
North America ²	1,272.0	967.3	+31.5%
Subtotal Europe and North America.....	9,653.9	8,573.0	+12.6%
South America	405.0	922.9	-56.1%
Asia and Oceania	565.0	562.3	+0.5%
Africa	132.6	156.7	-15.4%
TOTAL	10,756.5	10,214.9	+5.3%

¹ Reported in 2002, after netting energy trading purchases and sales.

² Including Mexico.

Growth in France and Belgium was sustained. Great growth in North America results for 1/3 from the new Puerto Rico contract. Decline in revenues from South America is related to the depreciation of the currencies of Argentina and Brazil.

Organic Revenues Growth on a Comparable Basis

Organic growth in revenues on a comparable basis is as follows:

	31 March 2003	31 March 2002	Organic growth
Reported revenues	10,756.5	11,564.9	
Energy trading ¹		1,350.0	
Reported revenues, excluding trading.....	10,756.5	10,214.9	
Changes in Group structure ²	398.8	-107.6	
Exchange rate fluctuations		-611.9	
Natural gas prices		202.0	
Comparable.....	10,357.7	9,697.4	+6.8%

¹ The contribution of trading, €1,350 million for 1st quarter 2002, is now presented after netting of energy trading purchases and sales in revenues at 31 March 2003.

The contribution of trading "around the assets" activities, whose purpose is to optimize the Group's energy production assets and fuel purchase and energy sales portfolio, is fully accounted for within Group revenues. For 1st quarter 2003, the figure was €390.6 million (versus €194.8 million for 1st quarter 2002).

² Respectively 2003 revenues of subsidiaries added to the consolidation scope and 2002 revenues of subsidiaries withdrawn from the consolidation scope since 1 April 2002.

Suez, a worldwide industrial and services Group, provides innovative solutions in Energy – electricity and gas – and the Environment – water and waste services.

It generated 2002 revenues of €40.218 billion (excluding energy trading). The Group is listed on the Euronext Paris, Euronext Brussels, Luxemburg, Zurich and New York Stock Exchanges.

The press release of 6 May 2003 contains certain forward-looking statements, particularly with respect to future events, trends, plans or objectives. These statements are based on management's current views and assumptions and involve a number of risks and uncertainties which may lead to a significant difference between actual results and those suggested either explicitly or implicitly in these statements (or suggested by past results). Additional information about these risks and uncertainties appears in documents filed by Suez with the

U.S. Securities and Exchange Commission and the COB. The present forward-looking statements are offered as of the date of release, with no undertaking by Suez to update or revise them, whether in connection with new information, future events, or any other factor.

17 May 2003; Suez announced sale of 75% of Northumbrian Group and reached a new milestone in the implementation of the Action Plan 2003-2004

In a press release dated 17 May 2003, Suez announced the following:

- The transaction allows Suez to reduce debt by €3.1 billion and to divide by 20 its capital employed in the UK water business
- Value realised through asset sales since the announcement of the Action Plan now totals €5.4 billion dedicated to debt reduction
- Suez will remain the largest shareholder in Northumbrian with 25%
- This transaction represents an enterprise value of €3.2 billion for Northumbrian.

Suez has agreed on 16 May 2003 to sell 75% of Northumbrian Group, its UK water and sewerage business, to a consortium of institutional investors, the transaction values Northumbrian Water at £2.2 billion (€3.2 billion). The sale was effective on 23 May 2003.

This transaction which forms part of the Action Plan 2003-2004 will contribute to:

- Improving the average return on capital employed by the Group in European water, with a pro-forma return on capital employed (ROCE) of 13.5% compared to 9% prior to the transaction. In 2002, Northumbrian accounted for 30% of capital employed but only 6% of revenues for SELS (Suez Environnement Local Services), representing a capital intensity five times the Group average.
- Improving the Group's cash flows, releasing it from the substantial ongoing investment programme required by the UK regulatory framework (approximately €1.5 billion over 5 years)
- Reducing the Group's net debt by €3.1 billion through cash receipts of €1.3 billion and debt deconsolidation of €1.8 billion.

