



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

**EURO 12,000,000,000**  
**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 12,000,000,000 (or the equivalent in other currencies at the date of issue of any Notes).

Application may be made (i) to Euronext Paris S.A 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 the Eurolist of Euronext Paris S.A. 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 S.A. 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 (the “**Final Terms**”) (forms of which are contained herein) in respect of the issue of any Notes will specify whether or not such Notes will be listed and admitted to trading, and, if so, the relevant 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 Directive 2003/71/EC (the “**Prospectus Directive**”) 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.

This Base Prospectus is to be read in conjunction with all documents which are incorporated herein by reference. This Base Prospectus shall, save as specified herein, be read and construed on the basis that such documents are so incorporated and form part of this Base Prospectus. The following document which has been approved by the *Autorité des marchés financiers* (the “**AMF**”) in France or filed with it is hereby incorporated by reference in, and forms part of, this Base Prospectus:

- the *Document de Référence* filed with the AMF under no.D.07-0264 on 3 April 2007 prepared by the Issuer with the exception of (i) section 1.2 entitled “*Attestation du responsable*” included on pages 5 and 6 and (ii) section 13 entitled “*Prévisions ou estimations du bénéfice*” included on pages 100 to 101, of such document (the “**Document de Référence 2006**”) which contains, inter alia, the audited annual consolidated financial statements of the Issuer for the period ended 31 December 2006.

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.

Any statement contained in this Base Prospectus or in a document 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, including the documents incorporated by reference in this Base Prospectus, any supplement to this Base Prospectus and the Final Terms related to the Notes will be available for viewing on the website of the AMF ([www.amf-france.org](http://www.amf-france.org)), on the Issuer’s website ([www.veoliaenvironnement.com](http://www.veoliaenvironnement.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 9 June 2006.



In accordance with articles L.411-1 and L.621-8 of the French *Code monétaire et financier* and with the General Regulations (*Règlement général*) of the *Autorité des marchés financiers* (AMF), in particular articles 212-31 to 212-33, the AMF has granted to this Base Prospectus the visa n° 07-141 on 3 May 2007. This document may only be used for the purposes of a financial transaction if completed by Final Terms. It was prepared by the Issuer and its signatories assume responsibility for it. In accordance with article L.621-8-1-I of the French *Code monétaire et financier*, the visa was granted following an examination by the AMF of “whether the document is complete and comprehensible, and whether the information it contains is coherent”. It does not imply that the AMF has verified the accounting and financial data set out in it. This visa has been granted subject to the publication of Final Terms in accordance with article 212-32 of the AMF’s General Regulations, setting out the terms and conditions of the securities being issued.

Arranger  
**ABN AMRO**  
Dealers

**ABN AMRO**  
**BNP PARIBAS**  
**Deutsche Bank**  
**IXIS Corporate & Investment Bank**  
**NATIXIS**

**Barclays Capital**  
**Credit Suisse**  
**HSBC**  
**Merrill Lynch International**  
**Société Générale Corporate & Investment Banking**  
**The Royal Bank of Scotland**

No person has been authorised to give any information or to make any representation other than those contained in this Base Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by 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, sold or delivered within the United States or to 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 other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of Veolia Environnement, the Arranger or the Dealers that any recipient of this Base Prospectus or any other 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 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.

## TABLE OF CONTENTS

RÉSUMÉ ( <i>FRENCH SUMMARY</i> )	1
SUMMARY	5
1. PERSONS RESPONSIBLE FOR THE BASE PROSPECTUS	9
2. STATUTORY AUDITORS	9
3. SELECTED FINANCIAL INFORMATION	10
4. RISK FACTORS	11
5. KEY INFORMATION	19
6. INFORMATION CONCERNING THE SECURITIES TO BE OFFERED/ADMITTED TO TRADING	20
6.1 Terms and Conditions of the Notes	20
6.2 Temporary Global Certificate	43
6.3 Subscription and Sale of the Notes	44
6.4 Form of Final Terms	47
7. INFORMATION ABOUT THE ISSUER	61
8. BUSINESS OVERVIEW	62
9. ORGANISATIONAL STRUCTURE	63
10. TREND INFORMATION	63
11. PROFIT FORECASTS AND ESTIMATES	63
12. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES	63
13. BOARD PRACTICES	64
14. MAJOR SHAREHOLDERS	64
15. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES	64
16. ADDITIONAL INFORMATION	64
17. MATERIAL CONTRACTS	65
18. THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST	65
19. DOCUMENTS ON DISPLAY	65
20. GENERAL INFORMATION	66



**RÉSUMÉ**  
**(FRENCH SUMMARY)**

Le résumé ci-dessous est une description générale du programme d'émission de titres de Veolia Environnement (le "**Programme**"). Il doit être lu comme une introduction au présent prospectus de base relatif au Programme (le "**Prospectus de Base**") et toute décision d'investir dans des titres à émettre dans le cadre du Programme doit être fondée sur un examen exhaustif du Prospectus de Base. Lorsqu'une action concernant l'information contenue dans le Prospectus de Base est intentée devant un tribunal, l'investisseur plaignant peut, 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, aucune action en responsabilité civile ne peut être intentée sur le fondement du seul résumé ou de sa traduction, sauf si le contenu du résumé du Prospectus de Base ou sa traduction est trompeur, inexact ou contradictoire par rapport aux informations contenues dans les autres parties du Prospectus de Base.

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

<b><i>Emetteur :</i></b>	<i>Veolia Environnement (l'"Emetteur").</i>
<b><i>Arrangeur :</i></b>	<i>ABN AMRO Bank N. V.</i>
<b><i>Agents Placeurs :</i></b>	<i>ABN AMRO Bank N.V., Barclays Bank PLC, BNP PARIBAS, HSBC France, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch, IXIS Corporate &amp; Investment Bank, Merrill Lynch International, NATIXIS, Société Générale and The Royal Bank of Scotland plc.</i>
<b><i>Montant maximum du Programme :</i></b>	<i>12 000 000 000 euros.</i>
<b><i>Agent financier et agent payeur :</i></b>	<i>BNP Paribas Securities Services.</i>
<b><i>Méthode d'émission :</i></b>	<i>Les Titres sont émis dans le cadre d'émissions syndiquées ou non-syndiquées.</i>
<b><i>Echéance :</i></b>	<i>Toute échéance, sous réserve des lois, règlements et directives applicables.</i>
<b><i>Devises :</i></b>	<i>Les Titres peuvent être émis en euros, en dollars américains, en yen japonais, en francs suisses, en livres sterling ou en toute autre devise mentionnée dans les Conditions Définitives (Final Terms) préparées à l'occasion de l'émission.</i>
<b><i>Modalités (prix, montant de l'émission, taux d'intérêt, etc.) :</i></b>	<i>Les modalités des Titres de chaque série seront précisées dans les Conditions Définitives.</i>
<b><i>Valeur nominale :</i></b>	<i>Tout montant, sous réserve des règles de la banque centrale compétente (ou toute autre autorité équivalente) et des lois ou règlements applicables en fonction de la devise des Titres.</i>  <i>Les Titres dématérialisés seront émis avec une valeur nominale unique.</i>
<b><i>Rang de créance :</i></b>	<i>Les Titres pourront constituer des engagements subordonnés ou non subordonnés de l'Emetteur.</i>  <i>Les Titres non subordonnés constitueront des engagements directs, inconditionnels, non subordonnés et (sans préjudice des stipulations de l'article 4 des modalités des Titres) 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.</i>

*Les Titres subordonnés constitueront des Titres subordonnés ordinaires, des Titres super subordonnés, des Titres subordonnés à durée indéterminée ou des Titres subordonnés à durée déterminée. Se reporter à l'article 3(b) des modalités des Titres (voir "Terms and Conditions of the Notes—Status").*

*Les Conditions Définitives peuvent prévoir que le paiement des intérêts dus au titre de Titres subordonnés pourra être différé conformément aux stipulations de l'article 5(h) des modalités des Titres (voir "Terms and Conditions of the Notes—Interest and Other Calculations").*

**Forme :** *Les Titres peuvent être émis soit sous forme de Titres dématérialisés soit sous forme de Titres matérialisés. Les Titres dématérialisés seront au porteur ou au nominatif. Les Titres matérialisés seront uniquement au porteur.*

**Maintien de l'emprunt à son rang :** *Les modalités des Titres comportent une clause de maintien de l'emprunt à son rang.*

**Cas de défaut (notamment défaut croisé) :** *Les modalités des Titres comportent des cas de défaut. Se reporter à l'article 9 des modalités des Titres ("Terms and Conditions of the Notes—Events of Default").*

**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 la date d'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 6(f) des modalités des Titres ("Terms and Conditions of the Notes—Redemption, Purchases and Options—Redemption for Taxation Reasons").*

**Fiscalité :** *Sauf exception prévue dans les Conditions Définitives, les paiements relatifs aux Titres seront effectués libres de toute retenue, prélèvement, ou impôt quelconque requis par, ou effectué au nom de la France.*

**Dépositaire central :** *Euroclear France.*

**Systèmes de compensation :** *Euroclear France, Clearstream, Luxembourg et Euroclear.*

**Cotation :** *Les Conditions Définitives préparées à l'occasion de chaque émission de Titres indiqueront si ceux-ci ont vocation à être cotés et admis aux négociations sur Euronext Paris S.A. et/ou sur tout autre marché réglementé au sens de la Directive 2004/39/EC (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 de ce Programme pourront faire l'objet d'une notation.*

**Restrictions de vente :** *Il existe des restrictions concernant la vente des Titres dans différents pays, notamment les Etats Unis, le Japon 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 de vente supplémentaires pourront être imposées dans le cadre de la vente d'une série donnée et seront alors indiquées dans les Conditions Définitives.*

**Loi applicable :** *Droit français.*

## **II. PRINCIPALES CARACTERISTIQUES DE 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 chaque client. 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 des processus industriels, le transport de passagers et de fret.*

*Au travers de ses quatre divisions, chacune consacrée à une activité, Veolia Eau, Veolia Energie (Dalkia), Veolia Propreté et Veolia Transport, Veolia Environnement dessert aujourd'hui plus de 67 millions de personnes en eau potable et 49 millions en assainissement dans le monde, traite près de 58 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 RISQUE**

### **A. Principaux facteurs de risques relatifs à 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 afférents aux Titres émis dans le cadre du programme, l'Émetteur est dépendant des revenus qu'il perçoit dans le cadre de ses activités. La capacité de l'Émetteur à dégager des profits est susceptible d'être affectée par un grand nombre de facteurs, parmi lesquels :*

- la concurrence importante qui s'exerce dans les métiers du groupe ;*
- la conduite d'activités dans certains pays comportant des risques supplémentaires ;*
- une sensibilité aux changements dans les prix de l'énergie et des consommables ;*
- une exposition à des risques géopolitiques, criminels ou terroristes ;*
- des contrats à long terme pouvant limiter la capacité de l'Émetteur à répondre de manière efficace et rapide à des évolutions économiques défavorables ;*
- le droit des collectivités publiques de résilier ou de modifier unilatéralement les contrats conclus avec le groupe ;*
- la soumission à des procédures d'appel d'offres ou de négociation de contrats souvent longues, complexes et difficilement prévisibles, pouvant nécessiter d'importants investissements ;*
- une sensibilité particulière aux règles sanitaires et environnementales, et au risque de violation de ces règles ; et*
- une exposition au risque de fluctuation des taux de change et des taux d'intérêt.*

