



VEOLIA ENVIRONNEMENT

(Established as a société anonyme in the Republic of France)

EURO 16,000,000,000

EURO MEDIUM TERM NOTE PROGRAMME

Under its Euro Medium Term Note Programme (the “**Programme**”), Veolia Environnement (“**Veolia 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 Euro 16,000,000,000 (or the equivalent in other currencies at the date of issue of any Notes).

Application may be made (i) to NYSE Euronext in Paris for Notes issued under the Programme during a period of 12 months from the date of this Base Prospectus to be listed and admitted to trading on Euronext Paris and/or (ii) to the competent 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 (as defined below) in such Member State. Euronext Paris is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC (a “**Regulated Market**”). However, Notes may be issued pursuant to the Programme which are not listed and admitted to trading on a Regulated Market. The relevant final terms in respect of the issue of any Notes (the “**Final Terms**”), a form of which is contained herein, will specify whether or not such Notes will be listed and admitted to trading, and, if so, the relevant Regulated Market in the EEA.

This Base Prospectus (together with any supplements hereto published from time to time) comprises a base prospectus for the purposes of article 5.4 of the Prospectus Directive (as defined herein) in respect of, and for the purpose of giving information with regard to, Veolia Environnement, Veolia Environnement and its subsidiaries and affiliates taken as a whole (the “**Group**”) and the Notes, which is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer and the rights attached to the Notes.

In accordance with article 11 of the Prospectus Directive, this Base Prospectus incorporates by reference and must be read in conjunction with the sections of the *documents de référence* filed by the Issuer with the *Autorité des marchés financiers* (the “**AMF**”) in France on 30 March 2011 (under no. D.11-0200) and on 30 March 2010 (under no. D.10-0190) and the sections of the first update to the 2010 *document de référence* filed with the AMF on 5 October 2011 (under number D.11-0200-A01), that are referred to herein. For the avoidance of doubt, any information of the *documents de référence* or of the update of the 2010 *document de référence* not referred herein is not incorporated by reference in this Base Prospectus. Application has been made for approval of this Base Prospectus to the AMF in its capacity as competent authority pursuant to article 212-2 of its *règlement général* which implements the Prospectus Directive.

Notes issued pursuant to the Programme may be unrated or rated. The rating of Notes (if any) will be specified in the relevant Final Terms. Whether or not each credit rating applied for in relation to relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under Regulation (EU) No 1060/2009 (the “**CRA Regulation**”) will be disclosed in the Final Terms. 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 without notice.

Any statement contained in this Base Prospectus or any information which is incorporated by reference herein shall only be modified or superseded for the purpose of this Base Prospectus to the extent that it is modified or incorporated by way of a supplement prepared in accordance with article 16 of the Prospectus Directive.

For as long as the Programme remains in effect or any Notes are outstanding, copies of this Base Prospectus, any document containing information incorporated by reference in this Base Prospectus, any supplement to this Base Prospectus and the Final Terms related to Notes that are listed and admitted to trading on any Regulated Market in the EEA will be available for viewing on the website of the AMF (www.amf-france.org), on the Issuer's website (www.finance.veolia.com) and may be obtained, during normal business hours, from Veolia Environnement, 36-38 avenue Kléber, 75116 Paris, France and at the specified offices of the Fiscal Agent and each of the Paying Agents (as defined herein).

This Base Prospectus supersedes the base prospectus dated 25 May 2010 and any supplement thereto.



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 its visa n°11-474 on 19 October 2011. This document may be used for the purposes of a financial transaction only if it is supplemented 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 understandable, and whether the information it contains is consistent”. It does not imply that the AMF has verified the accounting and financial data set out herein. 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 and conditions of the securities to be issued.

Arranger

Société Générale Corporate & Investment Banking

Dealers

Barclays Capital

BNP PARIBAS

Deutsche Bank

NATIXIS

BofA Merrill Lynch

Credit Suisse

HSBC

Société Générale Corporate & Investment Banking

The Royal Bank of Scotland

The date of this Base Prospectus is 19 October 2011

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 Notes and, if given or made, such information or representation must not be relied upon as having been authorised by Veolia Environnement, the Dealers or the Arranger (as defined in “Summary”). 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 Veolia Environnement or the Group since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of Veolia Environnement or the Group since the date hereof or the date upon which this Base Prospectus has been most recently amended or 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 Veolia Environnement, 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 (the “Securities Act”) or with any securities regulatory authority of any state or other jurisdiction of the United States, and the Notes may include Materialised Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered or 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 as defined in Regulation S under the Securities Act (“Regulation S”) or, in the case of Materialised Notes in bearer form, the U.S. Internal Revenue Code of 1986, as amended (the “U.S. Internal Revenue Code”).

For a description of certain restrictions on offers and sales of Notes and on distribution of this Base Prospectus, see “Subscription and Sale of the Notes”.

This Base Prospectus does not constitute an offer of, or an invitation by or on behalf of Veolia Environnement or the Dealers 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 financial statements are intended to provide the basis of any credit or other evaluation and nor should they be considered as a recommendation by any of Veolia Environnement, the Arranger or the Dealers that any recipient of this Base Prospectus or of any financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Base Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers or the Arranger undertakes to review the financial condition or affairs of Veolia Environnement 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.

In connection with the issue of any Tranche, the Dealer or 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 shall be conducted in accordance with all applicable laws and rules.

In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to “U.S.\$” are to the currency of the United States of America, references to “Japanese Yen” and “yen” are to the currency of Japan, references to “Sterling” are to the currency of the United Kingdom, references to “Swiss franc” are to the currency of Switzerland, references to “Renminbi” or “RMB” are to the currency of the People’s Republic of China (“PRC”) and references to “€” and “Euro” are to the single currency of the participating member states of the European Union which was introduced on 1 January 1999.

The expression “Prospectus Directive” means Directive 2003/71/EC and amendments thereto, including Directive 2010/73/EU (the “2010 PD Amending Directive”), to the extent implemented in the Relevant Member State, and includes any relevant implementing measure in the Relevant Member State.

TABLE OF CONTENTS

RÉSUMÉ (<i>FRENCH SUMMARY</i>)	4
SUMMARY	8
1. PERSONS RESPONSIBLE FOR THE BASE PROSPECTUS.....	12
2. STATUTORY AUDITORS	12
3. SELECTED FINANCIAL INFORMATION	13
4. RISK FACTORS.....	14
5. KEY INFORMATION.....	26
6. INFORMATION CONCERNING THE SECURITIES TO BE OFFERED/ADMITTED TO TRADING	27
6.1. Terms and conditions of the Notes	27
6.2. Temporary Global Certificate.....	51
6.3. Taxation	52
6.4. Subscription and sale of the Notes.....	54
6.5. Form of Final Terms.....	58
7. INFORMATION ABOUT THE ISSUER	72
8. BUSINESS OVERVIEW	73
9. ORGANISATIONAL STRUCTURE.....	73
10. TREND INFORMATION.....	73
11. PROFIT FORECASTS AND ESTIMATES.....	73
12. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES	74
13. BOARD PRACTICES.....	74
14. MAJOR SHAREHOLDERS	74
15. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES	74
16. ADDITIONAL INFORMATION.....	75
17. MATERIAL CONTRACTS.....	75
18. THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST	75
19. DOCUMENTS ON DISPLAY	75
20. GENERAL INFORMATION.....	76

RÉSUMÉ
(FRENCH SUMMARY)

Le résumé ci-dessous est une description générale du programme d'émission de titres de Veolia Environnement (le "Programme"). Il a été préparé pour les besoins de l'émission de Titres ayant une coupure inférieure à 50 000 euros (100 000 euros à partir de la transposition de la directive 2010/73/EU dans tout Etat membre concerné) ou l'équivalent en devises. Les investisseurs en Titres de coupure supérieure ou égale à 50 000 euros (ou, le cas échéant, 100 000 euros) ne doivent pas fonder leur décision d'investissement sur ce résumé, et l'Emetteur n'accepte aucune responsabilité à cet égard.

Le résumé doit être lu comme une introduction au prospectus de base du Programme (le "Prospectus de Base"). Il a été établi afin d'aider les investisseurs qui envisagent d'investir en Titres mais ne se substitue pas au Prospectus de Base. Toute décision d'investir en Titres émis dans le cadre du Programme doit être fondée sur un examen exhaustif du Prospectus de Base. Si une action concernant l'information contenue dans le Prospectus de Base est intentée devant un tribunal, l'investisseur plaignant pourra, selon la législation nationale des Etats membres de la Communauté Européenne ou parties à l'accord sur l'Espace Economique Européen, avoir à supporter les frais de traduction du Prospectus de Base avant le début de la procédure judiciaire. Conformément à l'article L.412-1-I du code monétaire et financier et à partir de la transposition de la directive 2010/73/EU, aucune action en responsabilité civile ne pourra être intentée sur le fondement du seul résumé ou de sa traduction, sauf si le contenu du résumé ou sa traduction est trompeur, inexact ou contradictoire par rapport aux informations contenues dans les autres parties du Prospectus de Base ou s'il ne fournit pas, en conjonction avec les informations contenues dans les autres parties du Prospectus de Base, les informations clés afin d'aider les investisseurs lorsqu'ils envisagent d'investir en Titres.

I. TITRES POUVANT ETRE EMIS DANS LE CADRE DU PROGRAMME (LES "TITRES")

Emetteur :	Veolia Environnement ("l'Emetteur").
Arrangeur :	Société Générale
Agents Placeurs :	Barclays Bank PLC, BNP PARIBAS, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch, HSBC France, Merrill Lynch International, NATIXIS, Société Générale and The Royal Bank of Scotland plc.
Montant maximum du Programme :	16 000 000 000 €.
Agent financier et agent payeur :	BNP Paribas Securities Services.
Méthode d'émission :	Les Titres seront émis dans le cadre d'émissions syndiquées ou non-syndiquées.
Echéance :	Toute échéance, sous réserve des lois, règlements et directives applicables.
Devises :	Les Titres pourront être émis en euros, en dollars américains, en yen japonais, en francs suisses, en livres sterlings, en renminbis ou en toute autre devise mentionnée dans les Conditions Définitives (<i>Final Terms</i>) préparées à l'occasion de l'émission concernée.
Modalités (prix, montant de l'émission, taux d'intérêt, etc.) :	Les modalités des Titres émis au sein de chaque série seront précisées dans les Conditions Définitives s'y rapportant.
Valeur nominale :	Tout montant, sous réserve des règles de la banque centrale compétente (ou de toute autre autorité équivalente) et des lois ou règlements applicables en fonction de la devise des Titres. Les Titres dématérialisés seront émis avec une valeur nominale unique.
Rang de créance :	Les Titres constitueront des engagements directs, inconditionnels, non subordonnés et, sans préjudice des stipulations de l'article 5 des Conditions Générales des Titres (<i>Terms and Conditions of the Notes</i>), non assortis de sûretés de l'Emetteur venant, sous réserve des exceptions impératives du droit français, au même rang entre eux et

	au même rang que tout autre engagement, présent ou futur, non subordonné et non assorti de sûretés de l’Emetteur.
Forme :	Les Titres pourront être émis sous la forme de Titres dématérialisés ou de Titres physiques. Les Titres dématérialisés seront au porteur ou au nominatif. Les Titres physiques seront uniquement au porteur.
Maintien de l’emprunt à son rang :	Les Conditions Générales des Titres comportent une clause de maintien de l’emprunt à son rang (<i>Negative Pledge</i>).
Cas de défaut (notamment défaut croisé) :	Se reporter à l’article 10 des Conditions Générales des Titres (“ <i>Terms and Conditions of the Notes—Events of Default</i> ”).
Remboursement :	Les Conditions Définitives préparées à l’occasion de chaque émission de Titres indiqueront si ceux-ci peuvent être remboursés (en totalité ou en partie) avant l’échéance prévue, au gré de l’Emetteur ou des porteurs et, si tel est le cas, les modalités applicables à ce remboursement.
Remboursement pour raisons fiscales :	Les Titres pourront être remboursés par anticipation, au gré de l’Emetteur, pour des raisons fiscales. Se reporter à l’article 7(f) des Conditions Générales des Titres (“ <i>Terms and Conditions of the Notes—Redemption, Purchase and Options—Redemption for Taxation Reasons</i> ”).
Remboursement Anticipé "Make-whole" par l’Emetteur :	Sauf stipulation contraire des Conditions Définitives concernées, l’Emetteur aura la faculté de rembourser les Titres, en totalité ou en partie, à tout moment, avant leur Date d’Echéance, au Montant de Remboursement "Make-whole". Se reporter à l’article 7(c)(ii) des Conditions Générales des Titres (“ <i>Terms and Conditions of the Notes—Redemption, Purchase and Options—Redemption at the option of the Issuer, exercise of Issuer's options and partial redemption – Make-whole redemption</i> ”).
Fiscalité :	Sauf exception prévue dans les Conditions Définitives, les paiements relatifs aux Titres ne seront pas soumis à la retenue à la source prévue à l’article 125 A III du code général des impôts.
Dépositaire central :	Euroclear France.
Autres dépositaires :	Clearstream, Luxembourg et Euroclear.
Cotation :	Les Conditions Définitives préparées à l’occasion de chaque émission de Titres indiqueront si ceux-ci ont vocation ou non à être admis aux négociations sur Euronext Paris ou sur tout autre marché réglementé au sens de la Directive 2004/39/CE (un “ Marché Réglementé ”) ou bourse de valeurs.
Offre au public :	Les Titres ne seront pas offerts au public en France.
Notation :	Les Titres émis dans le cadre du Programme pourront faire l’objet d’une notation.
Restrictions de vente :	Il existe des restrictions concernant le placement des Titres dans différents Etats, notamment les Etats-Unis, le Japon, Hong Kong, la République Populaire de Chine, Singapour et certains Etats parties à l’accord sur l’Espace Economique Européen, parmi lesquels la France, les Pays-Bas et le Royaume-Uni. Des restrictions supplémentaires pourront figurer dans les Conditions Définitives à l’occasion du placement d’une série donnée.
Droit applicable :	Droit français.

II. INFORMATIONS CLES RELATIVES A L'EMETTEUR

Veolia Environnement est une société anonyme à conseil d'administration constituée en 1995 pour une durée de 99 ans, conformément aux dispositions du code du commerce français. Son siège social est au 36-38 avenue Kléber, 75116 Paris, France. Veolia Environnement est la société de tête d'un groupe indépendant spécialisé dans l'offre de services à l'environnement.

Acteur unique dans son métier des services à l'environnement, Veolia Environnement offre une gamme complète de services adaptés aux besoins de chacun de ses clients. Ces services comprennent notamment l'approvisionnement en eau et le recyclage des eaux usées, la collecte, le traitement et la valorisation des déchets, la fourniture de chaleur et climatisation et l'optimisation de processus industriels.

Au travers de ses quatre divisions, chacune consacrée à une activité, Veolia Eau, Veolia Energie (Dalkia), Veolia Propreté et Veolia Transdev, Veolia Environnement dessert aujourd'hui 100 millions de personnes en eau potable et 71 millions en assainissement dans le monde, traite près de 63 millions de tonnes de déchets, assure les besoins en énergie de centaines de milliers de bâtiments pour une clientèle d'industriels, de collectivités et de particuliers et transporte environ 2,5 milliards de passagers par an. Veolia Environnement s'efforce de développer des offres de services regroupant plusieurs des métiers du groupe, soit au travers de contrats distincts, soit en combinant les services offerts au sein de contrats multiservices.

III. FACTEURS DE RISQUES

A. Principaux facteurs de risques concernant Veolia Environnement

L'Émetteur est spécialisé dans la fourniture de services à l'environnement, et encourt de ce fait certains risques liés à son activité. Pour honorer les paiements relatifs aux Titres qu'il émet dans le cadre du programme, l'Émetteur est dépendant des revenus qu'il perçoit dans le cadre de ses activités. Ces revenus peuvent être affectés par un grand nombre de facteurs, tels que :

- la concurrence importante qui s'exerce dans les métiers du Groupe ;
- les acquisitions faites par le Groupe qui pourraient s'avérer moins favorables qu'anticipé ou affecter sa situation financière ;
- une exposition au risque de fluctuation des taux de change et des taux d'intérêt ;
- les risques relatifs au système d'échange de quotas d'émissions de gaz à effet de serre ;
- la conduite d'activités dans certains pays comportant des risques politiques ;
- une exposition à des risques géopolitiques, criminels ou terroristes ;
- la nécessité de développer et d'adapter les compétences indispensables aux activités du Groupe ;
- l'augmentation de la fréquence ou de la gravité des accidents du travail et la recrudescence de maladies professionnelles ;
- les conflits sociaux ayant un impact négatif sur l'activité et l'image de la société ;
- une sensibilité aux changements dans les prix de l'énergie et des consommables ou dans le prix des matières premières secondaires ;
- l'impact des variations des conditions climatiques ;
- les risques liés à l'évolution de certains contrats de cogénération ;
- des contrats à long terme pouvant limiter la capacité de l'Émetteur à répondre de manière efficace et rapide à des évolutions économiques défavorables ;
- des risques opérationnels liés à la signature de contrats comportant des engagements de performance ;
- le droit des collectivités publiques de résilier ou de modifier unilatéralement les contrats conclus avec le Groupe ;
- des investissements significatifs dans des projets pour lesquels l'Émetteur n'a pas pu obtenir les autorisations requises ;
- les dommages que sont susceptibles de causer aux biens, aux personnes et à l'environnement certaines activités de l'Émetteur ;
- un coût élevé des dépenses engagées pour se conformer aux lois et réglementations en matière d'environnement, d'hygiène et de sécurité ;
- la réparation des dommages causés par l'Émetteur dans le cadre de la réalisation de ses prestations ; et
- les risques technologiques nécessitant des mesures particulières.

B. Principaux facteurs de risques concernant les Titres émis par Veolia Environnement

L'achat ou la détention de Titres implique certains risques qui doivent être pris en compte préalablement à toute décision d'investissement. En dépit de leur caractère éventuel, ces risques peuvent entraîner une volatilité voire une baisse de la valeur de marché des Titres en deçà des attentes (financières ou autres) des investisseurs.