Following the divestitures of the Group's stakes in Axa, Total, Vinci and Fortis, this transaction is another key milestone in the implementation of the Action Plan that Suez announced on 9 January 2003. It confirms the rapid execution of the Action Plan, as the Group has disposed of more than €5.4 billion of assets since the start of 2003.

"This transaction is a key milestone in the implementation of the Action Plan. It confirms the Group's determination to accelerate is refocusing on its most profitable activities in Energy and Environment, and on the activities that present the best balance between profitability/risk exposure and cash generation. This transaction also recognises the quality and know-how of the employees of Northumbrian, who remain a valuable partner for Suez in the UK. Suez maintains a strong foothold in the UK market while at the same time reducing its financial constraints", said Gérard Mestrallet, CEO of Suez.

The Group will be linked with the new owners through its 25% stake in the company, i.e. £130 million (€185 million) after the company's refinancing, while dividing by 20 its capital employed in the UK water market. The new business will be listed, on the AIM on completion of the transaction within the new few days. Beyond Suez's retained capital investment, the Suez and Northumbrian teams will have the opportunity to continue the fruitful technical, commercial and personnel collaboration they have developed over the past years. Northumbrian operations are amongst the best performing in the UK water industry according to the Regulator's rankings.

The private bidding process involved a large number of high quality potential buyers, which ensured realisation of a maximum price for Suez. The current low interest rates have created a favourable opportunity for the sale, in parallel with an increase in the company's leverage, so as to optimise its return on equity (ROE).

The transaction values Northumbrian's assets at £2,212 million. The regulatory capital value (asset value employed by the regulator in setting returns) totalled £2,170 million at the end of March 2003.

Changes in exchange rate and interest rate levels since the acquisition (fair market value of the debt) will however generate an exceptional charge of approximately €360 million (for the whole of Suez's stake in

Northumbrian). Following the transaction, Northumbrian will be accounted for under the equity method from 1 January 2003.

Suez's historic investment in Northumbrian has generated an all-in 12.6% equity IRR. Moreover, this transaction represents an EBITDA multiple of 8.8x (compared to 6.6x at the time of the acquisition of Northumbrian Water Ltd in 1996).

OSUK's contribution towards Suez's accounts for 2002

OSUK's contribution towards Suez's accounts for 2002 amounted to €1,840 million for liabilities, €310 million for the current cash flow and €350 million for investments, in other words, a negative net contribution to the liquid assets, even before dividends were distributed. In 2002, OSUK contributed €798 million to Suez's turnover, €399 million to the gross operating profit and €150 million to the net current profit.

22 May 2003: Suez issued €1,190,000,000 notes due 2006 exchangeable into Fortis shares

On 22 May 2003, Suez issued €1,190,000,000 4.5 per cent. fixed and additional rate guaranteed mandatorily exchangeable notes due 2006 exchangeable into shares of Fortis unconditionally and irrevocably guaranteed by GIE Suez Alliance.

27 May 2003: Suez launched a €2.5 billion syndicated credit facility

Suez announced the launch of a new five year €2.5 billion syndicated revolving credit facility. Suez has mandated Citibank International plc, Crédit Agricole Indosuez, HSBC CCF, JPMorgan, The Royal Bank of Scotland plc and SG Investment Banking to arrange this facility. The facility has been underwritten and will be syndicated within a larger group of financial institutions early June. This transaction is consistent with the Group's conservative liquidity management policy and will further enhance Suez's back-up reserves.

