



**SUEZ ENVIRONNEMENT COMPANY**  
(incorporated with limited liability in the Republic of France) as Issuer  
**€6,000,000,000 Euro Medium Term Note Programme**

Under the €6,000,000,000 Euro Medium Term Notes Programme (the "**Programme**"), Suez Environnement Company ("**Suez Environnement**" or the "**Issuer**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Euro Medium Term Notes (the "**Notes**"). The aggregate nominal amount of Notes outstanding will not at any time exceed €6,000,000,000 (or the equivalent in other currencies). Subject to compliance with all relevant laws, regulations and directives, Notes issued by Suez Environnement may be issued in euro, U.S. dollars, Japanese yen, Swiss francs, Sterling and in any other currency agreed between the Issuer and the relevant Dealers.

This Base Prospectus constitutes the base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 (the "**Prospectus Directive**") as amended (which includes the amendments made by Directive 2010/73/EU (the "**2010 PD Amending Prospectus Directive**") to the extent that such amendments have been implemented in a Member State of the European Economic Area) in respect of, and for the purposes of giving information with regard to, Suez Environnement and its fully consolidated subsidiaries taken as a whole (the "**Group**") and the Notes which, according to the particular nature of the Issuer, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of Suez Environnement.

This Base Prospectus supersedes and replaces the Base Prospectus dated 25 March 2011 and any Supplements thereto.

Application has been made for approval of this Base Prospectus to the *Autorité des marchés financiers* (the "**AMF**") in France in its capacity as competent authority pursuant to Article 212-2 of its *Règlement Général* which implements the Directive 2003/71/EC of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading.

Application may be made to Euronext Paris for the period of 12 months from the date of this Base Prospectus, for Notes issued under the Programme to be listed and admitted to trading on Euronext Paris and/or to the relevant authority of any other Member State of the European Economic Area ("**EEA**") for Notes issued under the Programme to be listed and admitted to trading on a Regulated Market in such Member State. Euronext Paris is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC, appearing on the list of regulated markets issued by the European Commission (a "**Regulated Market**").

However, Notes listed on other stock exchanges (whether on a Regulated Market or not) or not listed and admitted to trading may be issued under the Programme. The relevant final terms (the "**Final Terms**") (a form of which is contained herein) in respect of the issue of any Notes will specify whether or not such Notes will be listed and admitted to trading and, if so, the relevant stock exchange.

Notes will be in such denomination(s) as may be specified in the relevant Final Terms, save that the minimum denomination of each Note listed and admitted to trading on a Regulated Market or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be €100,000 or €50,000, if the relevant Member State has not implemented the relevant provision of the 2010 PD Amending Prospectus Directive, and, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency at the issue date, or such higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant specified currency.

Notes may be issued either in dematerialised form (the "**Dematerialised Notes**") or in materialised form (the "**Materialised Notes**") as more fully described herein. Dematerialised Notes will at all times be in book entry form in compliance with Articles L.211-3 and R.211-1 of the French *Code monétaire et financier*. No physical documents of title will be issued in respect of the Dematerialised Notes.

Dematerialised Notes may, at the option of the Issuer, be in bearer dematerialised form (*au porteur*) inscribed as from the issue date in the books of Euroclear France, a subsidiary of Euroclear Bank S.A./N.V. ("**Euroclear France**") which shall credit the accounts of Euroclear France Account Holders including Euroclear Bank S.A./N.V. ("**Euroclear**") and the depositary bank for Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**") or in registered dematerialised form (*au nominatif*) and, in such latter case, at the option of the relevant holder of Notes (a "**Noteholder**"), in either fully registered form (*au nominatif pur*), in which case they will be inscribed in an account maintained by the Registration Agent acting on behalf of the Issuer, or in administered registered form (*au nominatif administré*) in which case they will be inscribed in the accounts of the Euroclear France Account Holders designated by the relevant Noteholders. "**Euroclear France Account Holder**" means any authorised financial intermediary institution entitled to hold directly or indirectly accounts on behalf of its customers with Euroclear France, and includes the depositary bank for Clearstream, Luxembourg and Euroclear.

Materialised Notes will be in bearer form only and may only be issued outside France and the United States. A temporary global certificate in bearer form without interest coupons attached (a "**Temporary Global Certificate**") will initially be issued in connection with Materialised Notes. No interest will be payable on the Temporary Global Certificate. Such Temporary Global Certificate will be exchanged for definitive Materialised Notes in bearer form with, where applicable, coupons for interest attached on or after a date expected to be on or about the 40th day after the issue date of the Notes upon certification as to non U.S. beneficial ownership as more fully described herein.

Temporary Global Certificates will (a) in the case of a Tranche (as defined below) intended to be cleared through Euroclear and/or Clearstream, Luxembourg, be deposited on the issue date with a common depositary on behalf of Euroclear and/or Clearstream, Luxembourg and (b) in the case of a Tranche intended to be cleared through a clearing system other than or in addition to Euroclear and/or Clearstream, Luxembourg or delivered outside a clearing system, be deposited as agreed between the Issuer and the relevant Dealer (as defined below).

The long-term senior unsecured Notes and the short-term senior unsecured Notes of the Issuer are currently rated A3 and Prime-2 respectively by Moody's Investors Service Ltd. ("**Moody's**"). Moody's is established in the European Union ("**EU**") and is registered under Regulation (EC) No 1060/2009 (as amended) (the "**CRA Regulation**"). Moody's is included in the list of registered credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such regulation. Notes issued under the Programme may be rated or unrated. Notes which are rated will have such rating as is assigned to them by Moody's or such other relevant rating organisation as specified in the Final Terms. The relevant Final Terms will specify whether or not such credit ratings are issued by a credit rating agency established in the European Union and registered under the CRA Regulation. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

The final terms of the Notes will be determined at the time of the offering of each Tranche and will be set out in the relevant Final Terms.

Copies of the documents incorporated by reference herein can be obtained free of charge from the registered office of the Issuer and will also be published on the Issuer's website ([www.suez-environnement.com](http://www.suez-environnement.com)).

*Prospective investors should have regard to the factors described under the section headed "Risk factors" in this Base Prospectus.*

Arranger

Deutsche Bank

Dealers

BNP PARIBAS

Commerzbank

ING Commercial Banking

Santander Global Banking & Markets

The Royal Bank of Scotland

Banco Bilbao Vizcaya Argentaria, S.A.

Crédit Agricole CIB

HSBC

Natixis

BofA Merrill Lynch

Deutsche Bank

Mitsubishi UFJ Securities

Société Générale Corporate & Investment Banking

**This Base Prospectus should be read and construed in conjunction with any supplement that may be published from time to time and with all other documents incorporated by reference (see "Documents Incorporated by Reference") and, each of which shall be incorporated in, and form part of this Base Prospectus in relation to any Series (as defined herein) of Notes, should be read and construed together with the relevant Final Terms, the Base Prospectus and the Final Terms being together, the "Prospectus".**

**Certain information contained in this Base Prospectus and/or documents incorporated herein by reference has been extracted from sources specified in the sections where such information appears. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by the above sources, no facts have been omitted which would render the information reproduced inaccurate or misleading. The Issuer has also identified the source(s) of such information.**

**No person has been authorised to give any information or to make any representation other than those contained in this Base Prospectus 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 the Issuer or any of the Dealers or the Arranger (each as defined in "General Description of the Programme"). Neither the delivery of this Base Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or those of the Group since the date hereof or the date upon which this Base Prospectus has been most recently supplemented or that there has been no adverse change in the financial position of the Issuer or that of the Group since the date hereof or the date upon which this Base Prospectus has been most recently supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.**

**The distribution of this Base Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus comes are required by the Issuer, the Dealers and the Arranger to inform themselves about and to observe any such restriction.**

**THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND INCLUDE NOTES IN BEARER FORM THAT ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. SUBJECT TO CERTAIN EXCEPTIONS, NOTES MAY NOT BE OFFERED, SOLD OR, IN THE CASE OF MATERIALISED NOTES IN BEARER FORM, DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS. FOR A DESCRIPTION OF CERTAIN RESTRICTIONS ON OFFERS AND SALES OF NOTES AND ON DISTRIBUTION OF THIS BASE PROSPECTUS, SEE "SUBSCRIPTION AND SALE".**

**No action has been taken by the Issuer or the Dealers which would permit a public offering of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any Final Terms or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations and the Dealers have represented that all offers and sales by them will be made on the same terms. Persons into whose possession this Base Prospectus comes are required by the Issuer, the Dealers and the Arranger to inform themselves about and to observe any such restriction.**

Neither this Base Prospectus nor any Final Terms constitutes an offer of, or an invitation by or on behalf of the Issuer, the Dealers or the Arranger to subscribe for, or purchase, any Notes.

The Arranger and the Dealers have not separately verified the information contained in this Base Prospectus. None of the Dealers or the Arranger makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Base Prospectus. Neither this Base Prospectus nor any other information incorporated by reference in this Base Prospectus is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Arranger or the Dealers that any recipient of this Base Prospectus or any Final Terms or any other information incorporated by reference should subscribe for or purchase the Notes. In making an investment decision regarding the Notes, prospective investors must rely on their own independent investigation and appraisal of the Issuer, its business and the terms of the offering, including the merits and risks involved. For further details, see "Risk Factors" herein. The contents of this Base Prospectus or any Final Terms are not to be construed as legal, business or tax advice. Each prospective investor should subscribe for or consult its own advisers as to legal, tax, financial, credit and related aspects of an investment in the Notes. None of the Dealers or the Arranger undertakes to review the financial condition or affairs of the Issuer or the Group during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger.

The consolidated financial statements of the Issuer and the Group for the year ended 31 December 2010 and for the year ended 31 December 2011 have been prepared in accordance with International Financial Reporting Standards ("IFRS").

In connection with the issue and distribution of any Tranche (as defined in "General Description of the Programme") of Notes, the Dealer or the Dealers (if any) named as the stabilising manager(s) (the "Stabilising Manager(s)") (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

In this Base Prospectus, 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 Economic and Monetary Union which was introduced on 1 January 1999, references to "£", "pounds sterling", "GBP" and "Sterling" are to the lawful currency of the United Kingdom, references to "\$", "USD" and "U.S. Dollars" are to the lawful currency of the United States of America, references to "¥", "JPY", "Japanese yen" and "Yen" are to the lawful currency of Japan, references to "CHF" and "Swiss francs" are to the lawful currency of Switzerland and references to "RMB", "CNY" or "Renminbi" are to the Chinese Yuan Renminbi, the lawful currency of the Peoples's Republic of China, which for the purpose of this document excludes the Hong Kong Special Administrative Region of the Peoples's Republic of China, the Macau Special Administrative Region of the Peoples's Republic of China and Taiwan (the "PRC").

## FORWARD-LOOKING STATEMENTS

This Base Prospectus contains certain statements that are forward-looking including statements with respect to the Issuer's business strategies, expansion and growth of operations, trends in its business, competitive advantage, and technological and regulatory changes, information on exchange rate risk and generally includes all statements preceded by, followed by or that include the words "**believe**", "**expect**", "**project**", "**anticipate**", "**seek**", "**estimate**" or similar expressions. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward-looking statements as a result of various factors. Potential investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof.

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## **RISK FACTORS**

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes issued under the Programme. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

*Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Issuer do not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus (including any documents incorporated by reference herein) and the Final Terms of the relevant Notes and reach their own views prior to making any investment decision.*

*For the purpose of this section headed "Risk factors", the "**Group**" is defined as the Issuer and its subsidiaries.*

*The order in which the following risks factors are presented is not an indication of the likelihood of their occurrence.*

### **(A) Risk Factors relating to the Notes**

The following paragraphs describe some of the risk factors that are material to the Notes to be offered and/or admitted to trading in order to assess the market risk associated with these Notes. They do not describe all the risks of an investment in the Notes. Prospective investors should consult their own financial and legal advisers about risks associated with investment in a particular Series of Notes and the suitability of investing in the Notes in light of their particular circumstances. These risk factors may be completed in the Final Terms of the relevant Notes for a particular issue of Notes.

Terms defined herein shall have the same meaning as in the Terms and Conditions of the Notes.

#### **1. General Risks relating to the Notes**

##### ***Independent Review and Advice***

Each prospective investor in the Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Notes is fully consistent with its financial needs, objectives and condition, complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it and is a fit, proper and suitable investment for it, notwithstanding the clear and substantial risks inherent in investing in or holding the Notes.

A prospective investor may not rely on the Issuer or the Dealer(s) or any of their respective affiliates in connection with its determination as to the legality of its acquisition of the Notes or as to the other matters referred to above.

##### ***Potential Conflicts of Interest***

Each of the Issuer, the Dealer(s) or their respective affiliates may deal with and engage generally in any kind of commercial or investment banking or other business with any issuer of the securities

taken up in an index, their respective affiliates or any guarantor or any other person or entities having obligations relating to any issuer of the securities taken up in an index or their respective affiliates or any guarantor in the same manner as if any index-linked Notes issued under the Programme did not exist, regardless of whether any such action might have an adverse effect on an issuer of the securities taken up in the index, any of their respective affiliates or any guarantor.

The Issuer may from time to time be engaged in transactions involving an index or related derivatives which may affect the market price, liquidity or value of the Notes and which could be deemed to be adverse to the interests of the Noteholders.

Potential conflicts of interest may arise between the Calculation Agent, if any, for a Tranche of Notes and the Noteholders, including with respect to certain discretionary determinations and judgments that such Calculation Agent may make pursuant to the Terms and Conditions of the Notes that may influence the amount receivable upon redemption of the Notes.

### ***Legality of Purchase***

Neither the Issuer, the Dealer(s) nor any of their respective affiliates has or assumes responsibility for the lawfulness of the acquisition of the Notes by a prospective investor in the Notes, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective investor with any law, regulation or regulatory policy applicable to it.

### ***Modification, waivers and substitution***

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

### ***Regulatory Restrictions***

Investors whose investment activities are subject to investment laws and regulations or to review or regulation by certain authorities may be subject to restrictions on investments in certain types of debt securities. Investors should review and consider such restrictions prior to investing in the Notes.

### ***Taxation***

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for financial instruments such as the Notes. Potential investors cannot rely upon the tax summary contained in this Base Prospectus and/or in the Final Terms but should ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, holding, sale and redemption of the Notes. Only these advisers are in a position to duly consider the specific situation of the potential investor. This investment consideration has to be read in connection with the taxation sections of this Base Prospectus and the additional tax sections, if any, contained in the relevant Final Terms.

### ***EU Savings Directive***

On 3 June 2003, the European Council of Economics and Finance Ministers adopted a directive 2003/48/EC on the taxation of savings income under the form of interest payments (the "**Savings Directive**"). The Savings Directive requires Member States to provide to the tax authorities of other Member States details of payments of interest and other similar income made by a paying agent

located within their jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland). (see "**Taxation – European Union**").

Pursuant to the Terms and Conditions of the Notes, if a payment were to be made or collected through a Member State which has opted for a withholding system under the Savings Directive and an amount of, or in respect of, tax is withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note, as a result of the imposition of such withholding tax. The Issuer will be required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Savings Directive.

The European Commission has proposed certain amendments to the Savings Directive which may, if implemented, amend or broaden the scope of the requirements described above.

### ***Change of Law***

The Terms and Conditions of the Notes are based on French laws in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in French laws or administrative practice after the date of this Base Prospectus.

### ***French Insolvency Law***

Under French insolvency law, holders of debt securities are automatically grouped into a single assembly of holders (the "**Assembly**") in case of the opening in France of an accelerated financial preservation (*procédure de sauvegarde financière accélérée*) or a preservation (*procédure de sauvegarde*) or a judicial reorganisation procedure (*procédure de redressement judiciaire*) of the Issuer, in order to defend their common interests.

The Assembly comprises holders of all debt securities issued by the Issuer (including the Notes), whether or not under a debt issuance programme (such as a Euro Medium Term Notes programme) and regardless of their governing law.

The Assembly deliberates on the draft safeguard (*projet de plan de sauvegarde*) or judicial reorganisation plan (*projet de plan de redressement*) applicable to the Issuer and may further agree to:

- increase the liabilities (*charges*) of holders of debt securities (including the Noteholders) by rescheduling and/or writing-off debts;
- establish an unequal treatment between holders of debt securities (including the Noteholders) as appropriate under the circumstances; and/or
- decide to convert debt securities (including the Notes) into shares or securities that give or may give right to the share capital.

Decisions of the Assembly will be taken by a two-third majority (calculated as a proportion of the debt securities held by the holders attending such Assembly or represented thereat). No quorum is required on convocation of the Assembly.



For the avoidance of doubt, the provisions relating to the Representation of the Noteholders described in the Terms and Conditions of the Notes set out in this Base Prospectus and, if applicable, the applicable Final Terms will not be applicable in these circumstances.

### ***Liquidity Risks/Trading Market for the Notes***

The Notes may not have an established trading market when issued. There can be no assurance of a secondary market for the Notes or the continued liquidity of such market if one develops.

The development or continued liquidity of any secondary market for the Notes will be affected by a number of factors such as general economic conditions, the financial condition, the creditworthiness of the Issuer and/or the Group, and the value of any applicable reference rate, as well as other factors such as the complexity and volatility of the reference rate, the method of calculating the return to be paid in respect of such Notes, the time remaining to the maturity of the Notes, the outstanding amount of the Notes, any redemption features of the Notes, the performance of other instruments (e.g., commodities or securities) linked to the reference rates and the level, direction and volatility of interest rates generally. Such factors also will affect the market value of the Notes. In addition, certain Notes may be designed for specific investment objectives or strategies and therefore may have a more limited secondary market and experience more price volatility than conventional debt securities.

Investors may not be able to sell Notes readily or at prices that will enable investors to realise their anticipated yield. No investor should purchase Notes unless the investor understands and is able to bear the risk that certain Notes will not be readily sellable, that the value of Notes will fluctuate over time and that such fluctuations will be significant.

### ***Exchange Rate Risks and Exchange Controls***

The principal of, or any return on, Notes may be payable in, or determined by reference or indexed to, one or more specified currencies (including exchange rates and swap indices between currencies or currency units). For investors whose financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the specified currency in which the related Notes are denominated, or where principal or return in respect of Notes is payable by reference to the value of one or more specified currencies other than by reference solely to the Investor's Currency, an investment in such Notes entails significant risks that are not associated with a similar investment in a debt security denominated and payable in such Investor's Currency. Such risks include, without limitation, the possibility of significant fluctuations in the rate of exchange between the applicable specified currency and the Investor's Currency and the possibility of the imposition or modification of exchange controls by authorities with jurisdiction over such specified currency or the Investor's Currency. Such risks generally depend on a number of factors, including financial, economic and political events over which the Issuer has no control.

Appreciation in the value of the Investor's Currency relative to the value of the applicable specified currency would result in a decrease in the Investor's Currency-equivalent yield on a Note denominated, or the principal of or return on which is payable, in such specified currency, in the Investor's Currency-equivalent value of the principal of such Note payable at maturity (if any) and generally in the Investor's Currency-equivalent market value of such Note. In addition, depending on the specific terms of a Note denominated in, or the payment of which is determined by reference to the value of, one or more specified currencies (other than solely the Investor's Currency), indices (including exchange rates and swap indices between currencies or currency units) or formulas, fluctuations in exchange rates relating to any of the currencies or currency units involved could result in a decrease in the effective yield on such Note and, in certain circumstances, could result in a loss of all or a substantial portion of the principal of such Note to the investor.

Government and monetary authorities have imposed from time to time, and may in the future impose, exchange controls that could affect exchange rates, as well as the availability, of the specified currency in which a Note is payable at the time of payment of the principal or return in respect of such Note.

***Credit ratings may not reflect all risks***

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed in this section, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

***Market Value of the Notes***

The market value of the Notes will be affected by the creditworthiness of the Issuer and/or that of the Group and a number of additional factors, including the value of the reference assets or an index, including, but not limited to, the volatility of the reference assets or an index, or the dividend on the securities taken up in the index, market interest and yield rates and the time remaining to the maturity date.

The value of the Notes, the reference assets or the index depends on a number of interrelated factors, including economic, financial and political events in France or elsewhere, including factors affecting capital markets generally and the stock exchanges on which the Notes, the reference assets, the securities taken up in the index, or the index are traded. The price at which a Noteholder will be able to sell the Notes prior to maturity may be at a discount, which could be substantial, from the issue price or the purchase price paid by such purchaser. The historical market prices of the reference assets or an index should not be taken as an indication of the reference assets' or an index's future performance during the term of any Note.

**2. Risks relating to the structure of a particular issue of Notes**

The Programme allows for different types of Notes to be issued. Accordingly, each Tranche of Notes may carry varying risks for potential investors depending on the specific features of such Notes such as, inter alia, the provisions for computation of periodic interest payments, if any, redemption and issue price.

***Optional Redemption***

Any optional redemption feature where the Issuer is given the right to redeem the Notes early might negatively affect the market value of such Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. Furthermore, since the Issuer may be expected to redeem the Notes when prevailing interest rates are relatively low, an investor might not be able to reinvest the redemption proceeds at an effective interest rate as high as the return that would have been received on such Notes had they not been redeemed.

***Exercise of the Put Option in case of Change of Control in respect of certain Notes may affect the liquidity of the Notes of the same Series in respect of which such option is not exercised***

Depending on the number of Notes of the same Series in respect of which the Put Option in case of Change of Control provided in the relevant Final Terms is exercised, any trading market in respect of those Notes in respect of which such option is not exercised may become illiquid.

### ***Fixed Rate Notes***

Investment in Notes which bear interest at a fixed rate involves the risk that subsequent changes in market interest rates may adversely affect the value of the relevant Tranche of Notes.

### ***Floating Rate Notes***

Investment in Notes which bear interest at a floating rate comprise (i) a reference rate and (ii) a margin to be added or subtracted, as the case may be, from such base rate. Typically, the relevant margin will not change throughout the life of the Notes but there will be a periodic adjustment (as specified in the relevant Final Terms) of the reference rate (e.g., every three months or six months) which itself will change in accordance with general market conditions. Accordingly, the market value of floating rate Notes may be volatile if changes, particularly short term changes, to market interest rates evidenced by the relevant reference rate can only be reflected in the interest rate of these Notes upon the next periodic adjustment of the relevant reference rate.

### ***Inverse Floating Rate Notes***

Inverse floating rate Notes have an interest rate equal to a fixed base rate minus a rate based upon a reference rate. The market value of such Notes typically is more volatile than the market value of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse floating rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

### ***Fixed/Floating Rate Notes***

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

### ***Zero Coupon Notes and other Notes issued at a substantial discount or premium***

The market values of the Zero Coupon Notes, as well as other securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

### ***Index-linked Notes***

Index-linked Notes are debt securities which do not provide for predetermined redemption amounts and/or interest payments but amounts due in respect of principal and/or interest will be dependent upon the performance of an index, which itself may contain substantial credit, interest rate or other risks. The amount of principal and/or interest, if any, payable by the Issuer might be substantially less than the issue price or, as the case may be, the purchase price invested by the Noteholder and may even be zero in which case the Noteholder may lose its entire investment.

Index-linked Notes are not in any way sponsored, endorsed, sold or promoted by the index sponsor or the respective licensor of the index and such index sponsor or licensor makes no warranty or representation whatsoever, express or implied, either as to the results to be obtained from the use of the index and/or the figure at which the index stands at any particular time. Each index is determined, composed and calculated by its respective index sponsor or licensor, without regard to the Issuer or the Notes. None of the index sponsors or licensors is responsible for or has participated in the determination of the timing of, prices of, or quantities of the Notes to be issued or in the determination or calculation of the equation by which the Notes settle into cash. None of the index sponsors or licensors has any obligation or liability in connection with the administration, marketing or trading of the Notes. The index sponsor or licensor of an index has no responsibility for any calculation agency adjustment made for the index.

None of the Issuer, the Dealer(s) or any of their respective affiliates makes any representation as to an index. Any of such persons may have acquired, or during the term of the Notes may acquire, non-public information with respect to an index that is or may be material in the context of index-linked Notes. The issue of index-linked Notes will not create any obligation on the part of any such persons to disclose to the Noteholder or any other party such information (whether or not confidential).

### ***Partly Paid Notes***

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of his investment.

### ***Variable rate Notes with a multiplier or other leverage factor***

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features, their market values may be even more volatile than those for securities that do not include those features.

### ***Structured Notes***

An investment in Notes, the premium and/or the interest on or principal of which is determined by reference to one or more values of currencies, commodities, interest rates or other indices or formulae, either directly or inversely, may entail significant risks not associated with similar investments in a conventional debt security, including the risks that the resulting interest rate will be less than that payable on a conventional debt security at the same time and/or that an investor may lose the value of its entire investment or part of it, as the case may be. Neither the current nor the historical value of the relevant currencies, commodities, interest rates or other indices or formulae should be taken as an indication of future performance of such currencies, commodities, interest rates or other indices or formulae during the term of any Notes.

The prices at which Zero Coupon Notes, as well as other Notes issued at a substantial discount from their principal amount payable at maturity, trade in the secondary market tend to fluctuate more in relation to general changes in interest rates than do the prices for conventional interest-bearing securities of comparable maturities.

### ***Subordinated Notes***

Holders of Subordinated Notes generally face a higher performance risk than holders of Unsubordinated Notes.

In the event of any insolvency or liquidation of the Issuer, holders of Subordinated Notes would receive payments on any outstanding Subordinated Notes only after senior Noteholders and other senior creditors have been repaid in full, if and to the extent that there is still cash available for those

payments. Thus, holders of Subordinated Notes generally face a higher performance risk than holders of Senior Notes.

In addition, if any judgement is rendered by any competent court declaring the judicial liquidation (*liquidation judiciaire*) of the Issuer, or in the event of a transfer of the whole of the business of the Issuer (*cession totale de l'entreprise*) subsequent to the opening of a judicial recovery procedure, or if the Issuer is liquidated for any other reason, the payments of the creditors of the Issuer shall be made in the following order of priority (in each case subject to the payment in full of priority creditors):

- unsubordinated creditors of the Issuer (including holders of Unsubordinated Notes);
- ordinary subordinated creditors of the Issuer (including holders of Ordinary Subordinated Notes);
- lenders in relation to *prêts participatifs* granted to the Issuer; and
- deeply subordinated creditors of the Issuer (including holders of Deeply Subordinated Notes).

In the event of incomplete payment of unsubordinated creditors, the obligations of the Issuer in connection with Ordinary Subordinated Notes shall be terminated (then subsequently the obligations of the Issuer *vis-à-vis* the lenders in relation to *prêts participatifs* and holders of Deeply Subordinated Notes).

The above order of priority which relates to the principal of Subordinated Notes will apply *mutatis mutandis* to interest payments depending on whether they are unsubordinated or subordinated and in the latter case whether they are ordinary subordinated or deeply subordinated.

### ***RMB Notes***

*RMB is not freely convertible; there are significant restrictions on remittance of RMB into and out of the PRC and the liquidity of the Notes denominated in RMB may be adversely affected*

RMB is not freely convertible at present. The PRC government continues to regulate conversion between RMB and foreign currencies, despite the significant reduction over the years by the PRC government of control over routine foreign exchange transactions under current accounts. Participating banks in Hong Kong have been permitted to engage in the settlement of RMB trade transactions under a pilot scheme introduced in July 2009. This represents a current account activity. The pilot scheme was extended in June 2010 to cover twenty provinces and cities in the PRC and was further expanded in August 2011 to (i) cover all provinces and cities in the PRC and (ii) make RMB trade and other current account item settlement available in all countries worldwide. The PRC regulatory authorities (including the PBOC, the Ministry of Commerce ("**MOFCOM**") and the State Administration of Foreign Exchange ("**SAFE**")) have issued certain PRC regulations on the remittance of RMB into the PRC for settlement of capital account items in the forms of cross-border transfers of capital and direct investments in RMB, and foreign investors may only remit offshore RMB into the PRC for direct investments with RMB that it has generated from cross-border trade settlement, that is lawfully remitted out of the PRC or that is lawfully obtained by it outside the PRC upon obtaining the approvals required under the regulations issued or to be issued by the relevant PRC authorities.

In 2011, the PRC government issued certain new rules imposing significant restrictions to the remittance of RMB into and out of the PRC, including, among other things, restrictions on the remittance of RMB into the PRC by way of direct investments or loans. On 25 February 2011, MOFCOM promulgated the Circular on Issues concerning Foreign Investment Management (the "**MOFCOM Circular**"). Under the MOFCOM Circular, if a foreign investor intends to make

investments in the PRC with RMB funds generated from cross-border trade settlement or otherwise lawfully obtained outside the PRC, whether by way of establishing a new enterprise, increasing the registered capital of an existing enterprise, acquiring an onshore enterprise or providing loan facilities, prior written consent from the Ministry of Commerce (Foreign Investment Department) is required. On 3 June 2011, the PBOC issued the PBOC Circular. Pursuant to the PBOC Circular, if a foreign investor intends to make investments in the PRC with RMB funds it lawfully obtained outside the PRC, whether by way of establishing a new enterprise, increasing the registered capital of an existing enterprise, acquiring an onshore enterprise (excluding any round-tripping acquisition) or providing loan facilities, it shall, in addition to the approval from the Ministry of Commerce (Foreign Investment Department) in accordance with the MOFCOM Circular, also obtain an approval from the PBOC. To facilitate RMB inbound direct investments by foreign investors, the Ministry of Commerce promulgated the Circular on Issues Concerning Cross-Border RMB Direct Investment (the "**New MOFCOM Circular**") on 12 October 2011, and the PBOC issued the Administrative Measures on Settlement of Cross-Border RMB Direct Investment (the "**PBOC Measures**") on 13 October 2011.

According to the New MOFCOM Circular, the local counterparts of the Ministry of Commerce are authorised to review and approve cross-border RMB direct investments in accordance with the administrative regulations on foreign investments currently in force and the authorities granted under these regulations; however, for investments in the amount of RMB 300 million or more and investments relating to (i) financial guarantee, finance lease, micro-financing, auction and similar businesses, (ii) foreign-invested investment companies, foreign-invested venture capital investment or equity investment enterprises, and (iii) cement, iron and steel, electrolytic aluminum, shipbuilding and similar industries that are subject to macro-control measures, the provincial level counterparts of the Ministry of Commerce must submit the application documents to the Ministry of Commerce for review and approval before issuing the official approval. To the extent that any provisions in previous rules are inconsistent with the provisions in the New MOFCOM Circular, the provisions in the New MOFCOM Circular should prevail. According to the PBOC Measures, foreign investors, foreign-invested enterprises or their Chinese shareholders may submit applications to domestic banks to open RMB bank settlement accounts for deposit and settlement of RMB funds remitted into China in accordance with the Administrative Measures on RMB Bank Settlement Accounts for Foreign Institutions and the Administrative Measures on RMB Bank Settlement Accounts. After examining the approval or filing documents issued by the Ministry of Commerce, its local counterparts or other relevant regulatory authorities in relation to cross-border RMB direct investments, domestic banks are permitted to process foreign investors' requests for remittance of offshore RMB funds into the PRC. To the extent that any provisions in previous rules are inconsistent with the provisions in the PBOC Measures, the provisions in the PBOC Measures shall prevail.

As these regulations and rules are relatively new, their interpretation and enforcement involve uncertainty.