Il appartient à chaque investisseur de déterminer par lui-même et, le cas échéant, avec l'assistance de conseils professionnels, si l'achat de Titres correspond à sa situation personnelle, ses besoins financiers et ses objectifs, si cet achat est conforme à ses politiques et contraintes d'investissement, et s'il s'agit d'un investissement qui lui convient, malgré les risques réels et significatifs inhérents à tout achat ou détention de Titres.

Ces risques incluent notamment :

- le risque de modification des modalités des Titres par une décision de l'assemblée générale des porteurs des Titres, les porteurs non présents ou en désaccord pouvant se retrouver liés par le vote de la majorité ;
- les risques liés au marché secondaire des Titres ;
- les risques liés à l'information sur le sous-jacent ;
- les risques liés aux conflits d'intérêts potentiels entre l'Emetteur, les Agents Placeurs, les entités qui leur sont apparentées et les porteurs des Titres ;
- les risques relatifs au change et aux devises ;
- les risques juridiques liés à l'acquisition des Titres ;
- les risques liés à la notation des Titres ;
- les risques liés à la fiscalité ;
- les risques liés à la directive sur la fiscalité de l'épargne ;
- les risques liés à la valeur des Titres sur le marché ; et
- les risques relatifs à un changement de loi.

Il existe aussi des facteurs de risques liés à la structure de certains Titres en particulier (Titres comportant une option de remboursement anticipé à l'initiative de l'Emetteur, Titres à taux flottant, Titres à taux fixe, Titres indexés, etc.) et des risques relatifs aux émissions de Titres libellés en renminbi.

Pour une description détaillée des facteurs de risques, se reporter à la section "Risk factors" du Prospectus de Base et des Conditions Définitives de chaque émission de Titres.

SUMMARY

This summary constitutes a general description of the Programme. It is provided for the purposes of the issue of Notes of a denomination of less than Euro 50,000 (Euro 100,000 once Directive 2010/73/EU has been implemented in any relevant Member State) or its equivalent in other currencies). Investors in Notes of a denomination equal to or greater than Euro 50,000 (or Euro 100,000, as the case may be) should not rely on this summary in any way and the Issuer accepts no liability to such investors.

This summary must be read as an introduction to the Base Prospectus and is provided as an aid to investors when considering whether to invest in the Notes, but is not a substitute for the Base Prospectus. Any decision to invest in the Notes should be based on a consideration of the Base Prospectus as a whole. Where a claim relating to the information contained in the Base Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Base Prospectus before the legal proceedings are initiated. Pursuant to article L.412.1-I of the French code monétaire et financier and once Directive 2010/73/EU has been implemented, no civil action may be brought in liability against the Issuer solely on the basis of this summary, including its translation, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus or it does not provide, when read together with the other parts of this Base Prospectus, key information in order to aid investors when considering whether to invest in the Notes.

Words and expressions defined in “Terms and Conditions of the Notes” shall have the same meanings in this summary.

I. NOTES TO BE ISSUED UNDER THE PROGRAMME

Issuer:	Veolia Environnement (the “ Issuer ”).
Arranger:	Société Générale
Dealers:	Barclays Bank PLC, BNP PARIBAS, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch, HSBC France, Merrill Lynch International, NATIXIS, Société Générale and The Royal Bank of Scotland plc.
Programme Limit:	Up to €16,000,000,000.
Fiscal Agent and Paying Agent:	BNP Paribas Securities Services.
Method of Issue:	The Notes will be issued on a syndicated or non-syndicated basis.
Maturities:	Subject to compliance with all relevant laws, regulations and directives, any maturity.
Currencies:	Euro, U.S. Dollar, Japanese yen, Swiss franc, Sterling, Renminbi and any other currency specified in the relevant Final Terms.
Commercial terms of the Notes (price, amount, interest rate, etc.):	The commercial terms and conditions of the Notes of each Series of Notes will be set out in the applicable Final Terms.
Denomination(s):	Any denomination, subject to compliance with the regulations of the relevant central bank (or equivalent body) or any applicable laws or regulations applicable to the Specified Currency. Dematerialised Notes will be issued in one denomination only.
Status of Notes:	Notes will constitute direct, unconditional, unsubordinated and subject to the provisions of Condition 5 unsecured obligations of the Issuer, which will rank <i>pari passu</i> among themselves and save for certain obligations required to be preferred by French law equally with all other present or future unsecured and unsubordinated obligations of the Issuer from time to time outstanding.

Form of Notes:	Dematerialised Notes or Materialised Notes. Dematerialised Notes may be issued in bearer dematerialised form (<i>au porteur</i>) or in registered dematerialised form (<i>au nominatif</i>). Materialised Notes will be in bearer form only.
Negative Pledge:	There will be a negative pledge in respect of the Notes.
Events of Default (including cross default):	See Condition 10 “Terms and Conditions of the Notes—Events of Default”.
Redemption:	The Final Terms will specify the conditions under which the Notes may be redeemed (in whole or in part) prior to maturity at the option of the Noteholders or the Issuer.
Taxation Redemption:	The Notes will be subject to redemption at the option of the Issuer for taxation reasons. See Condition 7(f) “Terms and Conditions of the Notes—Redemption, Purchase and Options—Redemption for Taxation Reasons”.
Make-whole Redemption by the Issuer:	Unless otherwise specified in the relevant Final Terms, the Issuer will have the option to redeem the Notes, in whole or in part, at any time or from time to time, prior to their Maturity Date, at the Make-whole Redemption Amount. See Condition 7(c)(ii) “Terms and Conditions of the Notes—Redemption, Purchase and Options—Redemption at the option of the Issuer, exercise of Issuer's options and partial redemption – Make-whole redemption”.
Taxation:	Except as otherwise stated in the Final Terms, payments in respect of the Notes issued by Veolia Environnement will be made without the withholding tax set out under Article 125 A III of the French tax code (<i>code général des impôts</i>).
Central Depository:	Euroclear France.
Other Depositories:	Clearstream, Luxembourg and Euroclear.
Listing:	A Series of Notes may or may not be admitted to trading on Euronext Paris or any other regulated market as defined by Directive 2004/39/EC (a “ Regulated Market ”) or stock exchange, as specified in the relevant Final Terms.
Offer to the public:	The Notes shall not be offered to the public in France.
Rating:	Notes issued under the Programme may be rated or unrated.
Selling Restrictions:	The offer and sale of Notes will be subject to selling restrictions in various jurisdictions, in particular, those of the United States of America, Japan, Hong Kong, the People's Republic of China, Singapore and those of the European Economic Area, including France, The Netherlands and the United Kingdom. Further restrictions that may apply to a Series of Notes will be specified in the applicable Final Terms.
Governing Law:	French law.

II. KEY INFORMATION ABOUT THE ISSUER

Veolia Environnement is a *société anonyme à conseil d'administration* incorporated in 1995 pursuant to the French *code de commerce* for a term of 99 years. Its registered office is located at 36-38 avenue Kléber, 75116 Paris, France. Veolia Environnement is the leading company of an independent group of companies which specialises in the supply of environmental management services.

As a unique player in the market of environmental services, Veolia Environnement offers a complete range of services tailored to fit each of its clients' individual needs. These services include, for instance, supplying water, recycling wastewater, collecting, treating and recycling waste, supplying heating and cooling services, and generally optimising industrial processes.

Veolia Environnement's operations are conducted through four divisions, each of which specialises in a single business sector: Veolia Eau, Veolia Energie (Dalkia), Veolia Propreté and Veolia Transdev. Through these divisions, Veolia Environnement currently provides drinking water to 100 million people and treats sewer water for 71 million people in the world, treats about 63 million tons of waste, satisfies the energy requirements of hundreds of thousands of buildings for its industrial, municipal and individual clients and transports approximately 2.5 billion passengers per year. Veolia Environnement strives to offer services to clients combining those offered by each of its four divisions, and which are packaged either in a form of a single multi-service contract, or several individual contracts.

III. RISK FACTORS

A. Essential risks associated with Veolia Environnement

The Issuer specialises in the supply of environmental management services and is therefore subject to certain risks in relation to its business activity. To make payments on the Notes issued under the Programme, the Issuer depends on the income it receives from its business operations. Such income may be adversely affected by a large number of factors, such as:

- intense competition in the various business segments of the Group;
- acquisitions carried out by the Group which may be less favorable than anticipated or which could affect its financial situation;
- an exposure to the risk of currency and interest rate fluctuations;
- risks relating to the greenhouse gas allowances trading system;
- business operations in countries involving political risks;
- an exposure to geopolitical, criminal or terrorist risks;
- the need to develop and to adapt skills specific to the Group's activity;
- increased frequency and seriousness of occupational accidents and upsurge of occupational diseases;
- social conflicts that could have a negative impact on the Group's activities or image;
- a sensitivity to changes in the prices of energy and other commodities or in the price of recycled materials;
- the impact of variations in weather conditions;
- risks related to changes in certain cogeneration contracts;
- long-term contracts which may limit the Issuer's capacity to quickly and effectively react to adverse economic changes;
- operational risks related to the signing of contracts bearing performance covenants ;
- the right of public authorities to terminate or modify contracts with the Group unilaterally;
- significant investments in projects for which the Issuer has not been able to obtain the required approvals;
- damages to persons, property or the environment that could be caused by some of the Issuer's activities;
- significant costs of compliance with various environmental health and safety laws and regulations;
- compensation for damages caused by the Issuer's operations and activities; and
- specific action required in connection with technological risks.

B. Essential risks associated with the Notes to be issued by Veolia Environnement

An investment in the Notes involves certain risks which should be assessed prior to any investment decision. While all of these risk factors are contingencies which may or may not occur, they may lead to a volatility and/or decrease in the market value of the Notes below the expectations (financial or otherwise) of an investor.

Each prospective investor in the Notes should determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of 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.

These risks include:

- the risk of modification of the conditions of the Notes by a General Meeting of Noteholders binding all Noteholders including those who did not attend or who voted in a manner contrary to the majority;
- risks relating to the secondary/trading market for the Notes;
- risks related to the provision of information;
- risks relating to potential conflicts of interest between the Issuer, the Dealers, their respective affiliates and the Noteholders;
- risks relating to exchange rate and currency risk;
- risks related to legality of purchase;
- risks relating to credit ratings;
- risks related to taxation;
- risks related to the EU Savings Directive;
- risks related to the market value of the notes; and
- the risk of a change in law.

There are also risks relating to the structure of a particular issue of Notes (Notes subject to optional redemption of the Issuer, Fixed Rate Notes, Floating Rate Notes, Index-Linked Notes, etc.) and particular risks relating to Notes denominated in RMB.

These risk factors are detailed in the "Risk factors" section of this Base Prospectus and in the Final Terms of each Series of Notes.

1. PERSONS RESPONSIBLE FOR THE BASE PROSPECTUS

1.1. Persons responsible for the Base Prospectus

Veolia Environnement, 36-38 avenue Kléber, 75116 Paris.

1.2. Declaration by persons responsible for the Base Prospectus

We declare, having taken all reasonable measures for this purpose and to the best of our knowledge, that the information contained in this Base Prospectus is in accordance with the facts and that it contains no omission which could affect its import.

Veolia Environnement

36-38 avenue Kléber

75116 Paris

duly represented by Antoine Frérot, Chairman and CEO

on 19 October 2011

2. STATUTORY AUDITORS

2.1. Issuer's auditors

Statutory auditors:

KPMG SA, member of KPMG International

Commissaire aux comptes

member of the *Compagnie régionale de Versailles*

represented by Mr. Jay NIRSIMLOO and Baudouin GRITON

1 cours Valmy, 92923 Paris La Défense Cedex

ERNST & YOUNG ET AUTRES

Commissaire aux comptes

member of the *Compagnie régionale de Versailles*

represented by Mr. Pierre HURSTEL and Mr. Nicolas PFEUTY

41 rue Ybry, 92576 Neuilly-sur-Seine Cedex

Alternate auditors:

Mr. Philippe MATHIS

1 cours Valmy, 92923 Paris La Défense Cedex

AUDITEX

Tour Ernst & Young, Faubourg de l'Arche, 92037 La Défense Cedex

2.2. Resignation or removal of Issuer's auditors

The auditors have not resigned or been removed during the period covered by the historical financial information.

3. SELECTED FINANCIAL INFORMATION

Selected consolidated financial statement figures presented in accordance with IFRS¹

(€ million)	30/06/2011	31/12/2010 ⁽ⁱ⁾ ⁽ⁱⁱⁱ⁾	30/06/2010 ⁽ⁱⁱ⁾ ⁽ⁱⁱⁱ⁾	31/12/2009 ⁽ⁱ⁾ ⁽ⁱⁱⁱ⁾
Revenue	16,286.7	29,282.9	14,106.5	28,306.4
Operating income	252.2	2,007.4	1,100.7	1,820.3
Net income attributable to owners of the Company	-67.2	558.5	374.2	559.0
Net income attributable to owners of the Company per share - Diluted (in euros) ^(iv)	-0.14	1.16	0.78	1.18
Net income attributable to owners of the Company per share - Basic (in euros) ^(iv)	-0.14	1.16	0.78	1.18
Dividends paid ^(v)	586.8	579.5	579.5	553.8
Dividend per share paid during the fiscal year (in euros)	1.21	1.21	1.21	1.21
Total assets	49,087.1	51,427.3	50,785.9	49,754.7
Total current assets ^(vi)	19,877.1	20,371.9	19,164.7	20,196.2
Total non-current assets	29,210.0	31,055.4	31,621.2	29,558.5
Equity attributable to owners of the Company	7,416.7	7,875.9	7,815.4	7,397.4
Equity attributable to non-controlling interests	2,845.7	2,928.5	2,860.3	2,670.1
Adjusted operating cash flow ^(vii)	1,740.8	3,359.5	1,694.0	3,204.3
Adjusted operating income	937.8	1,916.7	1,010.9	1,727.2
Adjusted net income attributable to owners of the Company	188.1	484.7	262.9	469.6
Net financial debt	14,764.1	15,218.0	16,027.3	15,127.7

⁽ⁱ⁾ In accordance with IFRS 5, "Non-current assets held for sale and discontinued operations", the income statements of the Transportation Division as a whole, the Water Division's Dutch entities, divested in December 2010, the Waste-to-Energy entities in the Environmental Services Division, divested in August 2009, the activities in Norway in the Environmental Services Division, divested in March 2011, the activities in Germany in the Energy Services Division, divested in May 2011, are grouped together in a separate line "Net income from discontinued operations", in the 2010 financial statements and in fiscal year 2009 presented for comparative purposes. Moreover, the Renewable Energies of which the divestiture process was interrupted in the end of 2010 and Water Division activities in Gabon of which the divestiture process was interrupted early 2011 are no longer presented in the income from discontinued operations.

⁽ⁱⁱ⁾ In accordance with IFRS 5 "Non-current assets held for sale and discontinued operations", the income statements of the Transportation Division as a whole, the Water Division's Dutch entities, divested in December 2010, the Waste-to-Energy entities in the Environmental Services Division, divested in August 2009, the activities in Norway in the Environmental Services Division, divested in March 2011, the activities in Germany in the Energy Services Division, divested in May 2011, were grouped together in a separate line, "Net income from discontinued operations", as of June 30, 2010. Moreover, the Renewable Energies of which the divestiture process was interrupted in the end of 2010 are no longer presented in the income from discontinued operations.

⁽ⁱⁱⁱ⁾ Following the discover during the second quarter of 2011 of an accounting fraud in the United States regarding the financial statements for the years 2007 to 2010 in the Marine Services business, a subsidiary of the Environmental Services Division and in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", the Company has corrected retrospectively the comparative figures for each of the affected financial years in its 2011 financial statement and disclosed above.

^(iv) In accordance with IAS 33, the weighted average number of shares outstanding taken into account in the calculation of net income per share for fiscal year 2009, was adjusted following the scrip dividend performed in June 2010. The adjusted weighted average number of shares is 472.4 million as of December 31, 2009.

^(v) Dividends paid by the Company.

^(vi) Including assets classified as held for sale of €805.6 million as of December 31, 2010 and €722.6 million as of December 31, 2009.

^(vii) Operating cash flow before changes in working capital, as presented in the Cash Flow Statement, is composed of three components: adjusted operating cash flow consisting of operating income and expenses received and paid ("cash"), operating cash flow from financing activities including cash financial items relating to other financial income and expenses, and operating cash flow from discontinued operations composed of cash operating and financial income and expense items classified in net income from discontinued operations pursuant to IFRS 5.

¹ Definitions of the balances presented in the table (except for operating cash flow before changes in working capital) are presented in Chapter 9, section 9.7.2 of Veolia Environnement's document de référence 2010 and in Chapter 9, section 9.7.2 of the first update of Veolia Environnement's 2010 document de référence.

4. RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under 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. The risk factors may relate to the Issuer or any of its subsidiaries.

In addition, factors which are 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 main 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 does not represent that the statements below regarding the risks of holding any Notes are exhaustive. The risks described below are not the only risks the Issuer faces. Additional risks and uncertainties not currently known to the Issuer or that are currently believed to be immaterial could also have a material impact on its business operations. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision. In particular, investors should make their own assessment as to the risks associated with the Notes prior to investing in Notes issued under the Programme.

4.1. Risk factors relating to the Issuer

4.1.1. Risks relating to the environment in which the Issuer conducts its operations

4.1.1.1. Competition and development

The Issuer may suffer reduced profits or losses as a result of intense competition

The Issuer undertakes business in highly competitive sectors which require large human and financial resources as well as technical skills in a number of areas.

Large international competitors and local niche companies exist in each of the markets in which the Issuer competes. The Issuer must remain competitive and convince new customers of the technical and pricing advantages of its offerings. It may also develop new technologies and services to maintain or even strengthen its commercial position, which may entail significant development costs.

In addition, the Issuer undertakes a substantial part of its business through long-term contracts with public authorities and clients from the industry and service sectors. These contracts are generally awarded through competitive bidding, at the end of which the Issuer may not be retained even though it may have incurred significant expenses in order to prepare the bid.