SUBSCRIPTION AND SALE

Underwriting Arrangements

Crédit Agricole Indosuez, CCF, J.P. Morgan Securities Ltd. and Société Générale (the “**Joint Lead Managers**”) and ABN AMRO Bank NV, Banc of America Securities Limited, Barclays Bank PLC, Banco Bilbao Vizcaya Argentaria, S.A., BNP Paribas, CDC IXIS Capital Markets, Crédit Industriel et Commercial, Citigroup Global Markets Limited, Crédit Lyonnais, Deutsche Bank AG London, Fortis Bank nv-sa, ING Belgium S.A./N.V., InverCaixa Valores, S.V., S.A., KBC Bank NV, Natexis Banques Populaires and The Royal Bank of Scotland plc, (the “**Co-Lead Managers**”, and together with the Joint Lead Managers, the “**Managers**”) have, pursuant to a Subscription Agreement dated 20 June 2003 (the “**Subscription Agreement**”), jointly and severally agreed with the Issuer, subject to satisfaction of certain conditions, to subscribe and pay for the A Notes at a price equal to 99.467 per cent. of such principal amount (the “**A Price**”), in respect of Euro 500,000,000 principal amount of the B Notes at a price equal to 99.583 per cent. of such principal amount (the “**First B Price**”) and in respect of the remaining Euro 250,000,000 principal amount of the B Notes at a price equal to 101.744 per cent. of such principal amount (the “**Second B Price**” and, together with the First B Price, the “**B Price**”) and the C Notes at a price equal to 99.446 per cent. of such principal amount (the “**C Price**”) less a total commission of 0.325 per cent. in the case of the A Price, 0.375 per cent. in the case of the B Price and 0.45 per cent. in the case of the C Price.

The Subscription Agreement entitles the Managers to terminate it in certain circumstances prior to payment being made to the Issuer. The Issuer has agreed to indemnify the Managers against certain liabilities in connection with the offer and sale of the Notes.

General Restrictions

Each of the Managers has agreed to observe all applicable laws and regulations in each jurisdiction in or from which it may acquire, offer, sell, or deliver Notes or have in its possession or distribute this Offering Circular or any other offering material relating to the Notes. No action has been, or will be, taken in any country or jurisdiction that would permit a public offering of the Notes, or the possession or distribution of this Offering Circular or any other offering material relating to the Notes, in any country or jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any circular, prospectus, form of application, advertisement or other offering material relating to the Notes may be distributed in or from, or published in, any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations.

United States

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), and may not be offered or sold within the United States or to, or for account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the date of issue of the Notes, within the United States or to, or for the account or benefit of, U.S. persons and it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are being offered and sold only outside of the United States to non-U.S. persons in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any Manager that is not participating in the offering may violate the registration requirements of the Securities Act.

United Kingdom

Each Manager represents, warrants and agrees that:

- (i) it has not offered or sold and, prior to the expiry of a period of six months from 24 June 2003, will not offer or sell any Notes to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995, as amended;
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the “FSMA”)) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

France

Each of the Issuer and the Managers has represented and agreed that the Notes are being issued outside the Republic of France and that it has not offered or sold and will not offer or sell directly or indirectly any Notes in the Republic of France and has not distributed or caused to be distributed and will not distribute or cause to be distributed in the Republic of France the Offering Circular or any other offering material relating to the Notes, except to qualified investors (*investisseurs qualifiés*) as defined in and in accordance with Article L. 411-2 of the French *Code monétaire et financier* and Decree no 98-880 dated 1 October 1998.