### **B. Principaux facteurs de risques relatifs aux Titres à émettre par Veolia Environnement**

*Investir dans les Titres implique certains risques qui doivent être pris en compte dans l'évaluation des risques de marché associés aux Titres émis dans le cadre du Programme. Bien que ces risques ne soient qu'éventuels, les investisseurs sont avertis qu'ils peuvent entraîner une certaine volatilité et/ou une baisse de la valeur de marché des Titres en deçà des attentes (financières ou autres) des investisseurs de ces Titres.*

*Chaque investisseur potentiel doit déterminer, selon son appréciation personnelle et sur les conseils des professionnels qu'il considérera appropriés selon les circonstances, si l'acquisition des Titres est conforme à sa situation personnelle, ses besoins financiers et ses objectifs. Il doit aussi déterminer si l'acquisition des Titres est conforme aux politiques d'investissement, aux règles et aux restrictions qui lui sont applicables, et s'il s'agit d'un investissement satisfaisant et conforme à son attente, malgré les risques réels et substantiels liés à tout investissement ou détention des Titres.*

*Ces facteurs de risques relatifs aux Titres 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, leurs sociétés apparentées respectives et les porteurs des Titres ;*
- *les risques relatifs aux taux de change ;*
- *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 pouvant être remboursés de façon anticipée à l'initiative de l'Emetteur, Titres portant intérêt à taux flottant, Titres portant intérêt à taux fixe, Titres dont le taux d'intérêt est lié à un sous-jacent ou index, Titres subordonnés, etc.).*

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 (the “Summary”) is provided for the purposes of the issue of Notes of a denomination of less than Euro 50,000 (or its equivalent in other currencies). Investors in Notes of a denomination equal to or greater than Euro 50,000 should not rely on this summary in any way and the Issuer accepts no liability to such investors.*

*This summary constitutes a general description of the Programme. It must be read as an introduction to 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, 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.*

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

### **I. NOTES TO BE ISSUED UNDER THE PROGRAMME**

<b>Issuer:</b>	Veolia Environnement.
<b>Arranger:</b>	ABN AMRO Bank N.V.
<b>Dealers:</b>	ABN AMRO Bank N.V., Barclays Bank PLC, BNP PARIBAS, HSBC France, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch, IXIS Corporate & Investment Bank, Merrill Lynch International, NATIXIS, Société Générale and The Royal Bank of Scotland plc.
<b>Programme Limit:</b>	Up to €12,000,000,000.
<b>Fiscal Agent and Paying Agent:</b>	BNP Paribas Securities Services.
<b>Method of Issue:</b>	The Notes will be issued on a syndicated or non-syndicated basis.
<b>Maturities:</b>	Subject to compliance with all relevant laws, regulations and directives, any maturity.
<b>Currencies:</b>	Euro, U.S. Dollar, Japanese yen, Swiss franc, Sterling and any other currency specified in the relevant Final Terms.
<b>Commercial terms of the Notes (price, amount, interest rate, etc.):</b>	The commercial terms and conditions of the Notes of each Series of Notes will be set out in the applicable Final Terms.
<b>Denomination(s):</b>	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.
<b>Status of Notes:</b>	The Issuer may issue Unsubordinated or Subordinated Notes.  Unsubordinated Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and 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.

Subordinated Notes will constitute Ordinary Subordinated Notes, Deeply Subordinated Notes, Dated Subordinated Notes or Undated Subordinated Notes, all as set out and defined in Condition 3(b). See “Terms and Conditions of the Notes—Status”.

If so specified in the relevant Final Terms, the payment of interest in respect of Subordinated Notes may be deferred in accordance with the provisions of Condition 5(h). See “Terms and Conditions of the Notes—Interest and other Calculations”.

**Form of Notes:**

Dematerialised Notes or Materialised Notes.

Dematerialised Notes may be issued in bearer dematerialised form (*au porteur*) or in registered dematerialised form (*au nominatif*).

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 9 “Terms and Conditions of the Notes—Events of Default”.

**Redemption:**

The Final Terms will specify the conditions under which the Notes may be redeemed 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 6(f) “Terms and Conditions of the Notes—Redemption, Purchases and Options—Redemption for Taxation Reasons”.

**Taxation:**

Except as otherwise stated in the Final Terms, payments in respect of the Notes issued by Veolia Environnement will be made without withholding or deduction for, or on account of, taxes imposed by or on behalf of the Republic of France.

**Central Depository:**

Euroclear France.

**Clearing Systems:**

Euroclear France, Clearstream, Luxembourg and Euroclear.

**Listing and Admission to Trading:**

As specified in the relevant Final Terms, a Series of Notes may or may not be listed and admitted to trading on Euronext Paris S.A. and/or any regulated market as defined by Directive 2004/39/EC (a “**Regulated Market**”) or other stock exchange.

**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 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 commercial code 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.

Veolia Environnement is a unique actor in the field of services related to the environment, offering a comprehensive array of services designed to address the needs of each of its customers. These services include, among other things, the supply of treated water and recycling of wastewater, the collection, treatment and recovering of waste, the supply of heating and cooling services and the optimising of industrial processes, passenger and freight transportation.

Veolia Environnement's operations are conducted through four divisions, each of which specialises in a single business: Veolia Eau, Veolia Energie (Dalkia), Veolia Propreté and Veolia Transport. Through these divisions, Veolia Environnement currently provides drinkable water to more than 67 million people and water treatment to more than 49 million people around the world, treats about 58 million tons of waste, satisfies the energy requirements of hundreds of thousands of buildings for its industrial, municipal and individual customers and transports nearly 2.5 billion passengers per year. Veolia Environnement strives to offer services to clients that span across its four divisions, either in the form of packaged multi-service contracts or separately negotiated 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. The Issuer's profitability may be adversely affected by a large number of factors.

These factors include:

- intense competition in the various business segments of the Group;
- business operations in countries involving additional risks;
- a sensitivity to changes in prices of fuel and other commodities;
- an exposure to geopolitical, criminal or terrorist risks;
- long-term contracts which may limit the Issuer's capacity to quickly and effectively react to adverse economic changes;
- the right of public authorities to terminate or modify contracts with the Group unilaterally;
- being subject to long, complex and to a certain extent unpredictable bidding procedures, which sometimes require large investments;
- an accrued sensitivity to sanitary and environmental regulations, and the risk of breach thereof; and
- an exposure to the risk of currency and interest rate fluctuations.

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

An investment in the Notes involves certain risks which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. While all of these risk factors are contingencies which may or may not occur, potential investors should be aware that the risks involved with investing in the Notes may lead to a volatility and/or decrease in the market value of the relevant Tranche of Notes whereby the market value falls short of the expectations (financial or otherwise) of an investor upon making an investment in such Notes.

However, 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.

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 rates;
- 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, Subordinated Notes, etc.).

*These risk factors are more 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**

Having taken all reasonable measures for this purpose, we declare that the information contained in this Base Prospectus is true to our knowledge. All the information necessary for investors to be able to base their judgments on the business, activity, financial situation, income and outlook of the Issuer and on the rights attached to the Notes is included in the Base Prospectus and there has been no omission of material facts.

#### **Veolia Environnement**

36-38 avenue Kléber

75116 Paris

duly represented by Henri Proglia  
Chairman of the Board and CEO

## **2. STATUTORY AUDITORS**

### **2.1 Issuer's Auditors**

#### **Statutory auditors:**

SALUSTRO REYDEL, member of KPMG International

*Commissaire aux comptes*

member of the *Compagnie régionale de Paris*

represented by Mr. Bernard CATTENOZ and Bertrand VIALATTE

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. Jean BOUQUOT and Mr. Patrick GOUNELLE

41 rue Ybry, 92576 Neuilly-sur-Seine Cedex

#### **Alternate auditors:**

Mr. Hubert LUNEAU

8, avenue Delcassé, 75008 Paris

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 historical financial information regarding the Issuer, presented in accordance with IFRS

<i>In millions of euros, except per share figures</i>	31 December 2006	31 December 2005 (as adjusted)	31 December 2005
Operating income	2,132.9	1,892.9	1,892.9
Net income attributable to equity holders of the parent	758.7	622.2	623.0
Diluted earnings per share (in euros)	1.91	1.59	1.59
Basic earnings per share (in euros)	1.93	1.59	1.60
Dividends paid by Veolia Environnement	336.3	265.4	265.4
Total assets	40,123.7	36,381.0	36,309.4
Total current assets	14,956.4	13,544.5	13,540.0
Equity attributable to equity holders of the parent	4,360.8	3,790.2	3,802.6
Minority interest	2,192.6	1,888.0	1,890.9
Dividends per share distributed during the fiscal year	0.85	0.68	0.68
Recurring operating income	2,222.2	1,903.6	1,903.6
Recurring net income attributable to equity holders of the parent	762.0	630.2	627.4
Operating cash flow*	3,850.1	3,518.4	3,668.1
Net financial debt	14,674.9	13,870.6	13,870.6

\* *Operating cash flow = cash flow from continuing operations before tax and financial elements.*

To ensure comparability, financial statements at 31 December 2005 have been restated to take into account:

- the implementation of IFRIC12 standards relating to concessions,
- the results of activities accounted for in 2006 according to IFRS5 as “income from discontinued operations.”

## **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 principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Issuer 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 it currently believes 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. Operating risks**

##### ***Veolia Environnement may suffer reduced profits or losses as a result of intense competition***

Veolia Environnement's business is highly competitive and requires substantial human and capital resources. Large international competitors and local niche companies serve each of the markets in which Veolia Environnement competes. Accordingly, Veolia Environnement must make constant efforts to remain competitive and convince potential clients of the quality and good pricing of its service offerings. Competitors may also introduce new technology or services that Veolia Environnement would have to match in order to remain competitive, which could result in significant development costs for Veolia Environnement.

In addition, Veolia Environnement performs a substantial portion of its business under contracts, often of a long-term nature, with governmental authorities and clients from the industrial and commercial sectors. These contracts are often awarded through competitive bidding, at the end of which Veolia Environnement may not be retained even though it may have incurred significant expenses in order to prepare the bid.

Over the course of performing certain contracts, Veolia Environnement may also be requested by its public or private clients to amend the terms of these contracts, in a way which is called for under the contract or not. These amendments may relate to the services provided under the contract, investments or billing policy.

Finally, Veolia Environnement's contracts may not be renewed at the end of their term, which in the case of important contracts may oblige Veolia Environnement to engage in a costly reorganisation or restructuring of assets and operations covered by the contract when the contract does not provide for the transfer of the related assets and employees to the succeeding operator or adequate indemnification to cover Veolia Environnement's costs of termination.