Finally, the Issuer's contracts may not be renewed at maturity, which in the case of significant contracts may induce costly reorganisation steps and prove financially difficult if the contract does not include provisions for the transfer of the assets and personnel to the succeeding operator or an adequate indemnification clause.

The Issuer has performed and may continue to perform external growth transactions through acquisitions and/or mergers, which may prove less favourable for its activities and results than expected, or which may affect its financial situation

As part of its growth strategy, the Issuer has performed and will continue to carry out external growth transactions, in varying legal forms, in particular through acquisitions of businesses or companies or through mergers, and of various sizes, some of which may be significant at Group level. These external growth transactions involve numerous risks including the following: (i) the assumptions underlying the business plans used to determine the purchase price may prove inaccurate, in particular with respect to synergies and anticipated commercial demand; (ii) the Issuer may prove unable to consolidate the acquired businesses, technologies, products and personnel in a proper manner; (iii) the Issuer may not be able to retain key employees, customers and suppliers of the companies acquired or merged; (iv) the Issuer may have to, or may wish to, terminate pre-existing contractual relationships on financially adverse terms; (v) the Issuer may increase its indebtedness to finance these external growth transactions; and (vi) the Issuer may be forced to divest or to limit the growth of certain businesses so as to obtain the necessary authorizations, in particular with respect to anti-trust authorization. As a result, the gains expected from past or future acquisitions may not materialise within the timeframe and to the extent expected, and such acquisitions may affect the Issuer's financial condition.

4.1.1.2 Market risks

Currency exchange and interest rate fluctuations

In the course of its operational and financial activities, the Issuer is exposed to market risks. Fluctuations in interest rates, exchange rates and liquidity risk must be anticipated in order to protect profits.

The Issuer holds assets, incurs liabilities, earns income and makes expenses in a variety of currencies. As the Group's financial statements are denominated in Euros, it must translate its assets, liabilities, income and expenses in other currencies into Euros at the prevailing exchange rates. Consequently, increases and decreases in the value of the Euro towards these other currencies may affect the value of these items in its financial statements, even if their intrinsic value has not changed in the original currency. For instance, an increase in the value of the Euro may result in a decline in the reported value, in Euro, of the Issuer's interests held in foreign currencies.

The Issuer's results of operations and financial condition may also be affected by changes in the market rates of interest. At the end of 2010, the Issuer's net financial debt (fair value of hedging instruments exclusive) amounted to €15,218 million, of which 34.3 per cent. was subject to variable rates and 65.7 per cent. to fixed rates. Fluctuations in interest rates may also impact the Issuer's future growth and investment strategy, to the extent that a rise in interest rates may force the Issuer to finance acquisitions or investments or refinance existing debt at a higher cost in the future.

Risks relating to the greenhouse gas allowances trading system

As an operator of energy installations and, to a lesser extent, as a result of its landfill site business, the Group is exposed to the inherent risks of the greenhouse gas allowance system introduced by the European Union in the framework of the Kyoto Protocol. The rise in greenhouse gases in the atmosphere led certain States and the international community to introduce regulatory provisions. The Kyoto Protocol, which was signed in December 1997, came into force in February 2005. In accordance with this Protocol, Directive 2003/87/EC of 13 October 2003 created an emission allowance trading system within the European Union, known as the ETS (Emission Trading Scheme). The resulting system, which began in 2005, led to the creation of National Allowance Allocation Plans (NAAP).

These plans are being implemented in several phases. The pilot phase (NAAP 1) which aimed to set a price on carbon and put in place national registers ran from 1 January 2005 to 31 December 2007. The ongoing phase 2 (2008-2012) reflects the implementation of the Kyoto Protocol. Allowances are granted free of charge to facilities. If a company exceeds its allowance then it must either adapt its facilities or purchase extra-allowances at market price, from a company that does not need them. Phase 3 (2013-2020) will be a strengthening of the system with a view to reducing greenhouse gas emissions by 20% by 2020 (compared to 1990). As a consequence of this, from 1 January 2013, some of the allowances needed by the Issuer will have to be purchased (through an auction system), which is expected to generate additional costs.

In this context, the Issuer is exposed to a double-sided risk: first, it may not be able to achieve the emission reductions imposed by the system over a number of years, which would result in the Group being required to purchase additional greenhouse gas allowances. Second, it may not be able to adjust its pricing policy so as to pass on the extra cost of purchasing these allowances from 1 January 2013.

In addition, as shown by the cases of theft in the CO₂ allowances market in 2010 and 2011, the Group is exposed to the risk of the allowances that it holds being stolen and to the risk of receiving allowances that have previously been stolen. The Group is working to reinforce its control procedures and to draw up protective contract clauses so as to minimize this risk. At end 2010, the Group had not suffered any known thefts and had made sure that the allowances it holds do not figure on the list of stolen allowances.

4.1.1.3 Country risks

The Issuer's business operations in some countries may generate political risks

Even if its operations focus mainly in Europe and Northern America (sales generated outside of these areas represented approximately 14.5 per cent. of the Group's total revenue in 2010), the Group undertakes business in markets all around the world. Doing business in some countries may generate additional risks such as the risk of non-payment or slower payment of invoices, which may be worsened by the absence of legal recourse in case of non-payment, the risk of nationalisation, social risk, the risk of political and economic instability, an increased currency exchange risk and restrictions on foreign exchange. The Issuer may not be able to insure or

hedge itself against these risks. In addition, the Issuer may not be able to obtain sufficient financing for its operations in these countries. The establishment of public service fees and their structure may also be influenced by political decisions, which may impede any fee increase for several years and prevent the private operator from being adequately funded or compensated for its services.

The occurrence of adverse events or circumstances in certain countries could lead the Issuer to record exceptional provisions or depreciation charges having a material adverse effect on its results.

The Issuer's business operations are subject to geopolitical, criminal and terrorist risks

Water is a strategic resource in terms of public health. Accordingly, the Group's businesses are subject to legal and regulatory constraints that seek to protect production sites, water resources and treatment facilities against criminal and terrorist acts. The Issuer's facilities and vehicles in public transportation, energy services and waste management may also be the target of global terrorism. In addition, certain employees of the Issuer travel and work in countries where the risk of terrorism, crime or kidnapping may be temporarily or permanently high. As a result, despite the safety measures and insurance taken by the Issuer, criminal or terrorist acts could negatively impact the Issuer's public image and results.

4.1.1.4 Risks arising from human resource management

Skills management

The Group transacts a variety of businesses requiring a wide range of continually evolving skills, so it can keep up with changes in its sector of the market, in particular its environment-related businesses. The need to constantly seek out new profiles, train staff in new techniques and recruit and train managers in every country where the Group does business creates a risk for the Group if it is not able to mobilize in a timely manner the skills required at all of its locations.

Employee health and safety

The labor-intensive requirements of the Group's businesses, their nature, the wide geographical disbursement of the Issuer's employees in the field (in particular, on public roads and at customer sites), as well as difficult working conditions, make the management of employee health and safety particularly important. Despite the special attention paid by the group to this issue, the increase in the frequency and severity of work accidents and the increasing incidence of work-related illnesses constitute a risk.

Industrial disputes could have a negative impact on the Issuer's image and its businesses

The Issuer's activity, which it carries on for the account of industrial concerns and local authorities, consists very often of essential services that always require human labor. The Issuer cannot rule out the occurrence of labor disputes (strikes, go slows or the destruction of property in extreme cases) that could cause disruption of business over a significant period of time. The Issuer has not taken out insurance to cover the risk of business interruption following labor disputes so such dispute could have a negative impact on the Issuer's financial position and image.

4.1.2 Risks relating to the Issuer's operations

4.1.2.1 Financial risks

Changes in the prices of energy and other commodities or in the price of recycled materials

The prices of the Issuer's supplies of energy and other commodities, which constitute large operating expenses for its businesses, may be subject to significant fluctuations. Although most of the Issuer's contracts include tariff adjustment provisions intended to reflect the price fluctuations of the Issuer's supplies using certain pricing formulas, e.g. price index formulas, there may be situations where the Issuer is not fully protected against such increases, such as delays between energy price increases and the time the Issuer is allowed to raise its prices to cover the additional costs (including taxes) or the Issuer's failure to update an outdated cost structure formula. A sustained increase in supply costs and/or related taxes beyond the price levels set forth in the Issuer's adjustment clauses could reduce the Issuer's profitability to the extent where it is not able to increase its prices sufficiently to cover the additional costs.

In addition, Veolia Propreté derives an important part of its turnover from recycling and trading businesses which are highly exposed to price fluctuations in commodities such as paper and metal scraps. A major and long term decrease in the price of such commodities, possibly combined with a negative impact on volumes due to the current economic situation, could have a material adverse effect on the results of the Issuer.

The Group's businesses are sensitive to weather conditions

Weather conditions have an effect on certain of the Issuer's businesses. As an illustration, Dalkia realizes the bulk of its operating results in the first and fourth quarters of the year, which are the heating periods in Europe, whereas in the water sector household water consumption tends to be higher between May and September in the northern hemisphere. Accordingly, these two businesses may be affected by weather conditions differing materially from seasonal standards. This risk is somehow mitigated, firstly by the variety of compensation terms across contracts and secondly by the geographical spread of the Group's businesses. However, the combination of weather conditions and the seasonal nature of its businesses may affect the Issuer's results.

Changes in certain cogeneration contracts

Through its subsidiary Dalkia, the Group is marginally exposed to volatility in the electricity market, despite being a producer with installed power of approximately 7,151 MW.

Most production installations are operated under a purchase commitment regime (and particularly cogeneration plants in France) or under risk-free contracts (lead group or electrical systems service contract), not involving an open position on the market.

Only 73 MW of installed power (in the United Kingdom and Italy) is directly exposed to price risk on the electricity market.

It should be noted, however, that under certain of these contracts, representing installed power of approximately 2,000 MW (primarily in the United States and Central and Eastern European countries), revenue derived from electricity production may vary significantly year-on-year, as a result of changes in the local electricity market.

In France, certain cogeneration plants approaching the end of purchase commitment contracts could be operated on the market (representing installed power of approximately 736 MW between January 2011 and November 2013), which would increase exposure to the corresponding risks (contract solutions with counterparties active in the markets will be favoured to limit this exposure).

4.1.2.2 Legal, contractual and commercial risks

The Issuer's long-term contracts may limit its capacity to quickly and effectively react to adverse economic changes

The initial circumstances or conditions under which the Issuer entered into a contract may change over time, which may result in adverse economic consequences. Such changes vary in nature and foreseeability. Some contractual mechanisms may help addressing these changes and restoring the initial balance of the contract. Their implementation may be triggered more or less automatically by the occurrence of a given event (a price adjustment clause for instance), or they may require a contract revision or amendment procedure which is subject to the agreement of both parties or of a third party. Whether it consists of a price paid by the client or a fee levied from end users based on an agreed schedule, the Issuer may not be able to adjust its compensation to the evolution of costs and demand. These constraints are even more acute when dealing under long-term contracts. In any case, and this is particularly true in respect of public services, the Issuer's action must remain within the scope of the contract and consistent with the principle of service continuity, which means that the Issuer may not terminate unilaterally and without notice a business that it believes to be unprofitable, or change its features, except in case of material breach by the client, and even then only under certain circumstances.

Some activities of Veolia Environnement are conducted under contracts bearing performance covenants that determine remuneration or could have a negative impact

The Issuer, and in particular Veolia Water Solutions & Technologies, executes turnkey contracts for the design and build of water works which are compensated with a non-adjustable fixed fee. In addition, the Issuer has entered into operating contracts, often of a long-term nature (several decades for the Veolia Eau contracts in China). The Issuer's remuneration is often conditional on meeting performance criteria and the non-compliance with these indicators triggers penalties. These contracts bear risks which are technical (design and choice of the relevant technology), operational (management of the building during the construction, delivery and guarantee

phases or capability of using technology imposed by the customer) and financial (changes in the prices of raw materials, currencies or consumables).

In accordance with standard practice, the Issuer seeks to hedge this risk contractually. However, the Issuer sometimes faces adverse situations where it has no control, for example situations related to the complexity of certain works, climate or economic risks or construction contingencies, the purchasing and ordering of equipment, supplies or consumables, or changes in performance schedules for some work.

Also, sometimes the Issuer must rely on information or studies from the client which may prove wrong or inaccurate or it may be forced to use existing facilities, the operating features of which are not well defined. These difficulties and hazards may result in non-compliance with performance indicators as well as additional expense that may in certain cases result in revenue reductions for the Issuer and/or the application of contractual penalties.

In connection with the performance of certain contracts, the Issuer may also be requested by its public or private customers to modify some contractual terms and conditions regardless of whether such modifications are contemplated in the contract. These modifications may alter the services provided, required investments or billing terms under the contract.

Although most contracts provide compensation in cases such as those described above or in case of *force majeure*, the Issuer faces the risk that it receives no compensation or late compensation for the relevant additional costs.

The right of public authorities to terminate or amend contracts by unilateral decision may have a negative impact on the Issuer's revenue and profits

Contracts with public authorities make up a significant percentage of the Issuer's revenue. In a number of countries, including France, public authorities have the right to amend or terminate the contract under certain circumstances, by unilateral decision but subject to indemnifying the counterparty (unless a breach has been committed). However, the Issuer may not actually always be able to obtain full indemnification in such cases.

The Issuer can make significant investments in projects without obtaining the necessary approvals

To conduct its business, the Issuer must generally obtain a contract and sometimes obtain or renew various licences and permits from regulatory authorities. The tender and/or negotiation process that must be complied with to obtain such contracts is often long, expansive, complex and hard to predict. The same applies to the authorisation process for activities that may harm the environment which are often preceded by increasingly complex studies and public investigations. The Issuer may invest significant resources in a project or public tender without obtaining the right to engage in the desired business nor sufficient compensation or indemnities to cover the cost of its investments, for instance as a result of a failure to obtain the necessary permits or authorisations, or approvals from antitrust authorities, or because authorisations are subject to such conditions that the Issuer is forced to abandon its development projects. Such situations increase the overall cost of the Issuer's activities and, when the risk of failure seems too high, may lead the Issuer to abandon projects. The scope and profitability of the Issuer's businesses could be affected if situations like this were to become more common.

4.1.2.3 Operating risks

Some of the Issuer's activities could cause damages to persons or property

Some of Veolia Environnement's activities could cause damage to persons (including sickness, injury or death), business disruption or damage to movable property, real estate or to the environment. It is the Group's general policy to contractually limit its liability, implement the necessary prevention and protection measures and to take out insurance policies that cover its main accident and operational risks. However, these precautions may prove to be insufficient and this could generate significant costs for the Group.

See below, for more information on liabilities arising from environmental and health risks.

The Issuer incurs significant expenses of compliance with various environmental, health and safety laws and regulations

The Issuer has made and will continue to make significant capital and other expenditures to comply with its environmental, health and safety obligations as well as to manage the health protection of its services. In that regard the Issuer is continuously required to incur expenditures, or to advise its clients to do so, to ensure that

the facilities that it operates comply with applicable legal, regulatory and administrative requirements, or in response to a general duty of care.

The cost of these industrial asset maintenance actions is included in capital expenditure, which totaled €2,108 million overall in 2010 (compared to €2,132 million in 2009 after renewal expenditures). Capital expenditure includes both maintenance investment of €1,075 million in 2010 and growth investment of €1,033 million in 2010.

Besides, each of the Issuer's businesses may become subject to stricter regulations in the future, either generic or specific, and therefore subject to greater compliance expenditures. Should the Issuer prove unable to pass on these expenditures through higher tariffs, its businesses and profitability could be affected. Moreover, the scope of environmental, safety and sanitation risk protection laws and regulations is becoming increasingly broad. These laws and regulations now encompass all types of discharge in the natural environment, the collection, transportation, treatment and disposal of all types of waste and the rehabilitation of sites at the end of operations, as well as ongoing operations at new or old facilities.

The REACH European Regulation of 18 December 2006 on the Registration, Evaluation, Authorization and Restriction of Chemicals, applicable since 1 June 2007 in Member States of the European Union and in Norway, Liechtenstein and Iceland, organizes and provides a framework for the registration of chemical substances manufactured, imported, marketed, recycled, enhanced or simply used (in their initial form or in preparations) when the quantity handled exceeds one ton per year and per legal entity. The application of this regulation creates constraints on the Group when using certain products and in connection with the protection of workers. Furthermore, the implementation of REACH in certain countries could force the Group to arbitrate between certain registrations and this could have financial and coherence implications.

The Issuer's operations and activities may cause liabilities and damages that it may be required to compensate

The increasingly broad laws and regulations under which the Issuer operates expose it to a higher risk of liability, in particular environmental liability, including in connection with assets that the Issuer no longer owns and activities that have been discontinued. For example, the European Directive of 21 April 2004 on environmental liability introduces throughout the European Union a framework of environmental liability for serious environmental damage or threat of damage. This directive was enacted into French law by the Law of 1 August 2008 and extends the scope of liability, regardless of fault, for certain serious damage to the environment. Regarding the prevention of technological and environmental risks and the remediation of damages, a law dated 30 July 2003 has strengthened the obligations to restore classified installations at the end of operations with the effect that under certain conditions, provisions must be accrued. In some cases, the Issuer may also be required to pay fines, repair damage or undertake improvement works, even if it has operated with care and in total conformity with its operating licences. In addition regulatory authorities may require the Issuer to conduct investigations, restore sites in relation to existing or future operations, or suspend operations, for example to prevent imminent damage or as a result of a change in the legal and regulatory framework.

In addition, the Issuer often operates facilities that do not belong to it and therefore does not always have the power to decide upon investments required to make the necessary upgrades. Where the client refuses to make the necessary investments, the Issuer may be forced to terminate its operations.

Despite this compelling regulatory trend and the increasing efforts made to reduce the risks, accidents or incidents could always happen and the Issuer may become subject to claims for personal injury, property damage or damage to the environment (including natural resources). These potential liabilities may not be covered, or adequately covered, by insurance. Taking such preventative steps or repairing damages may have a material adverse effect on the Issuer's businesses, resources and profitability. Therefore the Group pays much attention to sanitary risks, whether caused by the operation of its facilities or caused by environmental pollution that conventional treatment methods are unable to clean, to bacteriological activity in the air and water, which is more and more focused on, and to human exposure (whether from its personnel, third parties or customers) to dangerous products or substances.