GENERAL INFORMATION

1. The Notes have been accepted for clearance through Clearstream, Luxembourg and Euroclear. The A Notes have a Common Code of 017040081, a Sicovam number of 47573 and an International Securities Identification Number (“ISIN”) of FR0000475733. The B Notes have a Common Code of 017040103, a Sicovam number of 47574 and an ISIN of FR0000475741. The C Notes have a Common Code of 017040057, a Sicovam number of 47575 and an ISIN of FR0000475758.
2. Application has been made to list the Notes on the Luxembourg Stock Exchange. The legal notice relating to the issue of the Notes and the constitutional documents (*contrat constitutif*) of the Issuer will be registered prior to the listing with the Luxembourg trade and companies register (*Registre de commerce et des sociétés de Luxembourg*) where such documents are available for inspection and where copies thereof can be obtained upon request.
3. The Issuer has obtained all necessary consents, approvals and authorisations in the Republic of France in connection with the issue and performance of its obligations under the Notes. The issue of the Notes was authorised by a resolution of the Extraordinary General Meeting (*Assemblée Générale Extraordinaire*) of the Issuer made on 5 June 2003 and a decision of its Manager (*administrateur-gérant*) made on 19 June 2003.
4. Except as disclosed in this Offering Circular, there has been no material adverse change in the condition (financial or other), prospects, results of operations or general affairs of the Issuer and Suez which is material in the context of the issue of the Notes since 31 December 2002.
5. Except as disclosed in this Offering Circular, there are no pending actions, suits or proceedings against or affecting the Issuer and Suez which, if determined adversely to the Issuer and Suez, would individually or in the aggregate have an adverse effect on the condition (financial or other), prospects, results of operations or general affairs of the Issuer and Suez which are material in the context of the issue of the Notes and, to the best of the Issuer’s and Suez’s knowledge, no such actions, suits or proceedings are threatened or contemplated.
6. As soon as they are available, the Issuer and Suez will provide the Fiscal Agent and the Paying Agents with respectively copies of (i) the non-consolidated audited financial statements of the Issuer, (ii) the annual report of Suez, including its consolidated and non-consolidated annual financial statements and (iii) the latest unaudited consolidated semi-annual accounts of Suez. Copies of the documents listed in (i), (ii) and (iii) above may be obtained free of charge from, and copies of the Agency Agreement and the constitutional documents (*contrat constitutif*) of the Issuer will be available for inspection at, the specified offices for the time being of the Fiscal Agent and the Paying Agents during normal business hours, so long as any of the Notes is outstanding. The Issuer does not publish any interim financial statements, Suez does not publish any non-consolidated interim financial statements and the Issuer does not publish any consolidated accounts.
7. The consolidated and non-consolidated financial statements of Suez for the financial years ended 31 December 2001 and 2002 (inclusive) were audited by Barbier Frinault et Autres and by Deloitte Touche Tohmatsu — Audit, statutory auditors, and have each received an unqualified audit opinion. The non-consolidated financial statements of the Issuer, from its incorporation to 31 December 2001 and for the financial year ended 31 December 2002 were audited by Barbier Frinault et Autres and Deloitte Touche Tohmatsu — Audit, statutory auditors and have each received an unqualified audit opinion.
8. Legal opinions in connection with the issue of the Notes will be given by Lovells, legal advisers to the Issuer as to French law, and by Linklaters, legal advisers to the Managers as to French law.
9. The Notes being denominated in Euros are deemed to be issued outside the Republic of France and as a result, all payments in respect of the Notes benefit under present law from the exemption provided for in Article 131 *quater* of the *Code Général des Impôts* (French General Tax Code) from deduction of tax at source. Subject to the exceptions set out in 7(b) of each of the Terms and Conditions of the A Notes, the Terms and Conditions of the B Notes and the Terms and Conditions of the C Notes, such payments do not give the right to any tax credit from any French source.

10. The Council of the European Union has adopted proposals for a new directive regarding the taxation of savings income. It is proposed that, subject to a number of important conditions being met, Member States will be required from 1 January 2005 to provide to the tax authorities of another Member State details of payment of interest (or other similar income) paid by a person within its jurisdiction to or for the benefit of an individual resident in that other Member State, except that Belgium, Luxembourg and Austria will instead operate a withholding system for a transitional period in relation to such payments.

Registered Office of the Issuer

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Fiscal Agent and Principal Paying Agent

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L-2955 Luxembourg

Registered Office of the Paying Agent

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75015 Paris
France

Luxembourg Listing Agent

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75116 Paris
France

to the Managers

Linklaters
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75008 Paris
France

Statutory Auditors

to the Issuer and to Suez

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