##### ***Veolia Environnement's business operations in some countries may be subject to additional risks***

While Veolia Environnement's operations are concentrated mainly in Europe and North America, Veolia Environnement conducts business in markets around the world (sales generated in countries outside of Europe and North America represented approximately 10.14 per cent. of Veolia Environnement's total revenue in 2006). The risks associated with conducting business in some countries outside of Europe, the United States and Canada can include slower payment of invoices, which is sometimes aggravated by the absence of legal recourse for non-payment, nationalisation, social, political and economic instability, increased currency exchange risk and currency repatriation restrictions, among other risks. Veolia Environnement may not be able to insure or hedge against these risks. Furthermore, Veolia Environnement may not be able to obtain sufficient financing for its operations in these countries. The establishment of public utility fees and their structure can be highly political, slowing and impeding for several years any increase in fees that no longer allow coverage of service costs and appropriate compensation for a private operator. The occurrence of unfavourable events or circumstances in

certain countries may lead Veolia Environnement to record exceptional provisions or depreciation charges in connection with its operations in these countries, which could have a material adverse effect on Veolia Environnement's results.

***Changes in the prices of fuel and other commodities may reduce Veolia Environnement's profits***

The prices of Veolia Environnement's supplies of fuel and other commodities, which constitute large operating expenses for Veolia Environnement's businesses, are subject to significant variation. Although most of Veolia Environnement's contracts contain tariff adjustment provisions that are intended to reflect possible variations in the prices of Veolia Environnement's supplies, such as price index formulas, certain circumstances, such as delays between price increases and the time Veolia Environnement is allowed to raise its own prices to cover the additional costs, or inadequate price adjustment formulas may prevent Veolia Environnement from getting full protection. A sustained increase in supply costs could reduce Veolia Environnement's profitability to the extent that it is not able to increase its prices sufficiently to cover the additional costs.

***Veolia Environnement's business operations are subject to geopolitical, criminal and terrorist risks***

Water is a strategic resource in terms of public health. Accordingly, Veolia Environnement's activities must comply with laws and regulations that seek to safeguard water resources, production sites and treatment facilities against criminal or terrorist acts. As regards Veolia Environnement's activities in the areas of waste management, energy services and public transportation, Veolia Environnement's facilities and equipment may be the target of international terrorism. Veolia Environnement may also have employees who work or travel in areas where the risk of criminal acts, kidnapping or terrorism is, either temporarily or permanently, high. As a result, despite the safety measures and insurance taken by Veolia Environnement, the occurrence of criminal or terrorist acts could negatively affect Veolia Environnement's image and results.

**4.1.2. Legal and contractual risks**

***Veolia Environnement's long-term contracts may limit its capacity to quickly and effectively react to adverse economic changes***

Some contracts may perform in conditions different from those initially foreseen, which may result in adverse consequences to their economical balance. Such new situations may be very different in nature: certain are foreseeable, others are not. Contractual mechanisms may help in responding to them and restoring the initial balance of the contract. Their implementation may be triggered more or less automatically by the occurrence of a given event (price adjustment clause for instance), or they may refer to a contract revision or amendment procedure that requires the agreement of both parties or a third party. In any case, however, Veolia Environnement's action must remain within the scope of the contract and it is not allowed to terminate unilaterally and suddenly a business which is considered definitively non profitable, or even amend its features. Veolia Environnement's compensation, whether it may consist of a price paid by the client or a fee levied from the end users based on an agreed schedule, may not be changed at any time in accordance with the evolution of the company's costs and demand. These constraints have an impact on Veolia Environnement's behaviour as an economical agent, and are even more stringent as its contracts are often entered into for a long period of time.

***The rights of public authorities to terminate or modify Veolia Environnement's contracts could have a negative impact on Veolia Environnement's revenue and profits.***

Contracts with governmental authorities make up a significant percentage of Veolia Environnement's revenue. In numerous countries, including France, public authorities may amend or terminate contracts unilaterally under certain circumstances, but generally with indemnification. In other countries, however, Veolia Environnement may not be able to get full indemnification if the contract is terminated by the public counterparty.

***Veolia Environnement may make significant investments in projects without being able to obtain the required approvals for the project.***

To engage in business, Veolia Environnement must in most cases obtain a contract and sometimes obtain, or renew, various permits and authorisations from regulatory authorities. The bidding and/or negotiation process that must be followed in order to obtain such contracts is often long, 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. Veolia Environnement 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 Veolia Environnement's investments, for instance as a result of a failure to obtain necessary permits or authorisations, or approvals from antitrust authorities, or because authorisations are subject to such conditions that Veolia Environnement is forced to drop certain of its development projects. These situations increase the overall cost of Veolia Environnement's activities and, where the risk of failure seems too high, can force the company to drop projects. The scope and profitability of Veolia Environnement's businesses could be affected if such situations multiplied.

#### **4.1.3. Environmental and health risks**

***Compliance with environmental, health and safety laws and regulations is expensive.***

Veolia Environnement has made and will continue to make the necessary expenditures to comply with its environmental, health and safety obligations, and to warrant the sanitary protection of its operations. In that regard, Veolia Environnement is continuously required to incur expenditures to ensure that the facilities that it operates comply with applicable legal, regulatory and administrative requirements, including general precautionary or preventative measures, or to advise its clients so that they undertake the necessary actions for the compliance of their facilities. The costs related to these preventative measures are included in the operating expenses and industrial investments. The latter totaled 2.197 billion euros in 2006 (compared to 1.884 billion euros in the adjusted 2005 accounts).

Moreover, each of Veolia Environnement's businesses may become subject to stricter general or particular laws and regulations, and accordingly larger compliance expenditures, in the future. If Veolia Environnement is unable to recover these expenditures through higher tariffs, its business and profitability could be affected. Moreover, the scope of application of environmental, health, safety and sanitary protection laws and regulations is becoming increasingly broad. These laws and regulations apply, among other things, to any discharge in a natural environment, the collection, transportation, treatment and disposal of all types of waste, and the rehabilitation of old sites. Legislation governing old and new facilities is also becoming stricter.

***Veolia Environnement's operations generate liability risk and may cause damages that the company would be required to compensate.***

Increasingly broad laws and regulations expose Veolia Environnement to the risk of liability, including in connection with assets that Veolia Environnement no longer owns and activities that have been discontinued. For instance, a French law dated 30 July 2003 relating to the prevention of technological and environmental risks and the conduct of remediation activities, has strengthened the regulatory framework that applies to discontinued operations and closed sites and installations and made compulsory the accumulation of reserves in some cases. In addition, Veolia Environnement may sometimes be required to pay fines, repair damages or undertake upgrading works, even if it has run its operations with due care and in total conformity with the relevant operating permits. Regulatory authorities may also require Veolia Environnement to conduct investigations, undertake remedial activities or suspend its operations to, among other things, prevent imminent risks or in light of expected changes in those laws and regulations.

Besides, Veolia Environnement often runs facilities that do not belong to it, and therefore does not always have the power to make the investment decisions required to upgrade these facilities. This may lead the company, where the client refuses to make the relevant investments, to terminate its operations.

In the event of an accident or other incident, Veolia Environnement could also become subject to claims for personal injury, property damage or damage to the environment (including natural resources). Potential liabilities may not be covered by insurance, or may be only partially covered. The obligation to compensate for such damages could have a material adverse effect on the company's activities or resources. Accordingly, the Group pays great attention to sanitary risks, whether emanating from its own facilities or from environmental pollution, which conventional treatment methods cannot fully treat. In particular, Veolia Environnement's subsidiaries continuously strive to manage the risk of legionella at certain sensitive sites (such as cooling towers, air-conditioning networks and sanitary hot water networks).

***Specific measures are required in connection with technological risks (article L. 225-102-2 of the French Commercial code regarding "Seveso" facilities).***

Among the facilities that Veolia Environnement owns and operates in France, one has been categorized a "Seveso" facility: the hazardous waste incineration facility operated by SARP Industries (Veolia Propreté) at Limay (Yvelines). The manipulation of waste and hazardous products in this facility could, in the case of an accident, cause serious damage to the environment, neighbours or employees, exposing Veolia Environnement to potentially substantial liabilities.

Within the context of Veolia Environnement's outsourcing contracts, Veolia Environnement's subsidiaries may also be involved in the operation of Seveso sites (or the foreign equivalent) by industrial clients (particularly petroleum or chemical industry sites). In such cases, the Group must run its operations with even greater care, given the more dangerous nature of the products, waste, effluents and emissions to be treated, as well as the close proximity of the outsourced facilities operated by the Group to the client's sites.

Finally, while the regulatory regime governing Seveso facilities applies only within the European Union, it should be noted that the Group operates several comparable sites outside of this region, to which similar legislation applies.

#### **4.1.4. Risks related to the financial markets**

##### ***Currency exchange and interest rate fluctuations***

Veolia Environnement holds assets, earns income and incurs expenses and liabilities in a variety of currencies. Veolia Environnement's financial statements being presented in euro, it must translate its assets, liabilities, income and expenses into euro at then-applicable exchange rates. Consequently, fluctuations in the value of the euro towards these various currencies may affect the value of these items in Veolia Environnement's financial statements, even if their intrinsic value has not changed in their original currency. For instance, an increase in the value of the euro may result in a decline in the reported value, in euro, of Veolia Environnement's interests held in foreign currencies.

At 31 December 2006, Veolia Environnement's net financial debt excluding revaluation of hedging instruments amounted to €14,674.9 million, of which 25.7% was subject to variable rates and 74.3% to fixed rates, including 12.1% to variable rates with caps. The company's profit and loss account is exposed to the risk of fluctuation in interest rates. Fluctuations in interest rates may also affect Veolia Environnement's future growth and investment strategy, to the extent that a rise in interest rates could increase the cost for the company of financing or refinancing acquisitions or investments.

For a discussion of the management of market-related financial risks (interest rate risk, foreign currency risk, equity risk, counterparty risk and liquidity risk), see paragraph 4.2.2.3 of Veolia Environnement's Document de Référence 2006 and chapter 20, note 32 to the consolidated financial statements.

#### **4.2 Risk factors relating to the Notes**

*The following paragraphs describe the principal 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 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 generally. 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 S.A. 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 makes any representation as to an index. Any of such persons may have acquired, or during the term of the Notes may acquire, non-public information with respect to an index that is or may be material in the context of index-linked Notes. The issue of index-linked Notes will not create any obligation on the part of any such persons to disclose to the 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 rates***

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 may not reflect all risks***

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed 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 or withdrawn by the rating agency at any time.

## ***Taxation***

Payments of interest on the Notes, or profits realised by the Noteholder upon the sale or repayment of the Notes, may be subject to taxation in its home jurisdiction or in other jurisdictions in which it is required to pay taxes. The tax impact on Noteholders generally in France and as a result of the entry into force of the European Union Directive 2003/48/EC on the taxation of savings income in respect of interest payments is described under “Taxation” and “General Information”; however, the tax impact on an individual Noteholder may differ from the situation described for Noteholders generally. The Issuer advises all investors to contact their own tax advisors for advice on the tax impact of an investment in the Notes.