There is no assurance that the PRC government will continue to gradually liberalise the control over cross-border RMB remittances in the future, that the pilot scheme introduced in the July 2009 will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of RMB funds into or out of the PRC.

The current size of RMB and RMB denominated financial assets in Hong Kong is limited, and its growth is subject to many constraints which are directly affected by PRC laws and regulations on foreign exchange and may adversely affect the liquidity of Notes denominated in RMB.

### *RMB currency risk*

Except in limited circumstances, all payments of RMB under Notes denominated in RMB to an investor will be made solely by transfer to a RMB bank account maintained in Hong Kong by such investor in accordance with the prevailing rules and regulations and in accordance with the terms and conditions of the Notes. The Issuer cannot be required to make payment by any other means (including in bank notes or by transfer to a bank account in the PRC or anywhere else outside Hong Kong). RMB is not freely convertible at present, and conversion of RMB into other currencies through banks in Hong Kong is subject to certain restrictions. In particular, for personal investors, currently conversions of RMB conducted through RMB deposit accounts are subject to a daily limit (as of the date hereof, such limit being up to RMB 20,000 per person per day), and investors may have to allow time for conversion of RMB from/to another currency of an amount exceeding such daily limit.

In addition, there can be no assurance that access to RMB for the purposes of making payments under such Notes or generally may remain or will not become restricted. If it becomes impossible to convert RMB from/to another freely convertible currency, or transfer RMB between accounts in Hong Kong, or the general RMB exchange market in Hong Kong becomes illiquid, any payment of RMB under the Notes may be delayed or the Issuer may make such payments in another currency selected by the Issuer using an exchange rate determined by the Calculation Agent, or the Issuer may redeem the Notes by making payment in another currency.

### *RMB exchange rate risk*

The value of RMB against the Hong Kong dollar and other foreign currencies fluctuates and is affected by changes in the PRC and international political and economic conditions and by many other factors. The Issuer will make all RMB payments under Notes denominated in RMB in RMB (subject to the second paragraph under the heading "RMB currency risk" above). As a result, the value of such payments in RMB (in Hong Kong dollars or other applicable foreign currency terms) may vary with the prevailing exchange rates in the marketplace. If the value of RMB depreciates against the Hong Kong dollar or other foreign currencies, the value of an investor's investment in Hong Kong dollars or other applicable foreign currency terms will decline.

**(B) Risk Factors relating to the Issuer**

**1. Risks related to the Group business sector**

*A changing competitive environment*

The Group's services have always been subject to strong competitive pressure from major international operators and, in some markets, from niche players. New industrial (equipment manufacturers) and financial (Asian conglomerates) players invest in markets using aggressive strategies. In addition, the Group also faces competition from public sector operators in some markets (for example, the semi-public companies in France and the Stadtwerke in Germany). For contracts previously awarded by public authorities, some local authorities may also seek to retain or assume direct management of water and waste services (notably in the form of "régie" or public control) instead of depending on private operators.

This strong competitive pressure, which could increase with potential consolidation among private actors (already underway in Europe's waste sector), may put pressure on the commercial development and selling prices of the Group's services, which could have a negative impact on the activities, earnings and outlook of the Group.

The risk of pressure on selling prices is exacerbated in some countries' waste treatment sectors, where the Group may see its facilities' profitability reduced due to a reduction in the rate of use because of overcapacity.

Moreover, in order to offer services that are comparable to or better than those offered by its competitors, the Group may have to develop new technologies and services that will enable it to generate additional revenues, but which involve substantial costs that could have a negative impact on the Group's financial position and earnings.

Certain technological choices made by the Group to remain competitive or conquer new markets may also not produce the expected results and thus have a negative impact on the Group's activities, earnings and outlook.

*Group exposure to economic cycles*

2011 was characterized by a still-weak economic recovery in the first half, which further weakened in the second half and varied by geographical region. Due to its activities, the Group is sensitive to these economic factors, whose potential impact is described below. The economic context that followed the 2008 crisis could continue beyond 2011 and lead to a prolonged slowdown in the activities of the Group's major customers.

Some Group businesses, particularly services to industrial clients in both the water and waste segments, are sensitive to economic cycles. Since the Group mainly has a presence in Europe, the United States and the Asia-Pacific region, a portion of its activity is sensitive to changes in the economic conditions of these geographical regions. Any economic slowdown in a country where the Group has a presence lowers consumption as well as investments and industrial production and, therefore negatively impacts demand for the Group's services, which could in turn have a negative impact on the Group's activity, earnings and outlook.

Due to a possible correlation of the slowdown in activity in Europe, the United States and the Asia-Pacific region, the wide geographical diversity of the Group's sectors only offers partial protection from this risk.



### ***Group exposure to changes in consumption trends***

In the supply of drinking water in some developed countries, a decrease in volumes consumed is being observed, mainly due to social factors and the idea that water is a resource that needs to be preserved. In France, for example, the Group estimates that the volumes of water billed have declined on average by roughly 1 per cent. per year over the last 15 years.

Productivity gains achieved by the Group, the fact that some contracts provide for a fee portion that is independent of volume consumed and the development of high-added-value services, particularly in supporting public authorities in their obligation to respond to changes in regulations, have allowed the Group to respond to this volume reduction.

However, if these developments are insufficient to offset the reduced volume in future, the Group may experience a negative impact on its activity, earnings and outlook.

### ***Impact of climatic conditions on earnings from Group water operations***

The Group's earnings in the water sector can be affected by significant weather changes.

In France, for example, exceptional rainfall caused a reduction in water consumption in 2007, while episodes of hot weather generated greater water consumption in 2003. Exceptional rainfall conditions may thus have a negative impact on the Group's activity and earnings.

### ***Change in the environmental, health and safety regulatory context***

The Group's businesses are subject to environmental protection, public health and safety rules that are increasingly restrictive and differ from country to country. These rules apply to water discharge, the quality of drinking water, waste treatment, soil and water-table contamination, air quality and greenhouse gas emissions.

Overall, regulatory changes offer new market opportunities for the Group's businesses. The Group strives to limit all of these risks by conducting a proactive environmental policy and an extended insurance program.

However, there are still many risks that result from the vagueness of some regulatory provisions, and the fact that regulatory bodies can amend their enforcing instructions and that major developments in the legal framework may occur. In addition, the competent regulatory bodies have the power to institute administrative or legal proceedings against the Group, which could lead to the suspension or revocation of permits or authorisations the Group holds, or injunctions to cease or abandon certain activities or services, fines or civil liabilities or criminal penalties, which could negatively and significantly affect the Group's public image, activities, financial position, earnings and outlook.

Moreover, amending or strengthening regulatory provisions could engender additional costs or investments for the Group. As a result of such measures, the Group might have to reduce, temporarily interrupt or even discontinue engaging in one or several activities without any assurance that it will be able to compensate for the corresponding losses. Regulatory changes may also affect prices, margins, investments and operations, and consequently the Group's activities, earnings and outlook.

The applicable regulations involve investment and operating costs not only for the Group but also for its customers, particularly the contracting local or regional public authorities, due especially to compliance obligations. The customer's failure to meet its obligations could injure the Group as operator and harm its reputation and capacity for growth.

Finally, even if the Group complies with applicable regulations, it cannot monitor water quality in all areas of its network. Accordingly, for several years now, France has had a policy, with a 2013 deadline, of eliminating lead service pipes. The Group is offering its customers the replacement of pipes to achieve these objectives. This work involves renegotiation of the contracts concerned. However, the Group cannot exclude the possibility that the goal of eliminating lead pipes by 2013 will not be reached due to the presence of lead in pipes for which individuals are responsible and over which the Group has no control. Any contamination of the water distributed, regardless of the source of the contamination, could have a negative impact on the Group's public image.

Despite the monitoring systems implemented, it is impossible to predict all regulatory changes. However, by engaging in its businesses in several countries, each with its own regulatory system, the Group diversifies this risk.

***Some Group activities require administrative authorizations that can be difficult to obtain, or renew***

In performing its activities, the Group is required to hold various permits and authorizations, which often require lengthy, costly and seemingly arbitrary procedures to obtain or renew.

Moreover, the Group may face opposition from local citizens or associations for installing and operating certain facilities (specifically landfills, incinerators and wastewater treatment plants) involving nuisances, landscape degradation or, more generally, damage to the environment, making it more difficult for the Group to obtain construction or operating permits and authorisations or resulting in non-renewal or even legal challenges. In this respect, the Group could face legal actions from environmental organizations that could delay or impede its operations or the development of its activities despite the various initiatives and actions it has undertaken.

Finally, the conditions attached to authorisations and permits that the Group has obtained could be made substantially more stringent by the competent authorities.

The Group's failure to obtain or delay in obtaining a permit or authorisation, non-renewal of or a challenge to a permit or authorisation, or significantly more stringent conditions associated with the authorisations and permits obtained by the Group could have a negative impact on its activity, financial position, earnings, outlook and development.

***Impact on the Group of measures to combat climate change***

Following the Kyoto Protocol and subsequent agreements, the battle against climate change has spread, and has translated into burgeoning environmental regulations and tax laws in France (Grenelle 2), in Europe (European Union Energy-Climate Package, Carbon Reduction Commitment in the United Kingdom) and internationally (Carbon Pollution Reduction Scheme in Australia). This trend could have a very significant impact on economic models based on the emerging risk of waste activities being included in some countries' regulations to reduce greenhouse gas emissions.

On the other hand, incorporating CO<sub>2</sub> restrictions into provisions to support renewable energies and other regulatory and tax provisions complicates the economic model in the waste business, and creates greater pressure than ever to guide treatment methods toward energy recovery for the production of renewable energies.

Over the medium term, efforts are focused on increasing the proportion of low-carbon energy sources (for example, fuel substitutes produced from waste), promoting the capture of biogas from landfills, taking into consideration energy produced from this biogas, as well as the biogas generated by sludge treatment plants and biowaste anaerobic digestion and incineration as a source of renewable energy.

### ***Risks related to fluctuations in certain commodity and energy prices***

The Group's activities heavily consume raw materials and energy, more specifically oil and electricity, and therefore the Group is vulnerable to their price fluctuations.

The Group's contracts generally provide for indexation mechanisms, particularly in long-term contracts. The Group cannot guarantee that such mechanisms will cover all of the additional costs generated by increases in electricity and oil prices. In addition, some contracts entered into by the Group do not include indexing provisions. Accordingly, any major increase in the price of electricity or oil could have a negative impact on the Group's earnings and outlook.

"Oil risk" not covered by sales indexation clauses on diesel price fluctuations are covered by financial hedges put in place by the Group using various derivatives.

Moreover, the Group's waste activities lead to the production of plastics, wood, cardboard, metals and electricity; a significant decrease in their price could affect the profitability of some investments or the economic balance of certain contracts and have a negative impact on the Group's activities, earnings and outlook.

Through its subsidiaries, Degrémont and OIS, the Group has an information system designed to anticipate any increase in raw materials prices as much as possible. For projects that require large quantities of raw materials, which are the most sensitive to market fluctuations, the Group tries to consolidate its procurement sources and maintain a sufficient number of suppliers for strategically important equipment and raw materials. The objective to achieve is to obtain the best market conditions at all times.

## **2. Risks related to Group business activities**

### ***Risks related to carrying out large projects***

The Group's organic growth is in part based on various major projects involving the construction of industrial assets, including water production plants, water desalination plants, wastewater and waste treatment plants.

The profitability of these assets, whose life is several decades long, is particularly contingent on controlling cost and construction timeframe, operating performance and long-term trends of the competitive environment, any of which could impair the profitability of certain assets or result in loss of revenues and asset depreciation.

### ***Risks related to design and build activities***

In the water and waste sectors, the Group is involved in certain projects at the design and build phases of facilities, particularly in the water sector through its specialized subsidiaries Degrémont, OIS and Safege.

These risks are related to the completion of fixed-price turnkey contracts. Under the terms of such contracts, Degrémont and OIS agree to engineer, design and build operation-ready plants for a fixed price. The effective expenses resulting from executing a turnkey contract can vary substantially from initial projections for different reasons, such as:

- unforeseen increases in the cost of raw materials, equipment or labor;
- unexpected construction conditions;

- delays due to weather and/or natural catastrophes (particularly earthquakes and floods);
- non-performance of suppliers or subcontractors.

The terms of a fixed-price turnkey contract do not necessarily give the possibility, to Degrémont or OIS, to increase prices to reflect elements that were difficult to predict when the bid was submitted. For these reasons, it is impossible to determine with certainty the final costs or margins on a contract at the time the bid was submitted, or even at the start of the contract's execution phase. If costs end up rising for one of these reasons, Degrémont or OIS might have to reduce their margins or even book a significant loss on a contract.

Degrémont's or OIS' engineering, supply and construction projects can encounter problems that may entail a reduction in revenues, disputes or lawsuits. These projects are generally complex, and require major purchases of equipment and large-scale project management. Schedule shift can occur, and Degrémont or OIS might encounter design, engineering, supply chain, construction or commissioning problems. These factors can impact their ability to finalize a project within the original deadline.

Certain terms of the contracts concluded by Degrémont and OIS require the client to provide particular design- or engineering-related information, and material or equipment to be used in the project. These contracts can also require the client to compensate Degrémont or OIS for additional work done or expenses incurred, if (i) the client changes its instructions, or (ii) the client is not able to provide Degrémont or OIS with the specified design or engineering information, materials or equipment for the project.

In such cases, Degrémont and OIS usually negotiate financial compensation from the client for the additional time and money spent due to the client's failure to meet its contractual obligations. However, the Group cannot guarantee that Degrémont or OIS will receive sufficient compensation to offset the extra costs incurred, even if it takes the dispute to court or arbitration. In such case Degrémont's or OIS', or even the Group' earnings and financial position could be significantly affected.

Degrémont or OIS and, depending on the circumstances, the Issuer or other Group entities - as part of the guarantees given to cover their subsidiaries' commitments - may be required to pay financial compensation if the latter breaches contractual deadlines or other terms of the contract. For example, the new facility's performance may not comply with project specifications, a subsequent accident may invoke the Group's civil or criminal liability, or other problems may arise (now or in the future) in the performance of the contract that may also significantly impact Degrémont's or OIS' operating income or even the one of the Group.

### ***Risks of dependency on certain suppliers***

For the construction and management of water treatment plants or waste treatment units, the Group's companies may depend on a limited number of suppliers for their supply of water, waste, electricity, and equipment.

Degrémont and OIS generally use subcontractors and suppliers in performing their contracts. If Degrémont or OIS could not hire subcontractors or buy equipment or materials, their ability to complete a project generating a significant margin or meeting its deadlines, would be seriously compromised. If the amount that Degrémont or OIS have to pay for these services, equipment or materials exceeds the estimates in the bid submitted for a fixed-price contract, Degrémont or OIS could incur losses in completing the project. Any delay by a subcontractor or supplier in performing its part of the contract, any failure by a subcontractor or supplier to meet its obligations, and any other circumstance attributable to the subcontractor or supplier that is beyond Degrémont's or OIS'

ability to control or predict, may entail delays in the overall timeline for the project and/or entail potentially significant additional costs.

Degrémont uses credit risk analysis in its subcontractor and supplier selection process, which can lead to not retain a subcontractor or supplier, or required to provide bank guarantees or submit to special payment terms that reflect the risks incurred. Despite the effectiveness of this process, subcontractors and suppliers may fail to meet their obligations, resulting in delays and significant additional costs. Degrémont or OIS may be required to compensate the client for such delays. Even if such additional costs can be effectively charged to the defaulted subcontractor or supplier, Degrémont or OIS bears the risk of not being able to recover their full costs, and this could significantly impact their earnings. Any interruption or delay in the supply of or failure to respect a technical performance guarantee on a major piece of equipment could affect the profitability of a project and have a negative impact on the Group's activities, earnings and outlook.

If the Group's partners fail to fulfill their obligations under the partnership agreement, Degrémont, OIS or the Group may incur additional obligations relating to the partner's failure (to meet a deadline, for example), and may reduce its profit or, in some circumstances, generate a significant loss.

#### ***Non-performance risks of long-term contracts***

The Group carries out most of its business activities under long-term contracts with terms of up to 50 years or more. The conditions for performing these long-term contracts may be different from those that existed or that were anticipated at the time the contract was entered into, and may change the balance of the contract, particularly the financial balance.

The Group makes every effort to obtain contractual mechanisms that allow it to adjust the balance of the contract in response to changes in certain significant economic, social, technical or regulatory conditions. However, not all long-term contracts entered into by the Group have such mechanisms. Moreover, when the contracts entered into by the Group contain such adjustment mechanisms, the Group cannot guarantee that its co-contracting partner will agree to implement them or that they will be effective in re-establishing the financial balance of the contract.

The absence or potential ineffectiveness of adjustment mechanisms provided for by the Group in its contracts or the refusal of a co-contracting partner to implement them could have a negative impact on the Group's financial situation, earnings and outlook.

#### ***Risks of unilateral cancellation, non-renewal or modification of contracts with public authority***

The contracts entered into by the Group with public authorities make up a significant share of its revenues. However, in most of the countries in which the Group has a presence, including France, public authorities have the right, under certain circumstances, to unilaterally amend or even terminate the contract subject to compensation by the co-contracting partner. If a contract is unilaterally cancelled or amended by the co-contracting public authority, the Group may not be able to obtain compensation that fully offsets the resulting loss of earnings.

Moreover, the Group does not always own the assets that it uses in its operations under a delegation of public service contract (primarily through public service concessions contracts or leasing agreements). The Group cannot guarantee that the contracting authority will renew each of its existing delegation of public service contracts in its favor, or that the financial conditions of the renewal will be the same than the initial delegation. This situation could negatively impact the Group's business, financial position, earnings and outlook.

### ***Risks related to external growth operations***

The Group's development strategy prioritizes organic growth, but may be supported by external development or growth operations through the acquisition of assets or companies, and by taking interests in entities or developing partnerships in the waste and water businesses and in geographical areas where the Group wishes to expand. Given the competitive environment, the Group may be unable to successfully finalize development or external growth operations decided, according to its investment criteria.

Moreover, external growth operations may involve a number of risks related to the integration of the acquired businesses or staff, difficulty in generating the synergies and/or savings expected, an increase of the Group's debt and the emergence of unexpected liabilities or costs. The occurrence of one or more of these risks could have a negative impact on the Group's activities, financial position, earnings and outlook.

### ***Risks related to a presence in certain emerging countries***

Although the Group's business activities are concentrated mainly in Europe, the United States and Australia, the Group also conducts business in other markets, notably in a number of emerging countries. The Group's activities in these countries involve a certain number of risks that are higher than in developed countries, such as GDP volatility, relative economic and governmental instability, sometimes major amendments to, or imperfect application of regulations, the nationalization and expropriation of private property, payment collection difficulties, social problems, substantial fluctuations in interest and exchange rates, claims by local authorities that call into question the initial tax framework or the application of contractual provisions, currency control measures and other unfavorable interventions or restrictions imposed by public authorities.

Although the Group's activities in emerging markets are not concentrated in one country or specific geographical region, events and unfavorable circumstances that take place in any of these countries could have a negative impact on the Group's business, and could also result in the Group having to book provisions and/or impairments in its accounts, which could have a significant negative impact on its financial position, earnings and outlook. In addition, the Group could be unable to defend its rights in the courts of these countries if there is a conflict with their governments or other local public entities.

The Group manages these risks in connection with its partnerships and contract negotiations on a case-by-case basis. In order to limit the risks related to operations in emerging countries, the Group determines its choices by applying a selective strategy based on a detailed analysis of the country's risks and, to the extent possible, taking out political risk insurance and putting international arbitration clauses in place.

### ***Risks linked to entering into partnerships***

In several countries, the Group carries out its activities through partnerships with local authorities or private local entities. Moreover, the Group may be required to enter into new partnerships in order to develop its activities.

Partnerships are one of the means by which the Group shares the economic and financial risk inherent in certain major projects by limiting the amount of its capital employed and allowing it to better adapt to the specific context of local markets. Moreover, partnerships may be required by local laws and regulations. The partial loss of operating control is often the counterpart of such reduced exposure in capital employed. However, this situation is managed contractually on a case-by-case basis.

Changes in a project, the local political and economic context or the economic position of a partner, or the occurrence of a disagreement between the partners, may lead to a partnership breaking up, particularly if partners exercise puts or calls on shares or if one partner demands dissolution of the joint venture, or through the exercise of a pre-emptive right. These situations can also lead the Group to seek to strengthen its financial commitments in certain projects or, in the event of conflict with its partner(s), to seek solutions in court or before the competent arbitration bodies. These situations could have a significant negative impact on the Group's business, financial position, earnings and outlook. Moreover, the Group cannot guarantee that the projects it operates through a partnership can be run in respect of the projected timetable and according to satisfactory economic, financial and legal terms and conditions and that they will ensure the long-term profitability that was originally projected.

### ***Risks of civil and environmental liability***

The business areas in which the Group operates involve a major risk of civil and environmental liability. The increase of the legal, regulatory and administrative requirements expose the Group to greater risk of liability, particularly in terms of environmental responsibility, including liability for assets the Group no longer owns or for activities that it has discontinued. Specifically, the existing regulations impose the obligation to restore environmentally classified sites when operations finally end, which requires the booking of provisions.

In addition to contractual precautions, the Group strives to limit all these risks as part of its environmental responsibility policy as well as through its insurance policies. However, the civil liability and environmental risk insurance policies subscribed for by the Group may prove insufficient in certain cases, and could generate major costs and negatively impact the Group's financial position, earnings and outlook.

### ***Risks related to facilities management***

The facilities that the Group owns or manages on behalf of third parties carry environmental risks. The natural surroundings (air, water, soil, habitat and biodiversity) may pose risks to the health of consumers, residents, employees and even subcontractors.

These health and environmental risks, which are governed by strict national and international regulations, are regularly monitored by the Group's teams and the public authorities. These changing regulations with regard to environmental responsibility and environmental liabilities carry the risk of an increase in the Issuer's vulnerability in relation to its activities. This vulnerability must be assessed for old facilities (such as closed landfills) and for sites in operation. It may also involve damage caused to habitats or species.

As part of its activities, the Group must handle and even generate dangerous products or by-products. This is the case, for example, for certain chemical products involved in water treatment. In waste treatment, some Group facilities treat special industrial or medical waste that may be toxic or infectious.

In waste management, gas emissions to be considered include greenhouse gases, gases that induce acidification of the air, noxious gases and dust. In water activities, the potential air pollutants are mainly chlorine and gaseous by-products resulting from accidental emissions of water treatment products. Wastewater treatment and waste treatment activities can also cause odor problems or the production of limited but dangerous quantities of toxic gas or micro-organisms.

In the absence of adequate management, the Group's activities could have an impact on the water present in the natural environment in the form of leachates from poorly monitored facilities,

discharges of heavy metals into the environment or aqueous discharges from flue gas treatment systems at incineration plants. These various types of emission could pollute water tables or streams.

Wastewater treatment plants discharge decontaminated water into the natural environment, and for various reasons these may temporarily fail to meet discharge standards in terms of organic load, nitrogen and phosphorus.

Soil pollution issues could arise in the event of accidental spills of stored dangerous products and liquids, leaks in processes involving hazardous liquids and the storage and spread of sludge.

Various mechanisms are used to monitor all of the above risks. The Group carries out its industrial activities under regulations that give rise to safety rules for the use of infrastructures or for performing services. The care taken in the design, execution and operation of its works cannot prevent all industrial accidents that might interfere with the Group's activities or generate financial losses or material liability.

The laws and contracts that govern the Group's operations clarify the division of responsibilities with respect to risk management and financial liability; however, failure to respect standards may lead to contractual financial penalties or fines.

There are risks related to the operation of waste treatment facilities, water treatment facilities and certain services rendered in an industrial context. These risks can lead to industrial accidents with, for example, operating accidents, design faults or external events that the Group cannot control (actions of third parties, landslides, earthquakes, etc...). Such industrial accidents may cause wounds, loss of human life, significant damage to property or the environment, as well as business interruption and loss of output.

The unavailability of a major drinking water production or distribution facility could result in a stoppage of water delivery for a fairly large area, resulting in losses of revenues and the risk of having to pay the applicable compensation, as well as harm to the Group's public image and/or breach of a public service obligation.

Industrial risks are managed by implementing a safety system at each site based on the principle of continuous improvement and aimed at reducing residual risk by focusing on the highest risks as a priority. An internal risk control procedure, in line with an internal reference framework, is implemented and coordinated by the Health and Safety Department.

Although the Group has premium civil liability and environmental risk insurance, it may still be held liable above the guaranteed caps or for items not covered in the event of claims involving the Group.

Moreover, the amounts provisioned or covered may be insufficient if the Group incurs environmental liability, given the uncertainties inherent in forecasting expenses and liabilities related to health, safety and the environment.

Therefore, the Group's liability for environmental and industrial risks could have a significant negative impact on its public image, activity, financial position, earnings and outlook.

### ***Specific risks related to operating high-risk ("Seveso") sites***

Within the boundaries of the European Union, the Group operates three "high-threshold" Seveso classified sites in Germany and Spain: the Herne plant in Germany and the Constanti and Barbera sites in Spain. The Group also operates eight "low-threshold" Seveso sites in France, Belgium, the Netherlands and Germany.



In addition to the facilities identified as "high- threshold" Seveso sites in Europe, the Group operates other hazardous industrial sites for which it is committed to applying the same high industrial safety standards. Accordingly, the Group conducts one-off checks and audits to ensure that these obligations are being met.

Any incident at these sites could cause serious harm to employees working at the site, neighboring populations and the environment, and expose the Group to significant liabilities. The Group's insurance coverage could be insufficient. Any such incident could thus have a negative impact on the Group's public image, activity, financial position, earnings and outlook.

The Group implements an accident prevention policy through a series of initiatives and actions, including employee training, communications and by holding managers responsible, thus enabling it to maintain its permanent target of zero-accident.

### ***Risks related to human resources***

The Group employs specialists and executives with a broad range of expertise applied to its various businesses. In order to prevent the loss of key skills, the Group must anticipate labor shortages in certain businesses. In addition, the Group's international growth and the trends of its businesses require new know-how and a great deal of mobility among its staff, particularly its executives. In order to meet its needs, the Group has implemented a human resources policy focused on employment tailored to various locations and on fostering employability through training development.

The Group's success depends upon its ability to hire, train and retain a sufficient number of employees, including managers, engineers and technicians, who have the required skills, expertise and local knowledge. Competition among employers for this kind of profile is strong.

To retain skilled personnel, the Group has implemented a management policy aimed at key staff, with essential, high-potential profiles for which special loyalty arrangements and an "alert system" are in place.

### ***Project safety management***

Over many years, the Group has developed special know-how regarding the safety of large sites through various large projects in Central America, South America, Africa, the Middle East and Asia.

Faced with increasingly complex and unstable safety conditions, the Group has developed, via a dedicated internal service supported by the GDF SUEZ safety division, its own upstream analysis system for potential risks and an overall safety management system based on evolving solutions that are adapted to local and regional specificities. Thus, the Group continually analyze unstable situations so as to identify the source of potential damages. This internal system is operational as we have seen, in early 2011, through the proactive management of the crises in Africa and the Middle East.

### ***Risks of labor conflicts***

Organizational changes and lack of understanding of the Group's strategy can lead to ineffective cooperation and negotiation efforts in regulating social relations.

The Group must consider the possibility of labor disturbances, such as strikes, walkouts, claim actions or other labor problems that could disrupt its business and have a negative impact on its financial position and earnings.

Moreover, the occurrence of labor disruptions in the waste segment could have a negative impact on the Group's public image.

***Risk of occupational illnesses, particularly those related to exposure to asbestos, legionnaire's disease or muscular-skeletal problems***

The Group is very aware of risks involving deteriorations in employees' and subcontractors' health, and takes measures to protect their health and safety, being very careful to remain in compliance with legal and regulatory health and safety provisions at its various sites. However, it may be confronted with occupational illnesses that could lead to legal action against the Group and, potentially, to the payment of damages, which could be significant.

Some energy recovery site operators could accidentally be exposed to the risk of such micro-organisms such as legionella. Group instructions have been issued to contain this risk, and sites are audited or inspected on a regular basis.

Personnel working at water production and distribution facilities and in hazardous industrial waste treatment sites may be exposed to chemical risks. Chemical risk is one of the risks managed under the health and safety system.

In addition, the risk of a pandemic, such as avian flu, has been anticipated by implementing continuity plans and measures to protect and prevent infection of employees who continue to work during pandemics.

***Risks related to legislative changes in France on hard work***

Due to changes in retirement conditions, the Group may be obliged to anticipate the retirement dates of certain personnel who perform hard work.

***Risks of criminal or terrorist acts at Group sites***

Despite security measures taken by the Group in the operation of its water and waste facilities, the possibility remains that they could be affected by malicious acts and acts of terrorism.

Such acts could have serious consequences for public health.

In addition, some of the Group's employees work or travel in countries where the risks of terrorism or kidnapping may be high.

The occurrence of such acts could have a significant negative impact on the Group's public image, activity, financial position, earnings and outlook.

***Risks related to natural disasters or other major events whose extent is difficult to predict***

Because of its diverse geographical presence, some of the Group's infrastructures could be exposed to natural disasters such as earthquakes, heavy rainfalls, storms, hailstorms, freezing, drought, landslides etc. Moreover the occurrence of natural disasters, other major events, whose extent is difficult to predict (major epidemics etc.), could impact the Group's activities.

The Group's policy is to cover those risks through its insurance programs with premium insurance companies and suitable coverage. However, the Group cannot guarantee that the measures taken to control these risks will prove fully effective if any such event should occur. Moreover, the Group may not always be able to maintain a level of coverage that is at least equal to its existing coverage and at no higher cost. The frequency and extent of natural disasters observed in recent years could impact both the capacity of insurance markets to cover such risks and the cost of insurance coverage.

### ***Risks related to information systems***

Information systems are critically important in supporting all Group business processes. These are increasingly becoming interconnected and cross-functional between business segments. Any failure could lead to loss of business, loss of data or breach of confidentiality, and could negatively impact the Group's activities, financial position and earnings.

### ***Risks related to ethics breaches***

Actions of staff, corporate officers or representatives that contravene the principles affirmed by the Group could expose it to legal and civil penalties and may also lead to loss of reputation.

## **3. Market risks**

### ***Interest rate risk***

The Group's exposure to interest rate risk derives mainly from its floating rate net financial debt. As of 31 December 2011, the Group's net debt (excluding financial derivatives and amortised cost) totaled €7,388.8 million, 12 per cent. at floating rates and 88 per cent. at fixed rates before hedging, and 22 per cent. at floating rates and 78 per cent. at fixed rates after hedging.

The following table shows the Group's net debt by type of rate (after hedging) as of 31 December 2011:

In millions of euros	Total	Net debt at fixed rate	Net debt at floating rate	Less than 1 year	1 to 5 years	Beyond
Amount	7,388.8	5,780.3	1,608.5	(565.6)	2,635.7	5,318.7

The following table shows the Group's net debt position exposed to floating interest rates as of 31 December 2011:

In millions of euros	Total
Gross debt	3,362.2
Cash equivalent assets*	(2,508.2)
Net position before management	854.0
Impact of interest rate derivatives	754.5
Net position after management	1,608.5
Impact of a 1 per cent. increase in short-term interest rates on income after management	(17.9)

\* Corresponds to the "Financial assets valued at fair value through income" and "Cash and cash equivalents" items in the Group's consolidated statement of financial position.