Technological risks require specific monitoring

In the course of their outsourcing contracts, the Issuer's subsidiaries may be involved in the operation of top tier Seveso sites (AS classification under the ICPE category "Installations Classified for the Protection of the Environment") or lower tier sites, or the equivalent abroad, for industrial clients (petroleum or chemical industry sites). In this case, the Group must handle the provision of services with even greater care, given the more dangerous nature of the products, waste, effluents and emissions to be treated, and the close proximity of the facilities managed by the Group to the client's sites. The regulatory regime governing "Seveso" sites applies

only within the European Union but the Group operates several similar sites outside of the European Union that are often subject to comparable regimes.

In France, the Group operates installations with characteristics similar to those covered by the Seveso regime (only certain of which are classified as “AS” under the ICPE system).

The new system of registration applicable to Environmentally Classified Installations, which created a system of registration “half-way” between authorization and reporting, could have an impact on the Group’s business. This is due to the fact that some businesses with which the Group is in competition could benefit from a simplified administrative procedure under the ICPE regulatory framework, which would be more flexible than that with which the Group’s businesses must comply.

4.2 Risk factors relating to the Notes

The following paragraphs describe the main risk factors that the Issuer believes are material to the Notes to be offered and/or listed and admitted to trading in order to assess the market risk associated with these Notes. Prospective investors should consult their own financial and legal advisers about risks associated with an investment in a particular Series of Notes and the suitability of investing in the Notes in light of their particular circumstances. The risk factors may be complemented in the Final Terms of the relevant Notes for a particular issue of Notes.

4.2.1 General risks relating to the Notes

Independent review and advice

Each prospective investor of 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.

Modification, waivers and substitution

The conditions of the Notes contain provisions for calling General Meetings of Noteholders to consider matters affecting their interests in general. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant General Meeting and Noteholders who voted in a manner contrary to the majority.

No active secondary/trading market for the Notes

Notes issued under the Programme will be new securities which may not be widely distributed and for which there may be no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although in relation to Notes to be admitted to trading on Euronext Paris and/or any other Regulated Market in the European Economic Area and/or offered to the public in the European Economic Area, the Final Terms of the Notes will be filed with the *Autorité des marchés financiers* in France and/or with the competent authority of the Regulated Market of the European Economic Area where the Notes will be listed and admitted to trading, there is no assurance that such admission to trading or offer to the public will occur, that any particular Tranche of Notes will be so listed and admitted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes.

Provision of information

None of the Issuer, the Dealer(s) or any of their respective affiliates make any representation as to an index. Any 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 Noteholders or any other party such information (whether or not confidential).

Potential conflicts of interest

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.

Exchange rate and currency risk

Prospective investors of the Notes should be aware that an investment in the Notes may involve exchange rate risks. The reference assets or the Notes may be denominated in a currency other than the currency of the purchaser's home jurisdiction and/or the reference assets or the Notes may be denominated in a currency other than the currency in which a purchaser wishes to receive funds. Exchange rates between currencies are determined by factors of supply and demand in the international currency markets which are influenced by macro economic factors, speculation and central bank and government intervention (including the imposition of currency controls and restrictions). Fluctuations in exchange rates may affect the value of the Notes or the reference assets.

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 of 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.

Credit ratings

The Issuer and Veolia Environnement's debt have credit ratings which are subject to reviews from time to time by the independent credit rating agencies which assign such credit ratings.

In addition, 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 above, 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, suspended or withdrawn by the rating agency at any time. Any such revision, suspension or withdrawal of any such credit rating could adversely affect the value of 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 the Notes. Potential investors are advised not to rely upon the tax summary contained in this Base Prospectus and/or in the Final Terms but to 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 advisors 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 Union adopted Directive 2003/48/EC regarding the taxation of savings income in the form of interest payments (the “**Savings Directive**”). The Directive requires Member States, subject to a number of conditions being met, 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 its jurisdiction to, or for the benefit of, an individual resident in that other Member State, except that, for a transitional period, Luxembourg and Austria will instead withhold an amount on interest payments unless the relevant beneficial owner of such payment elects otherwise (see “Taxation - EU Taxation” in section 6.3).

Should a payment be made or collected through a Member State which has opted for a withholding system and any tax related amount be withheld from such payment, neither the Issuer nor any Paying Agent nor any other person will be required to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. If a withholding tax is imposed on a payment made by a Paying Agent, 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.

Market value of the Notes

The market value of the Notes may be affected by the creditworthiness of the Issuer 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 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, and factors affecting capital markets in general 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 index should not be taken as an indication of the reference assets’ or index’s future performance during the term of any Note.

Change in law

The Terms and Conditions of the Notes are based on French law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any change in the law or the official application or interpretation thereof, or the impact of any judicial decision, which would occur after the date of this Base Prospectus.

French Insolvency Law

Under French insolvency law as amended by ordinance n°2008-1345 dated 18 December 2008, which came into force on 15 February 2009, and by law no. 2010-1249 dated 22 October 2010 applicable as from 1 March 2011, holders of debt securities are automatically grouped into a single assembly of holders (the “Assembly”) in case of the opening in France of a safeguard procedure (*procédure de sauvegarde*), an accelerated financial safeguard procedure (*procédure de sauvegarde financière accélérée*) 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 and regardless of their governing law.

The Assembly deliberates on the draft safeguard (*projet de plan de sauvegarde*), proposed accelerated financial safeguard plan (*projet de plan de sauvegarde financière accélérée*) 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.

Decisions will be taken by a two-third majority of the debt securities held by the holders attending or represented at the Assembly. No quorum is required on convocation of the Assembly.

Hence, the provisions relating to the representation of Noteholders described in this Base Prospectus will not be applicable in these circumstances.

Risks Relating to Renminbi-denominated Notes

Notes denominated in RMB (“**RMB Notes**”) may be issued under the Programme. RMB Notes contain particular risks for potential investors, including the following:

Renminbi is not freely convertible; there are significant restrictions on remittance of Renminbi into and outside the PRC

Renminbi is not freely convertible at the present and despite a movement towards liberalization of cross-border RMB remittances, notably in the current account activity, there is no assurance that the PRC government will continue so in the future or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC.

Holders of Notes denominated in Renminbi may be required to provide certifications and other information (including Renminbi account information) in order to allow such holder to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in Hong Kong.

There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of RMB Notes and the Issuer's ability to source Renminbi outside the PRC to service such RMB Notes

As a result of the restrictions by the PRC Government on cross-border Renminbi fund flows, the availability of Renminbi outside of the PRC is limited. However, pursuant to arrangements between the PRC Central Government and the Hong Kong government, all corporations are now allowed to open RMB accounts in Hong Kong. There is no longer any limit on the ability of corporations to convert RMB and there is no longer any restriction on the transfer of RMB funds between different accounts in Hong Kong.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange and of requirements by the Hong Kong Monetary Authority (such as maintaining no less than 25 per cent. of Renminbi deposits in cash or in the form of settlement account balance with the RMB Clearing Bank). There is no assurance that a change in PRC regulations will not have the effect of restricting availability of Renminbi offshore. The limited availability of Renminbi outside the PRC may affect the liquidity of its RMB Notes. To the extent the Issuer is required to source Renminbi in the offshore market to service its RMB Notes, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all.

RMB Notes issued under the Programme may only be held in Euroclear France, Euroclear and Clearstream, Luxembourg

Noteholders may only hold RMB Notes if they have an account with Euroclear France or maintained with an Account Holder which itself has an account with Euroclear France (which include Euroclear and Clearstream, Luxembourg).

Investment in RMB Notes is subject to exchange rate risks

The value of Renminbi against the Euro, the U.S. 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. All payments of interest and principal with respect to RMB Notes will be made in Renminbi. As a result, the value of these Renminbi payments in Euro or U.S. dollar terms may vary with the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against the Euro, the U.S. dollar or other foreign currencies, the value of investment in Euro, U.S. dollar or other applicable foreign currency terms will decline.

Investment in RMB Notes is also subject to interest rate risks

The PRC government has gradually liberalised the regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. Notes denominated in RMB will generally carry a fixed interest rate. Consequently, the trading price of such Notes will vary with fluctuations in Renminbi interest rates. If a Noteholder tries to sell such Notes before their maturity, he may receive an offer that is less than his original investment.

Developments in other markets may adversely affect the market price of any RMB Notes

The market price of RMB Notes may be adversely affected by declines in the international financial markets and world economic conditions. The market for Chinese securities is, to varying degrees, influenced by economic and market conditions in other markets, especially those in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can affect the securities markets and the securities of issuers in other countries, including China. Since the sub-prime mortgage crisis in 2008, the international financial markets have experienced significant volatility. Should similar developments occur in the international financial markets in the future, the market price of RMB Notes could be adversely affected.

4.2.2 Risks related 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.

Notes subject to optional redemption by the Issuer

Redemption for tax reasons

Unless in the case of any particular Tranche of Notes the relevant Final Terms specify otherwise, in the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by France, or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Terms and Conditions.

Issuer's call options

In addition, the Issuer has the option to redeem all of the Notes:

- (i) under a call option as provided in Condition 7(c)(i) of the Terms and Conditions if in the case of any particular Tranche of Notes the relevant Final Terms so specify, or
- (ii) under a make-whole call option as provided in Condition 7(c)(ii) of the Terms and Conditions unless in the case of any particular Tranche of Notes the Final Terms specify otherwise.

Redemption on a Repurchase Event

Unless in the case of a particular Tranche of Notes, the relevant Final Terms specify otherwise, in the event that a Repurchase Event occurs, *i.e.* at least 80% of the initial aggregate principal amount of the Notes has been purchased by the Issuer, the Issuer has the option to redeem all of the remaining Notes at their principal amount together with accrued interest as provided in Condition 7(h)(ii) of the Terms and Conditions.

In the event the Issuer redeems the Notes as provided in Condition 7 and as described above, if the market interest rates decrease, the risk to Noteholders that the Issuer will exercise its right of redemption increases. An investor generally may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time. During any period when the Issuer may elect to redeem the Notes, the market value of the 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.

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 Notes.

Floating rate Notes

Floating rate Notes bear interest at a rate comprised of a reference rate and 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 bear interest at a fixed base rate minus a reference rate. The market value of such Notes typically is more volatile than the market value of floating rate Notes 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 to floating rate Notes

Fixed to floating rate Notes 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 the 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 to floating rate Notes may be less favourable than then prevailing spreads on comparable floating rate Notes having the same reference rate. In addition, the new floating rate may be lower at any time 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.

Notes issued at a substantial discount or premium

The market values of 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 his 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 relevant 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 at, or quantities of the Notes to be issued or in 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.

Partly-paid Notes

The Issuer may issue Notes, the issue price of which 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 a multiplier or other leverage factor 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 encountered with similar investments in conventional debt securities, including the risk that the resulting interest rate may be less than the interest rate payable on a conventional debt security at the same time and the risk 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 Note.

5. KEY INFORMATION

5.1. Interest of natural and legal persons involved in the issue/offer

Any interests of natural and legal persons involved in the offer will be disclosed in the Final Terms relating to any particular series of Notes issued under the programme.

5.2. Reasons for the offer and use of proceeds

The net proceeds of issues by Veolia Environnement will be used for its general corporate activities or as set out in the relevant Final Terms.

6. INFORMATION CONCERNING THE SECURITIES TO BE OFFERED/ADMITTED TO TRADING

6.1. Terms and conditions of the Notes

The following is the text of the terms and conditions which, subject to completion in accordance with the provisions of Part A of the relevant Final Terms, 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 by the relevant provisions of Part A of the 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.

The Notes are issued with the benefit of an amended and restated agency agreement dated 19 October 2011 between Veolia Environnement, BNP Paribas Securities Services as fiscal agent and the other agents named in it (as amended or supplemented as at the Issue Date, the “**Agency Agreement**”). 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 “**Redenomination Agent**”, the “**Consolidation Agent**” and the “**Calculation Agent(s)**”. References below to “**Conditions**” are, unless the context requires otherwise, to the numbered paragraphs below.

1. Definitions and interpretation

(a) **Definitions:** In these Conditions, unless the context otherwise requires:

“**Account Holder**” means any financial intermediary institution entitled, either directly or indirectly, to hold accounts on behalf of its customers with Euroclear France, and includes Euroclear Bank SA/NV (“**Euroclear**”) and the depositary bank for Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”).

“**Amortisation Yield**” means the rate per annum (expressed as a percentage) used to calculate the Amortised Nominal Amount of a Zero Coupon Note, in accordance with the provisions of Condition 7(e).

“**Amortised Nominal Amount**” means 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 7(f) or Condition 7(j) or upon it becoming due and payable as provided in Condition 10.

“**Broken Amount**” means the amount specified as such in the relevant Final Terms, as the case may be.

“**Business Centre(s)**” means the city or cities specified as such in the relevant Final Terms.

“**Business Day**” means:

- (i) in relation to any sum payable in Euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments in the relevant Business Centre(s) (if any);
- (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);
- (iii) in relation to any sum payable in a Specified Currency other than Euro and Renminbi, a day on which commercial banks and foreign exchange markets settle payments in the Principal Financial Centre for such currency and in the relevant Business Centre(s) (if any).

“**Call Option**” means any option of the Issuer as may be provided in the relevant Final Terms in accordance with Condition 7(c)(i).

“**Code**” means the French *code monétaire et financier*.

“**Coupon**” has the meaning given in Condition 2(a).

“**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, the “**Calculation Period**”):

- (i) if “**Actual/Actual**” or “**Actual/Actual - ISDA**” or “**Act/Act**” or “**Act/Act (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).

- (ii) 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.
- (iii) if “**Actual/Actual - FBF**” is specified in the relevant Final Terms in respect of each calculation, the fraction whose numerator is the actual number of days elapsed during such period and whose denominator is 365 (or 366 if 29 February falls within the Calculation Period).
- (iv) 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 specified, the Interest Payment Date.

- (v) if “**Actual/365 (Fixed)**” is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365.
- (vi) if “**Actual/360**” is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 360.
- (vii) if “**30/360**” or “**360/360 (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:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

“**D₂**” 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 D₁ is greater than 29, in which case D₂ will be 30.

- (viii) 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:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case **D₁** will be 30; and

“**D₂**” 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 **D₂** will be 30.

- (ix) if “**30E/360 (ISDA)**” is specified hereon, 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:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” 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 **D₁** will be 30; and

“**D₂**” 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 **D₂** will be 30.

“**Definitive Materialised Bearer Note**” has the meaning given in Condition 2(c).

“**Dematerialised Note**”, “**Dematerialised Bearer Note**”, “**Dematerialised Registered Note**”, “**Dematerialised Administered Registered Note**” and “**Dematerialised Fully Registered Note**” have the respective meanings given in Condition 2(a).

“**Early Redemption Amount**” means the amount payable in respect of any Note upon redemption of such Note pursuant to Condition 7(f) or Condition 7(j), or upon it becoming due and payable as provided in Condition 10, which shall be determined in accordance with Condition 7(e).

“**EEA**” means the European Economic Area.

“**Effective Date**” means, with respect to any Floating Rate to be determined on an Interest Determination Date, the date specified as such in the relevant Final Terms or, if none is so specified, the first day of the Interest Period to which such Interest Determination Date relates.

“**Equity Securities**” means (a) the ordinary shares of the Issuer and (b) any other class of the Issuer’s share capital (including preference shares).

“**Euro-zone**” means the region comprised of Member States of the European Union that have adopted the single currency in accordance with the treaty establishing the European Community, as amended.

“**Event of Default**” has the meaning given in Condition 10.

“**Exercise Notice**” has the meaning given in Condition 7(d).

“**FBF**” means the *Fédération Bancaire Française*.

“**FBF Definitions**” means the definitions set out in the 2007 FBF Master Agreement relating to transactions on forward financial instruments and the *additifs techniques* published from time to time by the FBF, unless otherwise specified in the relevant Final Terms.

“**FBF Rate**” has the meaning given in Condition 6(b).

“**Final Redemption Amount**” in respect of any Note means the amount to be redeemed on the Maturity Date in relation to such Note, which shall be determined in accordance with Condition 7(a).

“**Final Terms**” means, in relation to a Series or Tranche of Notes, the final terms of that Series or Tranche of Notes.

“**Financial Centre(s)**” means the city or cities specified as such in the relevant Final Terms.

“**Fixed Coupon Amount**” means the amount specified as such in the relevant Final Terms, as the case may be.

“**Fixed Rate Note**” means any Note bearing interest at a fixed rate.

“**Floating Rate Note**” means any Note bearing interest at a variable rate.

“**General Meeting**” has the meaning given in Condition 12.

“**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).

“**Index Linked Interest Note**” means any Note, interest on which is to be calculated by reference to an index or formula.

“**Instalment Amount(s)**” in respect of any Instalment Note, means the amount or amounts specified as such in the relevant Final Terms.

“**Instalment Date(s)**” in respect of any Instalment Note, means the date or dates specified as such in the relevant Final Terms.

“**Instalment Note**” means any Note which is to be redeemed by instalments, in accordance with Condition 7(b).

“**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 Period or the interest amount in relation to RMB Notes, the date specified as such in the relevant Final Terms or, if none is so specified, (i) the day falling two TARGET Settlement Days prior to the first day of such Interest Period if the Specified Currency is Euro or (ii) the first day of such Interest Period if the Specified Currency is Sterling or (iii) the day falling two Business Days in the Specified Currency prior to the first day of such Interest Period if the Specified Currency is neither Sterling nor Euro.

“**Interest Payment Date(s)**” means the date or dates specified as such in the relevant Final Terms.

“**Interest Period**” means the period from (and including) the Interest Commencement Date to (but excluding) the first Interest Payment Date and each successive period from (and including) an Interest Payment Date to (but excluding) the next Interest Payment Date.

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

“**ISDA Rate**” has the meaning given in Condition 6(b).

“**Issue Date**” in respect of any Notes means the date of issuance of such Notes, as specified in the relevant Final Terms.