## ***EU Savings Directive***

On 3 June 2003, the European Union adopted the Directive 2003/48/EC regarding the taxation of savings income in the form of interest payments (the “**Directive**”). The Directive requires Member States since 1 July 2005 to provide to the tax authorities of other Member States details of payments of interest and other similar income within the meaning of the Directive made by a paying agent within their jurisdiction to (or under circumstances to the benefit of) an individual resident in another Member State, except that Belgium, Luxembourg and Austria impose instead a withholding system, for a transitional period, unless the beneficiary of interest payment elects for the exchange of information. A number of non-EU countries and dependent or associated territories have agreed to adopt similar measures (transitional withholding or exchange of information) with effect since 1 July 2005.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. If a withholding tax is imposed on 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 Directive.

## ***Market value of the Notes***

The market value of the Notes will 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 generally and the stock exchanges on which the Notes, the reference assets, the securities taken up in the index or the index are traded. The price at which a Noteholder will be able to sell the Notes prior to maturity may be at a discount, which could be substantial, from the issue price or the purchase price paid by such purchaser. The historical market prices of the reference assets or index should not be taken as an indication of the reference assets’ or index’s future performance during the term of any Note.

## ***Change of 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 possible judicial decision or change in French law or the official application or interpretation of French law after the date of this Base Prospectus.

### **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***

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.

In addition, if in the case of any particular Tranche of Notes the relevant Final Terms specify that the Notes are redeemable at the Issuer's option in certain other circumstances the Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. During a period when the Issuer may elect, or has elected, to redeem Notes, such Notes may feature a market value not substantially above the price at which they can be redeemed. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

#### ***Fixed rate Notes***

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

#### ***Floating rate Notes***

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

#### ***Inverse floating rate Notes***

Investment in Notes which bear interest at an inverse floating rate comprises (i) a fixed base rate minus (ii) 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 may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of 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 tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

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

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

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

### ***Structured Notes***

An investment in Notes, the premium and/or the interest on or principal of which is determined by reference to one or more values of currencies, commodities, interest rates or other indices or formulae, either directly or inversely, may entail significant risks not associated with similar investments in a conventional debt security, including the risks that the resulting interest rate will be less than that payable on a conventional debt security at the same time and/or that an investor may lose the value of its entire investment or part of it, as the case may be.

Neither the current nor the historical value of the relevant currencies, commodities, interest rates or other indices or formulae should be taken as an indication of future performance of such currencies, commodities, interest rates or other indices or formulae during the term of any Note.

### ***Subordinated Notes***

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

## **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 8 November 2005 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.

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

(<http://www.europa.eu.int/comm/internalmarket/en/finances/mobil/isd>).

#### 1. 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 article L.211-4 of the *Code monétaire et financier* (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 are issued, at the option of the Issuer and as specified in the relevant final terms (the “**Final Terms**”), in either bearer dematerialised form (*au porteur*), in which case they are inscribed in the books of Euroclear France (acting as central depository) (“**Euroclear France**”) which shall credit the accounts of Account Holders, or in registered dematerialised form (*au nominatif*) and, in such latter case, at the option of the relevant Noteholder in either administered registered form (*au nominatif administré*) inscribed in the books of an Account Holder or in fully registered form (*au nominatif pur*) inscribed in an account in the books of Euroclear France maintained by the Issuer or the registration agent (designated in the relevant Final Terms) acting on behalf of the Issuer (the “**Registration Agent**”).

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

(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 article L.211-4 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 Notes in bearer dematerialised form (*au porteur*) 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 Notes in fully registered form (*au nominatif pur*) and in administered registered form (*au nominatif administré*) shall pass upon, and transfer of such Notes may only be effected through, registration of the transfer in the accounts of 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 (as defined below) 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.
  - (iv) In these Conditions, “**holder of Notes**”, “**holder of any Note**” or “**Noteholder**” means (i) in the case of Dematerialised Notes, the person whose name appears in the account of the relevant Account Holder or the Issuer or the Registration Agent (as the case may be) as being entitled to such Notes and (ii) in the case of Materialised Notes, the bearer of any Definitive Materialised Bearer Note and the Receipts, Coupons, or Talon relating to it, and capitalised terms have the meanings given to them in the relevant Final Terms, the absence of any such meaning indicating that such term is not applicable to the Notes.
- (d) **Redenomination:**
- (i) The Issuer may (if so specified in the relevant Final Terms), on any Interest Payment Date, without the consent of the holder of any Note, Receipt, Coupon or Talon, by giving at least 30 days’ notice in accordance with Condition 15 and on or after the date on which the European Member State in whose national currency the Notes are denominated has become a participating Member State in the single currency of the European Economic and Monetary Union (as provided in the Treaty establishing the European Community (the “**EC**”), as amended from time to time (the “**Treaty**”), or events have occurred which have substantially the same effects (in either case, “**EMU**”), redenominate all, but not some only, of the Notes of any Series (as defined below) into Euro and adjust the aggregate principal amount and the Specified Denomination(s) set out in the relevant Final Terms accordingly, as described below. The date on which such redenomination becomes effective shall be referred to in these Conditions as the “**Redenomination Date**”.
  - (ii) Unless otherwise specified in the relevant Final Terms, the redenomination of the Notes pursuant to Condition 1(d)(i) shall be made by converting the principal amount of each Note from the relevant national currency into Euro using the fixed relevant national currency Euro conversion rate established by the Council of the European Union pursuant to 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 15. Any balance remaining from the redenomination with a denomination higher than Euro 0.01 shall be paid by way of cash adjustment rounded to the nearest Euro 0.01 (with Euro 0.005 being rounded upwards). Such cash adjustment will be payable in Euro on the Redenomination Date in the manner notified to Noteholders by the Issuer.
  - (iii) Upon redenomination of the Notes, any reference in the relevant Final Terms to the relevant national currency shall be construed as a reference to Euro.
  - (iv) Unless otherwise specified in the relevant Final Terms, the Issuer may, with the prior approval of the Redenomination Agent and the Consolidation Agent, in connection with any redenomination pursuant to this Condition or any consolidation pursuant to Condition 14, without the consent of the holder of any Note, Receipt, Coupon or Talon, make any changes or additions to these Conditions or Condition 14 (including, without limitation, any change to any applicable business day definition, business day convention, principal financial centre of the country of the Specified Currency, interest accrual basis or

benchmark), taking into account market practice in respect of redenominated euromarket debt obligations and which it believes are not prejudicial to the interests of such holders. Any such changes or additions shall, in the absence of manifest error, be binding on the holders of Notes, Receipts, Coupons and Talons and shall be notified to Noteholders in accordance with Condition 15 as soon as practicable thereafter.

- (v) Neither the Issuer nor any Paying Agent shall be liable to the holder of any Note, Receipt, Coupon or Talon or other person for any commissions, costs, losses or expenses in relation to or resulting from the credit or transfer of Euro or any currency conversion or rounding effected in connection therewith.
- (e) **Method of Issue:** The Notes will be issued 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.

## 2. Conversion and Exchanges of Notes

### (a) Dematerialised Notes:

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

## 3. Status of the Notes

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

### (a) Status of Unsubordinated Notes

The Unsubordinated Notes and, where applicable, any relative Receipts and Coupons relating to them constitute direct, unconditional, unsecured (subject to the provisions of Condition 4) 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.

### (b) Status of Subordinated Notes

#### (i) General

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

#### (ii) Ordinary Subordinated Notes

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

(iii) **Deeply Subordinated Notes**

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

(iv) **Dated Subordinated Notes**

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

(v) **Undated Subordinated Notes**

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

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

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

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

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

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

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

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

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

#### **4. Negative Pledge**

So long as any of the Unsubordinated Notes, or, if applicable, any Receipts or Coupons relating to them, remain outstanding (as defined below), the Issuer shall not, and will ensure that none of its Principal Subsidiaries (as defined below) 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 (as defined below), 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 11.

This Condition 4 shall not apply to Subordinated Notes.

For the purposes of this Condition,

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

“**Principal Subsidiaries**” means at any relevant time a Subsidiary of the Issuer:

- (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 fifteen per cent. 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,
- (b) to which is transferred all or substantially all the assets and undertaking of a Subsidiary which immediately prior to such transfer is a Principal Subsidiary.

“**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.

“**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*.

## 5. Interest and other Calculations

- (a) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“**Business Day**” means:

- (i) in the case of euro, a day on which the Trans European Automated Real Time Gross Settlement Express Transfer system or any successor thereto (the “**TARGET System**”) is operating (a “**TARGET Business Day**”) and/or
- (ii) in the case of a specified currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency and/or
- (iii) in the case of a currency and/or one or more business centre(s) specified in the relevant Final Terms (the “**Business Centre(s)**”) a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres so specified

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

- (i) if “**Actual/365—FBF**” or “**Actual/Actual—ISDA**” is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365)
- (ii) if “**Actual/Actual-ICMA**” is specified in the relevant Final Terms:
  - (A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
  - (B) if the Calculation Period is longer than one Determination Period, the sum of:
    - the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
    - the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

in each case where

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

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

- (iii) if “**Actual/365 (Fixed)**” is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365
- (iv) if “**Actual/360**” is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 360
- (v) if “**30/360—ISDA**”, “**360/360**” or “**Bond Basis**” is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month) and
- (vi) if “**30/360—FBF**” or “**Actual 30A/360 (American Bond Basis)**” is specified in the relevant Final Terms

in respect of each Calculation Period, the fraction whose denominator is 360 and whose numerator is the number of days calculated as for Actual 30E/360, subject to the following exception:

where the last day of this period is the 31st and the first day is neither the 30th nor the 31st, the last month of the period shall be deemed to be a month of 31 days. Using the notation as with 30E/360 below the fraction is:

If  $dd_2=31$  and  $dd_1 \neq (30,31)$

$$1/360 \times [(yy_2 - yy_1) \times 360 + (mm_2 - mm_1) \times 30 + (dd_2 - dd_1)]$$

or

$$1/360 \times [(yy_2 - yy_1) \times 360 + (mm_2 - mm_1) \times 30 + \text{Min}(dd_2, 30) - \text{Min}(dd_1, 30)]$$

(vii) if “**30E/360**” or “**Eurobond Basis**” is specified in the relevant Final Terms,

in respect of each Calculation Period, the fraction whose denominator is 360 and whose numerator is the number of days elapsed during such period, calculated on the basis of a year comprising 12 months of 30 days, subject to the following exception:

if the last day of the period is the last day of the month of February, the number of days elapsed during such month shall be taken as the actual number of days.