An increase in interest rates could also force the Group to finance or refinance acquisitions or investments at a higher cost.

### **Foreign Exchange risk**

Due to the nature of its activities, the Group has little exposure to foreign exchange risk on transactions, *i.e.*, the flows related to the activity of Suez Environnement and its subsidiaries are denominated in their local currencies (with the exception of Degrémont).

However, because of the geographical diversification of its activities, the Group is exposed to translation risk, *i.e.*, its statement of financial position and income statement are sensitive to fluctuations in foreign exchange rates when the financial statements of its foreign subsidiaries outside the eurozone are consolidated. As a result, fluctuation in the value of the euro against these various currencies may affect the value of these items in its financial statements, even if their intrinsic value has not changed in their original currency.

The following table shows the distribution of the Group's net debt by currency as of 31 December 2011 (including financial derivatives and amortised cost):

<b>In millions of euros</b>	<b>Euro<sup>1</sup></b>	<b>US dollar</b>	<b>Pound sterling</b>	<b>Chilean peso</b>	<b>Australian dollar</b>	<b>Other<sup>2</sup></b>	<b>Total</b>
Net debt before the effects of Forex derivatives	5,113.3	780.6	319.4	1,027.9	181.0	135.1	7,557.3
Net debt after the effects of Forex derivatives	3,505.6	1,602.5	338.5	1,120.3	384.7	605.7	7,557.3
Impact on income of a 10 per cent. net appreciation of the euro on net position after management	14.7	13.3	(3.3)	0.0	(10.5)	(4.5)	9.7

1 The euro impact comes from the net euro position of Group entities whose currency is not the euro.

2 Mainly the Hong Kong dollar.

The following table shows distribution of the Group's capital employed by currency as of 31 December 2011:

<b>In millions of euros</b>	<b>Euro<sup>1</sup></b>	<b>US dollar</b>	<b>Pound sterling</b>	<b>Other<sup>2</sup></b>	<b>Total</b>
Capital employed	9,694.2	2,037.7	812.2	1,863.0	14,407.1

1 Euro: including Agbar and its subsidiaries

2 Mainly the Australian dollar, Czech koruny, Chinese yuan, Hong Kong dollar and Swedish krona.

With respect to the US dollar, the following table presents the impact of changes in the US dollar exchange rates in 2011 versus 2010 on revenues, EBITDA, net debt and the amount of equity as of 31 December 2011:

<b>In millions of euros</b>	<b>Change</b>
Revenues	(34.1)

In millions of euros	Change
EBITDA	(8.0)
Net debt	35.6
Total equity	29.6

The calculation of revenues and EBITDA was performed based on the variation in the average 2011-2010 US\$/€ exchange rate (-4.7 per cent. ); for net debt and equity, it was based on the closing US\$/€ exchange rate as of 31 December 2011 and 2010 (+3.3 per cent.).

With respect to the pound sterling, the following table presents the impact of changes in pound sterling exchange rates between 2011 and 2010 on revenues, EBITDA, net debt and the amount of equity as of 31 December 2011:

In millions of euros	Change
Revenues	(10.8)
EBITDA	(1.6)
Net debt	8.5
Total equity	20.1

The calculation of revenues and EBITDA was performed based on the variation in the average 2011-2010 £/€ exchange rate (-1.1 per cent.); for net debt and equity, it was based on the closing £/€ exchange rate as of 31 December 2011 and 2010 (+3.0 per cent.).

### ***Liquidity risk***

The following table presents the maturity schedule for the Group's debt and the amount of its cash as of 31 December 2011:

In millions of euros	Total	2012	2013	2014	2015	Beyond 2015
Total borrowings	9,270.5	1,316.1	203.3	1,301.6	459.5	5,990.0
Overdrafts and current accounts	626.5	626.5				
Total outstanding financial debt	9,897.0	1,942.6	203.3	1,301.6	459.5	5,990.0
<i>Of which GDF SUEZ share</i>	148.2	6.0	6.0	6.0	106.0	24.2
Cash equivalent assets <sup>1</sup>	(2,508.2)	(2,508.2)				
Net debt (excluding derivative financial instruments and amortised cost)	7,388.8	(565.6)	203.3	1,301.6	459.5	5,990.0

(1) Includes "Financial asset items valued at fair value through income" and "Cash and cash equivalents."

Some borrowings contracted by the Group's subsidiaries or by Suez Environnement on behalf of its subsidiaries include clauses requiring specific ratios to be maintained. The definition and the level of the ratios, i.e. the financial covenants, are determined in agreement with the lenders and may potentially be reviewed during the life of the borrowing. 11 per cent. of borrowings exceeding €50

million are subject to financial covenants as of 31 December 2011. At the date of the 2011 Reference Document, all financial covenants relating to these borrowings are respected. The Group was in compliance with all these covenants as of 31 December 2011. With the exception of the securitisation agreement, the maintaining of these financial covenants is most often assessed at the level of the Suez Environnement subsidiaries. Finally, none of these financial covenants are based on Suez Environnement or Suez Environnement Company's share price, or on the Groups' rating.

As of the date of the 2011 Reference Document, there is no payment default on the Group's consolidated debt. There was also no payment default on the Group's consolidated debt as of 31 December 2011.

The following table shows borrowings contracted by the Group as of 31 December 2011, in excess of €50 million:

Type	Fixed/floating rate	Total amount of lines at Dec. 31, 2011 In millions of euros	Amount drawn down at Dec. 31, 2011 In millions of euros	Term
Bond issue	Fixed rate	962	962	2014
Bond issue	Fixed rate	800	800	2019
Bond issue	Fixed rate	750	750	2021
Bond issue	Fixed rate	500	500	2022
Bond issue	Fixed rate	500	500	2024
Credit facility	Floating rate	1500	416	2016
Borrowing	Floating rate	300	300	2012
Bond issue	Fixed rate	299	299	2030
Bond issue	Fixed rate	250	250	2017
Bond issue	Fixed rate	150	150	2017
Borrowing	Floating rate	133	133	2018
Bond issue	Fixed rate	130	130	2026
Lease arrangement	Floating rate	122	122	2024
Credit facility	Floating rate	256	118	2012
Bond issue	Fixed rate	101	101	2025
Bond issue	Fixed rate	100	100	2018
Bond issue	Fixed rate	88	88	2026
Bond issue	Fixed rate	83	83	2014
Borrowing	Floating rate	75	75	2019
Borrowing	Floating rate	67	67	2017
Bond issue	Fixed rate	63	63	2028
Bond issue	Fixed rate	62	62	2026
Credit facility	Floating rate	83	59	2015
Credit facility	Floating rate	59	59	2012
Bond issue	Fixed rate	58	58	2031
Bond issue	Fixed rate	56	56	2015
Borrowing	Floating rate	55	55	2017
Bond issue	Fixed rate	55	55	2012
Lease arrangement	Fixed rate	53	53	2018
Borrowing	Floating rate	51	51	2020
Borrowing	Floating rate	63	50	2015
Bond issue	Fixed rate	50	50	2039
Credit facility	Floating rate	59	47	2014

Type	Fixed/floating rate	Total amount of lines at Dec. 31, 2011 In millions of euros	Amount drawn down at Dec. 31, 2011 In millions of euros	Term
Credit facility	Floating rate	110	46	2012
Credit facility	Floating rate	71	28	2012
Credit facility	Floating rate	104	18	2012
Credit facility	Floating rate	60		2016
Credit facility	Floating rate	100		2016
Credit facility	Floating rate	50		2015
Credit facility	Floating rate	50		2012
Credit facility	Floating rate	200		2014
Credit facility	Floating rate	350		2013

As of 31 December 2011, the Group had the following unused confirmed credit facilities available:

Year of expiration	Confirmed but unused credit facilities programs In millions of euros
2012	500.5
2013	372.7
2014	211.8
2015	73.6
2016	1,284.1
Beyond 2016	39.3
TOTAL	2,482.0

These programs of facilities include a €1.5 billion syndicated credit loan for Suez Environnement Company with an initial term of five years, set up in 2010 and renegotiated in February 2011 to extend the term and improve the financial conditions. New bilateral lines of credit were also set up in 2011 in the amount of €600 million, including a €350 million line granted by GDF SUEZ.

### ***Counterparty risk***

The Group's exposure to counterparty risk is linked to its cash investments and its use of derivatives to control its exposure in certain markets.

The Group's surplus cash is invested in mutual funds or in short-term deposits with international banks with a minimum A rating, while ensuring that counterparty concentration limits, recently made more restrictive, are not exceeded.

The derivative financial instruments used by the Group are intended to manage its exposure to foreign exchange and interest rate risks, as well as its risks on commodities. The financial instruments used are essentially forward purchases and sales as well as derivative products.

### ***Equity risk***

The Group has interests in publicly traded companies, the value of which changes depending upon trends in global stock markets.

As of 31 December 2011, the Group held interests in publicly traded companies (mainly Acea) with a market and book value of €147.2 million. An overall decrease of 10 per cent. in the value of these shares compared to their prices as of 31 December 2011 would have had an impact of approximately €14.7 million on Group shareholders' equity.

### ***Insurance Risks***

However, in certain cases it is still possible that the Group may have to pay large indemnities that are not covered by the existing insurance program or may incur very significant expenses that will not be reimbursed or will be insufficiently reimbursed under its insurance policies. In particular, with respect to civil liability and environmental risks, although the Group has premium insurance, it is possible that the Group may incur liability beyond the amount of its coverage or for events not covered.

### ***Legal Risks***

In the normal course of activities, the Group's companies may be involved in legal, administrative or arbitration proceedings. In the context of some of these proceedings, financial claims of a significant amount are or may be brought against one of the Group's entities. Although the Group's policy in this regard is cautious, the provisions booked for this purpose by the Group could be insufficient, which could have significant negative consequences on its financial position and earnings.

Generally, it is possible that new proceedings, either related or unrelated to current proceedings, may subsequently be brought against one of the Group's entities. An unfavorable outcome in such proceedings could have a negative impact on the Group's activities, financial position and earnings.

### ***Tax-Related Risks***

Independently of the Group's policy to comply with applicable laws and regulations in each country where Group companies operate as well as with international tax rules, certain provisions may present a source of risk because they are unclear, difficult to interpret or subject to changing interpretation by local authorities. Moreover, tax rules in the European Union that currently apply to Group entities may be reviewed by the European Commission, and could be reconsidered.

During the normal course of business, Group companies could also face tax investigations by local authorities. In this respect, tax investigations performed by French or foreign authorities are underway and may result in adjustments, and sometimes result in tax disputes in the competent jurisdictions.

Finally, several Group companies benefit from tax-approval decisions issued by competent local authorities. If necessary, these approval decisions may be challenged. A challenge may result if the Issuer or companies that are party to an approval decision break a commitment assumed in exchange for its issuance, for example, or if the facts based on which the approval decision was issued change, or if the position of the competent local tax authority changes.

As a reminder, approval was granted in 2008 by the French Finance authorities to transfer to Suez Environnement Company a maximum tax loss of €464 million, to which subsidiaries joining the Suez Environnement Company tax consolidation group had contributed. To prepare the consolidated financial statements, tax losses transferred under this agreement are updated every year to take into account any tax adjustments relating to the period when subsidiaries were part of the Suez tax group.



## GENERAL DESCRIPTION OF THE PROGRAMME

*This overview is a general description of the Programme and is qualified in its entirety by the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. The Notes will be issued on such terms as shall be agreed between the Issuer and the relevant Dealer(s) and, except to the extent specified to the contrary in the relevant Final Terms, will be subject to the Terms and Conditions of the Notes.*

<b>Issuer</b>	Suez Environnement Company
<b>Description</b>	Euro Medium Term Note Programme for the continuous offer of Notes (the " <b>Programme</b> ").
<b>Arranger</b>	Deutsche Bank AG, Paris Branch
<b>Dealers</b>	Banco Bilbao Vizcaya Argentaria, S.A. Banco Santander, S.A. BNP Paribas Commerzbank Aktiengesellschaft Crédit Agricole Corporate and Investment Bank Deutsche Bank AG, London Branch HSBC Bank plc ING Bank N.V. Merrill Lynch International Mitsubishi UFJ Securities International plc Natixis Société Générale The Royal Bank of Scotland plc

The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Base Prospectus to "**Permanent Dealers**" are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to "**Dealers**" are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.

At the date of this Base Prospectus, only credit institutions and investment firms incorporated in a member state of the European Union ("**EU**") and which are authorised by the relevant authority of such member home state to lead manage bond issues in such member state may act (a) as Dealers with respect to non-syndicated issues of Notes denominated in Euro and (b) as lead manager of issues of Notes denominated in Euro issued on a syndicated basis.

<b>Programme Limit</b>	Up to €6,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.
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<b>Fiscal Agent and Principal Paying Agent</b>	Société Générale Bank & Trust
<b>Paying Agent</b>	Société Générale
<b>Method of Issue</b>	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a " <b>Series</b> ") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a " <b>Tranche</b> ") on the same or different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in the Final Terms to this Base Prospectus (the " <b>Final Terms</b> ").
<b>Maturities</b>	Subject to compliance with all relevant laws, regulations and directives, any maturity from one month from the date of original issue.
<b>Currencies</b>	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in euro, U.S. dollars, Japanese yen, Swiss francs, Sterling, Renminbi and in any other currency agreed between the Issuer and the relevant Dealers.
<b>Denomination(s)</b>	Notes will be in such denomination(s) as may be specified in the relevant Final Terms, save that the minimum denomination of each Note listed and admitted to trading on a Regulated Market or offered to the public in a Member State of the EEA in circumstances which require publication of a prospectus under the Prospectus Directive will be €100,000 or €50,000, if the relevant Member State has not implemented the relevant provision of the Directive 2010/73/EU (or if the Notes are denominated in a currency other than euro, the equivalent amount in such currency at the issue date) or such higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant specified currency.  Unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in Sterling) having a maturity of less than one year from the date of issue and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the Financial Services and Markets Act 2000 (the " <b>FSMA</b> ") will have a minimum denomination of £100,000 (or its equivalent in other currencies).
<b>Form of Notes</b>	Notes may be issued either in dematerialised form (" <b>Dematerialised Notes</b> ") or in materialised form (" <b>Materialised Notes</b> "). Dematerialised Notes will not be exchangeable for

Materialised Notes and Dematerialised Notes will not be exchangeable for Dematerialised Notes.

Dematerialised Notes may, at the option of the Issuer, be issued in bearer dematerialised form (*au porteur*) or in registered dematerialised form (*au nominatif*) and, in such latter case, at the option of the relevant Noteholder, in either fully registered (*au nominatif pur*) or administered registered (*au nominatif administré*) form.

The relevant Final Terms will specify whether Dematerialised Notes issued by the Issuer are to be in bearer (*au porteur*) dematerialised form or in registered (*au nominatif*) dematerialised form.

No physical documents of title will be issued in respect of Dematerialised Notes.

Materialised Notes will be in bearer form ("**Materialised Bearer Notes**") only. A Temporary Global Certificate will be issued initially in respect of each Tranche of Materialised Bearer Notes. Materialised Notes may only be issued outside France and the United States.

#### **Conversion of Notes**

In the case of Dematerialised Notes, the Noteholders will not have the option to convert from registered (*au nominatif*) form to bearer (*au porteur*) dematerialised form and vice versa.

In the case of Dematerialised Notes issued in registered form (*au nominatif*), the Noteholders will have the option to convert from fully registered dematerialised form (*au nominatif pur*) to administered registered dematerialised form (*au nominatif administré*) and vice versa.

#### **Status of Senior Notes**

The Notes will constitute unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and will rank *pari passu* without preference or priority among themselves and (save for certain obligations required to be preferred by French law) equally and rateably with all other present or future unsecured and unsubordinated obligations, indebtedness and guarantees of the Issuer.

#### **Status of Ordinary Subordinated Notes**

The principal and (if the applicable Final Terms so specify) interest on Ordinary Subordinated Notes (whether dated or undated) will constitute direct, unconditional, unsecured and subordinated obligations of the Issuer ranking *pari passu* among themselves and (save for certain obligations required to be preferred by French law) *pari passu* with all other present or future Ordinary Subordinated Notes, but in priority to the *prêts participatifs* granted to the Issuer and Deeply Subordinated Notes

#### **Status of Deeply Subordinated Notes**

The principal and (if the applicable Final Terms so specify) interest on Deeply Subordinated Notes (whether dated or undated) will constitute direct, unconditional, unsecured and subordinated

obligations of the Issuer ranking *pari passu* among themselves and (save for certain obligations required to be preferred by French law) *pari passu* with all other present or future Deeply Subordinated Notes, but subordinate to the *prêts participatifs* granted to the Issuer and Ordinary Subordinated Notes

**Negative Pledge**

There will be a negative pledge in respect of Unsubordinated Notes as set out in Condition 4 - see "**Terms and Conditions of the Notes - Negative Pledge**".

**Event of Default  
(including cross-default)**

There will be events of default and a cross-default in respect of the Unsubordinated Notes as set out in Condition 9 - see "**Terms and Conditions of the Notes - Events of Default**". Subordinated Notes will be repayable only in the event of any judgment issued for the transfer of the whole of its business (*cession totale de l'entreprise*) or the judicial liquidation (*liquidation judiciaire*) of the Issuer or if the Issuer is liquidated for any other reason as set out in Condition 9 - see "**Terms and Conditions of the Notes - Events of Default**".

**Redemption Amount**

The relevant Final Terms will specify the basis for calculating the redemption amounts payable. Unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in Sterling) having a maturity of less than one year from the date of issue and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the FSMA must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).

**Optional Redemption**

The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the Noteholders and, if so, the terms applicable to such redemption.

**Redemption by instalments**

The Final Terms issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.

**Early Redemption**

Except as provided in "**Optional Redemption**" above, Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons. See "**Terms and Conditions of the Notes - Redemption, Purchase and Options**".

**Taxation**

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes, Receipts or Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by any jurisdiction or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

If applicable law should require that payments of principal or interest made by the Issuer in respect of any Note, Receipt or Coupon be subject to deduction or withholding in respect of any

present or future taxes or duties whatsoever levied by the Republic of France, the Issuer, will, to the fullest extent then permitted by law, pay such additional amounts as shall result in receipt by the Noteholders or, if applicable, the Receiptholders and the Couponholders, as the case may be, of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in certain cases more fully described in Condition 8 of the Terms and Conditions of the Notes.

Any investor considering an investment in the Notes should obtain independent tax advice.

See "**Terms and Conditions of the Notes – Taxation**" and "**Taxation**".

**Interest Periods and Interest Rates**

The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms.

**Fixed Rate Notes**

Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.

**Floating Rate Notes**

Floating Rate Notes will bear interest determined separately for each Series as follows:

- (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc.; or
- (ii) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency pursuant to the 2007 *Fédération Bancaire Française* Master Agreement relating to transactions on forward financial instruments; or
- (iii) by reference to LIBOR, LIBID, LIMEAN or EURIBOR (or such other benchmark as may be specified in the relevant Final Terms), in each case as adjusted for any applicable margin.

Interest periods will be specified in the relevant Final Terms.

**Zero Coupon Notes**

Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.

**Dual Currency Notes**

Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be

made in such currencies, and based on such rates of exchange, as may be specified in the relevant Final Terms.

**Index Linked Notes**

Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula as may be specified in the relevant Final Terms.

**Other Notes**

Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes, reverse dual currency Notes, optional dual currency Notes, Partly Paid Notes and any other type of Notes that the Issuer and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Final Terms.

**Redenomination**

Notes issued in the currency of any Member State of the EU which will participate in the single currency of the European and Economic Monetary Union may be redenominated into euro, all as more fully provided in "**Terms and Conditions of the Notes - Form, Denomination(s), Title and Redenomination of the Notes**" below.

**Consolidation**

Notes of one Series may be consolidated with Notes of another Series as more fully provided in "**Terms and Conditions of the Notes - Further Issues and Consolidation**".

**Governing Law**

The Notes are governed by French law.

**Rating**

The long-term senior unsecured Notes and the short-term senior unsecured Notes of the Issuer are currently rated A3 and Prime-2 respectively by Moody's Investors Service Ltd. ("**Moody's**"). Moody's is established in the European Union and is registered under Regulation (EC) No 1060/2009 (as amended) (the "**CRA Regulation**"). Moody's is included in the list of registered credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such regulation.

Notes issued under the Programme may be rated or unrated. Notes which are rated will have such rating as is assigned to them by Moody's or such other relevant rating organisation as specified in the Final Terms. The relevant Final Terms will specify whether or not such credit ratings are issued by a credit rating agency established in the European Union and registered under the CRA Regulation. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

**Depositories/ Clearing Systems**

Euroclear France as central depository in relation to Dematerialised Notes and Clearstream, Luxembourg, Euroclear or any other clearing system that may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer in relation to Materialised Notes. Transfers between Euroclear and Clearstream, Luxembourg participants, on the one hand, and Euroclear France Account Holders, on the other hand, shall be effected directly or via their respective depositories in accordance with applicable rules and

operating procedures established for this purpose by Euroclear and Clearstream, Luxembourg, on the one hand, and Euroclear France on the other hand.

**Initial Delivery of Dematerialised Notes**

One Paris business day before the issue date of each Tranche of Dematerialised Notes, the *Lettre Comptable* relating to such Tranche shall be deposited with Euroclear France as central depository.

**Initial Delivery of Materialised Notes**

On or before the issue date for each Tranche of Materialised Bearer Notes, the Temporary Global Certificate issued in respect of such Tranche shall be deposited with a common depository for Euroclear and Clearstream, Luxembourg or with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Fiscal Agent and the relevant Dealer.

**Issue Price**

Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly Paid Notes may be issued, the issue price of which will be payable in two or more instalments.

**Listing and Admission to trading**

Listing and admission to trading on Euronext Paris, or as otherwise specified in the relevant Final Terms. A Series of Notes may be unlisted.

**Offer to the Public**

Unless the Final Terms so specify, the Notes shall not be offered to the public in France and/or in any Member State of the European Economic Area.

**Selling Restrictions**

There are restrictions on the offers and sale of Notes and the distribution of offering material in various jurisdictions. See "**Subscription and Sale**". In connection with the offering and sale of a particular Tranche, additional selling restrictions may be imposed which will be set out in the relevant Final Terms.

## DOCUMENTS ON DISPLAY

1. For so long as Notes issued under the Programme are outstanding, the following documents will be available, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), for inspection and, in the case of documents listed under (iii) to (x), collection free of charge, at the office of the Fiscal Agent and the Paying Agents:
  - (i) the Agency Agreement;
  - (ii) the constitutive documents (*statuts*) of Suez Environnement Company;
  - (iii) 2010 Reference Document (as defined in section “Documents incorporated by reference”);
  - (iv) the 2011 Reference Document (as defined in section “Documents incorporated by reference”);
  - (v) each Final Terms for Notes that are listed and admitted to trading on Euronext Paris or any other Regulated Market in the European Economic Area or listed on any other stock exchange (save that Final Terms relating to Notes which are (i) neither listed and admitted to trading on a Regulated Market in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive (ii) nor listed on any other stock exchange, will only be available for inspection by a holder of such Notes and such holder must produce evidence satisfactory to the Issuer and the relevant Paying Agent as to its holding and identity);
  - (vi) a copy of this Base Prospectus together with any supplement to this Base Prospectus or restated Base Prospectus and any document incorporated by reference;
  - (vii) all reports, letters and other documents, balance sheets, valuations and statements by any expert, any part of which is extracted or referred to in this Base Prospectus in respect of each issue of Notes;
  - (viii) a copy of the FBF Definitions;
  - (ix) a copy of the ISDA Definitions; and
  - (x) any other documents incorporated by reference into this Base Prospectus.
2. For as long as any Notes are outstanding, a copy of this Base Prospectus together with any supplement to this Base Prospectus or restated Base Prospectus and any document incorporated by reference (a) may be obtained, free of charge, at the registered office of the Issuer during normal business hours and (b) will be available on the website [www.suez-environnement.com](http://www.suez-environnement.com).
3. For as long as Notes may be issued pursuant to this Base Prospectus, the following documents will be available, if relevant, on the website of the *Autorité des marchés financiers* ([www.amf-france.org](http://www.amf-france.org)):
  - (i) the Final Terms for Notes that are listed and admitted to trading on Euronext Paris;
  - (ii) this Base Prospectus together with any supplement to this Base Prospectus or further Base Prospectus;
  - (iii) the 2010 Reference Document; and



(iv) the 2011 Reference Document.

## DOCUMENTS INCORPORATED BY REFERENCE

This Base Prospectus should be read and construed in conjunction with the following:

- (1) the sections referred to in the table below included in the *Document de Référence* 2011 in French language<sup>1</sup>, of the Issuer which received visa n° D.12-0277 from the AMF on 4 April 2012 and which includes, inter alia, the audited annual consolidated financial statements of the Issuer for the year ended 31 December 2011 and the related statutory auditors' report (the "**2011 Reference Document**");
- (2) the sections referred to in the table below included in the *Document de Référence* 2010 in French language<sup>2</sup>, of the Issuer which received visa n° R.11-0009 from the AMF on 8 April 2011 and which includes, inter alia, the audited annual consolidated financial statements of the Issuer for the year ended 31 December 2010 and the related statutory auditors' report (the "**2010 Reference Document**").

Such documents shall be deemed to be incorporated in, and form part of this Base Prospectus, save that any statement contained in this Base Prospectus or in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained in any document which is subsequently incorporated by reference herein by way of a supplement prepared in accordance with Article 16 of the Prospectus Directive modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Copies of the documents incorporated by reference in this Base Prospectus may be obtained without charge from the registered office of the Issuer, the Issuer's website ([www.suez-environnement.com](http://www.suez-environnement.com)) and the 2011 Reference Document and 2010 Reference Document may be obtained without charge from the website of the AMF ([www.amf-france.org](http://www.amf-france.org)).

The cross-reference table below set out the relevant page references for the information incorporated herein by reference:

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<sup>1</sup> The English language translation of the 2011 Reference Document is published on, and may be obtained without charge from the website of the Issuer ([www.suez-environnement.com](http://www.suez-environnement.com)).

<sup>2</sup> The English language translation of the 2010 Reference Document is published on, and may be obtained without charge from the website of the Issuer ([www.suez-environnement.com](http://www.suez-environnement.com)).

**INFORMATION INCORPORATED BY REFERENCE IN RESPECT OF SUEZ  
ENVIRONNEMENT COMPANY**

Article No.		2011 Reference Document	2010 Reference Document
<b>2</b>	<b>Statutory Auditors</b>		
2.1	Names and addresses of the issuer's auditors for the period covered by the historical financial information (together with their membership in a professional body).	page 7	
2.2	If auditors have resigned, been removed or not been re-appointed during the period covered by the historical financial information, details if material.	N/A	
<b>5</b>	<b>Business Overview</b>		
5.1.2	The basis for any statements in the registration document made by the issuer regarding its competitive position.	pages 50 to 57	
<b>6</b>	<b>Organisational Structure</b>		
6.1	If the issuer is part of a group, a brief description of the group and of the issuer's position within it.	pages 99 and 100	
6.2	If the issuer is dependent upon other entities within the group, this must be clearly stated together with an explanation of this dependence.	page 100	
<b>8</b>	<b>Profit Forecasts or Estimates</b>		
	If an issuer chooses to include a profit forecast or a profit estimate, the registration document must contain the information items 8.1 and 8.2.	page 49	
8.1	A statement setting out the principal assumptions upon which the issuer has based its forecast, or estimate.  There must be a clear distinction between assumptions about factors which the members of the administrative, management or supervisory bodies can influence and assumptions about factors which are exclusively outside the influence of the members of the administrative, management or supervisory bodies; be readily understandable by investors, be specific and precise and not relate to the general accuracy of the estimates underlying the forecast.	page 49	
8.2	Any profit forecast set out in the registration document must be accompanied by a statement confirming that the said forecast has been properly prepared on the basis stated and that the basis of accounting is consistent with the accounting policies of the issuer.	page 49	
8.3	The profit forecast or estimate must be prepared on a	page 49	

	basis comparable with the historical financial information.		
<b>9</b>	<b>Administrative, Management and Supervisory Bodies</b>		
9.1	Names, business addresses and functions in the issuer of the following persons, and an indication of the principal activities performed by them outside the issuer where these are significant with respect to that issuer:		
	members of the administrative, management or supervisory bodies;	pages 140 to 150	
	partners with unlimited liability, in the case of a limited partnership with a share capital.	N/A	
9.2	<b>Administrative, Management, and Supervisory bodies conflicts of interests</b>  Potential conflicts of interests between any duties to the issuing entity of the persons referred to in item 9.1 and their private interests and or other duties must be clearly stated. In the event that there are no such conflicts, a statement to that effect.	page 150	
<b>10</b>	<b>Major Shareholders</b>		
10.1	To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled and by whom and describe the nature of such control, and describe the measures in place to ensure that such control is not abused.	pages 189 to 194	
10.2	A description of any arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer.	N/A	
<b>11</b>	<b>Financial Information concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses</b>		
11.1	<b>Historical Financial Information</b>  Audited historical financial information covering the latest 2 financial years (or such shorter period that the issuer has been in operation), and the audit report in respect of each year. Such financial information must be prepared according to Regulation (EC) No 1606/2002, or if not applicable to a Member's State national accounting standards for issuers from the Community.  The historical annual financial information must be independently audited or reported on as to whether or not, for the purposes of the registration document, it gives a true and fair view, in accordance with auditing standards applicable in a Member State or an equivalent standard.		
	– Balance sheet:	pages 200 and	pages 186 and

	<ul style="list-style-type: none"> <li>- Income statement:</li> <li>- Cash flow statement:</li> <li>- Accounting policies and explanatory notes:</li> <li>- Audit report:</li> </ul>	<p>201</p> <p>page 202</p> <p>page 206</p> <p>pages 207 to 291</p> <p>pages 292 and 293</p>	<p>187</p> <p>page 188</p> <p>page 191</p> <p>pages 192 to 281</p> <p>pages 282 and 283</p>
11.2	<p><b>Financial statements</b></p> <p>If the issuer prepares both own and consolidated financial statements, include at least the consolidated financial statements in the registration document.</p>	pages 200 to 291	pages 186 to 281
11.3	<b>Auditing of historical annual financial information</b>		
11.3.1	A statement that the historical financial information has been audited. If audit reports on the historical financial information have been refused by the statutory auditors or if they contain qualifications or disclaimers, such refusal or such qualifications or disclaimers must be reproduced in full and the reasons given.	pages 292 and 293	pages 282 and 283
11.3.2	An indication of other information in the registration document which has been audited by the auditors.	N/A	N/A
11.3.3	Where financial data in the registration document is not extracted from the issuer's audited financial statements, state the source of the data and state that the data is unaudited.	N/A	N/A
11.4	<b>Age of latest financial information</b>		
11.4.1	The last year of audited financial information may not be older than 18 months from the date of the registration document.	N/A	
11.5	<p><b>Legal and arbitration proceedings</b></p> <p>Information on any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past, significant effects on the issuer and/or group's financial position or profitability, or provide an appropriate negative statement.</p>	pages 316 to 319	
12	<b>Material Contracts</b>		
	A brief summary of all material contracts that are not entered into in the ordinary course of the issuer's business, which could result in any group member being under an obligation or entitlement that is material to the issuer's ability to meet its obligation to security holders in respect of the securities being issued.	page 333	
13	<b>Third Party Information and Statement by Experts and Declarations of any Interest</b>		

13.1	Where a statement or report attributed to a person as an expert is included in the Registration Document, provide such person's name, business address, qualifications and material interest if any in the issuer. If the report has been produced at the issuer's request a statement to that effect that such statement or report is included, in the form and context in which it is included, with the consent of that person who has authorised the contents of that part of the Registration Document.	N/A	
13.2	Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced and that as far as the issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading; in addition, identify the source(s) of the information.	N/A	

Any information incorporated by reference in this Base Prospectus but not listed in the cross-reference table above is given for information purposes only.

