

FORMAL OPINION of the SUEZ European Consultative Committee (ECC) on the SUEZ and Gaz de France merger plan

This project forms part of the liberalisation of the energy market in Europe. As a result of this liberalisation, a significant margin has been established, most particularly regarding nuclear production, and at the expense of consumers.

Meanwhile, environmental issues are increasingly at the top of the agenda.

In terms of these changes, the ECC sees opportunities but also threats, notably the decision to place SUEZ Environnement on the stock market.

In this context, the ECC disapproves of the sale of Distrigaz and the disposal of the management of the electricity and gas infrastructure in Belgium which the European Commission demanded in return for authorising this merger plan, without consulting the ECC. Moreover, the ECC deplors the weakness of French law and European rules on company mergers.

It is concerned about the consequences that the declared synergies will have on operating costs, in particular in relation to SES and COFATHEC. It is paying close attention to the consequences the plan will have on the reorganisation of the respective headquarters.

It completely disapproves of the disposal of 65% of SUEZ Environnement's capital even though the plan had been presented in 2006 as a defence against external raiders. It notes that this process enables the SUEZ shareholders to acquire a capital gain of approximately EUR 7 per share, contrary to the originally envisaged parity of EUR 1. It regrets the fact that the shareholders' pact allows its members to leave it.

The ECC therefore submits an unfavourable opinion regarding the merger plan.

It points out its eagerness to maintain the integrity of the Group and the implementation of a strategy to protect and create quality jobs.

It hopes that an energy policy will be implemented that is economical for private individuals and promotes the economic development of the countries where the Group operates, as well as an investments policy resulting in research.

It demands that GDF SUEZ remains the majority shareholder in the capital of SUEZ Environnement and to look for stable, long-term shareholders in order to avoid its disassembly.

It hopes that the views of employees will be taken into account more in the Group's strategic decisions and that employee representation will be extended on boards of directors and will be better organised.

It explains that some details have not yet been communicated, and that it will have to give its opinion on the other phases of the merger plan.

Nevertheless, the ECC notes that:

- ◇ The shareholders of SUEZ Environnement who are part of a pact comprising approximately 47% of the shares will be strongly encouraged by the tax authorities to keep their shares for three years. This period must be used to find long-term solutions to ensure stable shareholders.
- ◇ The CEO of SUEZ has made a commitment to sign an agreement on social guarantees providing, in particular, for the following:

- the merger plan will not lead to redundancies;
 - the long-term investment plans will be presented to the relevant representative bodies;
 - disposals of companies will be supervised to a certain extent;
 - social annexes will be included in contracts negotiated with customers and measures will be taken to prevent social dumping.
- ◇ The plan provides for investments and significant organic growth for every division of the future group.
 - ◇ The planned merger is presented by SUEZ management as one that will create jobs, at least within the current scope of the SUEZ group.
 - ◇ The Group management undertakes to implement a plan to reduce precariousness by turning fixed-term and temporary contracts into permanent contracts.
 - ◇ The Group management undertakes to reinforce the national and European information and consultation structures in the context of the GDF-SUEZ merger.