Where:

D1 (dd1, mm1, yy1) is the date of the beginning of the period

D2 (dd2, mm2, yy2) is the date of the end of the period

The fraction is:

$1/360 \times [(yy2 - yy1) \times 360 + (mm2 - mm1) \times 30 + \text{Min}(dd2, 30) - \text{Min}(dd1, 30)]$

“**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 Accrual Period to which such Interest Determination Date relates

“**Euro-zone**” means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the EC, as amended

“**FBF Definitions**” means the definitions set out in the 2001 FBF Master Agreement relating to Transactions on Forward Financial Instruments as supplemented by the Technical Schedules published by the *Fédération Bancaire Française*, as the case may be (“**FBF**”) (together the “**FBF Master Agreement**”), unless otherwise specified in the relevant Final Terms

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

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

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

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

“**Interest Payment Date**” means the date(s) specified in the relevant Final Terms

“**Interest Period**” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date

“**Interest Period Date**” means each Interest Payment Date unless otherwise specified in the relevant Final Terms

“**ISDA Definitions**” means the 2000 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified in the relevant Final Terms

“**Page**” means such page, section, caption, column or other part of a particular information service (including, but not limited to, Reuters Markets 3000 (“**Reuters**”) and Telerate (“**Telerate**”)) as may be specified for the purpose of providing a Relevant Rate, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to that Relevant Rate

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

“**Reference Banks**” means the institutions specified as such in the relevant Final Terms or, if none, four major banks selected by the Calculation Agent in the interbank market (or, if appropriate, money, swap or

over-the-counter index options market) that is most closely connected with the Benchmark (which, if EURIBOR is the relevant Benchmark, shall be the Euro-zone)

“**Relevant Financial Centre**” means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the financial centre as may be specified as such in the relevant Final Terms or, if none is so specified, the financial centre with which the relevant Benchmark is most closely connected (which, in the case of EURIBOR, shall be the Euro-zone) or, if none is so connected, Paris

“**Relevant Rate**” means the Benchmark for a Representative Amount of the Specified Currency for a period (if applicable or appropriate to the Benchmark) equal to the Specified Duration commencing on the Effective Date

“**Relevant Time**” means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre specified in the relevant Final Terms or, if no time is specified, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Specified Currency in the interbank market in the Relevant Financial Centre or, if no such customary local time exists, 11.00 am in the Relevant Financial Centre and for the purpose of this definition, “local time” means, with respect to Europe and the Euro-zone as a Relevant Financial Centre, Brussels time

“**Representative Amount**” means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the amount specified as such in the relevant Final Terms or, if none is specified, an amount that is representative for a single transaction in the relevant market at the time

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

“**Specified Duration**” means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the duration specified in the relevant Final Terms or, if none is specified, a period of time equal to the relative Interest Accrual Period, ignoring any adjustment pursuant to Condition 5(c)(ii).

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

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

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

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

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

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

(A) *FBF Determination for Floating Rate Notes:*

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

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

For the purposes of this sub-paragraph (A), “**Floating Rate**”, “**Calculation Agent**”, “**Floating Rate Determination Date**” (*Date de Détermination du Taux Variable*) and “**Transaction**” have the meanings given to those terms in the FBF Definitions, provided that “**Euribor**” means the rate calculated for deposits in Euro which appears on Telerate Page 248, as more fully described in the relevant Final Terms.

(B) *ISDA Determination for Floating Rate Notes:*

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

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

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

(C) *Screen Rate Determination for Floating Rate Notes:*

Where Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent at or about the Relevant Time on the Interest Determination Date in respect of such Interest Accrual Period in accordance with the following:

- (a) if the Primary Source for Floating Rate is a Page, subject as provided below, the Rate of Interest shall be:
  - (i) the Relevant Rate (where such Relevant Rate on such Page is a composite quotation or is customarily supplied by one entity) or
  - (ii) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Page,in each case appearing on such Page at the Relevant Time on the Interest Determination Date
- (b) if the Primary Source for the Floating Rate is Reference Banks or if sub-paragraph (a)(i) or (a)(ii) applies and the Page is not available at the Relevant Time on the Interest Determination Date, or if sub-paragraph (a)(i) applies and no Relevant Rate appears on the



Page at the Relevant Time on the Interest Determination Date or if sub-paragraph (a)(ii) applies and fewer than two Relevant Rates appear on the Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the arithmetic mean of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre at the Relevant Time on the Interest Determination Date, 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 so quoting Relevant Rates, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) that the Calculation Agent determines to be the rates (being the nearest equivalent to the Benchmark) in respect of a Representative Amount of the Specified Currency that at least two out of five leading banks selected by the Calculation Agent in the principal financial centre of the country of the Specified Currency or, if the Specified Currency is euro, in the euro-zone as selected by the Calculation Agent (the “**Principal Financial Centre**”) are quoting at or about the Relevant Time on the date on which such banks would customarily quote such rates for a period commencing on the Effective Date for a period equivalent to the Specified Duration (I) to leading banks carrying on business in Europe, or (if the Calculation Agent determines that fewer than two of such banks are so quoting to leading banks in Europe) (II) to leading banks carrying on business in the Principal Financial Centre; except that, if fewer than two of such banks are so quoting to leading banks in the Principal Financial Centre, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date (after readjustment for any difference between any Margin, Rate Multiplier or Maximum or Minimum Rate of Interest applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period).
- (iv) *Rate of Interest for Index Linked Interest Notes:* The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be determined in the manner specified in the relevant Final Terms and interest will accrue by reference to an Index or Formula as specified in the relevant Final Terms.
- (d) **Zero Coupon Notes:** Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(e)(i)(B)).
- (e) **Dual Currency Notes:** In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating a Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified in the relevant Final Terms.
- (f) **Partly Paid Notes:** In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the relevant Final Terms.
- (g) **Accrual of Interest:** Interest shall cease to accrue on each Note on the due date for redemption unless (i) in the case of Dematerialised Notes, on such due date or (ii) in the case of Materialised Notes, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgement) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date.
- (h) **Deferral of Interest:** In the case of Subordinated Notes, interest shall be payable on each Compulsory Interest Payment Date (as defined below) in respect of the interest accrued in the Interest Period ending on the day immediately preceding such date. On any Optional Interest Payment Date (as defined below) there may be paid (if the Issuer so elects) the interest accrued in the Interest Period ending on the day immediately preceding such date but the Issuer shall not have any obligation to make such payment and any such failure to pay shall not constitute a default under the Notes or for any other purpose. Notice of any Optional Interest Payment Date shall (for so long as the rules of, or applicable to, any Regulated Market so require) be given to the Noteholders in accordance with Condition 15 and to the relevant Regulated Market. Such notice shall be given at least seven days prior to the relevant Optional Interest Payment Date(s). Any interest not paid on an Optional Interest Payment Date shall, so long as the same remains unpaid, constitute “**Arrears of Interest**” which term shall include interest on such unpaid interest as referred to below. Arrears of Interest may, at the option of the Issuer, be paid in whole or in part at any time upon the expiration of not less than

seven days' notice to such effect given to the Noteholders in accordance with Condition 15 but all Arrears of Interest on all Undated Subordinated Notes outstanding shall become due in full on whichever is the earliest of:

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

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

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

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

- (i) **Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts, 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 Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 5(c) 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, Instalment Amount or Redemption Amount is specified in the relevant Final Terms, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be
  - (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 of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes **“unit”** means the lowest amount of such currency that is available as legal tender in the country(ies) of such currency.
- (j) **Calculations:** The amount of interest payable in respect of any Note for any period shall be calculated by multiplying the product of the Rate of Interest and the outstanding nominal amount of such Note by the Day Count Fraction, unless an Interest Amount (or a formula for its calculation) is specified in respect of such period, in which case the amount of interest payable in respect of such Note for such period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period shall be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.
- (k) **Determination and publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Optional Redemption Amounts, Early Redemption Amounts and Instalment Amounts:** As soon as practicable after the relevant time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, it shall determine such rate and calculate the Interest Amounts in respect of each Specified Denomination of the Notes for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Optional Redemption Amount, Early

Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Optional Redemption Amount, Early Redemption Amount or any Instalment Amount, to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are 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 to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(c)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 9, 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.

- (l) **Calculation Agent and Reference Banks:** The Issuer shall procure that there shall at all times be four Reference Banks (or such other number as may be required) with offices in the Relevant Financial Centre and 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. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank, then the Issuer shall appoint another Reference Bank with an office in the Relevant Financial Centre to act as such in its place. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Period or Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal 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 15.

## 6. Redemption, Purchase and Options

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

- (c) **Redemption at the option of the Issuer, exercise of Issuer's options and partial redemption:** If a Call Option is specified in the relevant Final Terms, the Issuer may, subject to compliance by the Issuer with all the relevant laws, regulations and directives and on giving not less than 15 nor more than 30 days' irrevocable notice in accordance with Condition 15 to the Noteholders (or such other notice period as may be specified in the relevant Final Terms) redeem, or exercise 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 together with interest accrued to the date fixed for redemption (including, where applicable, any Arrears of Interest), if any. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the minimum nominal amount to be redeemed specified in the relevant Final Terms and no greater than the maximum nominal amount to be redeemed specified in the relevant Final Terms.

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

In the case of a partial redemption or a partial exercise of 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 of any Series, 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 monétaire et financier* 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, cause to be published in a leading newspaper with general circulation in the city where the Regulated Market on which such Notes are listed and admitted to trading is located, which in the case of Euronext Paris S.A. is expected to be *La Tribune*, a notice specifying the aggregate nominal amount of Notes outstanding and, in the case of Materialised Notes, a list of any Definitive Materialised Bearer Notes drawn for redemption but not surrendered.

- (d) **Redemption at the option of Noteholders and exercise of Noteholders' options:** If a Put Option is specified in the relevant Final Terms for a Series of Notes, 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 its Optional Redemption Amount together with interest accrued to the date fixed for redemption including, where applicable, any Arrears of Interest.

To exercise such option or any other Noteholders' option that may be set out in the relevant Final Terms (which must be exercised on an Option Exercise Date) the Noteholder must deposit with 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 Paris 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.

- (e) **Early Redemption:**

(i) *Zero Coupon Notes:*

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

- (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Nominal Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown in the relevant Final Terms, shall be such rate as would produce an Amortised Nominal Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(f) or Condition 6(j) or upon it becoming due and payable as provided in Condition 9 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Nominal Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Amortised Nominal Amount becomes due and payable were the Relevant Date. The calculation of the Amortised Nominal Amount in accordance with this sub-paragraph shall continue to be made (as well after as before 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 5(d).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown in the relevant Final Terms.

(ii) *Other Notes:*

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

(f) **Redemption for Taxation Reasons:**

- (i) If, by reason of any change in, or any change in the official application or interpretation of, French law, becoming effective after the Issue Date, the Issuer would on the occasion of the next payment of principal or interest due in respect of the Notes, not be able to make such payment without having to pay additional amounts as specified under Condition 8 below, and such obligation cannot be avoided by the Issuer taking reasonable measures available to it, the Issuer may, at its option, on any Interest Payment Date or, if so specified in the relevant Final Terms, at any time, subject to having given not more than 60 nor less than 30 days' notice to the Noteholders (which notice shall be irrevocable), in accordance with Condition 15, redeem all, but not some only, of the Notes at their Early Redemption Amount together with, unless otherwise specified in the Final Terms, any interest accrued to the date set for redemption (including, where applicable, any Arrears of Interest) provided that the due date for redemption of which notice hereunder may be given shall be no earlier than 90 days before 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 8 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, unless otherwise specified in the Final Terms, any interest accrued to the date set for redemption (including, where applicable, any Arrears of Interest) on (A) the latest practicable Interest Payment Date on which the Issuer could make payment of the full amount then due and payable in respect of the Notes, provided that if such notice would expire after such Interest Payment Date the date for redemption pursuant to such notice of Noteholders shall be the later of (i) the latest practicable date on which the Issuer could make payment of the full amount then due and payable in respect of the Notes and (ii) 14 days after giving notice to the Fiscal Agent as aforesaid or (B) if so specified in the relevant Final Terms, at any time, provided that the due date for redemption of which notice hereunder shall be given shall be the latest practicable date at which the Issuer could make payment of the full amount payable in respect of the Notes, or, if applicable, Receipts or Coupons or, if that date is passed, as soon as practicable thereafter.
- (iii) Before the publication of any notice of redemption pursuant to this paragraph (f), the Issuer shall deliver to the Fiscal Agent a certificate signed by the Chief Executive Officer (*président-directeur*

*général*) of the Issuer stating that the Issuer is entitled or required to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right, or the requirements, as the case may be, of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment in the official application or interpretation of, French law.

