



Paris, February 23, 2007

Chairman
EFRAG
13-14 Avenue des Arts
B-1210 Brussels
Belgique

Reference: Draft for comments – Adoption of IFRIC 12 - *Service Concession Arrangements*

Dear Mr Enevoldsen,

We appreciate the opportunity to comment on the EFRAG Draft for comments in relation to the adoption of IFRIC 12 *Service Concession Arrangements*.

This letter expresses the common opinion of Suez and Veolia Environnement.

We are deeply engaged in concession activities worldwide and are global leaders in our sectors. We operate service concessions such as water or energy distribution (electricity and gas), which can involve construction of infrastructures.

We would like to reiterate our appreciation of the significant work carried out by IFRIC over the last three years related to service concession arrangements.

As you will recall, we actively took part in the different stages before the issuance of the final interpretation as members of the EFRAG Concession Working Group or as observers/participants in IFRIC meetings.

We are convinced that IFRIC 12 *Service Concession Arrangements* provides an appropriate accounting answer for our activities and will lead to significant improvements in the quality of financial information, since they permit a better understanding of the substance of concession arrangements.

The interpretation provides, for the first time, an exhaustive and homogeneous set of guidelines that address the diversity of service concession arrangements and provides appropriate principles for the recognition and measurement of the particular rights and obligations encompassed in these types of contracts.

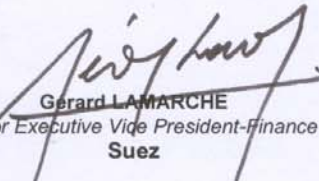
Our two companies have already experienced the practical application of IFRIC 12 for thousands of contracts in highly differing contexts in all regions of the world, and did not face any major difficulty in applying the interpretation.

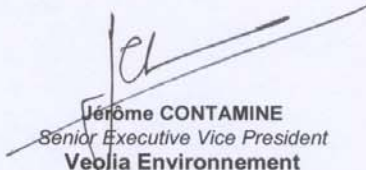
The application of this Interpretation will establish a widely recognized and prevalent industry practice as most of the concerned operators are subject to the same obligation to prepare their financial statements under IFRS, thus enhancing, within and outside Europe, comparability, understanding of the business model and performance analysis.

Therefore, we strongly support EFRAG advice for adoption of IFRIC 12 Service Concession Arrangements.

Finally, we would like to make a suggestion regarding the structure of the EFRAG opinion letter to the European Commission. We think it would be preferable to position the "basis for conclusions" immediately after the letter (instead of dissenting views). Indeed, the "basis for conclusions" provides useful explanations in support of EFRAG main arguments.

Yours sincerely,


Gerard LAMARCHE
Senior Executive Vice President-Finance
Suez


Jérôme CONTAMINE
Senior Executive Vice President
Veolia Environnement