“Make Whole Redemption Amount” means in respect of any Notes to be redeemed pursuant to Condition 7(c)(ii), an amount, determined by the Calculation Agent, equal to the greater of (x) 100% of the principal amount of such Notes and (y) the sum of the then present values of the remaining scheduled payments of principal and interest on such Notes (excluding any interest accrued on the Notes to, but excluding, the date set for redemption) discounted to the relevant redemption date on an annual basis at the Make Whole Redemption Rate plus a Make Whole Redemption Margin, plus in each case, any interest accrued on the Notes to, but excluding, the date set for redemption.

“Make Whole Redemption Margin” means the margin specified as such in the relevant Final Terms.

“Make Whole Redemption Rate” means the rate specified as such in the relevant Final Terms.

“Margin” means the percentage per annum indicated as such in the relevant Final Terms, as the case may be.

“Masse” has the meaning given in Condition 12.

“Materialised Note” and **“Materialised Bearer Note”** have the meanings given in Condition 2(a).

“Materialised Note Agent” means any agent appointed by the Issuer in respect of a Series of Materialised Notes pursuant to Condition 2(a)(ii).

“Maturity Date” in respect of a Note means the date on which such Note shall be fully redeemed.

“Maximum Rate of Interest” and **“Minimum Rate of Interest”** have the respective meanings given in the relevant Final Terms, as the case may be.

“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).

“Optional Redemption Amount” means the amount payable in respect of any Note upon redemption of such Note pursuant to Condition 7(c)(i) or Condition 7(d), as the case may be.

“Optional Redemption Date(s)” and **“Option Exercise Date(s)”** means the date or dates specified as such in the relevant Final Terms, as the case may be.

“Partly Paid Note” means any Note which is not fully paid-up at the Issue Date, in accordance with the provisions therefor in the relevant Final Terms.

“Payment Business Day” means a day:

- (i) in the case of Dematerialised Notes, on which Euroclear France is open for business or in the case of Materialised Notes, on which banks and foreign exchange markets are open for business in the relevant place of presentation, and on which banks and foreign exchange markets are open for business in the relevant Financial Centre(s) (if any) and
- (ii) 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 such 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 in the case of a payment in Euro, which is a TARGET Settlement Day.

“Principal Financial Centre” means, in relation to a Series of Notes, the principal financial centre of the country of the Specified Currency or, if the Specified Currency is Euro, the Euro-zone.

“Principal Subsidiary” means at any relevant time a Subsidiary of the Issuer which is consolidated by way of global integration (*intégration globale*) in the audited consolidated accounts of the Issuer and:

- (a) whose total assets or operating income (or, where the Subsidiary in question prepares consolidated accounts whose total consolidated assets or consolidated operating income, as the case may be) attributable to the Issuer represent not less than 15 % of the total consolidated assets or the consolidated operating income 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, or
- (b) to which is transferred all or substantially all the assets and undertaking of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary.

“PRC” means the People's Republic of China.

“Put Option” means any option of the Noteholders as may be provided in the relevant Final Terms in accordance with Condition 7(d).

“Rate of Exchange” means the rate of exchange specified as such in the relevant Final Terms, as the case may be.

“Rate of Interest” means the rate or rates of interest payable from time to time in respect of the Notes, which are either specified or calculated in accordance with the provisions of the relevant Final Terms.

“Rate Multiplier” means the number specified as such in the relevant Final Terms, as the case may be.

“Receipt” has the meaning given in Condition 2(a).

“Redenomination Date” has the meaning given in Condition 2(d).

“Reference Banks” means the banks specified as such in the relevant Final Terms, or in the event that no such banks are specified in the relevant Final Terms or that the Calculation Agent determines that any bank so specified is not providing offered quotations of the Reference Rate, the principal London office of any major bank selected by the Calculation Agent in the London inter-bank market, in the case of a determination of LIBOR, or the principal Euro-zone office of any major bank selected by the Calculation Agent in the Euro-zone inter-bank market, in the case of a determination of EURIBOR.

“Reference Rate” means the rate specified as such in the relevant Final Terms.

“Registration Agent” means any person or entity designated in the Final Terms of a Series of Dematerialised Registered Notes to act as agent on behalf of the Issuer for the purposes of opening and maintaining accounts for the holders of Notes of such Series.

“Regulated Market” means any regulated market situated in a Member State of the EEA, as defined in the Markets in Financial Instruments Directive 2004/39/EC.

“Relevant Date” in respect of any Note, Receipt or Coupon means the date on which payment in respect of such Note, Receipt or Coupon first becomes due or, if any amount of 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 these Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

“Relevant Debt” means any present or future indebtedness in the form of, or represented by, bonds, notes, debentures, loan stock or other securities that, at the time of the issue, are capable of being, or are intended to be, quoted, listed or ordinarily dealt in on any stock exchange, automated trading system, over-the-counter or other securities market.

“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.

“Renminbi Dealer” means an independent foreign exchange dealer of international reputation active in the Renminbi exchange market in Hong Kong reasonably selected by the Issuer.

“Representative” has the meaning given in Condition 12.

“Repurchase Event” has the meaning given in Condition 7(h)(ii).

“Restructuring” has the meaning given in Condition 10(vi).

“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.

“**Savings Directive**” means the European Council Directive 2003/48/EC of 3 June 2003 on the taxation of savings income in the form of interest payments.

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

“**Specified Denomination**” has the meaning given in Condition 2(b).

“**Series**” has the meaning given in Condition 2(e).

“**Subsidiary**” means, in relation to any person or entity at any time, any other person or entity (whether or not now existing) as defined in article L.233-1 of the French *code de commerce* or any other person or entity controlled, directly or indirectly, by such person or entity, within the meaning of article L.233-3 of the French *code de commerce*.

“**Talon**” has the meaning given in Condition 2(a).

“**TARGET Settlement Day**” means a day on which the TARGET 2 System is operating.

“**TARGET 2 System**” means the Trans European Automated Real Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007 or any successor thereto.

“**Tranche**” has the meaning given in Condition 2(e).

“**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.

“**Zero Coupon Note**” means a Note the interest basis of which is specified to be “Zero Coupon” in the relevant Final Terms.

(b) **Interpretation:** In these Conditions, unless a contrary indication appears:

- (i) the terms “**holder of Notes**”, “**holder of any Note**” and “**Noteholder**” refer to (i) in the case of Dematerialised Notes, the person whose name appears in the account of the relevant 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 thereto.
- (ii) the terms “**Couponholder**” and “**Receiptholder**” refer to, respectively, the bearer of any Coupon and the bearer of any Receipt.
- (iii) “**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 Bearer Notes and Dematerialised Administered Registered Notes, to the relevant Account Holders on behalf of the Noteholder as provided in Condition 8(a), (ii) in the case of Dematerialised Fully Registered Notes, to the account of the Noteholder as provided in Condition 8(a) and (iii) in the case of Materialised Notes, to the Paying Agent as provided in Conditions 8(b) and 8(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 these Conditions, and (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.
- (iv) references to (i) “**principal**” 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 7 or any amendment or supplement thereto, (ii) “**interest**” include all Interest Amounts and all other amounts (including, for the avoidance of doubt, all arrears of interest) payable pursuant to Condition 6 or any amendment or supplement thereto and (iii) “**principal**” and/or “**interest**” include any additional amounts payable under Condition 9.
- (v) “**Euroclear France**” means Euroclear France acting as central depository.

- (vi) a “**unit**” or “**sub-unit**” of a currency means the lowest amount of such currency that is available as legal tender in the country or countries of such currency.

2. Form, denomination(s), title, redenomination and method of issue

- (a) **Form:** Notes may be issued either in dematerialised form (“**Dematerialised Notes**”) or in materialised form (“**Materialised Notes**”).

- (i) Title to Dematerialised Notes will be evidenced in accordance with articles L.211-3 and R.211-1 of the Code by book entries (*inscriptions en compte*). No physical document of title (including *certificats représentatifs* pursuant to article R.211-7 of the Code) will be issued in respect of the Dematerialised Notes.

Dematerialised Notes may be issued, at the option of the Issuer and as specified in the relevant Final Terms, in either bearer form (*au porteur*) (“**Dematerialised Bearer Notes**”), in which case they are inscribed in an account maintained by an Account Holder having itself an account in the books of Euroclear France, or in registered form (*au nominatif*) (“**Dematerialised Registered Notes**”) and, in such latter case, at the option of the relevant Noteholder, in either fully registered form (*au nominatif pur*) (“**Dematerialised Fully Registered Notes**”), in which case they are inscribed in an account maintained by the Issuer or the Registration Agent, or in administered registered form (*au nominatif administré*) (“**Dematerialised Administered Registered Notes**”), in which case the Notes are inscribed both in an account maintained by the Issuer or the Registration Agent and an account maintained by an Account Holder.

- (ii) Materialised Notes are issued in bearer form (“**Materialised Bearer Notes**”). Materialised Bearer Notes are serially numbered and are issued with coupons (the “**Coupons**”) and, where appropriate, a talon (the “**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 Notes are issued with one or more receipts (the “**Receipts**”) attached. Any issue of Materialised Notes requires the appointment by the Issuer of a Materialised Note Agent (designated in the relevant Final Terms) which will perform the functions otherwise attributed, in these Conditions, to the Fiscal Agent and/or Paying Agent.

In accordance with articles L.211-3 and R.211-1 of the Code, securities (such as 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) set out in the relevant Final Terms (the “**Specified Denomination(s)**”) subject to compliance with the regulations of the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency. Dematerialised Notes shall be issued in one Specified Denomination only.

(c) **Title:**

- (i) Title to Dematerialised Bearer Notes shall pass upon, and transfer of such Notes may only be effected through, registration of the transfer in the accounts of Account Holders. Title to Dematerialised Registered Notes shall pass upon, and transfer of such Notes may only be effected through, registration of the transfer in the accounts of the Issuer or of 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, 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.

(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 16 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, or events have occurred which have substantially the same effects, 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 2(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 applicable regulations 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 16. 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 15, without the consent of the holder of any Note, Receipt, Coupon or Talon but taking into account market practice in respect of redenominated euromarket debt obligations, make any changes or additions to these Conditions or Condition 15 (including, without limitation, any change to any applicable business day definition, business day convention, principal financial centre designation, interest accrual basis or Reference Rate specification) which it believes are not prejudicial to the interests of the relevant Noteholders. 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 them in accordance with Condition 16 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 on a syndicated or non-syndicated basis. 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.

3. Conversion and exchanges of Notes

- (a) **Dematerialised Notes:**
 - (i) Dematerialised Bearer Notes may not be converted into Dematerialised Registered Notes, whether in fully registered form or in administered registered form.
 - (ii) Dematerialised Registered Notes may not be converted into Dematerialised Bearer Notes.
 - (iii) Dematerialised Fully Registered Notes may, at the option of the Noteholder, be converted into Dematerialised Administered Registered Notes, and vice versa. The exercise of any such option by the relevant Noteholder shall be made in accordance with article R.211-4 of the Code. Any such conversion shall be effected at the cost of such Noteholder.
- (b) **Materialised Notes:** Materialised Bearer Notes of one Specified Denomination may not be exchanged for Materialised Bearer Notes of another Specified Denomination.

4. Status of the Notes

The Notes and, where applicable, any Receipts and Coupons relating to them constitute direct, unconditional, unsecured (subject to the provisions of Condition 5) and unsubordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves and subject to such exceptions as are from time to time mandatory under French law, equally with all other present or future unsecured and unsubordinated obligations of the Issuer, from time to time outstanding.

5. Negative pledge

So long as any of the Notes, or, if applicable, any Receipts or Coupons relating to them, remain outstanding, the Issuer shall not, and will ensure that none of its Principal Subsidiaries shall, create or permit to subsist any mortgage, charge, pledge, lien (other than a lien arising by operation of law) or other form of encumbrance or security interest upon the whole or any part of their respective undertakings, assets or revenues, present or future, to secure any Relevant Debt, or any guarantee of or indemnity in respect of any Relevant Debt unless, at the same time or prior thereto, its obligations under the Notes, Receipts and Coupons are (A) secured equally and rateably therewith or (B) have the benefit of such other security or other arrangement as shall be approved by the Masse of Noteholders in accordance with Condition 12.

6. Interest and other calculations

(a) 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.

(b) 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 on each Interest Payment Date except as otherwise provided in the relevant Final Terms. The Interest Payment Date(s) shall be defined in the relevant Final Terms as Specified Interest Payment Dates or, if no Specified Interest Payment Date is so defined, shall consist of each date which falls the number of months or other period defined as the Interest Period in the relevant Final Terms 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 case (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 Period shall be determined in the manner specified in the relevant Final Terms and 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 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 subparagraph (A), “**FBF Rate**” for an Interest Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent for 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 is the first day of that Interest Period unless otherwise specified in the relevant Final Terms.

For the purposes of this sub-paragraph (A), “**Floating Rate**” (*Taux Variable*), “**Floating Rate Determination Date**” (*Date de Détermination du Taux Variable*) and “**Transaction**” (*Transaction*) have the meanings given to those terms in the FBF Definitions.

(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 Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate plus or minus (as indicated in the relevant Final Terms) the Margin (if any). For the purposes of this sub-paragraph (B), “**ISDA Rate**” for an Interest Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent for 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 Period unless otherwise specified in the relevant Final Terms.

For the purposes of this sub-paragraph (B), “**Floating Rate**”, “**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:*

- (a) 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 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 hereon 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.

- (b) if the Relevant Screen Page is not available or, if sub-paragraph (a)(1) applies and no such offered quotation appears on the Relevant Screen Page, or, if sub-paragraph (a)(2) applies and fewer than three such offered quotations appear on the Relevant Screen Page, in each case at the time specified above, subject as provided below, the Calculation Agent shall request 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
- (c) if paragraph (b) 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 Period from that which applied to the last preceding Interest Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Period).

- (iv) *Rate of Interest for Index Linked Interest Notes:* The Rate of Interest in respect of Index Linked Interest Notes for each Interest 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.
- (c) **Zero Coupon Notes:** Zero Coupon Notes bear no interest until the Maturity Date. 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 7(e)(i)(B)).
- (d) **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.
- (e) **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.
- (f) **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 judgement) at the Rate of Interest in the manner provided in this Condition 6 to the Relevant Date.
- (g) **Margin, maximum/minimum rates of interest, rate multipliers and rounding:**
- (i) If any Margin or Rate Multiplier is specified in the relevant Final Terms, either (x) generally, or (y) in relation to one or more Interest 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 Periods, in the case of (y), calculated in accordance with Condition 6(b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin or multiplying by such Rate Multiplier, subject always to the next paragraph.
- (ii) If any Maximum or Minimum Rate of Interest is specified in the relevant Final Terms, then any Rate of Interest shall be subject to such maximum or minimum, as the case may be.
- (iii) 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 or sub-unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen.
- (h) **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).

- (i) **Determination and publication of interest and payment amounts:** The Calculation Agent shall, as soon as practicable, calculate any rate of interest or amount (including any Interest Amount, Final Redemption Amount, Optional Redemption Amount, Early Redemption Amount or Instalment Amount, as the case may be), obtain any quotation or make any other determination or calculation that it is required to make pursuant to these Conditions and the relevant Final Terms, and it shall cause such rate, amount, quotation, determination or calculation (as well as any relevant Interest Payment Date) to be notified to the Issuer, the Fiscal Agent, 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 listed and 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 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 is subject to adjustment pursuant to Condition 6(b)(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. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. 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.
- (j) **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. 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 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 financial institution 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 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 listed and admitted to trading on any 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 16.
- (k) **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 10, 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.

7. Redemption, purchase and options

(a) **Final redemption:** Unless previously redeemed or cancelled as provided below or its maturity is extended pursuant to any option provided by the relevant Final Terms including any Issuer's option in accordance with Condition 7(c) or any Noteholders' option in accordance with Condition 7(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 7(b) below, its final Instalment Amount.

(b) **Redemption by instalments:** Unless previously redeemed or cancelled as provided in this Condition 7 or the relevant Instalment Date is extended pursuant to any Issuer's or Noteholder's option in accordance with Condition 7(c) or 7(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:**

(i) *Call Option:*

If a Call Option is specified in the relevant Final Terms, the Issuer may, subject to compliance by the Issuer with all relevant laws, regulations and directives and on giving not less than 15 nor more than 30 days' irrevocable notice in accordance with Condition 16 to the Noteholders (or such other notice period as may be specified in the relevant Final Terms) redeem, or exercise any 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 (as specified in the relevant Final Terms), together with any interest accrued to the date set for redemption (including, where applicable, any arrears of interest).

(ii) *Make-whole redemption:*

Unless otherwise specified in the relevant Final Terms, the Issuer may, subject to compliance by the Issuer with all relevant laws, regulations and directives and on giving not less than 15 nor more than 30 days' irrevocable notice in accordance with Condition 16 to the Noteholders (or such other notice period as may be specified in the relevant Final Terms) redeem the Notes, in whole or in part, at any time or from time to time, prior to their Maturity Date. Any such redemption of Notes shall be at their Make-whole Redemption Amount.

(iii) *Exercise of Issuer's options and partial redemption:*

Any redemption or exercise pursuant to paragraphs 7(c)(i) and 7(c)(ii) above shall 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 an 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 requirements of the Regulated Market on which the Notes are listed and admitted to trading, as the case may be.

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 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 that will not be redeemed shall be made in accordance with article R.213-16 of the Code and the provisions of the relevant Final Terms, subject to compliance with any other applicable laws and requirements of the Regulated Market on which the Notes are listed and admitted to trading.

So long as the Notes are listed and admitted to trading on a Regulated Market, the Issuer shall, once in each year in which there has been a partial redemption of the Notes, give notice to the Noteholders in accordance with Condition 16 of the aggregate nominal amount of Notes outstanding and, in the case of Materialised Notes, of 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 the relevant Note(s) on the Optional Redemption Date(s) at their Optional Redemption Amount (as specified in the relevant Final Terms), together with any interest accrued to the date set 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 shall deposit with a 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 the relevant 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 Paying Agent as 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.