- (g) **Partly Paid Notes:** Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the provisions specified in the relevant Final Terms.
- (h) **Purchases:** The Issuer shall have the right at all times to purchase Notes (provided that, in the case of Materialised Notes, all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price, in accordance with applicable laws and regulations.
- (i) **Cancellation:** All Notes purchased by or on behalf of the Issuer must be cancelled, in the case of Dematerialised Notes, by transfer to an account in accordance with the rules and procedures of Euroclear France and, in the case of Materialised Bearer Notes, by surrendering the Temporary Global Certificate and the Definitive Materialised Bearer Notes in question together with all unmatured Receipts and Coupons and all unexchanged Talons to the Fiscal Agent and, in each case, if so transferred or surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with, in the case of Dematerialised Notes, all rights relating to payment of interest and other amounts relating to such Dematerialised Notes and, in the case of Materialised Notes, all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so cancelled or, where applicable, transferred or surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.
- (j) **Illegality:** If, by reason of any change in French law, or any change in the official application 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 60 nor less than 30 days' notice to the Noteholders (which notice shall be irrevocable), in accordance with Condition 15, redeem all, but not some only, of the Notes at their Early Redemption Amount together with any interest accrued to the date set for redemption (including, where applicable, any Arrears of Interest).

## 7. Payments and Talons

- (a) **Dematerialised Notes:** Payments of principal and interest (including, for the avoidance of doubt, any Arrears of Interest, where applicable) in respect of Dematerialised Notes shall be made (i) in the case of Dematerialised Notes in bearer dematerialised form or administered registered dematerialised form, 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 Notes in fully registered form, 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 7(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(f)(vi)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the Noteholder, by transfer to an account denominated in such currency with a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.
- (c) **Payments in the United States:** Notwithstanding the foregoing, if any Materialised Bearer Notes are denominated in U.S. Dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange

controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

- (d) **Payments subject to Fiscal Laws:** All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (e) **Appointment of Agents:** The Fiscal Agent, the Paying Agents, the Calculation Agent, the 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) Paying Agents having specified offices in at least two major European cities (including Paris so long as the Notes are listed and admitted to trading on Euronext Paris S.A.), (v) in the case of Dematerialised Notes in fully registered form, a Registration Agent, (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 European Council Directive 2003/48/EC 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 may be 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 1(d) with a view to consolidating such Notes with one or more other Series of Notes, in accordance with Condition 14, the Issuer shall ensure that the same entity shall be appointed as both Redenomination Agent and Consolidation Agent in respect of both such Notes and such other Series of Notes to be so consolidated with such Notes.

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

- (f) **Unmatured Coupons and Receipts and unexchanged Talons:**
- (i) Unless Materialised Bearer Notes provide that the relative Coupons are to become void upon the due date for redemption of those Notes, Materialised Bearer Notes should be surrendered for payment together with all 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 10).
- (ii) If Materialised Bearer Notes so provide, upon the due date for redemption of any such Materialised Bearer Note, unexpired Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Materialised Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Upon the due date for redemption of any Materialised Bearer Note that is redeemable in instalments, all Receipts relating to such Materialised Bearer Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.

- (v) Where any Materialised Bearer Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any such Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (vi) If the due date for redemption of any Materialised Bearer Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be (including, for the avoidance of doubt, any Arrears of Interest if applicable), shall only be payable against presentation (and surrender if appropriate) of the relevant Definitive Materialised Bearer Note. Interest accrued on a Materialised Bearer Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Materialised Bearer Notes.
- (g) **Talons:** On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Materialised Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 10), provided that, in respect of Notes listed and admitted to trading on Euronext Paris S.A., 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 business day, the Noteholder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, “**business day**” means a day (other than a Saturday or a Sunday) (A) (i) in the case of Dematerialised Notes, on which Euroclear France is open for business or (ii) in the case of Materialised Notes, on which banks and foreign exchange markets are open for business in the relevant place of presentation, and on which banks and foreign exchange markets are open for business in such jurisdictions as shall be specified as “**Financial Centres**” in the relevant Final Terms and (B) (i) in the case of a payment in a currency other than euro, where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency or (ii) in the case of a payment in euro, which is a TARGET Business Day.

## 8. Taxation

- (a) **Tax exemption for Notes issued or deemed to be issued outside France:** Interest and other revenues with respect to Notes which constitute *obligations* and which, as may be specified in the relevant Final Terms, are being issued or deemed to be issued outside the Republic of France benefit from the exemption, provided for in article 131 *quater* of the French *Code Général des Impôts*, from deduction of the withholding tax set out under article 125 A III of the French *Code Général des Impôts*. Accordingly such payments do not give the right to any tax credit from any French source.

The tax regime applicable to Notes which do not constitute obligations will be set out in the relevant Final Terms.

*As to the meaning of the expression “issued or deemed to be issued outside the Republic of France” see “General Information” of the Programme below.*

- (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 except to the extent that the Noteholder or, if applicable, the Receiptholder or Couponholder, as the case may be, would have been entitled to such additional amounts on presenting it for payment on the thirtieth such day; or



- (iii) **Payment to individuals:** where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC of 3 June 2003 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 Directive;
- (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; or
- (v) **Notes not issued or deemed to be issued outside France:** where the applicable final terms specify that Condition 8(c) applies to the Notes and the Noteholder does not satisfy the requirements conditioning the exemption of withholding tax provided for in article 125 A III of the French *Code Général des Impôts* (see Conditions 8(c) and 8(d) below).

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

- (c) **Tax exemption for Notes not issued or deemed to be issued outside France:** Interest and other revenues with respect to Notes which constitute *obligations* and which, if so specified in the relevant Final Terms, are not being issued or deemed to be issued outside the Republic of France will not be entitled to the provisions of article 131 *quater* of the French *Code Général des Impôts* but interest payments with respect to such Notes may benefit from the exemption from deduction of tax at source provided for in, and subject to the provisions of, article 125 A III of the French *Code Général des Impôts*, which requires, *inter alia*, certification of non-French residency.
- (d) **Certification of Non-Residency in France:** Each Noteholder shall be responsible for supplying certification of non-French residency (a form of which shall be available at the specified offices of any of the Paying Agents or in such other form as may be required by the French tax authorities from time to time) in accordance with the provisions of article 125 A III of the French *Code Général des Impôts* and the Issuer shall not be responsible for any deduction or withholding in respect of any payment made under any Note, Receipt or Coupon resulting from the failure of such Noteholder to submit such certification.
- (e) **Supply of Information:** Each Noteholder shall be responsible for supplying, in a timely manner, any information required to comply with the identification and reporting obligations imposed on it by the European Council Directive 2003/48/EC or any European Directive implementing the conclusions of the ECOFIN Council Meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such Directive.

## 9. Events of Default

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

- (a) **Unsubordinated Notes:**
  - (i) the Issuer 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 30,000,000 (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, the 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 of such Restructuring following such Restructuring is not less than the credit rating assigned by any such credit rating agency to the long-term, unsecured and unsubordinated indebtedness of the Issuer immediately prior to the effective date of such Restructuring, or (ii) in the case of any Principal Subsidiary, the undertaking and assets of such Principal Subsidiary are vested in the Issuer or another of its Principal Subsidiaries.
- (b) **Subordinated Notes:** in accordance with Condition 3(b), any judgment is issued for the transfer of the whole of its business (*cession totale de l'entreprise*) or the judicial liquidation (*liquidation judiciaire*) of the Issuer or the Issuer is liquidated for any other reason.

## 10. Prescription

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

## 11. Representation of Noteholders

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

The Masse will be governed by the provisions of the French Code of 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 spouse;
- (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 spouse;
- (iii) companies holding 10 per cent. or more of the share capital of the Issuer and companies having 10 per cent. 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 15.

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<sup>1</sup>, 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, it being specified, however, that the General Meeting may not increase amounts payable by Noteholders, nor authorise or accept a postponement of the date of payment of interest on or a modification of the terms of repayment of or the rate of interest on the Notes 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 a quarter 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.

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

- (f) **Information to Noteholders:** Each Noteholder or Representative thereof will have the right, during the 15-day period preceding the holding of each General Meeting, to consult or make a copy of the text of the resolutions which will be proposed and of the reports which will be presented at the General Meeting, all of which will be available for inspection by the relevant Noteholders at the registered office of the Issuer, at the specified offices of any of the Paying Agents and at any other place specified in the notice of the General Meeting.
- (g) **Expenses:** The Issuer will pay all expenses relating to the operation of the Masse, including expenses relating to the calling and holding of General Meetings and, more generally, all administrative expenses resolved upon by the General Meeting, it being expressly stipulated that no expenses may be imputed against interest payable under the Notes.
- (h) **Single Masse:** The holders of Notes of the same Series, and the holders of Notes of any other Series which have been assimilated with the Notes of such first mentioned Series in accordance with Condition 14, shall, for the defence of their respective common interests, be grouped in a single Masse. The Representative appointed in respect of the first Tranche of any Series of Notes will be the Representative of the single Masse of all such Series.

## 12. 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.

## 13. Replacement of definitive Notes, Receipts, Coupons and Talons

If, in the case of any Materialised Bearer Notes, a Definitive Materialised Bearer Note, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws 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,

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<sup>1</sup> *At the date of this Base Prospectus the Statuts of the Issuer do not contemplate the right for a Noteholder to participate in a General Meeting by videoconference or any other means of telecommunication allowing the identification of the participating Noteholders.*

Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Definitive Materialised Bearer Notes, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Materialised Bearer Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

#### 14. Further Issues and Consolidation

- (a) **Further Issues:** Unless otherwise specified in the relevant Final Terms, the Issuer may, 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 15, without the consent of the Noteholders, Receiptholders or Couponholders, consolidate the Notes of one Series with the Notes of one or more other Series issued by it, whether or not originally issued in one of the European national currencies or in euro, provided such other Notes have been redenominated in euro (if not originally denominated in euro) and which otherwise have, in respect of all periods subsequent to such consolidation, the same terms and conditions as the Notes.

#### 15. Notices

- (a) Notices to the holders of Dematerialised Notes in registered form (*au nominatif*) shall be valid if either (i) they are mailed to them at their respective addresses, in which case they will be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the mailing, or (ii) at the option of the Issuer, they are published in a leading daily newspaper with general circulation in Europe (which is expected to be the *Financial Times*) and, so long as such Notes are listed and admitted to trading on any 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, which in the case of Euronext Paris S.A. is expected to be *La Tribune*.
- (b) Notices to the holders of Materialised Bearer Notes and Dematerialised Notes in bearer form (*au porteur*) shall be valid if published in a daily leading newspaper with general circulation in Europe (which is expected to be the *Financial Times*) and so long as such Notes are listed and admitted to trading on any 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, which in the case of Euronext Paris S.A. is expected to be *La Tribune*.
- (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 15 (a) and (b) above; except that (i) 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, which in the case of Euronext Paris S.A. is expected to be *La Tribune*, and (ii) notices relating to the convocation and decision(s) of the General Meetings pursuant to Condition 11 shall also be published in a leading daily newspaper of general circulation in Europe.