## **SUPPLEMENT TO THE BASE PROSPECTUS**

If at any time the Issuer is required to prepare a supplement to this Base Prospectus pursuant to the provisions of Article 16 of the Prospectus Directive and any legislation in any Member State of the European Economic Area that implements the Prospectus Directive and subordinate legislation thereto, the Issuer will prepare and make available an appropriate supplement to this Base Prospectus or a restated Base Prospectus, which in respect of any subsequent issue of Notes shall amend or supplement this Base Prospectus.

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of Part A of the relevant Final Terms and excepting sentences in italics, shall be applicable to the Notes. In the case of Dematerialised Notes, the text of the terms and conditions will not be endorsed on physical documents of title but will be constituted by the following text as completed, amended or varied by Part A of the relevant Final Terms. In the case of Materialised Notes, either (i) the full text of these terms and conditions together with the relevant provisions of Part A of the Final Terms or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on Definitive Materialised Bearer Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the relevant Final Terms. References in the Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme.*

An amended and restated agency agreement (as amended or supplemented from time to time, the "**Agency Agreement**") dated 24 April 2012 has been agreed between Suez Environnement Company (the "**Issuer**"), Société Générale Bank & Trust as fiscal agent and the other agent named in it.

The fiscal agent, the paying agents, the redenomination agent, the consolidation agent and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Fiscal Agent**", the "**Paying Agents**" (which expression shall include the Fiscal Agent), the "**Registration Agent**", the "**Redenomination Agent**", the "**Consolidation Agent**" and the "**Calculation Agent(s)**".

The holders of Dematerialised Notes and Materialised Notes, the holders of the interest coupons (the "**Coupons**") relating to interest bearing Materialised Notes and, where applicable in the case of such Notes, talons (the "**Talons**") for further Coupons (the "**Couponholders**") and the holders of the receipts (the "**Receipts**") for the payment of instalments of principal (the "**Receiptholders**") relating to Materialised Notes of which the principal is payable in instalments are deemed to have notice of all of the provisions of the Agency Agreement.

For the purpose of these Terms and Conditions, "**Regulated Market**" means any regulated market situated in a Member State of the European Economic Area ("**EEA**") as defined in the Markets in Financial Instruments Directive 2004/39/EC.

References below to "**Conditions**" are, unless the context requires otherwise, to the numbered paragraphs below.

### 1. **FORM, DENOMINATION(S), TITLE AND REDENOMINATION OF THE NOTES**

(a) **Form of Notes:** Notes may be issued by the Issuer either in dematerialised form ("**Dematerialised Notes**") or in materialised form ("**Materialised Notes**").

- (i) Dematerialised Notes are issued, as specified in the relevant Final Terms (the "**Final Terms**"), in (x) bearer dematerialised form (*au porteur*) only, in which case they are inscribed in the books of Euroclear France (acting as central depository) which credits the accounts of Euroclear France Account Holders (as defined below), (y) in registered dematerialised form (*au nominatif*) only and, in such case, at the option of the relevant Noteholder, in administered registered dematerialised form (*au nominatif administré*) in which case they will be inscribed in the accounts of the Euroclear France Account Holders designated by the relevant Noteholders or in fully registered dematerialised form (*au nominatif pur*) inscribed in an account in the books of Euroclear France maintained by the Registration Agent acting on behalf of the Issuer.



For the purpose of these Conditions, "**Euroclear France Account Holder**" means any financial intermediary institution entitled to hold directly or indirectly accounts on behalf of its customers with Euroclear France, and includes the depositary bank for Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") and Euroclear Bank S.A./N.V. ("**Euroclear**").

- (ii) Materialised Notes are issued in bearer form ("**Materialised Bearer Notes**"). Materialised Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Materialised Notes are issued with one or more Receipts attached.

*In accordance with Article L.211-3 of the French Code monétaire et financier, securities (such as the Notes) which are governed by French law and are in materialised form must be issued outside the French territory.*

- (b) **Denomination(s)**: Notes shall be issued in the specified denomination(s) as set out in the relevant Final Terms save that the minimum denomination of each Note listed and admitted to trading on a Regulated Market or offered to the public in a Member State of the EEA in circumstances which require the publication of a prospectus under the Prospectus Directive will be €100,000 or €50,000, if the relevant Member State has not implemented the relevant provision of the 2010 PD Amending Prospectus Directive, and if the Notes are denominated in a currency other than euro, the equivalent amount in each such currency at the issue date (the "**Specified Denomination(s)**") or such higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any applicable laws or regulations. Dematerialised Notes shall be issued in one Specified Denomination only.
- (c) **Title**:
  - (i) Title to Dematerialised Notes will be evidenced in accordance with Articles L.211-3 and R.211-1 of the French *Code monétaire et financier* by book entries (*inscriptions en compte*). No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the French *Code monétaire et financier*) will be issued in respect of the Dematerialised Notes. Title to Dematerialised Notes issued in bearer form (*au porteur*) and in administered registered form (*au nominatif administré*) shall pass upon, and transfer of such Notes may only be effected through, registration of the transfer in the accounts of Euroclear France Account Holders. Title to Dematerialised Notes issued in fully registered form (*au nominatif pur*) shall pass upon, and transfer of such Notes may only be effected through, registration of the transfer in the accounts of the Issuer or the Registration Agent.
  - (ii) Title to Materialised Bearer Notes in definitive form having, where appropriate, Coupons, Receipt(s) and/or a Talon attached thereto on issue ("**Definitive Materialised Bearer Notes**"), shall pass by delivery.
  - (iii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note (as defined below), Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, or an interest in it, any writing on it or its theft or loss and no person shall be liable for so treating the holder.
  - (iv) In these Conditions, "**holder of Notes**" or "**holder of any Note**" or "**Noteholder**" means (i) in the case of Dematerialised Notes, the person whose name appears in the account of the relevant Euroclear France Account Holder or the Issuer or the Registration Agent (as the

case may be) as being entitled to such Notes and (ii) in the case of Materialised Notes, the bearer of any Definitive Materialised Bearer Note and the Receipts, Coupons, or Talon relating to it, and capitalised terms have the meanings given to them in the relevant Final Terms, the absence of any such meaning indicating that such term is not applicable to the Notes.

(d) **Redenomination**

- (i) The Issuer may (if so specified in the relevant Final Terms), on any Interest Payment Date, without the consent of the holder of any Note, Receipt, Coupon or Talon, by giving at least 30 days' notice in accordance with Condition 15 and on or after the date on which the European Member State in whose national currency the Notes are denominated has become a participating Member State in the single currency of the European Economic and Monetary Union (as provided in the Treaty establishing the European Community, as amended from time to time (the "**Treaty**")) or events have occurred which have substantially the same effects (in either case, "**EMU**"), redenominate all, but not some only, of the Notes of any Series into Euro and adjust the aggregate principal amount and the Specified Denomination(s) set out in the relevant Final Terms accordingly, as described below. The date on which such redenomination becomes effective shall be referred to in these Conditions as the "**Redenomination Date**".
- (ii) Unless otherwise specified in the relevant Final Terms, the redenomination of the Notes pursuant to Condition 1(d)(i) shall be made by converting the principal amount of each Note from the relevant national currency into Euro using the fixed relevant national currency Euro conversion rate established by the Council of the European Union pursuant to Article 123 (4) of the Treaty and rounding the resultant figure to the nearest Euro 0.01 (with Euro 0.005 being rounded upwards). If the Issuer so elects, the figure resulting from conversion of the principal amount of each Note using the fixed relevant national currency Euro conversion rate shall be rounded down to the nearest euro. The Euro denominations of the Notes so determined shall be notified to Noteholders in accordance with Condition 15. Any balance remaining from the redenomination with a denomination higher than Euro 0.01 shall be paid by way of cash adjustment rounded to the nearest Euro 0.01 (with Euro 0.005 being rounded upwards). Such cash adjustment will be payable in Euro on the Redenomination Date in the manner notified to Noteholders by the Issuer.
- (iii) Upon redenomination of the Notes, any reference in the relevant Final Terms to the relevant national currency shall be construed as a reference to euro.
- (iv) Unless otherwise specified in the relevant Final Terms, the Issuer may, with the prior approval of the Redenomination Agent and the Consolidation Agent, in connection with any redenomination pursuant to this Condition or any consolidation pursuant to Condition 14, without the consent of the holder of any Note, Receipt, Coupon or Talon, make any changes or additions to these Conditions or Condition 14 (including, without limitation, any change to any applicable business day definition, business day convention, principal financial centre of the country of the Specified Currency, interest accrual basis or benchmark), taking into account market practice in respect of redenominated euromarket debt obligations and which it believes are not prejudicial to the interests of such holders. Any such changes or additions shall, in the absence of manifest error, be binding on the holders of Notes, Receipts, Coupons and Talons and shall be notified to Noteholders in accordance with Condition 15 as soon as practicable thereafter.
- (v) Neither the Issuer nor any Paying Agent shall be liable to the holder of any Note, Receipt, Coupon or Talon or other person for any commissions, costs, losses or expenses in relation

to or resulting from the credit or transfer of Euro or any currency conversion or rounding effected in connection therewith.

(e) **Method of issue**

The Notes will be issued in series (each a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "**Tranche**") on the same or different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in the relevant Final Terms.

**2. CONVERSION AND EXCHANGES OF NOTES**

(a) **Dematerialised Notes**

- (i) Dematerialised Notes issued in bearer dematerialised form (*au porteur*) may not be converted into Dematerialised Notes in registered dematerialised form, whether in fully registered form (*au nominatif pur*) or in administered registered form (*au nominatif administré*).
- (ii) Dematerialised Notes initially issued in registered form (*au nominatif*) only may not be converted into Dematerialised Notes in bearer dematerialised form (*au porteur*).
- (iii) Dematerialised Notes issued in fully registered dematerialised form (*au nominatif pur*) may, at the option of the Noteholder, be converted into Notes in administered registered dematerialised form (*au nominatif administré*), and vice versa. The exercise of any such option by such Noteholder shall be made in accordance with Article R.211-4 of the *Code monétaire et financier*. Any such conversion shall be effected at the cost of such Noteholder.

(b) **Materialised Bearer Notes**

Materialised Bearer Notes of one Specified Denomination may not be exchanged for Materialised Bearer Notes of another Specified Denomination.

(c) **Dematerialised Notes not exchangeable for Materialised Bearer Notes and vice versa**

Dematerialised Notes may not be exchanged for Materialised Notes and Materialised Notes may not be exchanged for Dematerialised Notes.

**3. STATUS OF NOTES**

The obligations of the Issuer under the Notes may be either unsubordinated ("**Unsubordinated Notes**") or subordinated ("**Subordinated Notes**").

(a) **Status of Unsubordinated Notes**

The principal and interest on Unsubordinated Notes are unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and rank and will rank *pari passu* without preference or priority among themselves and (save for certain obligations required to be preferred by French law) equally and rateably with all other present or future unsecured and unsubordinated indebtedness, obligations and guarantees of the Issuer.

(b) **Status of Subordinated Notes**

(i) **General**

Subordinated Notes ("**Subordinated Notes**") comprise Ordinary Subordinated Notes, Deeply Subordinated Notes, Dated Subordinated Notes and Undated Subordinated Notes (all as defined below).

(ii) **Ordinary Subordinated Notes**

The principal and (if the applicable Final Terms so specify) interest on ordinary subordinated notes ("**Ordinary Subordinated Notes**") constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and rank and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by French law) *pari passu* with all other present or future Ordinary Subordinated Notes, but in priority to the *prêts participatifs* granted to the Issuer and Deeply Subordinated Notes.

(iii) **Deeply Subordinated Notes**

The principal and (if the applicable Final Terms so specify) interest on deeply subordinated notes ("**Deeply Subordinated Notes**") constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and rank and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by French law) *pari passu* with all other present or future Deeply Subordinated Notes, but subordinated to the *prêts participatifs* granted to the Issuer and Ordinary Subordinated Notes.

(iv) **Dated Subordinated Notes**

Subordinated Notes (which term, for the avoidance of doubt, includes both Ordinary Subordinated Notes and Deeply Subordinated Notes) may have a specified maturity date ("**Dated Subordinated Notes**").

(v) **Undated Subordinated Notes**

Subordinated Notes (which term, for the avoidance of doubt, includes both Ordinary Subordinated Notes and Deeply Subordinated Notes) may have no specified maturity date ("**Undated Subordinated Notes**").

(vi) **Interest relating to Subordinated Notes**

Unless otherwise specified in the relevant Final Terms, payments of interest relating to Subordinated Notes constitute obligations which rank equally with the obligations of the Issuer in respect of Unsubordinated Notes issued by the Issuer in accordance with Condition 3(a).

If so specified in the relevant Final Terms, payments of interest relating to Subordinated Notes may be deferred in accordance with the provisions of Condition 5(h).

(vii) **Payment of Notes in the event of the liquidation of the Issuer**

If any judgement is rendered by any competent court declaring the judicial liquidation (*liquidation judiciaire*) of the Issuer, or in the event of a transfer of the

whole of the business of the Issuer (*cession totale de l'entreprise*) subsequent to the opening of a judicial recovery procedure, or if the Issuer is liquidated for any other reason, the payments of the creditors of the Issuer shall be made in the following order of priority (in each case subject to the payment in full of priority creditors):

- unsubordinated creditors of the Issuer (including holders of Unsubordinated Notes);
- ordinary subordinated creditors of the Issuer (including holders of Ordinary Subordinated Notes);
- lenders in relation to *prêts participatifs* granted to the Issuer, and
- deeply subordinated creditors of the Issuer (including holders of Deeply Subordinated Notes).

In the event of incomplete payment of unsubordinated creditors, the obligations of the Issuer in connection with Ordinary Subordinated Notes shall be terminated (then subsequently the obligations of the Issuer *vis-à-vis* the lenders in relation to *prêts participatifs* and holders of Deeply Subordinated Notes). The holders of Subordinated Notes shall take all steps necessary for the orderly accomplishment of any collective proceedings or voluntary liquidation.

The above order of priority which relates to the principal of Subordinated Notes will apply *mutatis mutandis* to interest payments depending on whether they are unsubordinated or subordinated and in the latter case whether they are ordinary subordinated or deeply subordinated.

#### 4. NEGATIVE PLEDGE

So long as any of the Unsubordinated Notes or, if applicable, any Receipts or Coupons relating to them, remains outstanding, the Issuer shall not and shall ensure that none of its Material Subsidiaries (as defined below) grant any mortgage, charge, lien (other than a lien arising by operation of law), pledge or other security interest (*surêté réelle*) (each a "**Security Interest**") upon the whole or any part of their respective present or future undertaking, assets or revenues to secure any Relevant Indebtedness (as defined below) unless any such operation falls within the definition of Permitted Security Interest (as defined below), unless the Issuer, before or at the same time, takes any and all action necessary to ensure that (i) its obligations under the Notes are secured equally and rateably with the Relevant Indebtedness or (ii) such other Security Interest or other arrangement is provided as is approved by the Masse of Noteholders or the Representative in each case in accordance with Condition 11.

"**Permitted Security Interest**" means a Security Interest granted by the Issuer or any of its Material Subsidiaries to secure any Relevant Indebtedness, where such Relevant 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.

For the purposes of these Conditions:

"**EBITDA**" means consolidated current operating income adjusted by adding back:

- (i) depreciation, amortisation and provisions;
- (ii) share-based payments (as defined in IFRS 2); and

(iii) net disbursements under concession contracts;

"**Group**" means the Issuer and its Subsidiaries;

"**Material Subsidiaries**" means at any relevant time;

(i) Suez Environnement SAS; and

(ii) any Subsidiary of the Issuer whose (a) EBITDA attributable to the Issuer represents not less than twenty per cent. of the EBITDA of the Issuer, and/or (b) turnover (or, where the Subsidiary in question prepares consolidated accounts whose consolidated turnover) attributable to the Issuer represents not less than twenty per cent. of the consolidated turnover of the Issuer, all as calculated by reference to the then latest audited accounts (or consolidated accounts, as the case may be) of such Subsidiary and the then latest audited consolidated accounts of the Issuer and its consolidated subsidiaries;

"**Measurement Period**" means a period of 12 months ending on Testing Date;

"**outstanding**" means, in relation to the Notes of any Series, all the Notes issued other than (a) those that have been redeemed in accordance with the Conditions, (b) those in respect of which the date for redemption has occurred and the redemption moneys (including all interest accrued on such Notes to the date for such redemption and any interest payable after such date) have been duly paid (i) in the case of Dematerialised Notes in bearer form and in administered registered form, to the relevant Account Holders on behalf of the Noteholder as provided in Condition 7(a), (ii) in the case of Dematerialised Notes in fully registered form, to the account of the Noteholder as provided in Condition 7(a) and (iii) in the case of Materialised Notes, to the Paying Agent as provided in Conditions 7(b) and 7(c) and remain available for payment against presentation and surrender of Materialised Bearer Notes, Receipts and/or Coupons, as the case may be, (c) those which have become void or in respect of which claims have become prescribed, (d) those which have been purchased and cancelled as provided in the Conditions, (e) in the case of Materialised Notes (i) those mutilated or defaced Materialised Bearer Notes that have been surrendered in exchange for replacement Materialised Bearer Notes, (ii) (for the purpose only of determining how many such Materialised Bearer Notes are outstanding and without prejudice to their status for any other purpose) those Materialised Bearer Notes alleged to have been lost, stolen or destroyed and in respect of which replacement Materialised Bearer Notes have been issued and (iii) any Temporary Global Certificate to the extent that it shall have been exchanged for one or more Definitive Materialised Bearer Notes, pursuant to its provisions;

"**Relevant Indebtedness**" means (i) any present or future indebtedness for borrowed money and represented by any notes, bonds, or debt securities which are for the time being quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market and (ii) any guarantee or indemnity of any such indebtedness;

"**Subsidiary**" means, in relation to any person or entity at any time, any other person or entity (whether or not now existing) controlled directly or indirectly by such person or entity within the meaning of Article L.233-3 of the French *Code de commerce*; and

"**Testing Date**" means 31 December of each year.

This Condition 4 shall not apply to Subordinated Notes.

## 5. INTEREST AND OTHER CALCULATIONS

(a) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below. Certain defined terms contained in the 2007 FBF Master

Agreement relating to transactions on forward financial instruments as supplemented by the Technical Schedules published by the Fédération Bancaire Française ("**FBF**") (together the "**FBF Master Agreement**") and in the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. ("**ISDA**"), have either been used or reproduced in this Condition 5:

"**Business Day**" means:

- (i) in the case of Notes denominated in euro, a day on which the Trans European Automated Real Time Gross Settlement Express Transfer (known as TARGET2) system or any successor thereto (the "**TARGET System**") is operating (a "**TARGET Business Day**") and/or
- (ii) in relation to any sum payable in Renminbi, a day on which commercial banks and foreign exchange markets settle payments in Renminbi in Hong Kong and in the relevant Business Centre(s) (if any) and/or
- (iii) in the case of Notes denominated in a specified currency other than euro and Renminbi, a day which is a TARGET Business Day and a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for that currency and/or
- (iv) in the case of Notes denominated in a specified currency and/or one or more Business Centre(s) specified in the relevant Final Terms (the "**Business Centre(s)**") a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centre(s) so specified.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or Interest Accrual Period, the "**Calculation Period**"):

- (i) if "**Actual/365 — FBF**" is specified in the relevant Final Terms, the fraction whose numerator is the actual number of days elapsed during the Calculation Period and whose denominator is 365. If part of that Calculation Period falls in a leap year, Actual /365 — FBF shall mean the sum of (i) the fraction whose numerator is the actual number of days elapsed during the non-leap year and whose denominator is 365 and (ii) the fraction whose numerator is the number of actual days elapsed during the leap year and whose denominator is 366;
- (ii) if "**Actual/365**" or "**Actual/Actual - ISDA**" is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (iii) if "**Actual/Actual-ICMA**" is specified in the relevant Final Terms:
  - (A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(B) if the Calculation Period is longer than one Determination Period, the sum of:

the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

in each case where

**"Determination Period"** means the period from and including a Determination Date in any year to but excluding the next Determination Date, and

**"Determination Date"** means the date specified as such in the relevant Final Terms or, if none is so specified, the Interest Payment Date

- (iv) if **"Actual/365 (Fixed)"** is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365;
- (v) if **"Actual/360"** is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 360;
- (vi) if **"30/360"**, **"360/360"** or **"Bond Basis"** is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + [(D_2 - D_1)]}{360}$$

where:

**"Y<sub>1</sub>"** is the year, expressed as a number, in which the first day of the Calculation Period falls;

**"Y<sub>2</sub>"** is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

**"M<sub>1</sub>"** is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

**"M<sub>2</sub>"** is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

**"D<sub>1</sub>"** is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

**"D<sub>2</sub>"** is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

and



- (vii) if "**30E/360**" or "**Eurobond Basis**" is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + [(D_2 - D_1)]}{360}$$

where:

"**Y<sub>1</sub>**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y<sub>2</sub>**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M<sub>1</sub>**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M<sub>2</sub>**" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"**D<sub>1</sub>**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"**D<sub>2</sub>**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (viii) if "**30E/360 (ISDA)**" is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + [(D_2 - D_1)]}{360}$$

where:

"**Y<sub>1</sub>**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y<sub>2</sub>**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M<sub>1</sub>**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M<sub>2</sub>**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D<sub>1</sub>**" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

"**D<sub>2</sub>**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30.

"**Euro-zone**" means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community as amended by the Treaty on European Union.

"**FBF Definitions**" means the definitions set out in the FBF Master Agreement, unless otherwise specified in the relevant Final Terms.

"**Interest Accrual Period**" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

"**Interest Amount**" means the amount of interest payable, and in the case of Fixed Rate Notes, means the Fixed Coupon Amount or Broken Amount, as the case may be.

"**Interest Commencement Date**" means the Issue Date or such other date as may be specified in the relevant Final Terms.

"**Interest Determination Date**" means, with respect to a Rate of Interest and Interest Accrual Period or the interest amount in relation to the RMB Notes, the date specified as such in the relevant Final Terms or, if none is so specified, (i) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is Euro or (ii) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (iii) the day falling two Business Days in the city specified in the Final Terms for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor Euro.

"**Interest Payment Date**" means the date(s) specified in the relevant Final Terms.

"**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.

"**Interest Period Date**" means each Interest Payment Date unless otherwise specified in the relevant Final Terms.

"**ISDA Definitions**" means the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified in the relevant Final Terms.

"**Rate of Interest**" means the rate of interest payable from time to time in respect of the Notes and that is either specified or calculated in accordance with the provisions in the relevant Final Terms.

"**Reference Banks**" means in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent with the approval of the Issuer or as specified in the relevant Final Terms.

"**Reference Rate**" means the rate specified as such in the relevant Final Terms.

"**Relevant Screen Page**" means such page, section, caption, column or other part of a particular information service as may be specified in the relevant Final Terms or such other

page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to that Reference Rate.

**"RMB Note"** means a Note denominated in Renminbi.

**"Specified Currency"** means the currency specified as such in the relevant Final Terms or, if none is specified, the currency in which the Notes are denominated.

- (b) **Interest on Fixed Rate Notes:** Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date except as otherwise provided in the relevant Final Terms.

If a Fixed Coupon Amount or a Broken Amount is specified in the relevant Final Terms, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount or, if applicable, the Broken Amount so specified and in the case of the Broken Amount will be payable on the particular Interest Payment Date(s) specified in the relevant Final Terms.

- (c) **Interest on Floating Rate Notes and Index Linked Interest Notes:**

(i) **Interest Payment Dates:** Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear (except as otherwise provided in the relevant Final Terms) on each Interest Payment Date. Such Interest Payment Date(s) is/are either shown in the relevant Final Terms as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown in the relevant Final Terms, Interest Payment Date shall mean each date which falls the number of months or other period shown in the relevant Final Terms as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) **Business Day Convention:** If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) **Rate of Interest for Floating Rate Notes:** The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified in the relevant Final Terms and, unless otherwise specified in the relevant Final Terms, the provisions below relating to either FBF Determination, ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified in the relevant Final Terms.

(A) FBF Determination for Floating Rate Notes

Where FBF Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant FBF Rate plus or minus (as indicated in the relevant Final Terms) the Margin (if any). For the purposes of this sub-paragraph (A), "**FBF Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Transaction under the terms of an agreement incorporating the FBF Definitions and under which:

- (a) the Floating Rate is as specified in the relevant Final Terms; and
- (b) the relevant Floating Rate Determination Date (*Date de Détermination du Taux Variable*) is the first day of that Interest Accrual Period unless otherwise specified in the relevant Final Terms.

For the purposes of this sub-paragraph (A), "Floating Rate" (*Taux Variable*), "Calculation Agent" (*Agent*), "Floating Rate Determination Date" (*Date de Détermination du Taux Variable*) and "Transaction" (*Transaction*) have the meanings given to those terms in the FBF Definitions, provided that "Euribor" means the rate calculated for deposits in euro which appears on Reuters Page EURIBOR01, as more fully described in the relevant Final Terms.

(B) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (B), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (a) the Floating Rate Option is as specified in the relevant Final Terms;
- (b) the Designated Maturity is a period specified in the relevant Final Terms; and
- (c) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified in the relevant Final Terms.

For the purposes of this sub-paragraph (B), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**", "**Reset Date**" and "**Swap Transaction**" have the meanings given to those terms in the ISDA Definitions.

(C) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

- (1) the offered quotation; or

- (2) the arithmetic mean of the offered quotations, (expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the relevant Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the relevant Final Terms.

- (x) if the Relevant Screen Page is not available or, if sub-paragraph (C)(1) applies and no such offered quotation appears on the Relevant Screen Page, or, if sub-paragraph (C)(2) applies and fewer than three such offered quotations appear on the Relevant Screen Page, in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and
- (y) if paragraph (x) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time),

on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

- (iv) **Rate of Interest for Index Linked Interest Notes:** The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be determined in the manner specified in the relevant Final Terms and interest will accrue by reference to an Index or Formula as specified in the relevant Final Terms.
- (d) **Zero Coupon Notes:** Where a Note the Interest Basis of which is specified to be Zero Coupon and is repayable prior to the Maturity Date is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(e)(i)).
- (e) **Dual Currency Notes:** In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating, a Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified in the relevant Final Terms.
- (f) **Partly Paid Notes:** In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the relevant Final Terms.
- (g) **Accrual of Interest:** Interest shall cease to accrue on each Note on the due date for redemption unless (i) in the case of Dematerialised Notes, on such due date or (ii) in the case of Materialised Notes, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date.
- (h) **Deferral of Interest:** In the case of Subordinated Notes, interest shall be payable on each Compulsory Interest Payment Date (as defined below) in respect of the interest accrued in the Interest Period ending on the day immediately preceding such date. On any Optional Interest Payment Date (as defined below) there may be paid (if the Issuer so elects) the interest accrued in the Interest Period ending on the day immediately preceding such date but the Issuer shall not have any obligation to make such payment and any such failure to pay shall not constitute a default under the Notes or for any other purpose. Notice of any Optional Interest Payment Date shall (for so long as the rules of, or applicable to, any Regulated Market so require) be given to the Noteholders in accordance with Condition 15 and to the relevant Regulated Market. Such notice shall be given at least seven days prior to the relevant Optional Interest Payment Date(s). Any interest not paid on an Optional Interest Payment Date shall, so long as the same remains unpaid, constitute "**Arrears of Interest**" which term shall include interest on such unpaid interest as referred to below. Arrears of

Interest may, at the option of the Issuer, be paid in whole or in part at any time upon the expiration of not less than seven days' notice to such effect given to the Noteholders in accordance with Condition 15 but all Arrears of Interest on all Undated Subordinated Notes outstanding shall become due in full on whichever is the earliest of:

- (v) the Interest Payment Date immediately following the date upon which the General Meeting of shareholders passed a resolution to pay a dividend on the ordinary share capital of the Issuer and
- (vi) a judgement rendered by any competent court declaring (a) the transfer of the whole of the business (*cession totale de l'entreprise*) or the judicial liquidation (*liquidation judiciaire*) of the Issuer or (b) the liquidation of the Issuer for any other reason.

If notice is given by the Issuer of its intention to pay the whole or part of Arrears of Interest, the Issuer shall be obliged to do so upon the expiration of such notice. When Arrears of Interest are paid in part, each such payment shall be applied in or towards satisfaction of the full amount of the Arrears of Interest accrued in respect of the earliest Interest Period in respect of which Arrears of Interest have accrued and have not been paid in full. Arrears of Interest shall (to the extent permitted by law) bear interest accruing (but only, in accordance with Article 1154 of the French Civil Code) and compounding on the basis of the exact number of days which have elapsed at the prevailing rate of interest on the Undated Subordinated Notes in respect of each relevant Interest Period. For these purposes the following expressions have the following meanings:

**"Compulsory Interest Payment Date"** means any Interest Payment Date unless at the General Meeting of shareholders of the Issuer immediately preceding such date which was required to approve the annual accounts of the Issuer for the fiscal year ended prior to such General Meeting, no resolution was passed to pay a dividend on the ordinary share capital of the Issuer in respect of such previous fiscal year.

**"Optional Interest Payment Date"** means any Interest Payment Date, as the case may be, other than a Compulsory Interest Payment Date.

(i) **Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts and Rounding:**

- (vii) If any Margin is specified in the relevant Final Terms (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (c) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph.
- (viii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified in the relevant Final Terms, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
- (ix) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes **"unit"** means the lowest amount of such currency that is available as legal tender in the country(ies) of such currency.

- (j) **Calculations:** The amount of interest payable in respect of any Note for any period shall be calculated by multiplying the product of the Rate of Interest and the outstanding nominal amount of such Note by the Day Count Fraction, unless an Interest Amount (or a formula for its calculation) is specified in respect of such period, in which case the amount of interest payable in respect of such Note for such period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period shall be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.
- (k) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Optional Redemption Amounts, Early Redemption Amounts and Instalment Amounts:** As soon as practicable after the relevant time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, it shall determine such rate and calculate the Interest Amounts in respect of each Specified Denomination of the Notes for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Optional Redemption Amount, Early Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Optional Redemption Amount, Early Redemption Amount or any Instalment Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are admitted to trading on a Regulated Market and the rules of, or applicable to, such Regulated Market so require, such Regulated Market as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such Regulated Market of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(c)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.
- (l) **Calculation Agent:** The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them in the relevant Final Terms and for so long as any Note is outstanding (as defined Condition 4). If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank, then the Issuer shall appoint another Reference Bank with an office in the Relevant Financial Centre to act as such in its place. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Period or Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal Luxembourg office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid. So long as the Notes are admitted to trading on a Regulated Market and the rules of, or applicable to, that Regulated Market so require, notice of any change of Calculation Agent shall be given in accordance with Condition 15.