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

- (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 7(f) or Condition 7(j) or upon it becoming due and payable as provided in Condition 10 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 the Amortisation Yield (which, if none is specified 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 7(f) or Condition 7(j) or upon it becoming due and payable as provided in Condition 10 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 judgement) 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 6(c).

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 specified 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 7(f) or Condition 7(j), or upon it becoming due and payable as provided in Condition 10 shall be the Final Redemption Amount together with interest accrued to the date set 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 French law, or any change in the official application or interpretation of such 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 under Condition 9 below, and such obligation cannot be avoided by the Issuer taking reasonable measures available to it, the Issuer may, at its option but subject to having given not more than sixty (60) nor less than thirty (30) days' notice to the Noteholders (which notice shall be irrevocable) in accordance with Condition 16, 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), 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 French 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 9 below, then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall redeem all, but not some only, of the Notes then outstanding at their Early Redemption Amount together with any interest accrued to the date set for redemption (including, where applicable, any arrears of interest) on the latest practicable date on which the Issuer could make payment of principal and interest without withholding for French taxes or, if such date is past, 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:**
- (i) 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, in accordance with applicable laws and regulations. Any Notes so purchased by the Issuer may be held and resold in accordance with Article L.213-1 A of the Code for the purpose of enhancing the liquidity of the Notes, or cancelled in accordance with Condition 7(i).
- (ii) Unless otherwise specified in the relevant Final Terms, in the event that at least 80 % of the initial aggregate principal amount of the Notes has been purchased by the Issuer (a "**Repurchase Event**"), the Issuer may, at its option but subject to having given not more than sixty (60) nor less than thirty (30) days' notice to the Noteholders (which notice shall be irrevocable) in accordance with Condition 16, redeem all, but not some only, of the outstanding Notes at their Early Redemption Amount together with any interest accrued to the date set for redemption (including, where applicable, any arrears of interest).
- (i) **Cancellation:** All Notes redeemed or purchased for cancellation by or on behalf of the Issuer will be cancelled (i) in the case of Dematerialised Notes, together with all rights relating to payment of interest and other amounts relating to such Dematerialised Notes, by transfer to an account in accordance with the rules and procedures of Euroclear France, or (ii) in the case of Materialised Bearer Notes, together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith, 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. 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 French law, or any change in the official application or interpretation of such 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 sixty (60) nor less than thirty (30) days' notice to the Noteholders (which notice shall

be irrevocable), in accordance with Condition 16, 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).

8. 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 be made (i) in the case of Dematerialised Bearer Notes or Dematerialised Administered Registered Notes, by transfer to the account denominated in the relevant currency of the relevant Account Holders for the benefit of the Noteholders or (ii) in the case of Dematerialised Fully Registered Notes, to an account denominated in the relevant currency with a bank designated by the Noteholders. All payments validly made to such Account Holders will constitute 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 8(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 8(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 in the Principal Financial Centre for such currency or, in the case of Euro, in a city where banks have access to the TARGET 2 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 9. 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 Redenomination Agent and the Consolidation Agent initially appointed under the Agency Agreement and their respective specified offices are listed at the end of the Base Prospectus. The Fiscal Agent, the Paying Agents, the Redenomination Agent, the Registration Agent and the Consolidation Agent act solely as agents of the Issuer and the Calculation Agent(s) act(s) as independent expert(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 Redenomination Agent, the Registration 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 Fully Registered Notes, a Registration Agent, (v) Paying Agents having specified offices in at least one major European city (which shall be Paris so long as the Notes are listed and admitted to trading on Euronext Paris), (vi) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any law implementing the Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income and (vii) such other agents as may be required by any other Regulated Market on which the Notes are listed and admitted to trading.

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 2(d) with a view to consolidating such Notes with one or more other Series of Notes, in accordance with Condition 15, 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 16.

(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 unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired 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 unexpired 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 11).
 - (ii) If Materialised Bearer Notes so provide, upon the due date for redemption of any such Materialised Bearer Notes, unexpired Coupons relating to such Notes (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 unexpired Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unexpired 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 Note.
- (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 11), provided that, in respect of Notes listed and admitted to trading on Euronext Paris, such exchange shall always take place at the specified office of the Fiscal Agent or of the Paying Agent, as the case may be, in Paris.
- (h) **Non-Business Days:** If any date for payment in respect of any Note, Receipt or Coupon is not a Payment Business Day, the Noteholder shall not be entitled to payment until the next following Payment Business Day nor to any interest or other sum in respect of such postponed payment.
- (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-day 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 10.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 8(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.

9. Taxation

- (a) **Tax exemption:** Unless otherwise specified in the Final Terms, all payments of principal, interest and other revenues by or on behalf of the Issuer in respect of the Notes 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 or within France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.
- (b) **Additional amounts:** Should French law require that payments of principal or interest 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 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 or, if applicable, a Receiptholder or Couponholder, as the case may be, 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:** in the case of Materialised Notes, more than 30 days after the Relevant Date; 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 the Savings Directive or any other 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 Directives; or
 - (iv) **Payment by another Paying Agent:** in respect of Definitive Materialised Bearer Notes, presented for payment by or on behalf of a holder of any Note, Receipt or Coupon, as the case may be, 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 European Union.
- (c) **Supply of Information:** Each Noteholder shall be responsible for supplying to the relevant Paying Agent any information required, in a timely manner, to comply with the identification and reporting obligations imposed on it by the Savings Directive or any other 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 Directives.

10. Events of Default

The Representative (as defined under Condition 12), 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:

- (i) the Issuer is in default for a period of fifteen (15) days or more for the payment of any amount on the Notes, when and as the same becomes due and payable; or

- (ii) the Issuer is in default in the due performance of any of its other obligations under the Notes, unless remedied within thirty (30) days after receipt by the Issuer of written notice of such default given by a Noteholder; or
- (iii) as a result of the Issuer and/or any of its Principal Subsidiaries being in default in the due and punctual payment of the principal of, or premium or interest on, any indebtedness for borrowed monies of or assumed or guaranteed by it when and as the same becomes due and payable and giving effect to any applicable grace periods, there is an acceleration of any such indebtedness or guarantee, provided that the aggregate amount of the relevant indebtedness for borrowed money in respect of which any one or more of the events mentioned in this sub-paragraph (iii) has or have occurred equals or exceeds Euro 50,000,000 (or its equivalent in any other currency); or
- (iv) the Issuer or any of its Principal Subsidiaries makes any proposal for a general moratorium in relation to its debt or applies for the appointment of a *mandataire ad hoc* or enters into an amicable settlement (*procédure de conciliation*) with its creditors or a judgment is issued for the judicial liquidation (*liquidation judiciaire*) or for a transfer of the whole of the business (*cession totale de l'entreprise à la suite d'un plan de cession*) of the Issuer or any of its Principal Subsidiaries or, to the extent permitted by applicable law, the Issuer or any of its Principal Subsidiaries is subject to any other insolvency or bankruptcy proceedings or the Issuer or any of its Principal Subsidiaries makes any conveyance, assignment or other arrangement for the benefit of its creditors or enters into a composition with its creditors or the Issuer or any of its Principal Subsidiaries is wound up or dissolved, or
- (v) any Principal Subsidiary not established in France of the Issuer is adjudicated or found bankrupt or insolvent or stops or threatens to stop 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 Principal 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, its liabilities under the Notes are transferred to and assumed by such other corporation and the credit rating assigned by any of Standard & Poor’s Rating Services or Moody’s Investors Services Inc. (or other rating agency) to the long-term, unsecured and unsubordinated indebtedness of the surviving entity 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 any Principal Subsidiary, the undertaking and assets of such Principal Subsidiary are vested in the Issuer or another of its Principal Subsidiaries.

11. 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 ten years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

12. Representation of Noteholders

Except as otherwise stipulated in 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, 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 who agrees to perform such function. However, the following persons may not be chosen as Representatives:

- (i) the Issuer and the members of its board of directors (*conseil d'administration*), its general managers (*directeurs généraux*), its statutory auditors and its employees as well as their ascendants, descendants and spouses;
- (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*), of their management board (*directoire*) and of their supervisory board (*conseil de Surveillance*), their statutory auditors and their employees as well as their ascendants, descendants and spouses;
- (iii) companies holding 10 % or more of the share capital of the Issuer and companies having 10 % or more of their share capital held by the Issuer; or
- (iv) persons to whom the practice of banker is forbidden or who have been deprived of the right of directing, administering or managing a business in whatever capacity.

The 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 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 the 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 interfere in the management of the affairs of the Issuer.

(d) General Meeting:

A General Meeting may be called at any time, 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 the General Meeting to be called. 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, time, place and agenda of any General Meeting will be published as provided under Condition 16.

Each Noteholder has the right to participate in a General Meeting in person, by proxy, correspondence or, if the *statuts* of the Issuer so specify, videoconference or any other means of telecommunication allowing the identification of the 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, provided, however, that the General Meeting may not increase the liabilities of Noteholders, nor establish any unequal treatment between the Noteholders, nor 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 two-third 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 rights of each Noteholder to participate in General Meetings will be evidenced by the entries in the books of the relevant Account Holder or the Issuer or the Registration Agent (as the case may be) of the name of such Noteholder on the third business day in Paris preceding the date set for the meeting of the relevant General Meeting at 0:00, Paris time.

Decisions of General Meetings must be published in accordance with the provisions set forth in Condition 16.

- (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 15, 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 12, the term “**outstanding**” shall not include those Notes purchased by the Issuer pursuant to Article L.213-1 A of the Code that are held by it and not cancelled.

13. Modifications

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

14. 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 and regulations, and regulations of the Regulated Market on which the Notes are listed and admitted to trading, 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 such 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.

15. Further issues and consolidation

- (a) **Further issues:** Unless otherwise specified in the relevant Final Terms, the Issuer may, without the consent of the Noteholders, Receiptholders or Couponholders create and issue further Notes to be assimilated (*assimilées*) and form a single series 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 specified in the relevant Final Terms) and that the terms of such further 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 16, 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.

16. Notices

- (a) Notices to the holders of Dematerialised Registered Notes 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) in a leading daily newspaper with general circulation in Europe (which is expected to be the *Financial Times*) or (b) in accordance with articles 221-3 and 221-4 of the general regulations (*règlement général*) of the AMF or (c) 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 *La Tribune*) and, so long as such Notes are listed and admitted to trading on any other Regulated Market and the rules of, or applicable to, such Regulated Market 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, or by any such other method permitted by such Regulated Market.
- (b) Notices to the holders of Materialised Bearer Notes and Dematerialised Bearer Notes shall be valid if published (i) in a daily leading newspaper with general circulation in Europe (which is expected to be the *Financial Times*) or (ii) in accordance with articles 221-3 and 221-4 of the general regulations (*règlement général*) of the AMF or (iii) 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 *La Tribune*) and so long as such Notes are listed and admitted to trading on any other Regulated Market, 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, or by any such other method permitted by such Regulated Market.
- (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 as provided above. 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.
- (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 or 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 16(a) and (b) above; except that (i) so long as such Notes are listed and admitted to trading on Euronext Paris, notices shall be published in a leading daily newspaper of general circulation in France (which is expected to be *La Tribune*) or in accordance with articles 221-3 and 221-4 of the general regulations (*règlement général*) of the AMF, (ii) so long as the Notes are listed and admitted to trading on any Regulated Market and the rules of, or applicable to, such Regulated Market so require, notices shall be published in a leading daily newspaper of general circulation in the city where the Regulated Market on which such Notes are listed and admitted to trading is located, or by any such other method permitted by such Regulated Market, and (iii) notices relating to the convocation and decision(s) of the General Meetings pursuant to Condition 12 shall also be published in a leading daily newspaper of general circulation in Europe.

17. Method of publication of the prospectus and the Final Terms

The Base Prospectus and the Final Terms related to Notes listed and admitted to trading on any Regulated Market will always be published on the websites of the AMF (www.amf-france.org) and Veolia Environnement (www.finance.veolia.com).

In addition, should the Notes be listed and admitted to trading on a Regulated Market other than Euronext Paris, the Final Terms related to those Notes will provide whether this Base Prospectus and the relevant Final Terms will be published on the website of (x) such Regulated Market or (y) the competent authority of the Member State in the EEA where such Regulated Market is situated.

18. Governing law and jurisdiction

- (a) **Governing law:** The Notes (and, where applicable, the Receipts, Coupons and Talons) and any non contractual obligations arising out or in connection with the Notes 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 in Paris.

6.2. Temporary Global Certificate

Temporary Global Certificate issued in respect of Materialised Bearer Notes

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, Clearstream, Luxembourg or other clearing systems.

Exchange

Each Temporary Global Certificate issued in respect of 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 indicate 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—Selling Restrictions”), in whole, but not in part, for Definitive Materialised Bearer Notes; and
- (ii) otherwise, in whole but not in part, for Definitive Materialised Bearer Notes upon certification as to non-US beneficial ownership (a form of which shall be available at the specified offices of any of the Paying Agents).

A Noteholder must exchange its share of the Temporary Global Certificate for 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 (or its designated 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 requirements and requirements of the Regulated Market. Forms of such Definitive Materialised Bearer Notes shall be available at the specified offices of the designated Paying Agent(s).

Exchange Date

“**Exchange Date**” means, in relation to a Temporary Global Certificate, the day next succeeding the day that is 40 days after its issue date, provided that, in the event any further Materialised Notes are issued prior to such day pursuant to Condition 14, the Exchange Date for such Temporary Global Certificate shall be postponed to the day falling after the expiry of 40 days after the issue of such further Materialised Notes.

6.3. Taxation

EU Taxation

Under Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments (the “**Savings Directive**”) Member States of the EU are required to provide to the tax authorities of another Member State, inter alia, details of interest payments within the meaning of the Savings Directive (interest, premiums or other debt income) made by a paying agent located within its jurisdiction to, or for the benefit of, an individual resident or certain limited types of entity established in that other Member State.

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 the beneficial owner.

However, for a transitional period, certain Member States (Luxembourg and Austria) may instead apply a withholding system in relation to interest payments, unless during such period they elect otherwise. The beneficial owner of the interest payment may, on meeting certain conditions, request that no tax be withheld and elect instead for an exchange of information procedure.

A number of non-EU countries and dependent or associated territories of certain Member States have adopted similar measures to the Savings Directive.

On 13 November 2008 the European Commission published a detailed proposal for amendments to the Savings Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of these proposed changes are made in relation to the Savings Directive they may amend or broaden the scope of the requirements described above.

French Taxation

Notes which are not assimilated (“assimilables” for the purpose of French law) with Notes issued before 1 March 2010

Following the introduction of the French *Loi de finances rectificative pour 2009* No.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 which are assimilated (“*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 French *code général des impôts*) will not be subject to the withholding tax set out under Article 125 A III of the French *code général des impôts* unless such payments are made outside France in a non-cooperative State or territory (*état ou territoire non coopératif*) within the meaning of Article 238-0 A of the French *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 potentially to the more favourable provisions of an applicable tax treaty), by virtue of Article 125 A III of the French *code général des impôts*.

Furthermore, interest and other revenues on such Notes are no longer deductible from the Issuer's taxable income if they are paid or accrued to persons domiciled or established in a Non-Cooperative State or paid in such a Non-Cooperative State. Under certain conditions, any such non-deductible interest and other revenues may be recharacterised as constructive dividends pursuant to Article 109 of the French *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 French *code général des impôts*, at a rate of 25 per cent. or 50 per cent.

Notwithstanding the foregoing, the Law provides that neither the 50 per cent. withholding tax set out under Article 125 A III of the French *code général des impôts* nor the non-deductibility will apply in respect of a particular issue of Notes if the Issuer can prove that the principal purpose and effect of such issue of Notes were not that of allowing the payments of interest or other revenues to be made in a Non-Cooperative State (the “**Exemption**”). Pursuant to the ruling (*rescrit*) n°2010/11 (FP and FE) of the French tax authorities dated 22 February 2010, an issue of Notes will benefit from the Exemption 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 French *code monétaire et financier* or pursuant to an equivalent offer in a State which is not 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 French *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 assimilated (“assimilables” for the purpose of French law) with Notes issued before 1 March 2010

Payments of interest and other revenues with respect to Notes which are assimilated (“*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 French *code général des impôts*, will be exempt from the withholding tax set out under Article 125 A III of the French *code général des impôts*.

In addition, interest and other revenues paid by the Issuer on Notes and which are to be assimilated (*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 withholding tax set out in Article 119 *bis* of the French *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.

The tax regime applicable to the Notes which do not benefit from the Exemption will be set out in the relevant Final Terms.

See “Terms and Conditions of the Notes – Condition 9 – Taxation”.

PRC Taxation

The holders of RMB Notes who are not resident in the PRC 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 their RMB Notes or any repayment of principal and payment of interest made thereon.

6.4. Subscription and sale of the Notes

Summary of Dealer Agreement

Subject to the terms and on the conditions contained in an amended and restated dealer agreement dated 19 October 2011 (as amended or supplemented as at the issue date, the “**Dealer Agreement**”) between Veolia Environnement, the Permanent Dealers and the Arranger, the Notes will be offered on a continuous basis to the Permanent Dealers. However, Veolia Environnement has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may also be sold by the Issuer through the Dealers, acting as agents for the Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are, unless otherwise specified in the relevant Final Terms, jointly and severally underwritten by two or more Dealers.

Veolia Environnement will pay each relevant Dealer the commission agreed between them in respect of the Notes subscribed by such Dealer. Veolia Environnement 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 commissions in respect of an issue of Notes on a syndicated basis will be stated in the relevant Final Terms.

Veolia Environnement 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

Public offer selling restriction under the Prospectus Directive

(In respect of Notes the denomination per unit of which is less than Euro 50,000 (or Euro 100,000 once Directive 2010/73/EU has been implemented in any Relevant Member State) or its equivalent in another currency)

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State, it has not made and will not make an offer of Notes to the public in that Relevant Member State:

- (i) unless (and until) this Base Prospectus has been notified by the *Autorité des marchés financiers* to the competent authority in that Relevant Member State and has been completed by Final Terms relating to such offer, in accordance with the Prospectus Directive; or
- (ii) unless such offer is made in reliance on one of the exemptions from the requirement to publish a prospectus set forth in Article 3(2) of the Prospectus Directive.