## **16. 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 (a) the AMF ([www.amf-france.org](http://www.amf-france.org)) and (b) Veolia Environnement ([www.veoliaenvironnement.com](http://www.veoliaenvironnement.com)).

In addition, should the Notes be listed and admitted to trading on a Regulated Market other than Euronext Paris S.A., 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.

## **17. Governing Law and Jurisdiction**

- (a) **Governing Law:** The Notes and, where applicable, the Receipts, the Coupons and the Talons are governed by, and shall be construed in accordance with, French law.
- (b) **Jurisdiction:** Any claim against the Issuer in connection with any Notes, Receipts, Coupons or Talons may be brought before any competent court 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 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 8 November 2005 (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 of the Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

Veolia Environnement will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. 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

#### European Economic Area

*In respect of the Notes the denomination per unit of which is less than Euro 50,000 (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 (the “**Relevant Implementation Date**”), it has not made and will not make an offer of Notes to the public in that Relevant Member State except that it may, unless otherwise provided in the selling restrictions relating to a particular Member State, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State:

- (a) in (or in Germany where the offer starts within) the period beginning on the date of publication of a prospectus in relation to those Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive and ending on the date which is 12 months after the date of such publication; or
- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities; or
- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or
- (d) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 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 and the expression Prospectus Directive includes any relevant implementing measure in each Relevant Member State.

#### France

- (a) 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 offers and sales of Notes will be made in France only to providers of investment services relating to portfolio management for the account of third parties or



to qualified investors (*investisseurs qualifiés*) or to a restricted circle of investors (*cercle restreint d'investisseurs*) acting for their own account, as defined in, and in accordance with, articles L.411-2 and D.411-1 to D.411-4 of the French *Code monétaire et financier*.

- (b) Additionally, 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 distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Base Prospectus or any other offering material relating to any Notes issued under the Programme other than to those investors to whom offers and sales of the Notes may be made as described above.

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

The Notes shall not be offered to the public in France.

### **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.

### **The Netherlands**

Zero coupon Notes in definitive bearer form and other Notes in definitive bearer form on which interest does not become due and payable during their term but only at maturity (savings certificates or *spaarbewijzen* as defined in the Dutch Savings Certificates Act or *Wet inzake spaarbewijzen*, the “**SCA**”) may only be transferred and accepted, directly or indirectly, within, from or into the Netherlands through the mediation of either the Issuer or a member of Euronext Amsterdam N.V. with due observance of the provisions of the SCA and its implementing regulations (which include registration requirements). No such mediation is required, however, in respect of (i) the initial issue of such securities to the first holders thereof, (ii) the transfer and acceptance by individuals who do not act in the conduct of a profession or business, and (iii) the issue and trading of such securities if they are physically issued outside the Netherlands and are not immediately thereafter distributed in the Netherlands.

### **Japan**

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan (the “**Securities and Exchange Law**”). Accordingly, each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of a resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) 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 Securities and Exchange Law and other relevant laws and regulations of Japan.

### **United States**

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 under the Securities Act.

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, sell or 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 Issuer, by the Fiscal Agent, or in the case of Notes issued on a syndicated basis, the Lead Manager, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period as defined in Regulation S (the “Distribution Compliance Period”) a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

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, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

### **General**

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

No action has been taken in any jurisdiction that would permit 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 therefore.

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 outside France.

## 6.4 Form of Final Terms

Final Terms dated [●]

**VEOLIA ENVIRONNEMENT**  
**Euro 12,000,000,000**  
**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 [current 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 [●] which [together] constitute[s] a prospectus for the purposes of Directive 2003/71/EC (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](http://www.amf-france.org)) and (b) Veolia Environnement (“**the Issuer**”) ([www.veoliaenvironnement.com](http://www.veoliaenvironnement.com)) and copies may be obtained from Veolia Environnement, 36-38 avenue Kléber, 75116 Paris. [In addition<sup>1</sup>, 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 (the “**Prospectus Directive**”) and must be read in conjunction with the Base Prospectus dated [current 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 [●]], 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 [current date] [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](http://www.amf-france.org)) and (b) Veolia Environnement (“**the Issuer**”) ([www.veoliaenvironnement.com](http://www.veoliaenvironnement.com)) and copies may be obtained from Veolia Environnement, 36-38 avenue Kléber, 75116 Paris.[In addition<sup>2</sup>, the Base Prospectus [and the supplement to the Base Prospectus] [is] [are] available for viewing [at/on] [●]].

<sup>1</sup> If the Notes are admitted to trading on a regulated market other than Euronext Paris S.A.

<sup>2</sup> If the Notes are admitted to trading on a regulated market other than Euronext Paris S.A.

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): [●]<sup>3</sup> (*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 Basis<sup>4</sup>: [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 Notes into another interest or redemption/ payment basis*]

<sup>3</sup> 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).

<sup>4</sup> If the Final Redemption Amount is less than 100% of the nominal value, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex 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.

12. Put/Call Option: [Put]  
[Call]  
[(further particulars specified below)]
13. (i) Status of the Notes: [Subordinated / Unsubordinated] Notes  
*[specify details of any provisions for subordinated Notes in particular whether dated or undated, whether ordinary or deeply, whether interest deferral provisions apply and whether any additional events of default should apply]*
- (ii) Dates of corporate authorisations for issuance of the Notes: [Decision of the *Conseil d'administration* of Veolia Environnement]<sup>5</sup>
14. Method of distribution: [Syndicated/Non-syndicated]

#### **PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

15. **Fixed Rate Note Provisions** [Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate [(s)] of Interest: [●] per cent. per annum [payable [annually/ semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [●] in each year
- (iii) Fixed Coupon Amount [(s)]: [●] 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 (Condition 5(j)): [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, 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) (Condition 5(a)): [●] in each year *(insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Count Fraction is Actual/Actual (ICMA))*
16. **Floating Rate Provisions** [Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs 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): [●]

<sup>5</sup> Relevant only for Notes constituting *obligations* under French law.

- (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) (Condition 5(a)): [●]
- (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 (Condition 5(b)(iii)(A)):
- 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 (Condition 5(b)(iii)(B)):
- Floating Rate Option: [●]
  - Designated Maturity: [●]
  - Reset Date: [●]
  - ISDA Definitions: [●]
- (if different from those set out in the Conditions)
- (ix) Screen Rate Determination (Condition 5(b)(iii)(C)):
- Relevant Time: [●]
  - Interest Determination Date: [[●] [TARGET] Business Days in [specify city] for [specify currency] prior to [the first day in each Interest Accrual Period/each Interest Payment Date]]
  - Primary Source for Floating Rate: [Specify relevant screen page or “Reference Banks”]
  - Reference Banks (if Primary Source is “Reference Banks”): [Specify four]
  - Relevant Financial Centre: [The financial centre most closely connected to the Benchmark—specify if not London]
  - Benchmark: [LIBOR, LIBID, LIMEAN, EURIBOR or other benchmark]
  - Representative Amount: [Specify if screen or Reference Bank quotations are to be given in respect of a transaction of a specified notional amount]
  - Effective Date: [Specify if quotations are not to be obtained with effect from commencement of Interest Accrual Period]
  - Specified Duration: [Specify period for quotation if not duration of Interest Accrual Period]

(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 (Condition 5(j)):	[●]
(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:	[●]
<b>17. Zero Coupon Note Provisions</b>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
(i) Amortization Yield (Condition 6(e)):	[●] per cent. per annum
(ii) Day Count Fraction (Condition 5(j)):	[●]
(iii) Any other formula/basis of determining amount payable:	[●]
<b>18. Index Linked Interest Note Provisions<sup>6</sup></b>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
(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) (Condition 5(a)):	[●]
(x) Minimum Rate of Interest:	[●] per cent. per annum
(xi) Maximum Rate of Interest:	[●] per cent. per annum
(xii) Day Count Fraction (Condition 5(j)):	[●]

<sup>6</sup> If the Final Redemption Amount is less than 100% of the nominal value, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex 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.

<b>19. Dual Currency Note Provisions<sup>7</sup></b>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(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)):	[●]
<b>PROVISIONS RELATING TO REDEMPTION</b>	
<b>20. Call Option</b>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(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):	[●]
(vii) Notice period:	[●]
<b>21. Put Option</b>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(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:	[●]
(v) Notice period:	[●]
<b>22. Final Redemption Amount of each Note</b>	[[●] per Note of [●] specified denomination/ Other/See Appendix]

<sup>7</sup> If the Final Redemption Amount is less than 100% of the nominal value, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex 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.



**23. Early Redemption Amount**

- (i) Early Redemption Amount(s) of each Note payable on redemption for taxation reasons (Condition 6(f)) or an event of default (Condition 9) 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 (Condition 6(f)): [Yes/No]
- (iii) Unmatured Coupons to become void upon early redemption (Bearer Notes only) (Condition 7(f)): [Yes/No/Not Applicable]

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

**24. Form of Notes:**

[Dematerialised Notes / Materialised Notes, (Materialised Notes are only in bearer form)]  
[Delete as appropriate]

- (i) Form of Dematerialised Notes: [Not Applicable/Bearer dematerialised form (*au porteur*)/Registered dematerialised form (*au nominatif*)]
- (ii) Registration Agent: [Not Applicable/if Applicable give name and details] (*Note that a Registration Agent must be appointed in relation to Registered Dematerialised 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]

**25. Financial Centre(s) (Condition 7(h)) or other special provisions relating to payment dates:**

[Not Applicable/Give details. *Note that this item relates to the date and place of payment, and not interest period end dates, to which items 15(ii), 16(iv) and 18(ix) relate*]

**26. 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*]

**27. 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*]

**28. 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: [●]
29. **Redenomination, renominatisation and reconventioning provisions:** [Not Applicable/The provisions [in Condition [●]] [annexed to these Final Terms] apply]
30. **Consolidation provisions:** [Not Applicable/The provisions [in Condition [●]] [annexed to these Final Terms] apply]
31. **Masse:** [Applicable/Not Applicable/Condition 11 replaced by the full provisions of French *Code of 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 of Commerce relating to the Masse. If Condition 11 (as it may be amended or supplemented) applies or if the full provisions of French Code of Commerce apply, insert details of Representative and Alternative Representative and remuneration, if any.*)
32. **Applicable tax regime:** [Condition 8(a) applies and the Notes are issued (or deemed issued) outside France] [Condition 8(c) and 8(d) apply and the Notes are neither issued nor deemed issued outside France] [in all other cases, description of applicable tax regime to be provided as appropriate]
33. **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

34. (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.)
- (ii) Date of Subscription Agreement: [●]
- (iii) Stabilising Manager (if any): [Not Applicable/give name]
35. **If non-syndicated, name and address of Dealer:** [Not Applicable/give name]
36. **Total commission and concession:** [●] per cent. of the Aggregate Nominal Amount
37. **Additional selling restrictions:** [Not Applicable/give details]

## [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 12,000,000,000 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.]*<sup>8</sup>

### 2. LISTING

- (i) Listing:  *[Eurolist of Euronext Paris S.A./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 16 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 S.A.)*
- (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 States] with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive.]