- (m) **RMB Notes:** Notwithstanding the foregoing, each RMB Note which is a Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate per annum equal to the Rate of Interest. For the purposes of calculating the amount of interest, if any Interest Payment Date would otherwise fall on a day which is not a Business Day, it shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month in which case it shall be brought forward to the immediately preceding Business Day. Interest will be payable in arrear on each Interest Payment Date.

The Calculation Agent will, as soon as practicable after 11.00 a.m. (Hong Kong time) on each Interest Determination Date, calculate the amount of interest payable per Specified Denomination for the relevant Interest Period. The determination of the amount of interest payable per Specified Denomination by the Calculation Agent shall (in the absence of manifest error and after confirmation by the Issuer) be final and binding upon all parties.

The Calculation Agent will cause the amount of interest payable per Specified Denomination for each Interest Period and the relevant Interest Payment Date to be notified to each of the Paying Agents and to be notified to Noteholders as soon as possible after their determination but in no event later than the fourth Business Day thereafter. The amount of interest payable per Specified Denomination and Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 9, the accrued interest per Specified Denomination shall nevertheless continue to be calculated as previously by the Calculation Agent in accordance with this provision but no publication of the amount of interest payable per Specified Denomination so calculated need be made.

Interest shall be calculated in respect of any period by applying the Rate of Interest to the Specified Denomination, multiplying such product by the actual number of days in the relevant Interest Period or, as applicable, other period concerned and dividing it by 365, and rounding the resultant figure to the nearest Renminbi sub-unit, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

## 6. REDEMPTION, PURCHASE AND OPTIONS

- (a) **Final Redemption:** Unless previously redeemed, purchased and cancelled as provided below or its maturity is extended pursuant to any option provided by the relevant Final Terms including the Issuer's option in accordance with Condition 6(c) or any Noteholders' option in accordance with Condition 6(d), each Note shall be finally redeemed on the Maturity Date specified in the relevant Final Terms at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount) or, in the case of a Note falling within Condition 6(b) below, its final Instalment Amount.
- (b) **Redemption by Instalments and Final Redemption:** Unless previously redeemed, purchased and cancelled as provided in this Condition 6 or the relevant Instalment Date (being one of the dates so specified in the relevant Final Terms) is extended pursuant to the Issuer's or any Noteholder's option in accordance with Condition 6(c) or 6(d), each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified in the relevant Final Terms. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused (i) in the case of Dematerialised Notes, on the due date for such payment or (ii) in the case of Materialised Notes, on presentation of the related Receipt, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.

- (c) **Redemption at the Option of the Issuer, Exercise of Issuer's Options and Partial Redemption:** If a Call Option is specified in the relevant Final Terms, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice in accordance with Condition 15 to the Noteholders (or such other notice period as may be specified in the relevant Final Terms) redeem, or exercise the Issuer's option (as may be described) in relation to, all or, if so provided, some, of the Notes on any Optional Redemption Date or Option Exercise Date, as the case may be. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption (including, where applicable, any arrears of interest), if any. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the minimum nominal amount to be redeemed specified in the relevant Final Terms and no greater than the maximum nominal amount to be redeemed specified in the relevant Final Terms.

All Notes in respect of which any such notice is given shall be redeemed, or the Issuer's option shall be exercised, on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption or a partial exercise of the Issuer's option in respect of Materialised Notes, the notice to holders of such Materialised Notes shall also contain the number of the Definitive Materialised Bearer Notes to be redeemed or in respect of which such option has been exercised, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and Regulated Market or stock exchange requirements.

In the case of a partial redemption of or a partial exercise of an Issuer's option in respect of Dematerialised Notes, the redemption may be effected, at the option of the Issuer, either (i) by reducing the nominal amount of all such Dematerialised Notes in a Series in proportion to the aggregate nominal amount redeemed or (ii) by redeeming in full some only of such Dematerialised Notes and, in such latter case, the choice between those Dematerialised Notes that will be fully redeemed and those Dematerialised Notes of any Series that will not be redeemed shall be made in accordance with Article R.213-16 of the *Code monétaire et financier* and the provisions of the relevant Final Terms, subject to compliance with any other applicable laws and Regulated Market or other stock exchange requirements.

So long as the Notes are listed and admitted to trading on Euronext Paris and the rules of that Stock Exchange so require, the Issuer shall, once in each year in which there has been a partial redemption of the Notes, cause to be published in accordance with Articles 221-3 and 221-4 of the General Regulations (*Règlement Général*) of the *Autorité des marchés financiers* (the "AMF") and on the website of any other competent authority and/or Regulated Market of the EEA Member State where the Notes are listed and admitted to trading, a notice specifying the aggregate nominal amount of Notes outstanding and, in the case of Materialised Notes a list of any Definitive Materialised Bearer Notes drawn for redemption but not surrendered.

- (d) **Redemption at the Option of Noteholders and Exercise of Noteholders' Options:** If a Put Option is specified in the relevant Final Terms, the Issuer shall, at the option of the Noteholder, upon the Noteholder giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified in the relevant Final Terms) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption including, where applicable, any arrears of interest.

To exercise such option or any other Noteholders' option that may be set out in the relevant Final Terms (which must be exercised on an Option Exercise Date) the Noteholder must deposit with any Paying Agent at its specified office a duly completed option exercise notice (the "**Exercise Notice**") in the form obtained from any Paying Agent, within the notice period. In the case of Materialised Bearer Notes, the Exercise Notice shall have attached to it such Notes (together with all unmatured Receipts and Coupons and unexchanged Talons). In the case of Dematerialised Notes, the

Noteholder shall transfer, or cause to be transferred, the Dematerialised Notes to be redeemed to the account of the Fiscal Agent or the Paris Paying Agent specified in the Exercise Notice. No option so exercised and, where applicable, no Note so deposited or transferred may be withdrawn without the prior consent of the Issuer.

(e) **Early Redemption:**

(i) Zero Coupon Notes:

(A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 6(f) or Condition 6(j) or upon it becoming due and payable as provided in Condition 9 shall be the Amortised Nominal Amount (calculated as provided below) of such Note unless otherwise specified in the relevant Final Terms.

(B) Subject to the provisions of sub-paragraph (C) below, the Amortised Nominal Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown in the relevant Final Terms, shall be such rate as would produce an Amortised Nominal Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(f) or Condition 6(j) or upon it becoming due and payable as provided in Condition 9 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Nominal Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Amortised Nominal Amount becomes due and payable were the Relevant Date. The calculation of the Amortised Nominal Amount in accordance with this sub-paragraph shall continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(d). Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown in the relevant Final Terms.

(ii) Other Notes: The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 6(f) or Condition 6(j), or upon it becoming due and payable as provided in Condition 9 shall be the Final Redemption Amount together with interest accrued to the date fixed for redemption (including, where applicable, any arrears of interest) unless otherwise specified in the relevant Final Terms.

(f) **Redemption for Taxation Reasons**

(i) If, by reason of any change in, or any change in the official application or interpretation of, French law becoming effective after the Issue Date, the Issuer, would on the occasion of the next payment of principal or interest due in respect of the Notes, not be able to make such payment without having to pay Additional Amounts as specified and defined under Condition 8 below, the Issuer may, at its option, on any Interest Payment Date or, if so

specified in the relevant Final Terms, at any time, subject to having given not more than 45 nor less than 30 days' notice to the Noteholders (which notice shall be irrevocable), in accordance with Condition 15, redeem all, but not some only, of the Notes at their Early Redemption Amount together with, unless otherwise specified in the Final Terms, any interest accrued to the date set for redemption (including, where applicable, any arrears of interest) 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 principal and interest without withholding for such taxes.

- (ii) If the Issuer would on the next payment of principal or interest in respect of the Notes be prevented by French law from making payment to the Noteholders or, if applicable, Couponholders of the full amounts then due and payable, notwithstanding the undertaking to pay Additional Amounts contained in Condition 8 below, then the Issuer, shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall upon giving not less than seven days' prior notice to the Noteholders in accordance with Condition 15, redeem all, but not some only, of the Notes then outstanding at their Redemption Amount together with, unless otherwise specified in the Final Terms, any interest accrued to the date set for redemption (including, where applicable, any arrears of interest) on the latest practicable Interest Payment Date on which the Issuer could make payment of the full amount then due and payable in respect of the Notes or, if applicable, Receipts or Coupons, or, if that date is passed, as soon as practicable thereafter.
- (g) **Partly Paid Notes:** Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the provisions specified in the relevant Final Terms.
- (h) **Purchases:** The Issuer shall have the right at all times to purchase Notes (provided that, in the case of Materialised Notes, all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price subject to the applicable laws and regulations. Unless otherwise specified in the Final Terms, all Notes so purchased by the Issuer may be held and resold for the purpose of enhancing the liquidity of the Notes in accordance with Articles L.213-1-A and D.213-1-A of the French *Code monétaire et financier*.
- (i) **Cancellation:** All Notes purchased for cancellation by or on behalf of the Issuer will forthwith be cancelled, in the case of Dematerialised Notes, by transfer to an account in accordance with the rules and procedures of Euroclear France and, in the case of Materialised Bearer Notes, by surrendering the Temporary Global Certificate and the Definitive Materialised Bearer Notes in question together with all unmatured Receipts and Coupons and all unexchanged Talons to the Fiscal Agent and, in each case, if so transferred or surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with, in the case of Dematerialised Notes, all rights relating to payment of interest and other amounts relating to such Dematerialised Notes and, in the case of Materialised Notes, all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so cancelled or, where applicable, transferred or surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.
- (j) **Illegality:** If, by reason of any change in, or any change in the official application of French law becoming effective after the Issue Date, it will become unlawful for the Issuer to perform or comply with one or more of its obligations under the Notes, the Issuer will, subject to having given not more than 45 nor less than 30 days' notice to the Noteholders (which notice shall be irrevocable), in accordance with Condition 15, redeem all, but not some only, of the Notes at their Early Redemption Amount together with any interest accrued to the date set for redemption (including, where applicable, any arrears of interest).

(k) **Redemption or repurchase at the option of the Noteholders in case of Change of Control:**

If a Put Option in case of Change of Control (as defined below) is specified in the relevant Final Terms, and if a Put Event (as defined below) occurs, each Noteholder will have the option to require the Issuer to redeem, or procure purchase for, all or part of the Notes held by such Noteholder on the Put Date (as defined below) at their principal amount together with interest accrued up to but excluding such date of redemption or repurchase. Such option (the "**Put Option in case of Change of Control**") shall operate as set out below.

(A) A "**Put Event**" will be deemed to occur if:

- (i) Any person or group of persons acting in concert or any person or persons acting on behalf of any such person(s) (other than a Permitted Holding Company) (the "**Relevant Persons**") (a) acquires directly or indirectly more than 50% of the total voting rights or of the issued ordinary share capital of the Issuer (or any successor entity), (b) acquires directly or indirectly a number of shares in the ordinary share capital of the Issuer carrying more than 40% of the voting rights exercisable in general meetings of the Issuer and no other shareholder of such entity, directly or indirectly, acting alone or in concert with others, holds a number of shares carrying a percentage of the voting rights exercisable in such general meetings which is higher than the percentage of voting rights attached to the number of shares held directly or indirectly by such Relevant Person(s) (any such event being a "**Change of Control**"); and
- (ii) on the date notified to the Noteholders by the Issuer in accordance with Condition 15 (the "**Relevant Announcement Date**") that is the earlier of (x) the date of the first public announcement of the Change of Control; and (y) the date of the earliest Relevant Potential Change of Control Announcement, either the Notes or the senior unsecured long-term debt of the Issuer carries from any Rating Agency:
  - (x) an investment grade credit rating (Baa3, or equivalent, or better), and such rating from any Rating Agency is, within the Change of Control Period either downgraded to a non-investment grade credit rating (Ba1, or equivalent, or worse) or withdrawn and is not, within the Change of Control Period subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to an investment grade credit rating by such Rating Agency; or
  - (y) a non-investment grade credit rating (Ba1, or equivalent, or worse), and such rating from any Rating Agency is within the Change of Control Period either downgraded by one or more notches (for illustration, Ba1 to Ba2 being one notch) or withdrawn and is not within the Change of Control Period subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to its earlier credit rating or better by such Rating Agency;

provided that, for the avoidance of doubt,

- 1. any such decision of the relevant Rating Agency referred to in (x) or (y) above shall not be deemed to have occurred in respect of a particular Change of Control if such Rating Agency does not publicly announce or confirm that such decision was the result, in whole or in part, of any event or circumstance comprised in or arising as a result of, or in respect of, the applicable Change of Control; and

2. if at the time of the occurrence of a Change of Control neither the Notes nor the senior unsecured long-term debt of the Issuer is rated by a Rating Agency, and no Rating Agency assigns within the Change of Control Period an investment grade rating to the Notes, a Put Event will be deemed to have occurred.
- (B) Promptly upon the Issuer becoming aware that a Put Event has occurred the Issuer shall give notice (a "**Put Event Notice**") to the Noteholders in accordance with Condition 15 specifying the nature of the Put Event, the circumstances giving rise to it and the procedure for exercising the option contained in this Condition.
- (C) To exercise the Put Option in case of Change of Control to require redemption or repurchase of the Notes, any Noteholder must transfer or cause to be transferred the Notes to be so redeemed or repurchased to the account of any Paying Agent and deliver to the Issuer a duly completed redemption or repurchase notice in writing (a "**Change of Control Put Notice**"), in which such Noteholder will specify a bank account to which payment is to be made under this paragraph, within the period (the "**Put Period**") of 45 days after a Put Event Notice is given (except where (i) the Noteholder gives the Issuer written notice of the occurrence of a Put Event of which it is aware and (ii) the Issuer fails to give a Put Event Notice to the Noteholders by close of business of the third Business Day after the receipt of such notice from the Noteholder, in which case the Put Period will start from such third Business Day and will end on the day falling 45 days thereafter).

A Change of Control Put Notice once given shall be irrevocable. The Issuer shall redeem, or procure purchase for, the Notes in respect of which the Put Option in case of Change of Control has been validly exercised as provided above and subject to the transfer of the Notes, on the date which is the fifth Business Day following the end of the Put Period (the "**Put Date**"). Payment in respect of such Notes will be made by transfer to the bank account specified in the Change of Control Put Notice.

- (D) For the purposes of this Condition:

**"Change of Control Period"** means the period commencing on the Relevant Announcement Date, and ending 180 days (inclusive) after the occurrence of the relevant Change of Control (or such longer period for which the Notes or the senior unsecured long-term debt of the Issuer are under consideration (such consideration having been announced publicly within the period ending 120 days after the occurrence of the relevant Change of Control) for rating review or, as the case may be, for rating by, a Rating Agency, such period not to exceed 60 days after the public announcement of such consideration);

**"Permitted Holding Company"** means GDF Suez or any company or other legal entity whose share capital (or equivalent) and associated voting rights are controlled (within the meaning of Article L.233-3 of the French *Code de commerce*) by GDF Suez, and any successor to each of GDF Suez or any such company or other legal entity;

**"Rating Agency"** means any of the following: Moody's Investors Service Limited, any other rating agency of equivalent international standing requested from time to time by the Issuer to grant a rating to the Issuer and/or the Notes and in each case, any of their respective successors to the rating business thereof; and

**"Relevant Potential Change of Control Announcement"** means any public announcement or statement by the Issuer or any Relevant Person thereto relating to any potential Change of Control.

## 7. PAYMENTS AND TALONS

- (a) **Dematerialised Notes:** Payments of principal and interest (including, for the avoidance of doubt, any arrears of interest, where applicable) in respect of Dematerialised Notes shall (in the case of Dematerialised Notes issued in bearer form or administered registered form) be made by transfer to the account denominated in the relevant currency of the relevant Euroclear France Account Holders for the benefit of the Noteholders or (in the case of Dematerialised Notes issued in fully registered form) to an account denominated in the relevant currency with a Bank (as defined below) designated by the Noteholders. All payments validly made to such Euroclear France Account Holders will be an effective discharge of the Issuer in respect of such payments.
- (b) **Materialised Bearer Notes:** Payments of principal and interest (including, for the avoidance of doubt, any arrears of interest, where applicable) in respect of Materialised Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Materialised Bearer Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(f)(vi)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the Noteholder, by transfer to an account denominated in such currency with, a Bank. No payments in respect of Materialised Bearer Notes shall be made by transfer to an account in, or mailed to an address in, the United States.

"**Bank**" means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

- (c) **Payments in the United States:** Notwithstanding the foregoing, if any Materialised Bearer Notes are denominated in U.S. Dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.
- (d) **Payments Subject to Fiscal Laws:** All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (e) **Appointment of Agents:** The Fiscal Agent, the Paying Agents, the Calculation Agent, the Registration Agent, the Redenomination Agent and the Consolidation Agent initially appointed under the Agency Agreement and their respective specified offices are listed below. The Fiscal Agent, the Paying Agents, the Registration Agent, the Redenomination Agent and the Consolidation Agent act solely as agents of each Issuer and the Calculation Agent(s) act(s) as independent experts(s) and, in each case such, do not assume any obligation or relationship of agency for any Noteholder or Couponholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Registration Agent, the Redenomination Agent and the Consolidation Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) one or more Calculation Agent(s) where the Conditions so require, (iii) a Redenomination Agent and a Consolidation Agent where the Conditions so require, (iv) in the case of Dematerialised Notes in fully registered form a Registration Agent, (v) Paying Agents having specified offices in at

least two major European cities, (vi) in the case of Materialised Notes, a Paying Agent in a Member State of the EU that will not be obliged to withhold or deduct tax pursuant to the European Council Directive 2003/48/EC or any other EU Directive on the taxation of savings income (which may be any of the Paying Agents referred to in (v) above) implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000, or pursuant to any law implementing or complying with, or introduced in order to conform to, such Directive and (vii) such other agents as may be required by the rules of any other stock exchange on which the Notes may be listed.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Materialised Bearer Notes denominated in U.S. Dollars in the circumstances described in paragraph (c) above.

On a redenomination of the Notes of any Series pursuant to Condition 1(e) with a view to consolidating such Notes with one or more other Series of Notes, in accordance with Condition 14, the Issuer shall ensure that the same entity shall be appointed as both Redenomination Agent and Consolidation Agent in respect of both such Notes and such other Series of Notes to be so consolidated with such Notes.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders in accordance with Condition 15.

**(f) Unmatured Coupons and Receipts and unexchanged Talons:**

- (i) Unless Materialised Bearer Notes provide that the relative Coupons are to become void upon the due date for redemption of those Notes, Materialised Bearer Notes should be surrendered for payment together with all unmaturing Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmaturing Coupon (together, where applicable, with the amount of any arrears of interest corresponding to such Coupon) (or, in the case of payment not being made in full, that proportion of the amount of such missing unmaturing Coupon (together, where applicable, with the amount of any arrears of interest corresponding to such Coupon) that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Amortised Nominal Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 10).
- (ii) If Materialised Bearer Notes so provide, upon the due date for redemption of any such Materialised Bearer Note, unmaturing Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Materialised Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Upon the due date for redemption of any Materialised Bearer Note that is redeemable in instalments, all Receipts relating to such Materialised Bearer Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
- (v) Where any Materialised Bearer Note that provides that the relative unmaturing Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmaturing Coupons, and where any such Note is presented for redemption



without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

- (vi) If the due date for redemption of any Materialised Bearer Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, (including, for the avoidance of doubt, any arrears of interest if applicable) shall only be payable against presentation (and surrender if appropriate) of the relevant Definitive Materialised Bearer Note. Interest accrued on a Materialised Bearer Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Materialised Bearer Notes.
- (g) **Talons:** On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Materialised Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 10).
- (h) **Non-Business Days:** If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the Noteholder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "**business day**" means a day (other than a Saturday or a Sunday) (A) (i) in the case of Dematerialised Notes, on which Euroclear France is open for business or (ii) in the case of Materialised Notes, on which banks and foreign exchange markets are open for business in the relevant place of presentation, (B) on which banks and foreign exchange markets are open for business in such jurisdictions as shall be specified as "**Financial Centres**" in the relevant Final Terms and (C) (i) in the case of a payment in a currency other than euro, where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency or (ii) in the case of a payment in euro, which is a TARGET Business Day.
- (i) **Payment of US Dollar Equivalent:** Notwithstanding any other provision in these Conditions, if an Inconvertibility, Non-Transferability or Illiquidity occurs or if Renminbi is otherwise not available to the Issuer as a result of circumstances beyond its control and such unavailability has been confirmed by a Renminbi Dealer, following which the Issuer is unable to satisfy payments of principal or interest (in whole or in part) in respect of RMB Notes, the Issuer on giving not less than five nor more than 30-days irrevocable notice to the Noteholders prior to the due date for payment, may settle any such payment (in whole or in part) in US dollars on the due date at the US Dollar Equivalent of any such Renminbi denominated amount.

In such event, payments of the US Dollar Equivalent of the relevant principal or interest in respect of the Notes shall be made by transfer to the U.S. dollar account of the relevant Account Holders for the benefit of the Noteholders. For the avoidance of doubt, no such payment of the US Dollar Equivalent shall by itself constitute a default in payment within the meaning of Condition 9.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 7(i) by the RMB Rate Calculation Agent, will (in the absence of manifest error) be binding on the Issuer, the Agents and all Noteholders.

These provisions may be amended or supplemented in the relevant Final Terms.

For the purposes of this Condition 7:

**"Governmental Authority"** means any *de facto* or *de jure* government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of Hong Kong.

**"Illiquidity"** means that the general Renminbi exchange market in Hong Kong becomes illiquid, other than as a result of an event of Inconvertibility or Non-Transferability, as determined by the Issuer in good faith and in a commercially reasonable manner following consultation with two Renminbi Dealers.

**"Inconvertibility"** means the occurrence of any event that makes it impossible for the Issuer to convert any amount due in respect of RMB Notes in the general Renminbi exchange market in Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation).

**"Non-Transferability"** means the occurrence of any event that makes it impossible for the Issuer to deliver Renminbi between accounts inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation).

**"Renminbi Dealer"** means an independent foreign exchange dealer of international repute active in the Renminbi exchange market in Hong Kong reasonably selected by the Issuer.

**"RMB Note"** means a Note denominated in Renminbi.

**"RMB Rate Calculation Agent"** means the agent appointed from time to time by the Issuer for the determination of the RMB Spot Rate or identified as such in the relevant Final Terms.

**"RMB Rate Calculation Business Day"** means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in Hong Kong and in New York City.

**"RMB Rate Calculation Date"** means the day which is two RMB Rate Calculation Business Days before the due date for payment of the relevant Renminbi amount under the Conditions.

**"RMB Spot Rate"** for a RMB Rate Calculation Date means the spot CNY/US dollar exchange rate for the purchase of US dollars with CNY in the over-the-counter CNY exchange market in Hong Kong for settlement on the relevant due date for payment, as determined by the RMB Rate Calculation Agent at or around 11 a.m. (Hong Kong time) on such RMB Rate Calculation Date, on a deliverable basis by reference to Reuters Screen Page TRADNDF. If such rate is not available, the RMB Rate Calculation Agent will determine the RMB Spot Rate at or around 11 a.m. (Hong Kong time) on the RMB Rate Calculation Date as the most recently available CNY/U.S. dollar official fixing rate for settlement on the relevant due date for payment reported by The State Administration of Foreign Exchange of the PRC, which is reported on the Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuter Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate.

"**US Dollar Equivalent**" means the relevant Renminbi amount converted into US dollars using the RMB Spot Rate for the relevant RMB Rate Calculation Date, as calculated by the RMB Rate Calculation Agent.

## 8. TAXATION

- (a) **No withholding or deduction:** All payments of principal, interest and other revenues by or on behalf of the Issuer in respect of the Notes, Receipts or Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by any jurisdiction or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.
- (b) **Additional amounts:** If applicable law should require that payments of principal or interest made by the Issuer in respect of any Note, Receipt or Coupon be subject to deduction or withholding in respect of any present or future taxes or duties whatsoever levied by the Republic of France, the Issuer, will, to the fullest extent then permitted by law, pay such additional amounts ("**Additional Amounts**") as shall result in receipt by the Noteholders or, if applicable, the Receiptholders and the Couponholders, as the case may be, of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Amounts shall be payable with respect to any Note, Receipt or Coupon, as the case may be:
- (i) **Other connection:** to, or to a third party on behalf of, a Noteholder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with the Republic of France other than the mere holding of the Note, Receipt or Coupon; or
  - (ii) **Presentation more than 30 days after the Relevant Date:** more than 30 days after the Relevant Date except to the extent that the Noteholder would have been entitled to such Additional Amounts on presenting it for payment on the thirtieth such day; or
  - (iii) **Payment to individuals:** where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other EU Directive implementing the conclusions of the ECOFIN Council Meeting of 26-27 November 2000 on the taxation of savings income, or any law implementing or complying with, or introduced in order to conform to, such Directive; or
  - (iv) **Payment by another Paying Agent:** presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the EU; or

As used in these Conditions, "**Relevant Date**" in respect of any Note, Receipt or Coupon means the date on which payment in respect of it first becomes due (and, for the avoidance of doubt, in the case of arrears of interest, references to "**becomes due**" shall be interpreted in accordance with the provisions of Condition 5(g)) or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or, in the case of Materialised Notes (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note, Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) "**principal**" shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Nominal Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) "**interest**" shall be deemed to include all Interest Amounts and all other

amounts (including, for the avoidance of doubt, all arrears of interest) payable pursuant to Condition 5 or any amendment or supplement to it and (iii) "**principal**" and/or "**interest**" shall be deemed to include any Additional Amounts that may be payable under this Condition.

- (c) **Supply of Information:** Each holder of Notes shall be responsible for supplying to the Paying Agent, in a reasonable and timely manner, any information as may be required in order to comply with the identification and reporting obligations imposed on it by the European Council Directive 2003/48/EC or any other European Directive implementing the conclusions of the ECOFIN Council Meeting dated 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such Directive.

## 9. EVENTS OF DEFAULT

The Representative (referred to in Condition 11), upon request of any Noteholder, may, after written notice to the Issuer and the Fiscal Agent has been given and unless all defaults shall have been remedied, cause all the Notes held by such Noteholder to become immediately due and payable, whereupon such Notes shall become immediately due and payable at their principal amount, plus accrued interest and, where applicable, any Arrears of Interest, without any other formality, if any of the following events (each, an "**Event of Default**") occurs:

(a) **Unsubordinated Notes:**

- (i) the Issuer defaults in any payment when due of principal or interest on any Note (including the payment of any Additional Amounts pursuant to the provisions set forth under "**Taxation**" above) and such default shall not have been cured within 15 calendar days (as defined in Condition 5(a)); or
- (ii) there is a default by the Issuer in the due performance of any other provision of the Notes, and such default shall not have been cured within 30 calendar days (as defined in Condition 5(a)) after receipt by the Fiscal Agent of written notice of default given by the Representative upon request of the Noteholder; or
- (iii) the Issuer and/or any of its Material Subsidiaries (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 100,000,000 (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; or
- (iv) the Issuer or any of its Material Subsidiaries (i) applies for or is subject to the appointment of a *mandataire ad hoc* under French bankruptcy law or (ii) has entered into conciliation proceedings with its creditors (*procédure de conciliation*) or (iii) is subject to a judgment rendered for its judicial liquidation (*liquidation judiciaire*) or for a transfer of the whole or part of the business (*cession totale ou partielle de l'entreprise*); or
- (v) any Material Subsidiary of the Issuer not established in France is adjudicated or found bankrupt or insolvent or ceases payment or is found unable to pay its debts or any order is made by any competent court or administrative agency for, or a resolution is passed by it for, judicial composition proceedings with its creditors or for the appointment of a receiver or trustee or other similar official in insolvency

proceedings in relation to it or any event occurs which under the law of any relevant jurisdiction has an analogous or equivalent effect; or

- (vi) the Issuer and/or any of its Material Subsidiaries sells or otherwise disposes of all or substantially all of its assets or ceases or threatens to cease to carry on the whole of its business or substantially the whole of its business or an order is made or an effective resolution passed for its winding-up, dissolution or liquidation, unless such winding-up, dissolution, liquidation, cessation or disposal is made in connection with a merger, consolidation, reconstruction, amalgamation or other form of combination (a "**Restructuring**") with or to, any other corporation and (i) in the case of the Issuer, the liabilities under the Notes are transferred to and assumed by such other corporation and the credit rating assigned by any Rating Agency to the long-term, unsecured and unsubordinated indebtedness of the surviving entity of such Restructuring following such Restructuring is not less than the credit rating assigned by any such credit rating agency to the long-term, unsecured and unsubordinated indebtedness of the Issuer immediately prior to the effective date of such Restructuring, or (ii) in the case of the Issuer or any Material Subsidiary, the undertaking and assets of the Issuer or such Material Subsidiary are vested in the Issuer or any of its Subsidiaries.

- (b) **Subordinated Notes:** in accordance with Condition 3(b), any judgment is issued for the transfer of the whole of its business (*cession totale de l'entreprise*) or the judicial liquidation (*liquidation judiciaire*) of the Issuer or the Issuer is liquidated for any other reason.

## 10. PRESCRIPTION

Claims against the Issuer for payment in respect of the Notes, Receipts and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

## 11. REPRESENTATION OF NOTEHOLDERS

Except as otherwise provided by the relevant Final Terms, Noteholders will, in respect of all Tranches in any Series, be grouped automatically for the defence of their common interests in a *masse* (in each case, the "**Masse**").

The Masse will be governed by the provisions of the French *Code de commerce* with the exception of Articles L.228-48, L.228-59, the second sentence of Article L.228-65 II and Articles R.228-63, R.228-67 and R.228-69 subject to the following provisions:

### (a) Legal Personality

The Masse will be a separate legal entity and will act in part through a representative (the "**Representative**") and in part through a general meeting of the Noteholders (the "**General Meeting**").

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

### (b) Representative

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

- (i) the members of the Management Committee (*Comité de Gestion*), the Board of Directors (*Conseil d'Administration*), the general managers (*directeurs généraux*), the statutory auditors, or the employees of the Issuer as well as their ascendants, descendants and spouse; or
- (ii) companies guaranteeing all or part of the obligations of the Issuer, their respective managers (*gérants*), general managers (*directeurs généraux*), members of their Board of Directors (*Conseil d'Administration*), Executive Board (*Directoire*), or Supervisory Board (*Conseil de Surveillance*), their statutory auditors, or employees as well as their ascendants, descendants and spouse; or
- (iii) companies holding 10% or more of the share capital of the Issuer or companies having 10% or more of their share capital held by the Issuer; or persons to whom the practice of banker is forbidden or who have been deprived of the right of directing, administering or managing an enterprise in whatever capacity; or
- (iv) persons to whom the practice of banker is forbidden or who have been deprived of the right of directing, administering or managing an enterprise in whatever capacity.

The names and addresses of the initial Representative of the Masse and its alternate will be set out in the relevant Final Terms. The Representative appointed in respect of the first Tranche of any Series of Notes will be the representative of the single Masse of all Tranches in such Series.

The Representative will be entitled to such remuneration in connection with its functions or duties as set out in the relevant Final Terms.