For the purposes of this provision, the expression an “**offer of Notes to the public**” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State.

France

Each of the Dealers and the Issuer 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*), and/or (c) a restricted circle of investors (*cercle restreint d'investisseurs*) 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.411-4 of the French *code monétaire et financier*.

United Kingdom

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

- (i) in relation to any Notes which have a maturity of less than one year, (a) 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 (b) 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 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;

- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the “**Financial Instruments and Exchange Act**”). Accordingly, each Dealer 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, or for the benefit of any resident of Japan (as defined under Item 5, Paragraph I, 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 in Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the Financial Instruments and Exchange Act and other relevant laws, ministerial guidelines and regulations of Japan.

United States of America

The Notes have not been and will not be registered under the Securities Act 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. Terms used in this paragraph have the meanings given to them by Regulation S.

Materialised Bearer Notes having a maturity of more than one year 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 or sell or, in the case of Materialised Bearer Notes, deliver the Notes of any identifiable Tranche, (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of such Tranche as determined, and certified to the Fiscal Agent by the relevant Dealer, 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 as defined in Regulation S a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

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

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

Hong Kong

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant 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 other than (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong 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 (Cap. 571) and any rules made under that Ordinance.

People’s Republic of China

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 any of the Notes in the People’s Republic of China (excluding Hong Kong, Macau and Taiwan) except as permitted by the securities laws of the People’s Republic of China.

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 amended or supplemented in the relevant Final Terms relating to an issue of Notes or in a supplement to this Base Prospectus, in particular following a change in a relevant law, regulation or directive.

No action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Base Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will comply with all relevant laws, regulations and directives in each jurisdiction in which it acquires, 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 that it will 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. None of the Issuer or any other Dealer shall have responsibility therefor.

Each of the Dealers and the Issuer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that Materialised Notes may only be issued and placed with investors outside France.

6.5. Form of Final Terms

Final Terms dated [●]

VEOLIA ENVIRONNEMENT
Euro 16,000,000,000
Euro Medium Term Note Programme

SERIES NO: [●]
TRANCHE NO: [●]
[Brief description and Amount of Notes]

[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 19 October 2011 which received visa n°11-474 from the *Autorité des marchés financiers* (“**AMF**”) in France on 19 October 2011 [and the supplement to the Base Prospectus dated [●] which received visa n°[●] from the AMF on [●] which [together] constitute[s] a prospectus for the purposes of Directive 2003/71/EC, as amended by Directive 2010/73/EC (the “**2010 PD Amending Directive**”) to the extent implemented in the Relevant Member State (the “**Prospectus Directive**”). 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 Prospectus [and the supplement to the Base Prospectus] [is] [are] available for viewing at the office of the Fiscal Agent or each of the Paying Agents and on the websites of (a) the AMF (www.amf-france.org) and (b) Veolia Environnement (“**the Issuer**”) (www.finance.veolia.com) and copies may be obtained from Veolia Environnement, 36-38 avenue Kléber, 75116 Paris. [In addition¹, the Base Prospectus [and the supplement to the Base Prospectus] [is] [are] available for viewing [at/on] [●]].

The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus 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 n°[●] from the *Autorité des marchés financiers* (“**AMF**”) in France on [●] [and the supplement to the Base Prospectus] dated [●] which received visa n°[●] 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, as amended by Directive 2010/73/EC to the extent implemented in the Relevant Member State (the “**2010 PD Amending Directive**”) (the “**Prospectus Directive**”) and must be read in conjunction with the Base Prospectus dated 19 October 2011 which received visa n°11-474 from the AMF on 19 October 2011 [and the supplement to the Base Prospectus dated [●] which received visa n°[●] from the AMF on [●]], which [together] constitute[s] a prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the [Base Prospectus] dated [original date] which received visa n°[●] from the AMF on [●] [and the supplement to the Base Prospectus] dated [●] which received visa n°[●] from the AMF on [●] 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] which received visa n°[●] from the AMF on [●] and the Base Prospectus dated 19 October 2011 [and the supplement to the Base Prospectus dated [●]]. The Base Prospectus [and the supplement to the Base Prospectus] [is] [are] available for viewing at the office of the Fiscal Agent or each of the Paying Agents and on the websites of (a) the AMF (www.amf-france.org) and (b) Veolia Environnement (“**the Issuer**”) (www.finance.veolia.com) and copies may be obtained from Veolia Environnement, 36-38

¹ If the Notes are admitted to trading on a regulated market other than Euronext Paris

avenue Kléber, 75116 Paris.[In addition², the Base Prospectus [and the supplement to the Base Prospectus] [is] [are] available for viewing [at/on] [●]].

1. (i) Issuer: Veolia Environnement
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. (i) Issue Price: [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)]
6. Specified Denomination(s): [●]³ (one denomination only for Dematerialised Notes)
7. (i) Issue Date: [●]
(ii) Interest Commencement Date: [●]
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 Basis⁴: [Redemption at par]
[Index Linked Redemption]
[Dual Currency]
[Partly Paid]
[Instalment]
[Other (specify)]
11. Change of Interest or Redemption/Payment Basis: [Specify details of any provision for convertibility of

² If the Notes are admitted to trading on a regulated market other than Euronext Paris

³ 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 section 19 of the Financial Services and Markets Act 2000 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).

⁴ If the Final Redemption Amount is less than 100 per cent. of the nominal value, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex 12 to the Prospectus Directive Regulation will apply. This pro forma has been annotated to indicate where the key additional requirements of Annex 12 are dealt with.

- Notes into another interest or redemption/ payment basis]*
12. Put/Call Option: [Put]
 [Make-whole redemption] [will apply unless otherwise specified]
 [Call]
 [(further particulars specified below)]
13. (i) Status of the Notes: Unsubordinated
- (ii) Dates of corporate authorisations for issuance of the Notes: [Decision of the *Conseil d'administration* of Veolia Environnement]⁵
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 subparagraphs 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]⁶
- (iii) Fixed Coupon Amount [(s)]⁷: [●] per [●] in nominal amount
- (iv) Broken Amount: [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]
- (v) Day Count Fraction: [30/360/Actual/Actual (ICMA/ISDA)/other]
(Day count fraction should be Actual-Actual-ICMA for all fixed rate issues other than those denominated in U.S. Dollars or RMB, unless agreed otherwise)
- (vi) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not applicable/give details]
- (vii) Determination Date(s): [●] 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 Count Fraction is Actual/Actual (ICMA) or for RMB Notes)*
- (viii) Business Day Convention⁶ [Floating Rate Business Day Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (ix) Business Centre [●] / [Not Applicable]
- (ix) Party responsible for calculating Interest Amounts (if not the Calculation Agent)⁸: [●] / [Not Applicable]

⁵ Relevant only for Notes constituting *obligations* under French law.

⁶ RMB Notes only

⁷ Not applicable for RMB Notes

⁸ RMB Notes only.

16. Floating Rate Provisions

[Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph. Also consider whether EURO BBA LIBOR or EURIBOR is the appropriate reference rate for Notes denominated in Euro)

- (i) Interest Period(s): [●]
- (ii) Specified Interest Payment Dates: [●]
- (iii) Business Day Convention: [Floating Rate Business Day Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (iv) Business Centre(s): [●]
- (v) Manner in which the Rate(s) of Interest is/are to be determined: [FBF Determination/ISDA Determination/ Screen Rate Determination /other (give details)]
- (vi) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent): [●]
- (vii) FBF Determination:
- Floating Rate: [●]
 - Floating Rate Determination Date (*Date de Détermination du Taux Variable*): [●]
 - FBF Definitions (if different from those set out in the Conditions): [●]
- (viii) ISDA Determination:
- Floating Rate Option: [●]
 - Designated Maturity: [●]
 - Reset Date: [●]
 - ISDA Definitions: [●]
- (if different from those set out in the Conditions)
- (ix) Screen Rate Determination:
- Reference Rate: [●]
 - Interest Determination Date: [[●] *[TARGET] Business Days in [specify city] for [specify currency] prior to [the first day in each Interest Period/each Interest Payment Date]*], subject to adjustment in accordance with the [Floating Rate Business Day Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention / other (give details)].]
 - Relevant Screen Page: [●]
 - Reference Banks [Specify four]
- (x) Margin(s): [+/-] [●] per cent. per annum
- (xi) Minimum Rate of Interest: [●] per cent. per annum
- (xii) Maximum Rate of Interest: [●] per cent. per annum

- (xiii) Day Count Fraction: [•]
- (xiv) Rate Multiplier: [•]
- (xv) 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 subparagraphs of this paragraph)
- (i) Amortization Yield: [•] per cent. per annum
- (ii) Day Count Fraction: [•]
- (iii) Any other formula/basis of determining amount payable: [•]
- 18. Index Linked Interest Note Provisions⁹** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Index/Formula: [Give or annex details]
- (ii) Calculation Agent responsible for calculating the interest due: [•]
- (iii) Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable: [•]
- (iv) 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) Interest or calculation Period(s): [•]
- (vii) Specified Interest Payment Dates: [•]
- (viii) Business Day Convention: [Floating Rate Business Day Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (ix) Business Centre(s): [•]
- (x) Minimum Rate of Interest: [•] per cent. per annum
- (xi) Maximum Rate of Interest: [•] per cent. per annum
- (xii) Day Count Fraction: [•]
- 19. Dual Currency Note Provisions¹⁰** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-

⁹ If the Final Redemption Amount is less than 100 per cent. of the nominal value, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex 12 to the Prospectus Directive Regulation will apply. This pro forma has been annotated to indicate where the key additional requirements of Annex 12 are dealt with.

¹⁰ If the Final Redemption Amount is less than 100 per cent. of the nominal value, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex 12 to the Prospectus Directive Regulation will apply. This pro forma has been annotated to indicate where the key additional requirements of Annex 12 are dealt with.

paragraphs of this paragraph)

- (i) Rate of Exchange/Method of calculating Rate of Exchange: [Give details]
- (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due: [•]
- (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(j)): [•]

PROVISIONS RELATING TO REDEMPTION

20. Call Option

[Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs 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
- (iii) If redeemable in part:
 - Minimum nominal amount to be redeemed: [•]
 - Maximum nominal amount to be redeemed: [•]
- (iv) Option Exercise Date(s): [•]
- (v) Description of any other Issuer's option: [•]
- (vi) Notice period (if other than as set out in the Conditions): [•]

21. Make-whole redemption (Condition 7(c)(ii))

[Applicable/Not Applicable]

- (i) Notice period:¹¹ [•]
- (ii) Parties to be notified (if other than set out in Condition 7(c)(ii)) [[•]/Not Applicable]
- (iii) Make Whole Redemption Margin [•]
- (iv) Make Whole Redemption Rate [•]

22. Put Option

[Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs 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
- (iii) Option Exercise Date(s): [•]
- (iv) Description of any other Noteholders' option: [•]

¹¹ If setting notice periods which are different from those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems, as well as any other notice requirements which may apply, for example, as between the Issuer and its Fiscal Agent.

- (v) Notice period: [•]
- (vi) Repurchase Event [Applicable/Not Applicable]
23. **Final Redemption Amount of each Note** [[•] per Note of [•] specified denomination/ Other/See Appendix]
24. **Early Redemption Amount**
- (i) Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or an event of default 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 other than Interest Payment Dates: [Yes/No]
- (iii) Unmatured Coupons to become void upon early redemption (Bearer Notes only): [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*)] [Delete as appropriate]
- (i) Form of Dematerialised Notes: [Not Applicable / Dematerialised Bearer Notes (*au porteur*)/Dematerialised Fully Registered Notes (*au nominatif pur*) / Dematerialised Administered Registered Notes (*au nominatif administré*)]
- (ii) Registration Agent: [Not Applicable / if Applicable give name and details] (*Note that a Registration Agent must be appointed in relation to Dematerialised Registered Notes only*)
- (iii) Temporary Global Certificate: [Not Applicable / Temporary Global Certificate exchangeable for Definitive Materialised Bearer Notes on [•] (the “**Exchange Date**”), being 40 days after the Issue Date subject to postponement as provided in the Temporary Global Certificate]
- (iv) Materialised Note Agent: [Not Applicable / if Applicable give name and details] (*Note that a Materialised Note Agent must be appointed in relation to Materialised Notes*)
- (v) Applicable TEFRA exemption: [C Rules/D Rules/Not Applicable]
26. **Financial Centre(s) 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(iv) and 18(ix) relate*]
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 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, renominalisation and reconventioning provisions:** [Not Applicable/The provisions [in Condition [•]] [annexed to these Final Terms] apply]
31. **Consolidation provisions:** [Not Applicable/The provisions [in Condition [•]][annexed to these Final Terms] apply]
32. **Masse:** [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 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 French code de commerce apply, insert details of Representative and Alternative Representative and remuneration, if any).*)
33. **Any applicable currency disruption/fallback provisions:**¹² [Not Applicable/give details]
34. **Other final terms:** [Not Applicable/give details]
(When adding any other final terms consideration should be given as to whether such terms constitute a “significant new factor” and consequently triggers the need for a supplement to the Base Prospectus under article 16 of the Prospectus Directive.)

DISTRIBUTION

35. (i) If syndicated, names and addresses of Managers and underwriting commitments: [Not Applicable/give names, addresses and underwriting commitments]
(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a “best efforts” basis if such entities are not the same as the Managers. In case of RMB issues underwritten on a several and not joint basis, include appropriate disclosure of underwriting commitments and arrangements.)
- (ii) Date of Subscription Agreement: [•]
- (iii) Stabilising Manager (if any): [Not Applicable/give name]
36. **If non-syndicated, name and address of Dealer:** [Not Applicable/give name]
37. **Total commission and concession:** [•] per cent. of the Aggregate Nominal Amount
38. **Additional selling restrictions:** [Not Applicable/give details]

¹² In respect of RMB Notes, consider insertion of Payment in US Dollar Equivalent provision.

[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 Euro 16,000,000,000 Euro Medium Term Note Programme of the Issuer.]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms.

Signed on behalf of Veolia Environnement:

Duly represented by:

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.][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.]¹³]

2. LISTING

- (i) Listing: [Euronext Paris /other (specify)/None]
- (ii) Admission to trading: [Application has been made for the Notes to be listed and admitted to trading on [•] with effect from [•].] [Not Applicable.]
- (Where documenting a fungible issue need to indicate that original securities are already listed and admitted to trading.)*
- (iii) Additional publication of Base Prospectus and Final Terms: [•] (See Condition 17 which provides that the Base Prospectus and Final Terms of Notes listed and admitted to trading on any Regulated Market will be published on the websites of (a) the AMF and (b) the Issuer. Please provide for additional methods of publication in respect of a listing and admission to trading on a Regulated Market other than Euronext Paris)
- (iv) Regulated markets or equivalent markets on which, to the knowledge of the issuer, securities of the same class of the securities to be offered or admitted to trading are already admitted to trading: [•]

3. RATINGS

The Notes to be issued have been rated:

[S & P: [•]]

[Moody's: [•]]

[[Other]:

[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]

(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* in France [has been requested to provide/has provided—include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues] the [include names of competent authorities of host Member

¹³ If the Final Redemption Amount is less than 100 per cent. of the nominal value, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex 12 to the Prospectus Directive Regulation will apply. This pro forma has been annotated to indicate where the key additional requirements of Annex 12 are dealt with.

States] with a certificate of approval attesting that the Base Prospectus has 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: [“So far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.”]/[•]

6. **[THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST**

Where a statement or report attributed to a person as an expert is included in respect of the Issuer or the Notes, 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 in respect of the Issuer or the Notes.

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, the Issuer shall identify the source(s) of the information.]

7. **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 12 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.)

8. **[Fixed Rate Notes Only—YIELD**

Indication of yield: [•]

Calculated as [include details of method of calculation in summary form] on the Issue Date.

As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

9. **[Floating Rate Notes only—HISTORIC INTEREST RATES**

Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [•].]

10. **[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 UNDERLYING¹⁴**

Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained, the underlying on which it is based and of the method used to relate the two, 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 and any market disruption or settlement disruption events that affect the underlying. Include details of rules with relation to events concerning the underlying.]

¹⁴ For derivative securities to which Annex 12 to the Prospectus Directive Regulation applies, please complete instead paragraph 12 below relating to explanation of effect on value of investment, return on derivatives securities and information concerning the underlying.

11. **[Dual Currency Notes only—PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT**¹⁵

Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained, the underlying on which it is based and of the method used to relate the two, 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 and any market disruption or settlement disruption events that affect the underlying. Include details of rules with relation to events concerning the underlying.]

12. **[Derivatives only—EXPLANATION OF EFFECT ON VALUE OF INVESTMENT, RETURN ON DERIVATIVES SECURITIES AND INFORMATION CONCERNING THE UNDERLYING**¹⁶

EXPLANATION OF EFFECT ON VALUE OF INVESTMENT

Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying, the circumstances when the risks are most evident, and the risk that investors may lose part or all of their investment.

RETURN ON DERIVATIVES SECURITIES

Return on derivative securities: *[Description of how any return on derivative securities takes place]*

Payment or delivery date: [•]

Method of calculation: [•]

INFORMATION CONCERNING THE UNDERLYING

The exercise price or the final reference price of the underlying: [•]

A statement setting out the type of the underlying and details of where information on the underlying can be obtained:

- indication of where information about past and further performance of the underlying and its volatility can be obtained: [•]

- where the underlying is a security: [Applicable/Not Applicable]

the name of the issuer of the security:

the ISIN (International Security Identification Number) or other such security identification code:

- where the underlying is an index: [Applicable/Not Applicable]

the name of the index and a description of the index if it is composed by the issuer. If the index is not composed by the issuer, indication of where information about the index can be obtained:

- where the underlying is an interest rate: [Applicable/Not Applicable]

a description of the interest rate: [Applicable/Not Applicable]

¹⁵ For derivative securities to which Annex 12 to the Prospectus Directive Regulation applies, please complete instead paragraph 12 below relating to explanation of effect on value of investment, return on derivatives securities and information concerning the underlying.