In the event of death, retirement or revocation of appointment of the Representative, such Representative will be replaced by another Representative. In the event of the death, retirement or revocation of appointment of the alternate Representative, an alternate will be elected by the General Meeting.

All interested parties will at all times have the right to obtain the names and addresses of the initial Representative and the alternate Representative at the head office of the Issuer and the specified offices of any of the Paying Agents.

(c) **Powers of Representative**

The Representative shall (in the absence of any decision to the contrary of the General Meeting) have the power to take all acts of management necessary in order to defend the common interests of the Noteholders.

All legal proceedings against the Noteholders or initiated by them, must be brought by or against the Representative.

The Representative may not be involved in the management of the affairs of the Issuer.

(d) **General Meeting**

A General Meeting may be held at any time, on convocation either by the Issuer or by the Representative. One or more Noteholders, holding together at least one-thirtieth of the principal amount of the Notes outstanding, 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 after such demand, the Noteholders may commission one of

their members to petition a competent court in Paris to appoint an agent (*mandataire*) who will call the General Meeting.

Notice of the date, hour, place and agenda of any General Meeting will be published as provided under Condition 15 not less than 15 days prior to the date of such General Meeting. Each Noteholder has the right to participate in a General Meeting in person, by proxy, by correspondence or, if the *statuts* of the Issuer so specify, by videoconference or by any other means of telecommunication allowing the identification of participating Noteholders.

Each Note carries the right to one vote or, in the case of Notes issued with more than one Specified Denomination, one vote in respect of each multiple of the lowest Specified Denomination comprised in the principal amount of the Specified Denomination of such Note.

(e) **Powers of the General Meetings**

The General Meeting is empowered to deliberate on the dismissal and replacement of the Representative and the alternate Representative 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 Notes, including authorising the Representative to act at law as plaintiff or defendant.

The General Meeting may further deliberate on any proposal relating to the modification of the Conditions including any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions, it being specified, however, that the General Meeting may not increase the liabilities (*charges*) of the Noteholders, nor establish any unequal treatment between the Noteholders, nor to decide to convert Notes into shares.

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

In accordance with Article R.228-71 of the French *Code de commerce*, the right of each Noteholder to participate in General Meetings will be evidenced by the entries in the books of the relevant Account Holder of the name of such Noteholder as of 0:00, Paris time, on the third business day in Paris preceding the date set for the meeting of the relevant general assembly.

Decisions of General Meetings must be published in accordance with the provisions set forth in Condition 15.

(f) **Information to Noteholders**

Each Noteholder or Representative thereof will have the right, during the 15-day 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 at the General Meeting, all of which will be available for inspection by the relevant Noteholders at the registered office of the Issuer, at the specified offices of any of the Paying Agents and at any other place specified in the notice of the General Meeting.

(g) **Expenses**

The Issuer will pay all expenses relating to the operation of the Masse, including expenses relating to the calling and holding of General Meetings and, more generally, all administrative expenses resolved upon by the General Meeting, it being expressly stipulated that no expenses may be imputed against interest payable under the Notes.

(h) **Single Masse**

The holders of Notes of the same Series, and the holders of Notes of any other Series which have been assimilated with the Notes of such first mentioned Series in accordance with Condition 14, shall, for the defence of their respective common interests, be grouped in a single Masse. The Representative appointed in respect of the first Tranche of any Series of Notes will be the Representative of the single Masse of all such Series.

For the avoidance of doubt, in this Condition 11 "outstanding" shall not include those Notes purchased by the Issuer pursuant to Article L.213-1-A of the French *Code monétaire et financier* that are held by it and not cancelled.

**12. MODIFICATIONS**

These Conditions may be completed, amended, modified or varied in relation to any Series of Notes by the terms of the relevant Final Terms in relation to such Series.

**13. REPLACEMENT OF DEFINITIVE NOTES, RECEIPTS, COUPONS AND TALONS**

If, in the case of any Materialised Bearer Notes, a Definitive Materialised Bearer Note, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and Regulated Market or other stock exchange regulations, at the specified office of the Fiscal Agent or such other Paying Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, inter alia, that if the allegedly lost, stolen or destroyed Definitive Materialised Bearer Note, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Definitive Materialised Bearer Notes, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Materialised Bearer Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

**14. FURTHER ISSUES AND CONSOLIDATION**

- (a) **Further Issues:** Unless otherwise specified in the relevant Final Terms, the Issuer may, with prior approval of the Redenomination and Consolidation Agents from time to time without the consent of the Noteholders, Receiptholders or Couponholders create and issue further Notes to be assimilated (*assimilées*) with the Notes provided such Notes and the further Notes carry rights identical in all respects (or in all respects save for the principal amount thereof and the first payment of interest in the relevant Final Terms) and that the terms of such Notes provide for such assimilation and references in these Conditions to "Notes" shall be construed accordingly.
- (b) **Consolidation:** The Issuer, with the prior approval of the Consolidation Agent, may from time to time on any Interest Payment Date occurring on or after the Redenomination Date on giving not less than 30 days' prior notice to the Noteholders in accordance with Condition 15, without the consent of the Noteholders, Receiptholders or Couponholders, consolidate the Notes of one Series with the Notes of one or more other Series issued by it, whether or not originally issued in one of the European national currencies or in euro, provided such other Notes have been redenominated in Euro



(if not originally denominated in euro) and which otherwise have, in respect of all periods subsequent to such consolidation, the same terms and conditions as the Notes.

## 15. NOTICES

- (a) Notices to the holders of Dematerialised Notes in registered form (*au nominatif*) shall be valid if either, (i) they are mailed to them at their respective addresses, in which case they will be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the mailing, or, (ii) at the option of the Issuer, they are published (a) as long as such Notes are listed and admitted to trading on Euronext Paris, in a daily leading newspaper of general circulation in France (which is expected to be *Les Echos*), or (b) they are published in a leading daily newspaper of general circulation in Europe (which is expected to be the *Financial Times*), or (c) they are published in accordance with Articles 221-3 and 221-4 of the General Regulations (*Règlement Général*) of the AMF and so long as such Notes are listed and admitted to trading on any Regulated Market or other stock exchange and the rules of such Regulated Market or other stock exchange so require, in a leading daily newspaper with general circulation in the city where the Regulated Market on which such Notes are listed and admitted to trading is located and on the website of any other competent authority or Regulated Market of the EEA Member State where the Notes are listed and admitted to trading.
- (b) Notices to the holders of Materialised Bearer Notes and Dematerialised Notes in bearer form (*au porteur*) shall be valid if published (a) so long as such Notes are listed and admitted to trading on Euronext Paris, in a leading daily newspaper of general circulation in France (which is expected to be *Les Echos*), or (b) they are published in a leading daily newspaper of general circulation in Europe (which is expected to be the *Financial Times*) or (c) they are published in accordance with Articles 221-3 and 221-4 of the General Regulations (*Règlement Général*) of the AMF and so long as such Notes are listed and admitted to trading on any Regulated Market or other stock exchange and the rules of such Regulated Market or other stock exchange so require in a leading daily newspaper with general circulation (i) in the city/ies where the Regulated Market(s) or other stock exchange(s) on which such Notes are listed and admitted to trading is located and on the website of any other competent authority or Regulated Market of the EEA Member State where the Notes are listed and admitted to trading.
- (c) If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. 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 date of the first publication. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Materialised Bearer Notes in accordance with this Condition 15.
- (d) Notices required to be given to the holders of Dematerialised Notes (whether in registered or in bearer form) pursuant to these Conditions may be given by delivery of the relevant notice to Euroclear France, Euroclear, Clearstream, Luxembourg and any other clearing system through which the Notes are for the time being cleared in substitution for the mailing and publication of a notice required by Conditions 15(a), (b) and (c) above; except that (i) so long as the Notes are listed and admitted to trading on a Regulated Market or other stock exchange and the rules of such Regulated Market or other stock exchange so require, notices shall also be published in a leading daily newspaper of general circulation in the city where the Regulated Market or other stock exchange on which such Note(s) is/are listed and admitted to trading is located, and (ii) notices relating to the convocation and decision(s) of the General Meetings pursuant to Condition 11 shall also be published in a leading daily newspaper of general circulation in Europe.
- (e) Notices will, if published more than once, be deemed to have been given on the date of the first publication.

**16. GOVERNING LAW AND JURISDICTION**

- (a) **Governing Law:** The Notes and all non-contractual obligations arising from or connected with the Notes (and, where applicable, the Receipts, the Coupons and the Talons) are governed by, and shall be construed in accordance with, French law.
- (b) **Jurisdiction:** Any claim against the Issuer in connection with any Notes, Receipts, Coupons or Talons may be brought before any competent court located within the jurisdiction of the *Cour d'Appel* of Paris.

## **TEMPORARY GLOBAL CERTIFICATES ISSUED IN RESPECT OF MATERIALIZED BEARER NOTES**

### **Temporary Global Certificate**

A Temporary Global Certificate, without interest Coupons, will initially be issued in connection with Materialised Bearer Notes. Upon the initial deposit of such Temporary Global Certificate with a common depository for Euroclear and Clearstream, Luxembourg (the "**Common Depository**"), Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

The Common Depository may also (if indicated in the relevant Final Terms) credit the accounts of subscribers with other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems with a nominal amount of Notes. Conversely, a nominal amount of Notes that is initially deposited with any clearing system other than Euroclear or Clearstream, Luxembourg may similarly be credited to the accounts of subscribers with Euroclear or Clearstream, Luxembourg or other clearing systems.

### **Exchange**

Each Temporary Global Certificate issued in respect of Materialised Bearer Notes will be exchangeable, free of charge to the holder, on or after its Exchange Date (as defined below):

- (i) if the relevant Final Terms indicates that such Temporary Global Certificate is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see "**Summary of the Programme - Selling Restrictions**"), in whole, but not in part, for Definitive Materialised Bearer Notes; and
- (ii) otherwise, for Definitive Materialised Bearer Notes upon certification in the form set out in the Agency Agreement as to non-U.S. beneficial ownership.

A Noteholder must exchange its share of the Temporary Global Certificate for definitive Materialised Bearer Notes before interest or any amount payable in respect of the Notes will be paid.

### **Delivery of Definitive Materialised Bearer Notes**

On or after its Exchange Date, the holder of the Temporary Global Certificate must surrender such Temporary Global Certificate to or to the order of the Fiscal Agent. In exchange for the Temporary Global Certificate so surrendered, the Issuer will deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Materialised Bearer Notes.

In this Base Prospectus, "**Definitive Materialised Bearer Notes**" means, in relation to any Temporary Global Certificate, the definitive Materialised Bearer Notes for which such Temporary Global Certificate may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Temporary Global Certificate and a Talon). Definitive Materialised Bearer Notes will be security printed in accordance with any applicable legal and Regulated Market or stock exchange requirements in, or substantially in, the form set out in the Schedules to the Agency Agreement.

### **Exchange Date**

"**Exchange Date**" means, in relation to a Temporary Global Certificate, the day next succeeding the day that is 40 calendar days after its issue date.

## **USE OF PROCEEDS**

Unless otherwise specified in the relevant Final Terms, the net proceeds of the issue of the Notes will be used for the Issuer's general corporate purposes.

## DESCRIPTION OF THE ISSUER

### DESCRIPTION OF SUEZ ENVIRONNEMENT COMPANY

*For the purpose of this section the "Group" is defined as the Issuer and its subsidiaries.*

#### 1. General information about Suez Environnement Company

Suez Environnement Company is registered in the *Nanterre* Trade and Company Register (*Registre du commerce et des sociétés de Nanterre*) under reference number 433 466 570.

Its registered office is located at Tour CB21, 16, place de l'Iris, 92040 Paris La Défense cedex, France. The telephone number of the corporate offices is +33 (0) 1 58 18 20 00. Its website is [www.suez-environnement.com](http://www.suez-environnement.com).

Since 11 February 2008, Suez Environnement Company's legal name has been Suez Environnement Company. Its previous legal name was Houllival.

Suez Environnement Company was incorporated on 9 November 2000, for a term of 99 years. Except in the event of early dissolution or extension, the Suez Environnement Company will cease to exist on 9 November 2099.

Suez Environnement Company is a French public limited company (*société anonyme*) with a Board of Directors (*Conseil d'administration*) and is governed by the provisions of Book II of the French *Code de commerce* applicable to commercial companies and all legal provisions applicable to commercial companies. It is governed by current and future legal and regulatory provisions and its bylaws.

#### History

For 131 years, the Suez group has focused on providing public utility services to local authorities, industrial customers and individuals in the electricity, gas, water, and waste management sectors. Since 2003, Suez Environnement has managed all the expertise in water management, wastewater treatment and waste management services within the Suez group. This expertise is supported by trademarks of international renown such as Degremont, Safège, Lyonnaise des Eaux and SITA, which have developed their know-how over more than a century in certain cases, in serving their customers.

##### *1880, creation of Société Lyonnaise des Eaux et de l'Eclairage*

*Société Lyonnaise des Eaux et de l'Eclairage* operated in the water, electricity, and gas distribution public services for the rapidly growing cities and suburbs of Cannes, Bordeaux, Lille and Rouen. From the very beginning, Lyonnaise des Eaux was also developing its activities abroad.

##### *1919, creation of SITA*

The Société Industrielle des Transports Automobiles (SITA) was one of two service providers selected to collect household waste in Paris. At that time, SITA had two activities: transport of all kinds and public service delegation. It later diversified into passenger transport and corporate vehicle leasing.

*1946, partial nationalisation of Lyonnaise des Eaux*

In 1946, France nationalised the gas and electricity sectors, and Société Lyonnaise des Eaux et de l'Éclairage was partially nationalised. The company therefore focused on water-related activities to meet the growing demand for services and network development in the suburbs of large cities. In line with this same growth strategy, Lyonnaise des Eaux became a majority shareholder in Degrémont, a water treatment company established in Paris in 1939.

*1971, acquisition of SITA*

In order to meet increasing environmental protection requirements, SITA set up a waste sorting and recycling branch in the 1970s. In 1971, Lyonnaise des Eaux acquired a stake in SITA, which became the Group's "waste division". SITA has been wholly owned by the Suez group since 2000.

*1974, Compagnie financière de Suez, majority shareholder of Lyonnaise des Eaux*

In 1974, Compagnie Financière de Suez became the majority shareholder of Lyonnaise des Eaux. After being nationalised by the French government in 1982, Compagnie Financière de Suez was again privatised in 1987.

*1997, merger of Compagnie financière de Suez and Lyonnaise des Eaux*

In 1997, the merger between Lyonnaise des Eaux and Compagnie Financière de Suez resulted in Suez Lyonnaise des Eaux, the world's leading group for local services.

*2001, spin-off of Suez Group water activities*

In 2001, Suez Lyonnaise des Eaux became Suez and, through a contribution in kind, combined all of its water-related activities within Ondeo as part of a spin-off process. Water activities in France were consolidated under the name Lyonnaise des Eaux France.

*2003, formation of Suez Environnement*

In 2003, the water and waste activities were combined within Suez Environnement following the merger of SITA with Ondeo Services, which changed its name to Suez Environnement. Suez Environnement then united almost all of the environmental activities of the Suez group in the water, waste and engineering sectors.

*2008, listing of Suez Environnement Company*

As part of the merger between Suez and Gaz de France, which created a global leader in the gas and electric sectors with a strong French-Belgian base, Suez decided to complete the consolidation of all its environmental operations within a new company: Suez Environnement Company. Suez contributed all the shares of the former Suez Environnement to this new company, and distributed 65% of the Suez Environnement Company's capital to Suez shareholders prior to the merger. Since that distribution, the merged entity GDF SUEZ has had a stable equity stake in the Suez Environnement Company (35.68 per cent. as of 31 December 2011).

*2010, Agbar takeover*

On 8 June 2010, Suez Environnement completed the process of taking over Aguas de Barcelona (Agbar), announced in October 2009. As a result of this transaction, Suez Environnement owned 75.23 per cent. of Agbar (75.35 per cent. as of 31 December 2011), a company formed in 1882 and specializing in water cycle management in Spain and other countries (primarily Chile).

## 2. Corporate purpose of SUEZ Environnement Company

The purposes of Suez Environnement Company are as follows, in all countries and by all means:

- (i) The provision, in any form whatsoever, of all services connected to the environment, and in particular:
  - all services for the production, transportation and distribution of water, for all domestic, industrial, agricultural and other needs and uses on behalf of local public authorities and private industrials;
  - all wastewater treatment services, including the disposal of sewage of domestic, industrial, or other origin;
  - all services that may directly or indirectly concern the collection, sorting, treatment, recycling, incineration, or recovery of all types of waste, by-products and residues, and in general, any activity or venture related to waste management;
  - the creation, acquisition, operation and divestment of all transport and road haulage services;
  - the creation, purchase, sale, leasing, rental, management, installation and operation of any facility relating to waste management; and
  - in general, all services on behalf of local public authorities, private entities and private individuals connected with the above.
- (ii) On an auxiliary basis, the production, distribution, transportation, utilization, management, and development of energy in all its forms.
- (iii) The study, setup and completion of all projects, services, and public or private works on behalf of any local public authorities, private entities and private individuals, and the preparation and awarding of all contracts of any type whatsoever relating to such projects and works.
- (iv) The acquisition of equity interests by obtaining shares, interests, bonds and other corporate securities existing or to be created in the future, via subscription, purchase, contribution, exchange or any other means, and the capacity to divest such interests.
- (v) The acquisition, purchase, divestment, and operation of any patent, trademark, model, patent license or process.
- (vi) The granting of any guarantee, first-call guarantee or other surety for the benefit of any company or entity of the group, in the course of their business, as well as the financing or refinancing of their activities.
- (vii) The subscription of any borrowing or, more generally, the use of any type of financing, specifically the issue or, as the case may be, subscription of debt securities or financial instruments, in order to finance or refinance Suez Environnement Company's business activities.
- (viii) And more generally, all industrial, financial, commercial, movable asset or real estate transactions that may be connected directly or indirectly to one of the purposes specified above, or any other similar or connected purpose, or a purpose that would benefit and develop the Issuer's businesses.

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

### **3. Overview of activities**

#### **Principal activities**

With total revenues of €14.8 billion, and some 80,410 employees as of 31 December 2011, the Group is a major player in the global environmental market (water and waste).

The Group is active in each stage of the water and waste cycles and therefore has thorough expertise in this area. It operates both on behalf of public authorities and private sector players.

The Group's water-related activities specifically include:

- catchment, treatment, and distribution of drinking water;
- maintenance of networks and operation of plant;
- customer management;
- collection and treatment of municipal and industrial wastewater;
- design, building, occasional financing and operation of drinking water production and wastewater treatment plants, as well as desalination and water treatment plants for reuse purposes;
- studies, master plans, modelling of underground water tables and hydraulic flows and general contracting for water management infrastructure projects; and
- biological and energy recovery of treated sewage sludge.

The Group's activities in the waste sector notably include:

- waste collection (household waste, waste from local authorities and industrial waste; non-hazardous and hazardous waste, excluding waste that may be contaminated by radioactive residues from nuclear activities) and urban cleaning services;
- pre-treatment of such waste;
- sorting, recycling, and material, biological or energy recovery of recoverable portions;
- disposal, by incineration and landfilling, of residual portions;
- integrated management of industrial sites (industrial sanitation, pollution clean-up, and remediation of polluted sites or soil); and
- sludge treatment and recovery.

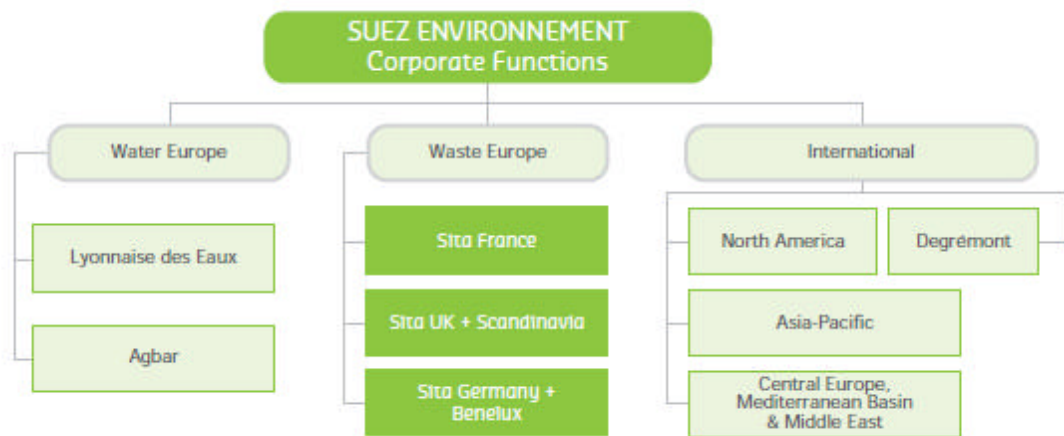
The Group engages in its activity through public and private customers, under various types of contracts:



- in the water sector, the Group primarily enters into public service delegation contracts (leases or concessions) and public contracts, as well as service, operation and maintenance contracts, and building and engineering contracts;
- in the waste sector, the Group enters into service or management contracts (delegated and non-delegated, integrated and non-integrated), operational and maintenance contracts and design, building and operation contracts.

In 2011, 49.7 per cent. of the Group's consolidated revenues were earned in the water segment, and 50.3 per cent. in the waste segment.

The Group is organised according to three main segments: Water Europe, Waste Europe, and International (Degrémont and activities outside Western Europe), which are divided into 9 business units. Another segment, known as "Other", covers only corporate functions. The following diagram shows the organisation of the 9 business units:



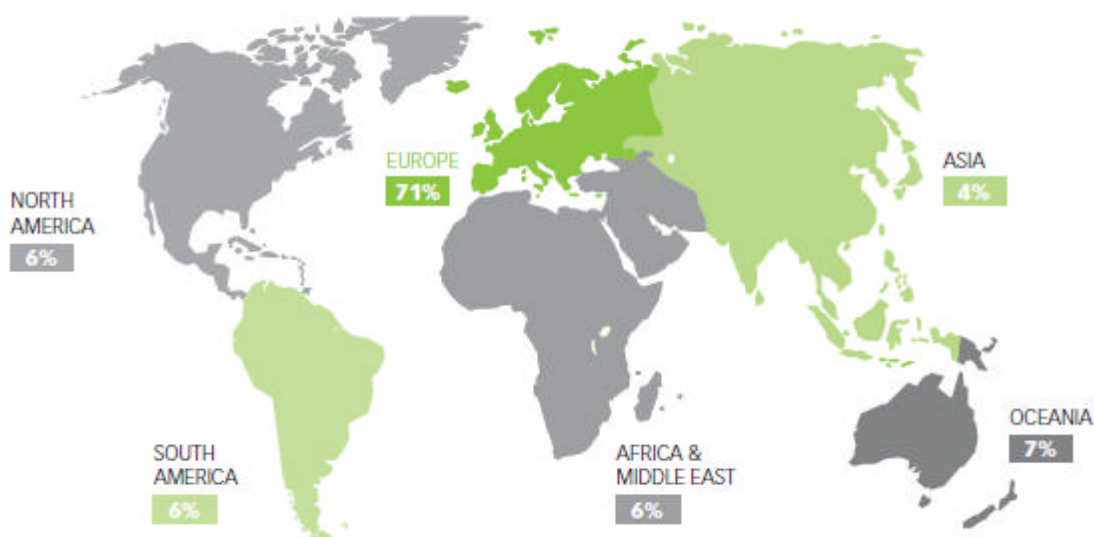
### Principal markets

The graph below shows the distribution of the Group's consolidated revenues as of 31 December 2011, according to this organisation (the "Other" segment is not shown, as it covers only corporate functions within Suez Environnement):



Europe is the Group's historic development area and remains its region of reference. Thanks to this foothold in Europe, particularly in France, the Group is able to mobilise its know-how and skills and adapt them to other continents.

The following map shows the distribution of the Group's revenues by geographical region as of 31 December 2011<sup>1</sup>:

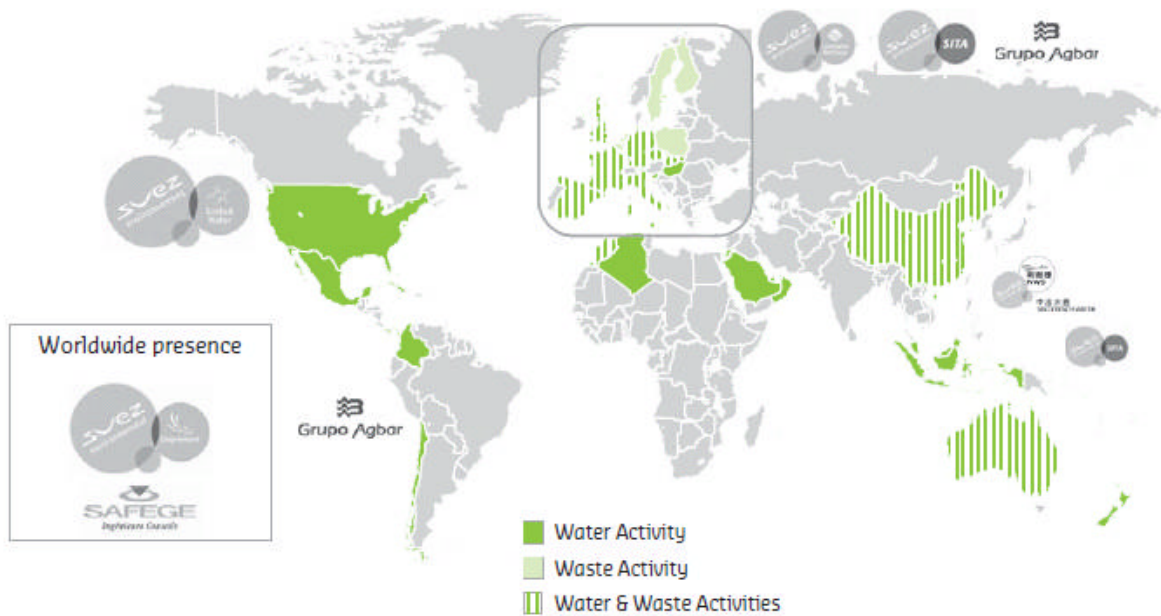


The Group benefits from an extensive network of subsidiaries and agencies; as of year-end 2011, the Group was active as an operator in 36 countries. Thus, outside Europe, such major cities such as Hong Kong, Casablanca, Algiers and, most recently Melbourne have awarded the Group all or part of the management of their water, wastewater, and waste-related services, and even the building of major infrastructure in these areas. The Group is most often active through partnerships with local public or private players (industrial, financial, or non-profit) that have an in-depth knowledge of the local context, following the model of the historic partnership with La Caixa (Agbar in Spain) or New World (Sino-French Holdings in China).

The Group is active around the world under various very well-known brands, particularly Sita for waste and Lyonnaise des Eaux, United Water, Degrémont and Ondeo Industrial Solutions for water.

<sup>1</sup> This map shows the geographical distribution of the Group's revenues irrespective of the accounting segmentation assumed in the Group's consolidated financial statements incorporated by reference in this Base Prospectus.

This map shows the locations of the Group's principal subsidiaries and principal brands around the world as of 31 December 2011:



Finally, the Group has always placed research and development at the core of its activities, particularly through major partnerships joining with both public players (for example, Cemagref and CNRS in France, Tongji and Tsinghua Universities in China and UCLA in the United States) and private actors (such as the R+i Alliance partnership comprising Lyonnaise des Eaux, Agbar, United Water, Northumbrian Water and Suez Environnement).

#### 4. Share capital structure of Suez Environnement Company

As at 31 December 2011, the Issuer's total share capital was euro 2,040,935,316. It consisted of 510,233,829 shares with a nominal value of euro 4 each, representing 510,233,829 voting rights.

Thanks to a 5-year shareholder agreement, Suez Environnement Company has a stable shareholder structure allowing it to consolidate its strategy.

The parties to the shareholder's agreement are GDF SUEZ, Groupe Bruxelles Lambert, the Caisse des Dépôts et Consignations, Areva NC, CNP Assurances and Sofina. Together they hold 48.36 per cent. of the share capital.

The proportion of free-floating shares (public and employees) amounts to 50.99 per cent.

#### 5. Administrative, Management and Supervisory Bodies (item 9.1 of Annex IX of Commission Regulation (EC) No. 809/2004)

All the members of the *Conseil d'administration* (Board of Directors) of the Issuer elect domicile at the registered office of the Issuer, Tour CB21, 16, place de l'Iris, 92040 Paris La Défense, France.

## **RECENT DEVELOPMENTS**

**SUEZ ENVIRONNEMENT**

TOUR CB21  
 16, PLACE DE L'IRIS  
 92040 PARIS LA DEFENSE CEDEX  
 TEL. +33 (0)1 58 81 23 23  
 FAX. +33 (0)1 58 81 25 09  
 WWW.SUEZ-ENVIRONNEMENT.COM

**PRESS RELEASE**

20 April 2012

**1<sup>st</sup> QUARTER 2012****STABLE ACTIVITY IN A DIFFICULT ECONOMIC CONTEXT IN EUROPE**

- **Revenue: growing at €3,591m, +2.2%**
- **EBITDA: €566m, -4.5%, EBITDA margin of 15.8%**
- **Net financial debt: stable at €7,559m, NFD/EBITDA<sup>1</sup> ratio at 3.0x**

In € m	31 March 2011	31 March 2012	Total change	Constant Forex change	Organic change
Revenue	3,514	<b>3,591</b>	+2.2%	+0.9%	+1.4%
EBITDA	592	<b>566</b>	-4.5%	-5.5%	-3.4%
EBITDA/Revenue	16.8%	<b>15.8%</b>			

▪ **For the 1<sup>st</sup> quarter of 2012, SUEZ ENVIRONNEMENT posted revenues up by +2.2% at €3,591m.** All divisions are growing organically: +2.8% for Water in Europe, +1.2% for Waste in Europe and +0.4% for International (+2.3%, excluding Melbourne desalination plant which finalization is underway). SUEZ ENVIRONNEMENT continues its business development, with the gain of contracts such as Perth (Australia), Neuilly-sur-Seine (France) in water or Neuwied (Germany) in waste. The Group is impacted by scope effects related to the disposals of Bristol Water (United Kingdom) and Eurawasser (Germany), completed in October 2011 and February 2012 respectively.

▪ **EBITDA at end March 2012 is €566m, down by -4.5%**, or -3.4% in organic terms. EBITDA margin is 15.8%. The EBITDA was affected in Waste in Europe by a decrease in volumes treated, in a difficult macro-economic context and with an unfavourable climate in February.

▪ **The Group's net financial debt is stable, compared with 31 December 2011, at €7,559m.** The Free Cash Flow generated in the 1st quarter and the investments selectivity allowed to maintain the debt at a comparable level to the one of end of December, despite forex losses of €62m<sup>2</sup>. For the 1<sup>st</sup> quarter, the NFD/EBITDA<sup>1</sup> ratio is in line with the target of approximately 3 times.

▪ **Commenting on the 1<sup>st</sup> quarter 2012 results, Jean-Louis Chaussade, CEO of SUEZ ENVIRONNEMENT, stated:** « *In a difficult economic context in Europe, and with the beginning of the year affected by adverse climatic conditions, the results for the 1<sup>st</sup> quarter have been impacted by the slowdown of treated waste volumes. Nevertheless, the Water business both in Europe and in our International divisions has shown good growth, as illustrated by the signature of the new water and wastewater operation contract for the city of Perth. The construction of Melbourne desalination plant is continuing and the teams remain mobilized. SUEZ ENVIRONNEMENT plans to reinforce its efforts on profitability and Cash Flow generation for 2012.* »

<sup>1</sup> Net financial debt /EBITDA, calculated over a rolling 12-month period

<sup>2</sup> Forex effects and Marked-to-Market effects



## **BREAKDOWN OF ACTIVITY AS AT END MARCH 2012**

Revenue In € m	31 March 2011	31 March 2012	Total change	Constant Forex change	Organic change
Water Europe	993	975	-1.8%	-2.2%	+2.8%
Waste Europe	1,580	1,604	+1.5%	+1.3%	+1.2%
International	935	1,009	+8.0%	+3.9%	+0.4%
Others <sup>3</sup>	6	3	-	-	-
<b>TOTAL</b>	<b>3,514</b>	<b>3,591</b>	<b>+2.2%</b>	<b>+0.9%</b>	<b>+1.4%</b>

On 31 March 2012, **SUEZ ENVIRONNEMENT** posted revenue of €3,591m, a total change of +2.2% (+€77m) compared with 31 March 2011. This change is broken down into:

- **Organic growth of +1.4% (€49m), coming from the 3 divisions:**
  - Revenue from the Water Europe division is up (+€28m, +2.8%), both for Lyonnaise des Eaux and for Agbar, benefiting from rises in prices and the development of new businesses. However, works activity is down.
  - Revenue from the Waste Europe division is up (+€20m, +1.2%). It benefits from an overall positive price effect. However, it is affected by a decrease in volumes.
  - Revenue for the International division, including the Melbourne desalination plant, is up (+€4m, +0.4%) with a sustained activity in waste in Australia, and in water in Morocco and China.
- **Scope effect of -0.5% (-€18m):**
  - Water Europe: -€50m, with the disposals of Bristol Water (United Kingdom) and Eurawasser (Germany).
  - International: +€32m, notably with the acquisition of WSN in Australia in 2011.
- **Favourable exchange rate impact of +1.3% (+€46m)**, mainly due to the appreciation of the Australian dollar (+€27m), the American dollar (+€7m), the Sterling (+€5m) and the Chilean peso (+€4m) against Euro.
- For the 1st quarter of 2012, SUEZ ENVIRONNEMENT posted 69% of its revenue in Europe. The portion achieved internationally, excluding Europe, accounted for 31%, compared to 28% in 2011. It benefited, notably, from the strong growth in the waste activity in Australia.

In a difficult macro-economic context in Europe, and despite the slowdown in waste volumes in the 1st quarter, notably linked to unfavourable climatic conditions, **SUEZ ENVIRONNEMENT remains confident in the achievement of its annual objectives.**

<sup>3</sup> R+I Alliance, HQ



## ■ **PERFORMANCE BY DIVISION**

### **WATER EUROPE**

In € m	31 March 2011	31 March 2012	Total change	Constant Forex change	Organic change
Revenue	993	975	-1.8%	-2.2%	+2.8%

The Water Europe division posted organic growth of 2.8% (+€28m).

#### ■ **Lyonnaise des Eaux grew organically by +3.5% (+€18m).**

In France, growth was driven by a positive price effect with the rise in price indices, the development of new commercial offers and slightly up volumes thanks to the start of new contracts such as Hyères. However, works activity was slightly down. During the 1st quarter, the Group won the sanitation contracts of Sivu d'Ura (€18m, 9 years), Vinon-sur-Verdon (€9m, 20 years), Syndicat Mixte for the Morez canton (€7m, 12 years) or Neuilly-sur-Seine (€5m, 12 years).

#### ■ **Agbar posted organic growth of +2.2% (+€10m).**

Activity is up in Spain and in Chile, with favourable price and volume impacts. However, works are sharply down in Spain compared with the 1<sup>st</sup> quarter of 2011. Construction of the Mapocho's sanitation plant in Santiago in Chile is progressing. Agbar is developing its technological and service activities through its subsidiary Aqualogy, with notably the signature of a sludge treatment contract in Limeira (Foz do Brasil) or in wastewater with the contract of Castellar del Vallès (Spain, €9m, 14 years).

### **WASTE EUROPE**

In € m	31 March 2011	31 March 2012	Total change	Constant Forex change	Organic change
Revenue	1,580	1,604	+1.5%	+1.3%	+1.2%

During the 1st quarter 2012, the Waste Europe division is growing organically by +1.2% (+€20m), thanks to a globally positive price effect. However, it is affected by a negative volume effect, resulting mainly from a difficult macro-economic environment and unfavourable climatic conditions.

■ **SITA France is growing organically by +0.6% (+€6m).** The treatment activities are up, they are benefitting from a positive price effect and an increase of incinerated volumes. However, they are affected by the decrease in landfilled tonnages. The service activity is stable. SITA France has renewed during the quarter the contracts of UVE<sup>4</sup> of Passy and has won the contract of the Syndicat Est Ensemble in Bagnolet and Montreuil.

■ **The United Kingdom/Scandinavia zone is growing organically by +1.4% (+€4m).** The business in the UK benefited, mainly, from a positive price effect coming from the landfill tax, however, the business was affected by the steep decline in landfill volumes. As far as recovered volumes are concerned they continue to increase. Furthermore, the PFI<sup>5</sup> constructions of Suffolk and South Tyne & Wear are progressing according to the planning and will contribute to comfort the position of SITA UK in the recovery market in the years to come. In Scandinavia, revenue is up in Sweden as well as in Finland.

■ **The SITA NEWS<sup>6</sup> zone is growing organically by +2.5% (+€10m).** The treatment activity grew thanks to a positive volume effect, and the service activities were stable overall. SITA NEWS continued its commercial development with new contracts such as Neuwied in Germany (€12m, 3 years) or renewals such as the Intercomunal AIVE in Belgium (€19m, 8 years).

<sup>4</sup> Unity of energetic recovery

<sup>5</sup> Project Finance Initiative

<sup>6</sup> NEWS zone: Germany, Netherlands, Belgium and Luxembourg



## INTERNATIONAL

In € m	31 March 2011	31 March 2012	Total change	Constant Forex change	Organic change
Revenue	935	1,009	+8.0%	+3.9%	+0.4%

The International division is in organic growth of +0.4% (+€4m) or +2.3% (+€19m) excluding the impact of the construction of Melbourne desalination plant.

- **Asia-Pacific posted organic growth of +11.3% (+€26m)**, driven by a sustained growth of the waste activity in Australia and the activities in China.
- **The CEMME<sup>7</sup> zone is growing organically by +8.6% (up €17m)**. In Morocco, the activities are growing and benefitting, in waste, from the start-up of new contracts. Revenue of SITA in Poland is also growing.
- **North America posted organic growth of +3.1% (+€4m)**. The regulated activities of United Water are growing with rising prices following the different favourable rate cases obtained (mainly New Jersey and New York). The non regulated activities are also contributing to the growth.
- **Degrémont is down organically by -12.1% (-€44m)**, linked to achievement underway of Melbourne plant and the end of certain construction contracts, notably in France. During the quarter, Degrémont signed the operation contract of water and wastewater plants of Perth (Australia, €147m, 10 years), the contract for the revision of the biological treatment of Achères wastewater plant for the SIAAP<sup>8</sup> (France, €165m), and the construction contract of Baraki (Algeria, €31m).

## NEXT COMMUNICATIONS

- **24 May 2012:** Annual General Meeting of the Shareholders.
- **31 May 2012:** Payment of the dividend of €0.65 per share.
- **1 August 2012:** Publication of 2012 half-year results (Telephone conference).

<sup>7</sup> Central Europe, Mediterranean, Middle East

<sup>8</sup> Syndicat Interdépartemental pour l'Assainissement de l'Agglomération Parisienne





## APPENDIX

### Geographical breakdown of revenue

Revenue	31/03/2011		31/03/2012		Total change	
	€ m	% of total	€ m	% of total	m €	%
<b>Europe</b>	<b>2,528</b>	<b>71.9%</b>	<b>2,481</b>	<b>69.1%</b>	<b>-47</b>	<b>-1.9%</b>
France	1,266	36.0%	1,273	35.4%	7	0.5%
Spain	367	10.5%	335	9.3%	-32	-8.8%
United Kingdom	235	6.7%	202	5.6%	-33	-14.1%
Other Europe	660	18.8%	671	18.7%	11	1.7%
<b>North America</b>	<b>187</b>	<b>5.3%</b>	<b>196</b>	<b>5.5%</b>	<b>9</b>	<b>4.8%</b>
<b>Australia</b>	<b>247</b>	<b>7.0%</b>	<b>308</b>	<b>8.6%</b>	<b>61</b>	<b>24.6%</b>
<b>Sub total</b>	<b>2,962</b>	<b>84.3%</b>	<b>2,985</b>	<b>83.1%</b>	<b>23</b>	<b>0.8%</b>
Rest of the world	552	15.7%	606	16.9%	54	9.8%
<b>TOTAL</b>	<b>3,514</b>	<b>100.0%</b>	<b>3,591</b>	<b>100.0%</b>	<b>77</b>	<b>2.2%</b>

#### **SUEZ ENVIRONNEMENT**

Natural resources are not infinite. Every day, SUEZ ENVIRONNEMENT (Paris: SEV, Brussels: SEVB) and its subsidiaries deal with the challenge of protecting resources by providing innovative solutions to industries and to millions of people. SUEZ ENVIRONNEMENT supplies drinking water to 91 million people, provides waste water treatment services for 63 million people and collects the waste produced by 57 million people. With more than 80,410 employees, SUEZ ENVIRONNEMENT is a world leader exclusively dedicated to the water and waste businesses on the five continents. In 2011, SUEZ ENVIRONNEMENT, a subsidiary owned 35.7% by GDF SUEZ, posted revenue of €14.8 billion.

#### **Press Office:**

Tel.: +33 1 58 81 23 23

#### **Analyst/Investor Contact:**

Tel.: + 33 1 58 81 24 95

#### **Disclaimer**

This document includes unaudited financial data. The aggregates shown are those customarily used and communicated to the markets by SUEZ ENVIRONNEMENT.

"This communication includes forward-looking information and statements. These prospective elements are based upon assumptions, financial projections, estimates and statements regarding projects, objectives and expectations concerning operations, future products or services or future performances. No guarantee can be given on the realisation of these projected elements. Investors and holders of SUEZ ENVIRONNEMENT Company securities are advised that this information and prospective declarations are subject to a variety of risks and uncertainties that are difficult to forecast and generally outside SUEZ ENVIRONNEMENT Company's control, which may mean that the results and growth expected differ significantly from those stated, implied or forecast in prospective declarations and information. These risks specifically include those that are developed or identified in the public documents filed with the Autorité des Marchés Financiers (AMF). The attention of investors in and holders of SUEZ ENVIRONNEMENT Company securities is drawn to the fact that the occurrence of all or some of these risks is liable to have a significant and unfavourable effect on SUEZ ENVIRONNEMENT Company. SUEZ ENVIRONNEMENT Company disclaims any obligation or undertaking to release publicly any updates or revisions to any of these forward-looking statements. More detailed information about SUEZ ENVIRONNEMENT COMPANY is available on its website ([www.suez-environnement.com](http://www.suez-environnement.com)). This document is not an offer of sale or an encouragement to buy SUEZ ENVIRONNEMENT Company shares in any jurisdiction."

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**SUEZ ENVIRONNEMENT**

TOUR CB21  
16, PLACE DE L'IRIS  
92040 PARIS LA DEFENSE CEDEX  
TEL +33 (0)1 58 81 23 23  
FAX +33 (0)1 58 81 25 09  
WWW.SUEZ-ENVIRONNEMENT.COM

**PRESS RELEASE****2 April 2012****SUEZ ENVIRONNEMENT WINS THE CONTRACT TO OPERATE AND MAINTAIN WATER PRODUCTION AND WASTEWATER TREATMENT ASSETS FOR THE CITY OF PERTH, IN AUSTRALIA**

Degrémont, SUEZ ENVIRONNEMENT subsidiary, and its partner Transfield Services, have been selected by the Western Australia Public Water Utility, Water Corporation, to operate and maintain the water production and wastewater treatment assets of the city of Perth, the 4th largest city in Australia.

The contract is to operate and maintain, in partnership with Water Corporation and Transfield Services, 19 water treatment plants, 14 wastewater treatment plants and 2 advanced water recycling plants as well as 13 dams. It will start in July 2012, for a period of 10 years, with a possible further extension of 5 years. The contract is valued at 294 million Euros (\$378 million AUD) over the initial term.

Degrémont, Transfield Services and Water Corporation will form an integrated alliance which will be named Aroona. The objectives of this Alliance include a strong focus on environmental performance and an improvement to the services delivered to the 1.5 million inhabitants of Perth. It will focus on delivering excellent quality water, as well as protecting water as a precious resource for Western Australia's future generations.

This new contract confirms SUEZ ENVIRONNEMENT leadership in the Australian water market. The selection of Degrémont also confirms the continued confidence of Water Corporation in Degrémont's capabilities, following the construction and continued successful operation of the Perth desalination plant.

**SUEZ ENVIRONNEMENT**

*Natural resources are not infinite. Each day, SUEZ ENVIRONNEMENT (Paris: SEV, Brussels: SEVB) and its subsidiaries deal with the challenge of protecting resources by providing innovative solutions to industry and to millions of people. SUEZ ENVIRONNEMENT supplies drinking water to 91 million people, provides wastewater treatment services for 63 million people, and collects the waste produced by close to 57 million people. SUEZ ENVIRONNEMENT has 80,410 employees and, with its presence on five continents, is a world leader exclusively dedicated to water and waste management services. In 2011, SUEZ ENVIRONNEMENT, a subsidiary owned 35,7 % by GDF SUEZ, achieved revenue of EUR14.8 billion.*

**Degrémont**

*Within SUEZ ENVIRONNEMENT, Degrémont has been the world water treatment specialist for more than 70 years. Operating in more than 70 countries with 4,500 employees, Degrémont generated revenues of EUR1.584 million in 2011.*

**CONTACTS****Press :**

SUEZ ENVIRONNEMENT : Tél. : +33 1 58 81 23 23

**Analysts/ Investors contact:**

Tél. : +33 1 58 81 24 95

## TAXATION

*The following is a general description of certain tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in France or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.*

### European Union

On 3 June 2003, the European Council of Economics and Finance Ministers adopted Directive 2003/48/EC on the taxation of savings income (the "**Savings Directive**"). Pursuant to the Savings Directive, Member States are required, since 1 July 2005, to provide to the tax authorities of another Member State, inter alia, details of payments of interest within the meaning of the Savings Directive (interest, premium or other debt income) made by a paying agent located within its jurisdiction to, or for the benefit of, an individual resident in that other Member State (the "**Disclosure of Information Method**").

For these purposes, the term "paying agent" is defined widely and includes in particular any economic operator who is responsible for making interest payments, within the meaning of the Savings Directive, for the immediate benefit of individuals.

However, throughout a transitional period, certain Member States (the Grand-Duchy of Luxembourg and Austria), instead of using the Disclosure of Information Method used by other Member States, unless the relevant beneficial owner elects for the Disclosure of Information Method, withhold an amount on interest payments. The rate of such withholding tax equals 35 per cent.

Such transitional period will end at the end of the first full fiscal year following the later of (i) the date of entry into force of an agreement between the European Community, following a unanimous decision of the European Council, and the last of Switzerland, Liechtenstein, San Marino, Monaco and Andorra, providing for the exchange of information upon request as defined in the OECD Model Agreement on Exchange of Information on Tax Matters released on 18 April 2002 (the "**OECD Model Agreement**") with respect to interest payments within the meaning of the Savings Directive, in addition to the simultaneous application by those same countries of a withholding tax on such payments at the rate applicable for the corresponding periods mentioned above and (ii) the date on which the European Council unanimously agrees that the United States of America is committed to exchange of information upon request as defined in the OECD Model Agreement with respect to interest payments within the meaning of the Savings Directive.

A number of non-EU countries and dependent or associated territories including Switzerland have agreed to adopt similar measures (transitional withholding or exchange of information) with effect since 1 July 2005.

The European Commission has proposed certain amendments to the Savings Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

### France

#### Savings Directive

The Savings Directive was implemented into French law under Article 242 *ter* of the French tax code, which imposes on paying agents based in France an obligation to report to the French tax authorities certain information with respect to interest payments made to beneficial owners domiciled in another Member State, including, among other things, the identity and address of the beneficial owner and a detailed list of the different categories of interest paid to that beneficial owner.

## Withholding tax

*Notes which are not consolidated (assimilables for the purposes of French law) and do not form a single series with Notes issued before 1 March 2010*

Following the introduction of the French *loi de finances rectificative pour 2009 n°3* (n° 2009-1674 dated 30 December 2009) (the "**Law**"), payments of interest and other revenues made by the Issuer with respect to Notes (other than Notes (as described below) which are consolidated (*assimilables* for the purpose of French law) and form a single series with Notes issued prior to 1 March 2010 having the benefit of Article 131 *quater* of the *Code général des impôts*) will not be subject to the withholding tax set out under Article 125 A III of the *Code général des impôts* unless such payments are made outside France in a non-cooperative State or territory (*Etat ou territoire non coopératif*) within the meaning of Article 238-0 A of the *Code général des impôts* (a "**Non-Cooperative State**"). If such payments under the Notes are made in a Non-Cooperative State, a 50 per cent. withholding tax will be applicable (subject to certain exceptions and to the more favourable provisions of any applicable double tax treaty) by virtue of Article 125 A III of the *Code général des impôts*.

Furthermore, according to Article 238 A of the *Code général des impôts*, interest and other revenues on such Notes will no longer be deductible from the Issuer's taxable income, as from the fiscal years starting on or after 1 January 2011, if they are paid or accrued to persons domiciled or established in a Non-Cooperative State or paid in such a Non-Cooperative State (the "**Deductibility Exclusion**"). Under certain conditions, any such non-deductible interest and other revenues may be recharacterised as constructive dividends pursuant to Article 109 of the *Code général des impôts*, in which case such non-deductible interest and other revenues may be subject to the withholding tax set out under Article 119 *bis* of the *Code général des impôts*, at a rate of 30 per cent. or 55 per cent, subject to the more favourable provisions of an applicable double tax treaty, if any.

Notwithstanding the foregoing, the Law provides that neither the 50 per cent. withholding tax set out under Article 125 A III of the *Code général des impôts* nor the Deductibility Exclusion will apply in respect of a particular issue of Notes if the relevant Issuer can prove that the principal purpose and effect of such issue of Notes was not that of allowing the payments of interest or other revenues to be made in a Non-Cooperative State (the "**Exception**"). Pursuant to the ruling (*rescrit*) n°2010/11 (FP et FE) of the French tax authorities dated 22 February 2010, an issue of Notes will benefit from the Exception without the Issuer having to provide any proof of the purpose and effect of such issue of Notes, if such Notes are:

- (i) offered by means of a public offer within the meaning of Article L.411.1 of the *Code monétaire et financier* or pursuant to an equivalent offer in a State other than a Non-Cooperative State. For this purpose, an "equivalent offer" means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority; or
- (ii) admitted to trading on a regulated market or on a French or foreign multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or
- (iii) admitted, at the time of their issue, to the clearing operations of a central depository or of a securities clearing and delivery and payments systems operator within the meaning of Article L.561-2 of the *Code monétaire et financier*, or of one or more similar foreign depositories or operators provided that such depository or operator is not located in a Non-Cooperative State.

*Notes which are consolidated (assimilables for the purposes of French law) and form a single series with Notes issued before 1 March 2010*

Payments of interest and other revenues with respect to Notes which are consolidated (*assimilables* for the purpose of French law) and form a single series with Notes issued before 1 March 2010 with the benefit of Article 131 *quater* of the *Code général des impôts* will be exempt from the withholding tax set out under Article 125 A III of the *Code général des impôts*.

Notes issued before 1 March 2010, whether denominated in Euro or in any other currency, and constituting *obligations* under French law, or *titres de créances négociables* within the meaning of rulings (*rescrits*) n°2007/59 (FP) and n°2009/23 (FP) of the French tax authorities dated 8 January 2008 and 7 April 2009, respectively, or other debt securities issued under French or foreign law and considered by the French tax authorities as falling into similar categories, are deemed to be issued outside the Republic of France for the purpose of Article 131 *quater* of the *Code général des impôts*, in accordance with Circular 5 I-11-98 of the French tax authorities dated 30 September 1998 and the aforementioned rulings (*rescrits*) n°2007/59 (FP) and n°2009/23 (FP).

In addition, interest and other revenues paid by the relevant Issuer on Notes issued from 1 March 2010 and which are to be consolidated (*assimilables* for the purpose of French law) and form a single series with Notes issued before 1 March 2010 will not be subject to the Deductibility Exclusion, and hence will not be subject to the withholding tax set out in Article 119 *bis* of the *Code général des impôts* solely on account of their being paid in a Non-Cooperative State or accrued or paid to persons established or domiciled in a Non-Cooperative State.

## **Luxembourg**

*The following is a general description of certain tax laws relating to the Notes as in effect and as applied by the relevant tax authorities as at the date hereof and does not purport to be a comprehensive discussion of the tax treatment of the Notes.*

*Prospective investors should consult their own professional advisers on the implications of making an investment in, holding or disposing of Notes and the receipt of interest with respect to such Notes under the laws of the countries in which they may be liable to taxation.*

## **Withholding tax**

Under Luxembourg tax law currently in effect and with the possible exception of interest paid to certain individual Noteholders, there is no Luxembourg withholding tax on payments of interest (including accrued but unpaid interest). There is also no Luxembourg withholding tax, with the possible exception of payments made to certain individual Noteholders, upon repayment of principal in case of reimbursement, redemption, repurchase or exchange of the Notes.

### *Luxembourg non-resident individuals*

Under the Luxembourg laws dated 21 June 2005 implementing the European Council Directive 2003/48/EC on the taxation of savings income (the "**Savings Directive**") and several agreements concluded between Luxembourg and certain dependent or associated territories of the European Union ("EU"), a Luxembourg based paying agent (within the meaning of the Savings Directive) is required since 1 July 2005 to withhold tax on interest and other similar income paid by it to (or under certain circumstances, to the benefit of) an individual resident in another Member State or in certain EU dependent or associated territories, unless the beneficiary of the interest payments elects for the procedure of exchange of information or for the tax certificate procedure. The same regime applies to payments of interest and other similar income made to certain "residual entities" within the meaning of Article 4.2 of the Savings Directive established in a Member State or in certain EU dependent or associated territories (i.e., entities which are not legal persons (the Finnish and Swedish companies listed in Article 4.5 of the Savings Directive are not considered as legal persons for this purpose), whose profits are not taxed under the general arrangements for the business taxation, that are not UCITS recognised in accordance with the Council Directive 85/611/EEC or similar

collective investment funds located in Jersey, Guernsey, the Isle of Man, the Turks and Caicos Islands, the Cayman Islands, Montserrat or the British Virgin Islands and have not opted to be treated as UCITS recognised in accordance with the Council Directive 85/611/EEC).

The withholding tax rate is initially 15 per cent., increasing steadily to 20 per cent. as from 1 July 2008 and to 35 per cent. as from 1 July 2011. The withholding tax system will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain third countries.

#### *Luxembourg resident individuals*

Interest payments made by Luxembourg paying agents (defined in the same way as in the Savings Directive) to Luxembourg individual residents are subject to a 10 per cent. withholding tax.

### **Hong Kong**

*The statements below regarding taxation are based on the law and practice of Hong Kong at the date of this Base Prospectus and are subject to any subsequent changes in law or practice (which could be made on a retrospective basis). The following statements do not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and may not apply equally to all persons. Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the tax consequences of their ownership of the Notes.*

### **Withholding Tax**

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Notes or in respect of any capital gains arising from the sale of the Notes.

### **Profits Tax**

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Under the Inland Revenue Ordinance (Cap. 112) of Hong Kong, as it is currently applied by the Inland Revenue Department, interest on the Notes may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

- (i) interest on the Notes is derived from Hong Kong and is received by or accrues to a company, carrying on a trade, profession or business in Hong Kong; or
- (ii) interest on the Notes is derived from Hong Kong and is received by or accrues to a person, other than a company, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business; or
- (iii) interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance) and arises through or from the carrying on by the financial institution of its business in Hong Kong.

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal or redemption of Notes will be subject to profits tax.

Sums derived from the sale, disposal or redemption of Bearer Notes will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession

or business in Hong Kong and the sum has a Hong Kong source. Similarly, such sums in respect of Registered Notes received by or accrued to either the aforementioned person and/or a financial institution will be subject to Hong Kong profits tax if such sums have a Hong Kong source.

The source of such sums will generally be determined by having regard to the manner in which the Notes are acquired and disposed.

### **Stamp Duty**

Stamp duty will not be payable on the issue of Bearer Notes provided either:

- (i) such Bearer Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or
- (ii) such Bearer Notes constitute loan capital (as defined in the Stamp Duty Ordinance (Cap. 117) of Hong Kong).

If stamp duty is payable, it is payable by the Issuer on issue of Bearer Notes at a rate of 3 per cent. of the market value of the Notes at the time of issue.

No stamp duty will be payable on any subsequent transfer of Bearer Notes.

No stamp duty is payable on the issue of Registered Notes. Stamp duty may be payable on any transfer of Registered Notes if the relevant transfer is required to be registered in Hong Kong. Stamp duty will, however, not be payable on any transfers of Registered Notes provided that either:

- (i) the Registered Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or
- (ii) the Registered Notes constitute loan capital (as defined in the Stamp Duty Ordinance (Cap. 117) of Hong Kong).

If stamp duty is payable in respect of the transfer of Registered Notes it will be payable at the rate of 0.2 per cent. (of which 0.1 per cent. is payable by the seller and 0.1 per cent. is payable by the purchaser) normally by reference to the value of the consideration. If, in the case of either the sale or purchase of such Registered Notes, stamp duty is not paid, both the seller and the purchaser may be liable jointly and severally to pay any unpaid stamp duty and also any penalties for late payment. If stamp duty is not paid on or before the due date (two days after the sale or purchase if effected in Hong Kong or 30 days if effected elsewhere) a penalty of up to 10 times the duty payable may be imposed. In addition, stamp duty is payable at the fixed rate of HK\$5 on each instrument of transfer executed in relation to any transfer of the Registered Notes if the relevant transfer is required to be registered in Hong Kong.

### **Estate Duty**

No estate duty will be payable in respect of Bearer Notes and Registered Notes in Hong Kong.

### **People's Republic of China (the "PRC")**

Under the PRC Enterprise Income Tax Law which was promulgated by the National People's Congress of the PRC on 16 March 2007 and became effective on 1 January 2008, an enterprise established in the PRC or in a foreign country with a "de facto management body" located within the PRC is considered a "PRC tax resident enterprise" and will normally be subject to the enterprise income tax at the rate of 25% for its worldwide income.

Under the PRC Enterprise Income Tax Law and PRC Individual Income Tax Law (which was promulgated by the Standing Committee of National People's Congress of the PRC on 30 June 2011 and became effective on the same date), if the Issuer is considered to be a PRC tax resident enterprise, interest payable to non-resident Noteholders and gains from transfer of Notes realised by such non-resident Noteholders may be regarded as income from sources within the PRC and therefore be subject to a 10% enterprise income tax if the Noteholder is a non-resident enterprise, or 20% individual income tax if the Noteholder is a non-resident individual, both to be withheld by the Issuer from the interest payments thereto. To the extent that the PRC has entered into arrangements relating to the avoidance of double-taxation with any jurisdiction, such as France, Hong Kong and Singapore, that allow a lower rate of withholding tax, such lower rate may apply to Noteholders who qualify for such treaty benefits.

If the Issuer is not considered a PRC tax resident enterprise, the holders of Notes who are not PRC residents for PRC tax purposes will not be subject to withholding tax, income tax or any other taxes or duties imposed by any governmental authority in the PRC in respect of Notes or any repayment of principal and payment of interest made thereon.



## SUBSCRIPTION AND SALE

### Summary of Dealer Agreement

Subject to the terms and on the conditions contained in an amended and restated dealer agreement dated 24 April 2012 (the "**Dealer Agreement**") between the Issuer, the Permanent Dealers and the Arranger, the Notes will be offered on a continuous basis to the Permanent Dealers. However, the Issuer has reserved the right to issue Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be placed by the Issuer through the Dealers, acting as agents of such Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer has agreed to reimburse the Arranger for certain of its expenses incurred in connection with the establishment of the Programme and the Dealers for certain of their activities in connection with the Programme.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

### Selling Restrictions

#### United States

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or with any securities regulatory authority of any state or other jurisdiction of the U.S., and may not be offered or sold within the United States, or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act and in compliance with any applicable state securities laws. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act ("**Regulation S**").

Materialised Bearer Notes are bearer notes under U.S. tax law which are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions, or to a United States person except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that, except as permitted by the Dealer Agreement, it will not offer, sell or, in the case of Materialised Bearer Notes, deliver Notes of any Tranche, (i) as part of its distribution at any time or (ii) otherwise until 40 days after completion of the distribution of such Tranche as determined, and certified to the Issuer, by the Fiscal Agent, or in the case of Notes issued on a syndicated basis, the Lead Manager, 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 out 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 the preceding sentence have the meanings given to them by Regulation S.

The Notes are being offered and sold outside the United States to non-U.S. persons in compliance with Regulation S and U.S. tax law.

In addition, until 40 days after the commencement of the offering of any Tranche of Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

This Base Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Base Prospectus does not constitute an offer to any person in the United States or to any U.S. person. Distribution of this Base Prospectus by any non-U.S. person outside the United States or to any other person within the United States, other than those persons, if any, retained to advise such non-U.S. person with respect thereto, is unauthorised and any disclosure without the prior written consent of the Issuer or any of its contents to any such U.S. person or other person within the United States, other than those persons, if any, retained to advise such non-U.S. person, is prohibited.

Each issue of index-, commodity- or currency-linked Notes shall be subject to such additional U.S. selling restrictions as the relevant Dealer(s) shall agree with the Issuer as a term of the issue and purchase or, as the case may be, subscription of such Notes. Any such additional selling restrictions shall be included in the relevant Final Terms.

### **United Kingdom**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the "FSMA") by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of 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
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### **France**

Each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Base Prospectus, the relevant Final Terms or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (a) persons providing investment services relating to portfolio management for the account of third parties, and/or (b) qualified investors (*investisseurs qualifiés*) acting for their own account, as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 to D.411-3 of the French *Code monétaire et financier*.

### **Belgium**

The Notes may not be distributed in Belgium by way of an offer of securities to the public, as defined in Article 3 §1 of the Belgian Law of 16 June 2006 on public offerings of investment instruments and the

admission of investment instruments to trading on regulated markets (the “**Prospectus Law**”), save in those circumstances set out in Article 3 §2 of the Prospectus Law.

The offering is exclusively conducted under applicable private placement exemptions and therefore it has not been and will not be notified to, and the Base Prospectus or any other offering material relating to the Notes has not been and will not be approved by, the Belgian Banking, Finance and Insurance Commission (“*Commission bancaire, financière et des assurances/Commissie voor het Bank-, Financie- en Assurantiewezen*”).