¹⁶ Required for derivative securities to which Annex 12 to the Prospectus Directive Regulation applies. If the Final Redemption Amount is less than 100 per cent. of the nominal value, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex 12 to the Prospectus Directive Regulation will apply. This pro forma has been annotated to indicate where the key additional requirements of Annex 12 are dealt with.

- others:

where the underlying does not fall within the categories specified above the securities note shall contain equivalent information:

- where the underlying is a basket of underlyings: [Applicable/Not Applicable]

disclosure of the relevant weightings of each underlying in the basket:

A description of any market disruption or settlement disruption events that affect the underlying:

Adjustment rules in relation to events concerning the underlying:]¹⁷

13. **[Derivatives only—POST-ISSUANCE INFORMATION CONCERNING THE UNDERLYING]**¹⁸

Indicate whether or not the Issuer intends to provide post-issuance information concerning the underlying. If the Issuer intends to report such information, specify what information will be reported and where such information can be obtained.]

14. **OPERATIONAL INFORMATION**

ISIN Code: [●]

Common Code: [●]

Depositories:

(i) Euroclear France to act as Central Depository: [Yes/No]

(ii) Common depository for Euroclear and Clearstream Luxembourg: [Yes/No]

Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/give name(s) and number(s)] [and address(es)]

Delivery: Delivery [against/free of] payment

Names and addresses of additional Paying Agent(s) (if any): [●] (Insert name of Materialised Note Agent here if Notes are Materialised Notes)

The aggregate principal amount of Notes issued has been translated into Euro at the rate of [●] producing a sum of: [●]

15 **[PUBLIC OFFER(S)]**

(i) Public Offer(s): [Yes/No]

(ii) Member State(s): [The Notes will be offered to the public in [●] (insert any Member State of the European Economic Area where the Notes will be offered to the public/ Not Applicable)]

¹⁷ Required for derivative securities to which Annex 12 to the Prospectus Directive Regulation applies. If the Final Redemption Amount is less than 100 per cent. of the nominal value, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex 12 to the Prospectus Directive Regulation will apply. This pro forma has been annotated to indicate where the key additional requirements of Annex 12 are dealt with.

¹⁸ Required for derivative securities to which Annex 12 to the Prospectus Directive Regulation applies. If the Final Redemption Amount is less than 100 per cent. of the nominal value, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex 12 to the Prospectus Directive Regulation will apply. This pro forma has been annotated to indicate where the key additional requirements of Annex 12 are dealt with.

- (iii) Time period, including any possible amendments, during which the offer will be open and description of the applicable process, and manner in which results of the offer are made public: [[-]/Not Applicable]
- (iv) Description of the possibility to reduce subscriptions and the manner for refunding excess amount paid by applicants: [[-]/Not Applicable]
- (v) Details of the minimum and/or maximum amount of application (whether in number of securities or aggregate amount to invest): [[-]/Not Applicable]
- (vi) Procedure for the exercise of any right of preemption, the negotiability of subscription rights and the treatment of subscription rights not exercised: [[-]/Not Applicable]
- (vii) Process for notification to applicants of the amount allotted and indication whether dealing may begin before notification is made: [[-]/Not Applicable]

16. **[OFFER CONDITIONS, STATISTICS AND EXPECTED TIMETABLE]**

- (i) Offer conditions
- (ii) Offer statistics
- (iii) Expected timetable

7. INFORMATION ABOUT THE ISSUER

7.1. History and development of the Issuer

On 14 December 1853 Compagnie Générale des Eaux was formed by Imperial decree and won its first public service concession for the distribution of water in the city of Lyon, France. Then it went on developing its business in France, in Nantes (1854), Nice (1864), Paris (1860), which initially outsourced its water distribution service to it for a period of 50 years, and the Paris suburbs (1869).

In 1980 Compagnie Générale des Eaux reorganised its water activities and merged all of its design, engineering and execution activities relating to drinking water and wastewater treatment facilities in a subsidiary called “Omnium de Traitement et de Valorisation” (OTV). At the same time, Compagnie Générale des Eaux expanded its business with the acquisition of Compagnie Générale d’Entreprises Automobiles (CGEA, which would later split into Veolia Transport and Veolia Propreté) and Compagnie Générale de Chauffe and Esys-Montenay (which would later merge to become Dalkia). It also began significant international expansion.

In 1998 Compagnie Générale des Eaux changed its name to Vivendi and rebranded its main water subsidiary “Compagnie Générale des Eaux”. In April 1999 a holding company was formed, Vivendi Environnement, to head the environmental management activities of the group: Vivendi Water (water), Onyx (waste management), Dalkia (energy services) and Connex (transportation).

On 20 July 2000 the shares of Vivendi Environnement were admitted to trading on the Paris stock exchange (Euronext Paris) and in August 2001 they entered the CAC 40, the main equity index published by Euronext. In October 2001 the shares of Vivendi Environnement were also admitted to trading on the New York Stock Exchange in the form of American Depositary Receipts (ADRs).

From 2002 to 2004 Vivendi progressively decreased its stake in Veolia Environnement. It is no longer a shareholder of the company.

At the same time, Veolia Environnement initiated a significant restructuring of its business activities designed to refocus on its core environmental services. This restructuring was completed in 2004 with the sale of various U.S. subsidiaries in the water division and the sale of Veolia Environnement’s indirect interest in Fomento de Construcciones y Contratas (FCC), a Spanish company whose activities include construction and cement.

In April 2003, the company changed its name from Vivendi Environnement to Veolia Environnement, and on 3 November 2005 it unveiled a new branding system for the Group. The Group’s various businesses now operate under the common brand: “Veolia”.

In March 2011, Veolia Environnement and the Caisse des Dépôts et Consignations announced the birth of jointly owned Veolia Transdev, as a result of the combination of their respective passenger transportation subsidiaries, Veolia Transport and Transdev.

7.1.1. Legal and commercial name of the Issuer

Since 30 April 2003, the Issuer’s name has been Veolia Environnement. The Issuer’s abbreviated name is VE.

7.1.2. Place of registration of the Issuer and registration number

The Issuer is registered in the commercial registry of Paris under number 403 210 032.

7.1.3. Date of incorporation and term of the Issuer

The Issuer was formed on 24 November 1995, for a term of 99 years from the date of its registration in the *Registre du commerce et des sociétés*, i.e., until 18 December 2094.

7.1.4. Registered office, legal form and legislation under which the Issuer operates

Veolia Environnement is a French *société anonyme à conseil d’administration* governed by the provisions of the French *code de commerce* (Livre II).

Its registered office is located at 36/38, avenue Kléber, 75116 Paris, France.

The telephone number is (33) 1 71 75 00 00.

7.1.5. Recent developments affecting the Issuer’s solvency

Please refer to the first update of Veolia Environnement’s *document de référence 2010*, pages 33 and 81.

7.2. Investments

7.2.1 Principal investments made since the date of the last published financial statements

Please refer to the first update of Veolia Environnement's *document de référence 2010*, pages 33 and 81.

7.2.2. Main future investments

Please refer to the first update of Veolia Environnement's *document de référence 2010*, pages 33 and 81.

7.2.3. Sources of financing

Please refer to the first update of Veolia Environnement's *document de référence 2010*, pages 23 to 31.

8. BUSINESS OVERVIEW

8.1. Principal activities

Please refer to Veolia Environnement's *document de référence 2010*, pages 34 to 54.

8.2. Principal markets

Please refer to Veolia Environnement's *document de référence 2010*, page 34 and pages 55 to 63.

8.3. Competition

Please refer to Veolia Environnement's *document de référence 2010*, pages 58 to 60.

9. ORGANISATIONAL STRUCTURE

Veolia Environnement is the holding company of an independent group of companies.

For more information about the structure of the Group, please refer to Veolia Environnement's *document de référence 2010*, pages 79 to 81.

10. TREND INFORMATION

10.1. Material adverse changes

Save as disclosed in this Base Prospectus (in particular section 7.1.5), there has been no material adverse change in the prospects of Veolia Environnement or of the Group since 30 June 2011.

10.2. Further information

For information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects, please refer to the first update of Veolia Environnement's *document de référence 2010*, page 33.

11. PROFIT FORECASTS AND ESTIMATES

11.1. Principal assumptions upon which the Issuer has based its forecast or estimate

Not applicable.

11.2. Auditor's report

Not applicable.

12. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

12.1. Members of the administrative, management and supervisory bodies of the Issuer

Please refer to the first update of Veolia Environnement's *document de référence 2010*, pages 34 and 35.

12.2. Administrative, management and supervisory bodies conflicts of interest

Please refer to Veolia Environnement's *document de référence 2010*, page 147.

13. BOARD PRACTICES

13.1. Issuer's audit committee

Please refer to Veolia Environnement's *document de référence 2010*, pages 168-170.

13.2. Corporate governance

Please refer to Veolia Environnement's *document de référence 2010*, pages 162 to 174 and to the first update of Veolia Environnement's *document de référence 2010*, page 35.

14. MAJOR SHAREHOLDERS

14.1. Control over the Issuer

To the best of its knowledge, no third party controls Veolia Environnement.

14.2. Shareholder agreements

To the Issuer's knowledge no agreement currently exists that could result in a change of control in the future.

15. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES

15.1. Historical financial statements

Please refer to Veolia Environnement's *document de référence 2010*, pages 206 to 361, and to Veolia Environnement's *document de référence 2009*, pages 198 to 343.

15.2. Intermediary financial statements

Please refer to the first update of Veolia Environnement's *document de référence 2010*, pages 43 to 82.

15.3. Legal and arbitration proceedings

Save as disclosed on pages 403 to 408 of the *document de référence 2010* and on pages 37 to 43 of the first update of Veolia Environnement's *document de référence 2010*, neither Veolia Environnement nor any member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Veolia Environnement is aware) during a period covering at least the past 12 months which may have, or have had in the recent past, significant effects on the financial position or profitability of the Group.

15.4. Significant change in the issuer's financial or trading position

Save as disclosed in this Base Prospectus (in particular section 7.1.5) and on page 43 of the first update of Veolia Environnement's *document de référence 2010*, there has been no significant change in the financial or trading position of Veolia Environnement or of the Group since 30 June 2011.

16. ADDITIONAL INFORMATION

16.1. Share capital

The Issuer's share capital amounts to €2,598,264,800 and is split in 519,652,960 fully paid up ordinary shares with a par value of €5 each.

16.2. Memorandum and articles of association

The Issuer is registered in the *Registre du commerce et des sociétés* of Paris under number 403 210 032.

The Issuer's corporate purpose, as detailed in article 3 of its articles of association, is directly or indirectly, in France and in all other countries:

- to extend services to private, professional and public customers in relation to the environment, including water, water recycling, energy, transportation and waste;
- to acquire and use all patents, licences, trademarks and designs relating directly or indirectly to the above services;
- to take interests in existing or future companies, groups or undertakings, through the subscription, purchase, contribution, exchange or by any other means of shares, bonds or other securities, and to dispose of such interests; and
- generally, to enter into any commercial, industrial, financial, real estate or other transaction relating to the above purposes, directly or indirectly, including guarantees, first-demand guarantees, bonds and other collateral, especially for the benefit of any group, undertaking or company in which the Issuer holds an interest in the course of its activities, or to finance or refinance any of its activities.

16.3. Credit ratings

Standard & Poor's Rating Services has ascribed a long-term debt rating of BBB+ to Veolia Environnement. Moody's Investors Services, Inc. has rated Veolia Environnement's senior long-term debt A3.

An obligation rated "BBB" by S&P exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

Obligations rated "A" by Moody's are considered upper-medium grade and are subject to low credit risk. The modifier "3" indicates a ranking in the lower end of that generic rating category.

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.

Notes issued under the Programme may be rated or unrated. Where a tranche of Notes is rated, such rating will not necessarily be the same as the ratings assigned to the Issuer's long-term debt.

17. MATERIAL CONTRACTS

To the best of its knowledge, Veolia Environnement has not entered into any material contract which could result in any Group member being under an obligation that is material to Veolia Environnement's ability to meet its obligations to Noteholders in respect of Notes issued under the Programme.

18. THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST

Please see the "Statutory auditors" section of this Base Prospectus.

19. DOCUMENTS ON DISPLAY

For so long as Notes may be issued pursuant to this Base Prospectus, the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), at the registered office of Veolia Environnement and at the specified offices of the Fiscal Agent and the Paying Agents:

- the *statuts* of Veolia Environnement;
- a copy of the Base Prospectus together with any supplement to the Base Prospectus or further Base Prospectus and any documents incorporated by reference therein;
- the Final Terms for Notes that are listed and admitted to trading on Euronext Paris or any Regulated Market in the EEA;

- all reports, letters and other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in the Base Prospectus.

In addition, the following documents will be available on the website of the AMF:

- the Final Terms for Notes that are listed and admitted to trading on Euronext Paris or any other Regulated Market in the EEA; and
- this Base Prospectus together with any supplement to this Base Prospectus or further Base Prospectus and any documents incorporated by reference therein.

Copies of the first update of Veolia Environnement's *document de référence* 2010 and of the *documents de référence* 2010 and 2009¹ including the consolidated accounts of Veolia Environnement may be obtained, and copies of the Agency Agreement will be available for inspection, at the specified offices of each of the Paying Agents during normal business hours, so long as any of the Notes is outstanding.

So long as Floating Rate Notes for which the Rate of Interest is determined on the basis of ISDA Determination or FBF Determination are outstanding, a copy of the ISDA Definitions or FBF Definitions, as the case may be, will be available during usual business days on any weekday (Saturday and public holiday excepted) at the registered office of Veolia Environnement.

20. GENERAL INFORMATION

1. Veolia Environnement has obtained all necessary consents, approvals and authorisations in the Republic of France in connection with the establishment of the Programme.

Any issue of Notes, to the extent that such Notes constitute *obligations*, requires the prior authorisation of the *conseil d'administration* (board of directors) of Veolia Environnement, which may delegate its powers to any of its members or to its *président-directeur général* (chairman and chief executive officer).

For this purpose, on 24 March 2011 the *conseil d'administration* of Veolia Environnement authorised its *président-directeur général*, for a one year period starting on 1 April 2011, to issue Notes within the limits set by the *conseil d'administration*.

Any issue of Notes, to the extent that such Notes do not constitute *obligations*, may require the prior authorisation of the general meeting of shareholders of Veolia Environnement.

2. Each definitive Bearer Materialised Note, Receipt, Coupon and Talon 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".
3. Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems, which are entities in charge of keeping the records. The Common Code, the International Securities Identification Number (ISIN) and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms.

The address of Euroclear is 1 boulevard du Roi Albert II, 1210 Bruxelles, Belgium and the address of Clearstream, Luxembourg is 42 avenue John Fitzgerald Kennedy, L- 1855 Luxembourg, Grand-Duchy of Luxembourg.

4. Dematerialised Notes will be inscribed in the books of Euroclear France (acting as central depository). Dematerialised Notes which are in registered form (*au nominatif*) are also inscribed either with the Issuer or with the registration agent.

The address of Euroclear France is 115 rue Réaumur, 75081 Paris Cedex 02, France.

5. In respect of derivatives securities referred to in article 15 of Commission Regulation no.809/2004 of 29 April 2004, the Final Terms will indicate whether or not Veolia Environnement 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 to be issued by the Issuer qualify under Category 2 for the purposes of Regulation S under the Securities Act. Materialised Notes will be issued in compliance with US Treas. Reg. § 1.163-5(c)(2)(i)(D) (the "**D Rules**") unless (i) the relevant Final Terms state that such Materialised Notes are issued in compliance with US Treas. Reg. § 1.163-5(c)(2)(i)(C) (the "**C Rules**"), or (ii) such Materialised Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal

¹ English translations of the first update of Veolia Environnement's *document de référence* 2010 and of the *documents de référence* 2010 and 2009 may be obtained without charge from the website of the Issuer (www.finance.veolia.com). These free English language translations are not incorporated by reference herein.

Responsibility Act of 1982 (“**TEFRA**”), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.

The TEFRA rules do not apply to any Dematerialised Notes.

7. If at any time Veolia Environnement shall be required to prepare a supplement to this Base Prospectus pursuant to the provisions of article 16 of the Prospectus Directive and article 212-25 of the *règlement général* of the *Autorité des Marchés Financiers*, Veolia Environnement will prepare and make available an appropriate supplement to this Base Prospectus or a further Base Prospectus, which in respect of any subsequent issue of Notes to be listed and admitted to trading on Euronext Paris or on a Regulated Market of a Member State of the European Economic Area, shall constitute a supplement to the Base Prospectus for the purpose of the relevant provisions of the Prospectus Directive.

ISSUER

VEOLIA ENVIRONNEMENT

36-38 avenue Kléber
75116 Paris
France
Tel: +33 (0)1.71.75.00.00

DEALERS

Barclays Bank PLC
5 The North Colonnade
Canary Wharf
London E14 4BB
United Kingdom

BNP PARIBAS
10 Harewood Avenue
London NW1 6AA
United Kingdom

**Credit Suisse Securities
(Europe) Limited**
One Cabot Square
London E14 4QJ
United Kingdom

**Deutsche Bank AG, London
Branch**
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

HSBC FRANCE
103, avenue des Champs Elysées
75008 Paris
France

Merrill Lynch International
2 King Edward Street
London EC1A 1HQ
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

ARRANGER

Société Générale
29 boulevard Haussmann
75009 Paris
France

**FISCAL AGENT, PAYING AGENT, CALCULATION AGENT,
REDENOMINATION AGENT AND CONSOLIDATION AGENT**

BNP Paribas Securities Services

Les Grands Moulins de Pantin
9 rue du Débarcadère
93500 Pantin
France.

AUDITORS

to the Issuer

Ernst & Young et Autres
41 rue Ybry
92576 Neuilly-sur-Seine Cedex
France

KPMG SA
1 cours Valmy
92923 Paris La Défense Cedex
France

LEGAL ADVISERS

to the Issuer
Clifford Chance Europe LLP
9, place Vendôme
75038 Paris Cedex 01
France

to the Dealers
Linklaters LLP
25, rue de Marignan
75008 Paris
France