Accordingly, the offering may not be advertised and each of the Dealers has represented and agreed that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Notes and that it has not distributed, and will not distribute, any memorandum, information circular, brochure or any similar documents, directly or indirectly, to any individual or legal entity in Belgium other than:

- (i) qualified investors, as defined in Article 10 of the Prospectus Law;
- (ii) investors required to invest a minimum of €50,000 (per investor and per transaction);

and in any other circumstances set out in Article 3 §2 of the Prospectus Law.

This Base Prospectus has been issued only for the personal use of the above qualified investors and exclusively for the purpose of the offering of Notes. Accordingly, the information contained herein may not be used for any other purpose nor disclosed to any other person in Belgium.

## **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (the Act No. 25 of 1948, as amended: the “**FIEA**”). Accordingly, each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to a resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the FIEA and other relevant laws and regulations of Japan.

## **Hong Kong**

Each Dealer has represented and agreed that and each further Dealer appointed under the Programme will be required to represent and agree that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes (except for Notes which are a “structured product” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) other than (i) to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities

laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

### **People's Republic of China (the "PRC")**

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that neither it nor any of its affiliates has offered or sold or will offer or sell, directly or indirectly, any of the Notes in the PRC, except as permitted by applicable laws and regulations in the PRC.

### **Singapore**

Each Dealer has acknowledged that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree that it has not offered or sold any Notes or caused such Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law; or
- (iv) as specified in Section 276(7) of the SFA.

## **General**

These selling restrictions may be modified by the agreement of the Issuer and the Dealers. Any such modification or supplement will be set out in the Final Terms issued in respect of the issue of Notes to which it relates or in a supplement to this Base Prospectus.

No action has been taken in any jurisdiction that would permit an offer to the public of any of the Notes. Neither the Issuer nor any of the Dealers represents that Notes may at any time lawfully be resold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such resale.

Each Dealer has agreed that it will (to the best of its knowledge and belief after making reasonable enquiries) comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Base Prospectus, any other offering material or any Final Terms and obtain any consent, approval or permission required for the purchase, offer or sale of Notes under the laws and regulations in force in any jurisdiction in which it makes such purchase, offer or sale and none of the Issuer or any other Dealer shall have responsibility therefor.

Each of the Dealers and the Issuer has represented and agreed that Materialised Notes may only be issued outside France and the United States.

**FORM OF FINAL TERMS  
FOR USE IN CONNECTION WITH THE ISSUE OF NOTES  
WITH A DENOMINATION OF AT LEAST €50,000<sup>1</sup>/100,000  
TO BE ADMITTED TO TRADING ON A REGULATED MARKET AND/OR OFFERED TO THE  
PUBLIC IN THE EUROPEAN ECONOMIC AREA**

*The Final Terms in respect of each Tranche will be substantially in the following form, duly completed to reflect the particular terms of the relevant Notes and their issue.*

Final Terms dated [●]

[Logo, if document is printed]

**SUEZ ENVIRONNEMENT COMPANY**

(the "Issuer")]

Issue of [*Aggregate Nominal Amount of Tranche*] [*Title of Notes*]

Under the

Euro 6,000,000,000

Euro Medium Term Note Programme

for the issue of Notes

SERIES NO: [●]

TRANCHE NO: [●]

[Name(s) of Dealer(s)]

**PART A – CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 24 April 2012 which received visa no. 12-182 from the *Autorité des marchés financiers* (the "AMF") on 24 April 2012 [and the supplement to the Base Prospectus dated [●]<sup>2</sup> which received visa no. [●] from the AMF on [●]] which [together] constitute[s] a base prospectus for the purposes of Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 (the "**Prospectus Directive**") as amended (which includes the amendments made by Directive 2010/73/EU (the "**2010 PD Amending Prospectus Directive**") to the extent that such amendment have been implemented in a Member State of the European Economic Area). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base

<sup>1</sup> If the relevant Member State has not implemented the relevant provision of the 2010 PD Amending Prospectus Directive.

<sup>2</sup> Delete if no supplement is published.

Prospectus [and the supplement to the Base Prospectus] [is] [are]] available for viewing on the website of the AMF (www.amf-france.org), on the Issuer's website (www.suez-environnement.com) and copies may be obtained from the Issuer at Tour CB21, 16, place de l'Iris, 92040 Paris La Défense, France.

*The following alternative language applies if the first tranche of an issue which is being increased was issued under [a Base Prospectus / an Offering Circular] with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Prospectus dated [original date] [which received visa no. [●]] from the *Autorité des marchés financiers* (the "**AMF**") on [●]] [and the supplement to the Base Prospectus dated [●]] [which received visa no. [●]] from the AMF on [●]]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 (the "**Prospectus Directive**") as amended (which includes the amendments made by Directive 2010/73/EU (the "**2010 PD Amending Prospectus Directive**") to the extent that such amendment have been implemented in a Member State of the European Economic Area) and must be read in conjunction with the Base Prospectus dated [current date] which received visa no. [●] from the AMF on [●] [and the supplement to the Base Prospectus dated [●] which received visa no. [●] from the AMF on [●], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Base Prospectus dated [original date] [and the supplement to the Base Prospectus dated [●]] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus dated [original date] and the Base Prospectus dated [current date] [and the supplement to the Base Prospectus dated [●]. The Base Prospectus [and the supplement to the Base Prospectus] are available for viewing on the website of the AMF (www.amf-france.org) and on the Issuer's website (www.suez-environnement.com) and copies may be obtained from the Issuer at Tour CB21, 16, place de l'Iris, 92040 Paris La Défense, France

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. *Italics denote guidance for completing the Final Terms.*]

*[When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]*

*[In the case of Notes which may not benefit from the ruling (rescrit) n°2010/11 (FP and FE) of the French tax authorities dated 22 February 2010, it may be necessary to make additional modifications to the terms of these Final Terms.]*

1. Issuer: Suez Environnement Company
2. (i) Series Number: [●]
- (ii) Tranche Number [(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)]: [●]

3. Specified Currency or Currencies: [●]
4. Aggregate Nominal Amount: [●]
- (i) Series: [●]
- (ii) [Tranche: [●]]
5. Issue Price: [●]% of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (*in the case of fungible issues only if applicable*)]
6. Specified Denominations: [●]<sup>1</sup> (one denomination only for the Dematerialised Notes)
7. (i) Issue Date: [●]
- [(ii)] Interest Commencement Date [●] [*Specify/Issue Date/Not Applicable*]
8. Maturity Date: [*specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year*]
9. Interest Basis: [[●] per cent. Fixed Rate]
- [[*specify reference rate*] +/- [●] per cent. Floating Rate]
- [Zero Coupon]
- [Index Linked Interest]
- [Other (*specify*)]
- (further particulars specified below)
10. Redemption/Payment Basis<sup>2</sup>: [Redemption at par]
- [Index Linked Redemption]
- [Dual Currency]
- [Partly Paid]

<sup>1</sup> Section 6: Add the following language if the programme allows for issues of securities with a maturity of less than one year and the issuer is not an authorised person permitted to accept deposits or an exempt person under the UK Financial Services and Markets Act 2000. Delete square-bracketed text for issuers incorporated in the UK or within S 418 FSMA. The issue of securities with a maturity of less than one year by such issuers, where the issue proceeds are to be accepted in the United Kingdom, or, in the case of issuers incorporated in the UK or within S 418 FSMA, will be subject to S 19 FSMA unless their denomination is £100,000 or more (or its equivalent in other currencies) and they are only issued to “professionals” within Article 9(2)(a) of the Financial Services and Markets Act (Regulated Activities) Order 2001:

Notes [(including Notes denominated in Sterling) in respect of which the issue proceeds are to be accepted by the issuer in the United Kingdom or whose issue otherwise constitutes a contravention of S 19 FSMA and] which have a maturity of less than one year must have a minimum redemption value of £100,000 (or its equivalent in other currencies).

Add appropriate provisions to terms and conditions if included.

<sup>2</sup> If the Final Redemption Amount is more or less than 100% of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply. This pro forma has been annotated to indicate where the key additional requirements of Annex XII are dealt with.



- [Instalment]
- [Other (*specify*)]
11. Change of Interest or Redemption/Payment Basis: [*Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis*]
12. Put/Call Options: [Investor Put]  
[Issuer Call]  
[Put Option in case of Change of Control]  
[(further particulars specified below)]
13. (i) Status of the Notes: [Unsubordinated / [Dated/Undated] Ordinary Subordinated / [Dated/Undated] Deeply Subordinated]  
  
[if subordinated specify [[Unsubordinated/Subordinated] interest and insert applicable provisions]]
- [(ii)] [Date of corporate authorisations for issuance of Notes obtained: [●] [and [●], respectively]]  
  
[*(N.B Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)*]
14. Method of distribution: [Syndicated/Non-syndicated]

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. Fixed Rate Note Provisions [Applicable/Not Applicable]  
  
[*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*]
- (i) Rate[(s)] of Interest: [●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [●] in each year [adjusted in accordance with [the Business Day Convention specified below<sup>1</sup>] [*specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"*]/not adjusted]
- (iii) Fixed Coupon Amount[(s)]<sup>2</sup>: [●] per [●] in nominal amount
- (iv) Broken Amount(s): [*Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount(s) and the Interest Payment Date(s) to which they relate*]

<sup>1</sup> RMB Notes only.

<sup>2</sup> Not applicable for RMB Notes.

- (v) Day Count Fraction (Condition 5(a)): [30/360 / Actual/Actual ([ICMA]/ISDA)/other]
- (vi) Determination Dates (Condition 5(a)): [●] in each year (*insert regular Interest Payment Dates, ignoring Issue Date or Maturity Date in the case of a long or short first or last Coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA)*)
- (vii) [Business Day Convention<sup>1</sup>] [Floating Rate Business Day Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ other (*give details*)]
- (viii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/*give details*]
- (ix) [Party responsible for calculating Interest Amounts (if not the Calculation Agent)<sup>2</sup>] [●]/[Not Applicable]

**16. Floating Rate Note Provisions** [Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Interest Period(s) [●]
- (ii) Specified Interest Payment Dates: [●]
- (iii) First Interest Payment Date: [●]
- (iv) Investment Period Date: [●] (Not applicable unless different from Interest Payment Date)
- (v) Business Day Convention: [Floating Rate Business Day Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ other (*give details*)]
- (vi) Business Centre(s) (Condition 5(a)): [●]
- (vii) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/FBF Determination/other (*give details*)]
- (viii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent): [●]

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<sup>1</sup> RMB Notes only.  
<sup>2</sup> RMB Notes only.

- (ix) Screen Rate Determination  
(Condition 5(c)(iii)(C)):
- Reference Rate: [●]
  - Interest Determination Date(s): [●] *[TARGET] Business Days in [specify city] for [specify currency] prior to [the first day of each Interest Accrual Period/each Interest Payment Date]*
  - Relevant Screen Page: [●]
- (x) FBF Determination  
(Condition 5(c)(iii)(A)):
- Floating Rate:
  - Floating Rate Determination Date  
(*Date de Détermination du Taux Variable*):
- (xi) ISDA Determination  
(Condition 5(c)(iii) (B)):
- Floating Rate Option: [●]
  - Designated Maturity: [●]
  - Reset Date: [●]
  - ISDA Definitions (if different from those set out in the Conditions) [●]
- (xii) Margin(s): [ +/- ] [●] per cent. per annum
- (xiii) Minimum Rate of Interest: [●] per cent. per annum
- (xiv) Maximum Rate of Interest: [●] per cent. per annum
- (xv) Day Count Fraction  
(Condition 5(a)): [●]
- (xvi) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [●]

17. Zero Coupon Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Amortisation Yield (Condition 6(e)(i)): [●] per cent. per annum
  - (ii) Day Count Fraction (Condition 5(a)): [●]
  - (iii) Any other formula/basis of determining amount payable: [●]
18. Index-Linked Interest Note/other variable-linked interest Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Index/Formula/other variable: [give or annex details]
  - (ii) Party responsible for calculating the Rate(s) of the due interest (if not the Calculation Agent): [●]
  - (iii) Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable: [●]
  - (iv) Interest Determination Date(s): [●]
  - (v) Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [●]
  - (vi) Specified Interest Payment Dates: [●]
  - (vii) Business Day Convention: [Floating Rate Business Day Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other *(give details)*]
  - (viii) Business Centre(s) (Condition 5(a)): [●]
  - (ix) Minimum Rate of Interest: [●] per cent. per annum
  - (x) Maximum Rate of Interest: [●] per cent. per annum

(xi) Day Count Fraction (Condition 5(a)): [●]

19. Dual Currency Note Provisions<sup>1</sup> [Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) Rate of Exchange/method of calculating Rate of Exchange: [give details]

(ii) Party responsible for calculating the principal and/or interest due (if not the Calculation Agent): [●]

(iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [●]

(iv) Person at whose option Specified Currency(ies) is/are payable: [●]

(v) Day Count Fraction (Condition 5(a)): [●]

## PROVISIONS RELATING TO REDEMPTION

20. Call Option [Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) Optional Redemption Date(s): [●]

(ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [●] per Note [of [●] Specified Denomination]<sup>2</sup>

(iii) If redeemable in part:

(b) Minimum nominal amount to be redeemed: [●]

(c) Maximum nominal amount to be redeemed: [●]

(iv) Option Exercise Date(s): [●]

<sup>1</sup> If the Final Redemption Amount is more or less than 100% of the nominal value, the Notes will constitute derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply. This pro forma has been annotated to indicate where the key additional requirements of Annex XII are dealt with.

<sup>2</sup> Delete bracketed text in the case of Dematerialised Notes.

(v) Description of any other Issuer's option: [●]

(vi) Notice period<sup>1</sup> [●]

**21.** Put Option [Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) Optional Redemption Date(s): [●]

(ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [●] per Note [of [●] Specified Denomination]<sup>2</sup>

(iii) Option Exercise Date(s): [●]

(iv) Description of any other Issuer's option: [●]

(v) Notice period (if other than set out in the Conditions): [●]

**22.** Change of Control Put Option [Applicable/Not Applicable]

**23.** Final Redemption Amount of each Note<sup>3</sup> [[●] per Note [of [●] Specified Denomination]<sup>4</sup> /other/see Appendix]

In cases where the Final Redemption Amount is Index-Linked or other variable-linked:

(i) Index/Formula/variable: [give or annex details]

(ii) Party responsible for calculating the Final Redemption Amount (if not the Calculation Agent): [●]

(iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: [●]

(iv) Determination Date(s): [●]

<sup>1</sup> If setting notice periods which are different to those provided in the terms and conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and its fiscal agent.

<sup>2</sup> Delete bracketed text in the case of Dematerialised Notes.

<sup>3</sup> If the Final Redemption Amount is more or less than 100% of the nominal value, the Notes will constitute derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply. This pro forma has been annotated to indicate where the key additional requirements of Annex XII are dealt with.

<sup>4</sup> Delete bracketed text in the case of Dematerialised Notes.

- (v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [●]
- (vi) Payment Date: [●]
- (vii) Minimum Final Redemption Amount: [●]
- (viii) Maximum Final Redemption Amount: [●]

**24. Early Redemption Amount**

- (i) Early Redemption Amount(s) of each Note payable on redemption for taxation reasons (Condition 6(f)), for illegality (Condition 6(j)) or on event of default (Condition 9) or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions): [●]
- (ii) Redemption for taxation reasons permitted on days others than Interest Payment Dates (Condition 6(f)): [Yes/No]
- (iii) Unmatured Coupons to become void upon early redemption (Materialised Bearer Notes only) (Condition 7(f)): [Yes/No/Not Applicable]

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

- 25. Form of Notes:** [Dematerialised Notes/Materialised Notes]  
*(Materialised Notes are only in bearer form and may only be issued outside France).*
- [Delete as appropriate]*
- (i) Form of Dematerialised Notes: [Not Applicable/specify whether bearer dematerialised form (*au porteur*)/administered registered dematerialised form (*au nominatif administré*)/fully registered dematerialised form (*au nominatif pur*)]

- (ii) Registration Agent [Not Applicable/Applicable] *[if applicable give name and details] (note that a registration agent must be appointed in relation to fully registered dematerialised Notes only)*
- (iii) Temporary Global Certificate: [Not Applicable/Temporary Global Certificate exchangeable for Definitive Materialised Notes on  (the "**Exchange Date**"), being 40 days after the Issue Date subject to postponement as specified in the Temporary Global Certificate]
- (iv) Applicable TEFRA exemption: [C Rules/D Rules/Not Applicable] *(Only applicable to Materialised Notes)*
26. Financial Centre(s) (Condition 7(h)) or other special provisions relating to Payment Dates: [Not Applicable/give details. Note that this item relates to the date and place of payment, and not interest period end dates, to which items 15(ii), 16(iii) and 18(vii) relates]
27. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. If yes, give details]
28. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/give details]
29. Details relating to Instalment Notes: [Not Applicable/give details]
- (i) Instalment Amount(s):
- (ii) Instalment Date(s):
- (iii) Minimum Instalment Amount:
- (iv) Maximum Instalment Amount:
30. Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions [in Condition 1(e)] apply]
31. Consolidation provisions: [Not Applicable/The provisions [in Condition 14(b)] apply]



32. Masse (Condition 11) [Applicable/Not Applicable/Condition 11 replaced by the full provisions of French *Code de commerce* relating to the Masse] *(Note that: (i) in respect of any Tranche of Notes issued outside France, Condition 11 may be waived, amended or supplemented, and (ii) in respect of any Tranche of Notes issued inside France, Condition 11 must be waived in its entirety and replaced by the provisions of the French Code de commerce relating to the Masse. If Condition 11 (as it may be amended or supplemented) applies or if the full provisions of the French Code de commerce apply, insert details of Representative and Alternative Representative and remuneration, if any).*
33. [Any applicable currency [Not Applicable/give details]  
disruption/fallback provisions:]<sup>1</sup>
34. Other final terms: [Not Applicable/give details]  
  
*(When adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)*

## DISTRIBUTION

35. (i) If syndicated, names of [Not Applicable/give names]  
Managers:
- (ii) Stabilising Manager(s) (if any): [Not Applicable/give name]
36. If non-syndicated, name and address of [Not Applicable/give name and address]  
Dealer:
37. Additional selling restrictions: [Not Applicable/give details]
38. United States of America: Category 2 restrictions apply to the Notes

## [LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the €6,000,000,000 Euro Medium Term Note Programme of the Issuer.

## RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. [[●] has been extracted from [●]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

<sup>1</sup> In respect of RMB Notes, consider the insertion of Payment in US Dollar Equivalent provision.

Signed on behalf of the Issuer:

By: .....

Duly authorised

## PART B – OTHER INFORMATION

### 1. Risk Factors

*[Insert any risk factors that are material to the Notes being offered and/or listed and admitted to trading in order to assess the market risk associated with these Notes and that may affect the Issuer's ability to fulfil its obligations under the Notes which are not covered under "Risk Factors" in the Base Prospectus. If any such additional risk factors need to be included consideration should be given as to whether they constitute a "significant new factor" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]*

### 2. Listing and Admission to Trading

- (i) Listing: [Euronext Paris/other (specify)/None]
- (ii) Admission to trading: [Application has been made for the Notes to be admitted to trading on [●] with effect from [●].]  
[Not Applicable.]
- (Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)*
- (iii) Estimate of total expenses related to admission to trading: [●]
- (iv) Additional publication of Base Prospectus and Final Terms: [●] *(See Condition 16 which provides that the Base Prospectus and Final Terms of Notes admitted to trading on any regulated market of the EEA will be published on the website of the Autorité des marchés financiers. Please provide for additional methods of publication in respect of an admission to trading on a regulated market other than Euronext Paris, eg. Luxembourg)*

### 3. Ratings

- Ratings: The Notes to be issued have been rated:
- [Moody's: [●]]
- [[Other]: [●]]
- [[Each of [●], [●] and] [Moody's] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended). As such, [[each of [●], [●] and] [Moody's] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]]

*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

**4. [Notification]**

The *Autorité des marchés financiers* [has been requested to provide/has provided - include first alternative for an issue which is contemporaneous with the update of the Programme and the second alternative for subsequent issues] the [include names of competent authorities of host Member States] with [a] certificate[s] of approval attesting that the Base Prospectus [and the Supplement[s]] [has/have] been drawn up in accordance with the Prospectus Directive.]

**5. [Interests of Natural and Legal Persons Involved in the [Issue/Offer]**

*Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:*

"Save as discussed in ["Subscription and Sale"], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer."

**6. Reasons for the Offer, Estimated Net Proceeds and Total Expenses**

[(i) Reasons for the offer [●]

*(See ["Use of Proceeds"] wording in Base Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)*

[(ii) Estimated net proceeds: [●]

*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*

[(iii) Estimated total expenses: [●]. [Include breakdown of expenses.]

*(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)*

**7. [Fixed Rate Notes only – Yield]**

Indication of yield: [●].

[Calculated as [include details of method of calculation in summary form] on the Issue Date.]

[The yield is calculated at the Issue Date on the basis

of the Issue Price. It is not an indication of future yield. ]

**8. [Floating Rate Notes only - Historic Interest Rates**

Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Reuters].]

**9. [Index-Linked or other Variable-Linked Notes only – Performance of Index/Formula/Other Variable, Explanation of Effect on Value of Investment and Associated Risks and Other Information Concerning the Underlying**

*Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident. [Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information.]<sup>1</sup>]*

**10. [Dual Currency Notes only – Performance of Rate[s] of Exchange and Explanation of Effect on Value of Investment**

*Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]*

**11. [Derivatives Only - Other Information concerning the Securities to be [offered]/[admitted to Trading]]<sup>2</sup>**

Name of the issuer of the underlying security: [●]

ISIN Code: [●]

Underlying interest rate: [●]

Relevant weightings of each underlying in the basket: [●]

Adjustment rules with relation to events concerning the underlying: [●]

Source of information relating to the [Index]/[Indices]: [●]

Place where information relating to the [Index]/[Indices] can be obtained: [●]

Name and address of entities which have a firm commitment to act as intermediaries in secondary trading: [●]

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<sup>1</sup> Required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies.  
<sup>2</sup> Required for derivative securities.

Details of any market disruption/settlement disruption events affecting the underlying: [●]

Exercise price/find reference price of underlying: [●]

Details of how the value of investment is affected by the value of the underlying instrument(s): [●]

Details of settlement procedure of derivative securities: [●]

Details of how any return on derivative securities takes place, payment or delivery date, and manner of calculation: [●]

Details of any post-issuance information to be provided (only in case of derivatives instruments). Details of any post-issuance information relating to the underlying to be provided and where such information can be obtained: [●]

## 12. **[Placing and Underwriting]**<sup>1</sup>

Name and address of the co-ordinator(s) of the global offer and of single parts of the offer: [●]

Name and address of any paying agents and depository agents in each country (in addition to the Principal Paying Agent): [●]

Names and addresses of entities agreeing to underwrite the issue on a firm commitment basis, and entities agreeing to place the issue without a firm commitment or under "best efforts" arrangements:<sup>2</sup> [●]

When the underwriting agreement has been or will be reached: [●]

## 13. **Operational Information**

ISIN Code: FR[●]

Common Code: [●]

Any clearing system(s) other than Euroclear France, Euroclear Bank S.A./N.V. and [Not Applicable/give name(s) and number(s)]

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<sup>1</sup> To the extent known to the Issuer, of the places in the various countries where the offer takes place.  
<sup>2</sup> Where not all of the issue is underwritten, a statement of the portion not covered.

Clearstream Banking Société Anonyme and  
the relevant identification number(s):

Delivery:

Delivery [against/free of] payment

Names and addresses of additional Paying Agent(s) (if any):

## GENERAL INFORMATION

(1) Application has been made to the AMF to approve this document as a base prospectus and this Base Prospectus has received visa n°12-182 from the AMF on 24 April 2012. Application will be made in certain circumstances to list and admit the Notes on Euronext Paris and application may be made for the listing and admission to trading on any other Regulated Market in a Member State of the European Economic Area.

(2) The Issuer has obtained all necessary corporate and other consents, approvals and authorisations in the Republic of France in connection with the establishment of the Programme.

Any issue of Notes under the Programme will be authorised by a resolution of its *Conseil d'administration* which may delegate its powers within one year from the date of such authorisation to one or more of its members, its *Directeur Général* or, with the approval of the latter, one or more *Directeurs Généraux Délégués*. For this purpose, the *Conseil d'administration* of the Issuer, on 15 December 2011, delegated its powers to issue up to €1,500,000,000 of notes to the *Directeur Général* for a period of one year as from the date of such resolution.

(3) Except as disclosed in this Base Prospectus, there has been (i) no material adverse change in the prospects of the Issuer or the Group since 31 December 2011 and (ii) no significant change in the financial or trading position of the Issuer or the Group since 31 December 2011.

(4) Except as disclosed in this Base Prospectus there has been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the period of 12 months immediately preceding the date of this Base Prospectus which have had in the recent past a significant effect on the Issuer's or the Group's financial position or profitability.

(5) In respect of derivatives securities as requested by item 7.5 of Annex II of Commission Regulation no. 809/2004, the Final Terms will indicate whether or not the Issuer intends to provide post-issuance information concerning the underlying. If the Issuer intends to report such information, the Final Terms will specify what information will be reported and where such information can be obtained.

(6) The Notes have been accepted for clearance through Euroclear and Clearstream. The appropriate common code and the International Securities Identification number, in relation to the Notes of each Series will be specified in the Final Terms relating thereto. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

The address of Euroclear is Euroclear Bank SA/NV, 1 boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 avenue JF Kennedy, L-1855 Luxembourg.

Dematerialised Notes will be inscribed in the books of Euroclear France (acting as central depository). The address of Euroclear France is 115, rue Réaumur, 75081 Paris Cedex 02, France.

(7) Mazars and Ernst & Young et Autres have rendered an audit report on the consolidated financial statements of the Issuer for the financial years ended 31 December 2010 and 31 December 2011 dated 9 February 2011 and 8 February 2012, respectively.

The statutory auditors of the Issuer are Mazars and Ernst & Young et Autres. Mazars and Ernst & Young et Autres are members of the professional body *compagnie des commissaires aux comptes de Versailles*.



- (8) Each Temporary Global Certificate will bear the following legend: "THIS TEMPORARY GLOBAL NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"). NEITHER THIS GLOBAL NOTE NOR ANY PORTION HEREOF MAY BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO ANY U.S. PERSON UNLESS AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE."
- (9) Each Materialised Bearer Note, Receipt, Coupon and Talon issued in compliance with the D Rules will bear the following legend: "ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(J) AND 1287(A) OF THE INTERNAL REVENUE CODE."

## PERSONS RESPONSIBLE FOR THE INFORMATION GIVEN IN THE BASE PROSPECTUS

To the best of the Issuer's knowledge (having taken all reasonable care to ensure that such is the case), the information contained in this Base Prospectus is in accordance with the facts and contains no omission likely to affect its import and the Issuer accepts responsibility accordingly.

In the statutory auditors' report on the consolidated financial statements for the fiscal year ended 31 December 2010, which is reproduced on pages 282 and 283 of the 2010 Reference Document, the statutory auditors make two observations without qualifying their opinion.

In the statutory auditors' report on the consolidated financial statements for the fiscal year ended 31 December 2011, which is reproduced on pages 292 and 293 of the 2011 Reference Document, the statutory auditors make one observation without qualifying their opinion.

### SUEZ ENVIRONNEMENT COMPANY

Tour CB21  
16, place de l'Iris  
92040 Paris La Défense  
France

Duly represented by:

Nelly Giovansily (*Trésorier Groupe*) authorised signatory, pursuant to a decision of the Board of Directors (*Conseil d'administration*) of the Issuer dated 15 December 2011 and the power of attorney dated 2 April 2012  
on 24 April 2012



#### *Autorité des marchés financiers*

In accordance with Articles L. 412-1 and L. 621-8 of the French *Code monétaire et financier* and with the General Regulations (*Règlement Général*) of the *Autorité des marchés financiers* ("AMF"), in particular Articles 212-31 to 212-33, the AMF has granted to this Base Prospectus the visa no. 12-182 on 24 April 2012. This document may only be used for the purposes of a financial transaction if completed by Final Terms. It was prepared by the Issuer and its signatories assume responsibility for it. In accordance with Article L. 621-8-1-I of the French *Code monétaire et financier*, the visa was granted following an examination by the AMF of "whether the document is complete and comprehensible, and whether the information it contains is coherent". It does not imply that the AMF has verified the accounting and financial data set out in it. This visa has been granted subject to the publication of Final Terms in accordance with Article 212-32 of the AMF's General Regulations, setting out the terms of the securities being issued.

**Issuer**

**Suez Environnement Company**

Registered Office  
Tour CB21  
16, place de l'Iris  
92040 Paris La Défense  
France

**Arranger**

Deutsche Bank AG, Paris Branch  
3, avenue de Friedland  
75008 Paris  
France

**Dealers**

**Banco Bilbao Vizcaya Argentaria, S.A.**

Via de los Poblados s/n -2<sup>nd</sup> floor  
Madrid 28033  
Spain

**Banco Santander, S.A.**

Global Banking & Markets  
Ciudad Grupo Santander  
Edificio Encinar  
Avenida de Cantabria  
28660 Boadilla del Monte  
Madrid  
Spain

**BNP Paribas**

10, Harewood Avenue  
London NW1 6AA  
United Kingdom

**Commerzbank Aktiengesellschaft**

Kaiserstrasse 16 (Kaiserplatz)  
60311 Frankfurt Am Main  
Federal Republic of Germany

**Crédit Agricole Corporate and Investment Bank**

9, quai du Président Paul Doumer  
92920 Paris La Défense Cedex  
France

**Deutsche Bank AG, London Branch**

Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
United Kingdom

**HSBC Bank plc**

8, Canada Square  
London E14 5HQ  
United Kingdom

**ING Bank N.V.**

Foppingadreef 7  
1102 BD, Amsterdam  
The Netherlands

**Merrill Lynch International**

2 King Edward Street  
London EC1A 1HQ  
United Kingdom

**Mitsubishi UFJ Securities International plc**

Ropemaker Place  
25 Ropemaker Street  
London EC2Y 9AJ  
United Kingdom

**Natixis**  
30, avenue Pierre Mendès France  
75013 Paris  
France

**Société Générale**  
29, boulevard Haussmann  
75009 Paris  
France

**The Royal Bank of Scotland plc**  
135, Bishopsgate  
London EC2M 3UR  
United Kingdom

**Fiscal Agent, Principal Paying Agent, Redenomination Agent,  
Consolidation Agent, Calculation Agent and Registration Agent**

**Société Générale Bank & Trust**

11, avenue Emile Reuter  
L-2420 Luxembourg  
Luxembourg

**Paying Agent**

**Société Générale**

29, boulevard Haussmann  
75009  
Paris  
France

**Auditors**

**Mazars**

Tour Exaltis  
61 rue Henri Régnauld  
92075 La Défense Cedex  
France

**Ernst & Young et Autres**

1/2, place des Saisons  
92400 Courbevoie – Paris-La Défense 1  
France

**Legal Advisers**

**To the Issuer**

*As to French law*  
**Linklaters LLP**  
25, rue de Marignan  
75008 Paris  
France

**To the Dealers**

*As to French law*  
**Allen & Overy LLP**  
52, avenue Hoche  
CS 90005  
75379 Paris Cedex 08  
France