<sup>8</sup> If the Final Redemption Amount is less than 100% of the nominal value, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex 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.

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 UNDERLYING<sup>9</sup>**

*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.]*

<sup>9</sup> 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<sup>10</sup>**

*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<sup>11</sup>**

**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]

<sup>10</sup> 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.

<sup>11</sup> Required for derivative securities to which Annex 12 to the Prospectus Directive Regulation applies. If the Final Redemption Amount is less than 100% of the nominal value, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex 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.

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]

- 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:]<sup>12</sup>

**13. [Derivatives only—POST-ISSUANCE INFORMATION CONCERNING THE UNDERLYING]<sup>13</sup>**

*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: [Yes/No]

(i) Euroclear France to act as Central Depository:

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

<sup>12</sup> Required for derivative securities to which Annex 12 to the Prospectus Directive Regulation applies. If the Final Redemption Amount is less than 100% of the nominal value, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex 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.

<sup>13</sup> Required for derivative securities to which Annex 12 to the Prospectus Directive Regulation applies. If the Final Redemption Amount is less than 100% of the nominal value, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex 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.

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]

(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 the 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. It went on developing its business in France in Nantes (1854), Nice (1864), Paris (1860), which outsourced to it its water distribution service for a period of 50 years, and its suburbs (1869).

In 1980, Compagnie Générale des Eaux reorganised its water activities by regrouping all of its design, engineering and execution activities relating to drinking water and wastewater treatment facilities under its subsidiary Omnium de Traitement et de Valorisation (OTV). At the same time, Compagnie Générale des Eaux expanded its business during the 1980s with the acquisition of Compagnie Générale d'Entreprises Automobiles (CGEA, which would become Connex and Onyx, and later Veolia Transport and Veolia Propreté) and Compagnie Générale de Chauffe and Esys-Montenay (which would merge to become Dalkia). It also began significant international expansion.

In 1998, Compagnie Générale des Eaux changed its name to Vivendi and renamed its main water subsidiary Compagnie Générale des Eaux.

In April 1999, in order to better distinguish the separate existence of its two main businesses, communications and environmental services, Vivendi created Vivendi Environnement to conduct all of its environmental management activities, which were then conducted under the names Vivendi Water (water), Onyx (waste management), Dalkia (energy services) and Connex (transportation).

On 20 July 2000, Vivendi Environnement shares were listed on the Premier Marché of Euronext Paris, which became the Eurolist of Euronext on 21 February 2005.

In August 2001, Vivendi Environnement shares were included in the CAC 40, the main equity index published by Euronext Paris, and in October 2001 were listed in the form of American Depositary Shares for trading on The New York Stock Exchange.

From 2002 to 2004, Vivendi progressively decreased its stake in the Issuer, so that it held only 5.3 per cent. of the Issuer's shares in December 2004. At 6 July 2006, Vivendi no longer held any Veolia Environnement shares.

In April 2003, the Issuer changed its name to Veolia Environnement.

Since 2002, Veolia Environnement has undertaken a significant restructuring to refocus on its core business of environmental services. This restructuring was completed in 2004 with the sale of various U.S. subsidiaries within its water division conducting certain non-core activities, and with the sale of Veolia Environnement's indirect interest in Fomento de Construcciones y Contratas (FCC), a Spanish company whose activities include construction and cement, as well as services.

On 3 November 2005, Veolia Environnement unveiled a new branding system for the Group. The Group's water, waste management, energy and transportation divisions now operate under the same name: "Veolia".

#### **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 *Livre II* of the French Commercial Code (*Code de commerce*) and by Decree n° 67-236 of 23 March 1967.

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 Veolia Environnement's Document de Référence 2006, pages 96-97.

Please note this information can also be found in the English version of the Document de Référence 2006 on pages 133-134.

### ***Veolia Environnement acquires SULO group in Germany***

On 27 April 2007, Veolia Environnement announced the signature of an agreement with The Blackstone Group and Apax Partners with a view to acquiring Sulo, for an enterprise value of € 1,450 million (including financial debt).

With annual revenue of around € 1.3 billion in 2006, Sulo is the second largest waste management operator in Germany. Sulo is the market leader in the collection of municipal waste and packaging. It is also an unrivalled specialist in paper and plastics recycling and has high-level expertise in sorting and organic recovery. It holds strong market positions in Eastern Europe and the Baltic states.

The acquisition remains subject to the approval of the antitrust authorities.

## **7.2. Investments**

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

Please refer to Veolia Environnement's Document de Référence 2006, pages 96-97.

Please note this information can also be found in the English version of the Document de Référence 2006 on pages 133-134.

### **7.2.2 Main future investments**

Please refer to Veolia Environnement's Document de Référence 2006, pages 25, 96-97.

Please note this information can also be found in the English version of the Document de Référence 2006 on pages 22, 133-134.

### **7.2.3 Sources of financing**

Please refer to Veolia Environnement's Document de Référence 2006, pages 80-81.

Please note this information can also be found in the English version of the Document de Référence 2006 on pages 120-121.

## **8. BUSINESS OVERVIEW**

### **8.1. Principal activities**

Please refer to Veolia Environnement's Document de Référence 2006, pages 28-50.

Please note this information can also be found in the English version of the Document de Référence 2006 on pages 23-57.

### **8.2. Principal markets**

Please refer to Veolia Environnement's Document de Référence 2006, page 28 and pages 50-55.

Please note this information can also be found in the English version of the Document de Référence 2006 on page 23 and pages 57-65.

### **8.3. Competition**

Please refer to Veolia Environnement's Document de Référence 2006, pages 52-53.

Please note this information can also be found in the English version of the Document de Référence 2006 on pages 59-62.

## **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 2006, pages 65-66.

Please note this information can also be found in the English version of the Document de Référence 2006 on pages 78-79.

## **10. TREND INFORMATION**

### **10.1 Material adverse changes**

Save as disclosed in this Base Prospectus there has been no material adverse change in the prospects of Veolia Environnement or of the Group since 31 December 2006.

### **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 Veolia Environnement's Document de Référence 2006, page 96.

Please note this information can also be found in the English version of the Document de Référence 2006 on page 133.

## **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 Veolia Environnement's Document de Référence 2006, pages 104-112.

Please note this information can also be found in the English version of the Document de Référence 2006 on pages 137-148.

### **12.2 Administrative, management and supervisory bodies conflicts of interest**

Please refer to Veolia Environnement's Document de Référence 2006, page 112.

Please note this information can also be found in the English version of the Document de Référence 2006 on page 148.

## **13. BOARD PRACTICES**

### **13.1 Issuer's audit committee**

Please refer to Veolia Environnement's Document de Référence 2006, pages 124-125.

Please note this information can also be found in the English version of the Document de Référence 2006 on pages 159-161.

### **13.2 Corporate governance**

Please refer to Veolia Environnement's Document de Référence 2006, pages 120-127.

Please note this information can also be found in the English version of the Document de Référence 2006 on pages 154-164.

## **14. MAJOR SHAREHOLDERS**

### **14.1 Control over the Issuer**

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 2006, pages 158-282.

Please note this information can also be found in the English version of the Document de Référence 2006 on pages 188-320.

### **15.2 Legal and arbitration proceedings**

Save as disclosed on pages 317-320 of the Document de Référence 2006 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.

Please note this information can also be found in the English version of the Document de Référence 2006 on pages 354-358.

### **15.3 Significant change in the issuer's financial or trading position**

Save as disclosed in this Base Prospectus and on pages 96-97 of the Document de Référence 2006 there has been no significant change in the financial or trading position of Veolia Environnement or of the Group since 31 December 2006.

Please note that this information can also be found in the English version of the Document de Référence 2006 on pages 133-134.

## **16. ADDITIONAL INFORMATION**

### **16.1 Share capital**

Please refer to Veolia Environnement's Document de Référence 2006, page 322.

Please note this information can also be found in the English version of the Document de Référence 2006 on page 359.

## **16.2 Memorandum and articles of association**

Please refer to Veolia Environnement's Document de Référence 2006, page 333.

Please note this information can also be found in the English version of the Document de Référence 2006 on page 370.

## **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**

Veolia Environnement has not entered into, in the ordinary course of its business, any material contracts 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 the 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 S.A. 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 S.A. 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 Document de Référence 2006 including the consolidated accounts of Veolia Environnement (in French and in English) 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. Application may be made to list and admit the Notes on the *Eurolist* of Euronext Paris S.A. In connection with the application to list and admit a Series of Notes on Euronext Paris S.A.:
  - (a) the *Autorité des marchés financiers* (the “AMF”) has allocated the visa number 07-141 on 3 May 2007 to this Base Prospectus;
  - (b) a legal notice relating to the issue of such Notes will be published in the *Bulletin des Annonces légales obligatoires* prior to such listing.

2. 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* of Veolia Environnement, which may delegate its powers to any of its members or to the *président-directeur général*.

For this purpose, on 28 March 2006 the *conseil d'administration* of Veolia Environnement has authorised issues of Notes which authority will, unless previously cancelled, expire on 12 May 2007 and has authorised the *président-directeur général* to issue Notes within the limits set out by the *conseil d'administration* mentioned above and on 29 March 2007 the *conseil d'administration* of Veolia Environnement has authorised issues of Notes for a period of one year starting on 11 May 2007, which authority will, unless previously cancelled, expire on 11 May 2008 and has authorised the *président-directeur général* to issue Notes.

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

3. 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”.
4. 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.

5. 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.

6. 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.
7. Payments of interest and other revenues with respect to the Notes issued by Veolia Environnement and constituting *obligations* will be made without withholding or deduction for, or on account of, the withholding tax set out under article 125 A III of the French *Code Général des Impôts* as provided for in article 131 *quater* of the French *Code Général des Impôts*, to the extent that the Notes are issued (or deemed to be issued) outside the Republic of France.

Notes constituting *obligations* under French law will be issued or deemed to be issued outside France by Veolia Environnement (i) in the case of syndicated or non-syndicated issues of Notes, if such Notes are denominated in euro, (ii) in the case of Notes denominated in currencies other than euro, if, *inter alia*, the Issuer and the relevant Dealers agree not to offer the Notes to the public in the Republic of France and such Notes are offered in the Republic of France through an international syndicate only to qualified investors (*investisseurs qualifiés*) as described in article L. 411-2 of the French *Code monétaire et financier* or (iii) in the case of issues of Notes denominated in currencies other than euro that are not offered and sold through an international syndicate, if each of the subscribers of the Notes is domiciled or resident for tax purposes outside the Republic of France and does not act through a permanent establishment or fixed base therein, in each case as more fully set out in the circular 5 I-11-98 of the *Direction Générale des Impôts* dated 30 September 1998.

However, if so provided in the relevant Final Terms, Notes constituting *obligations* denominated in currencies other than euro may be offered without an international syndicate and placed with subscribers not all of whom are resident outside the Republic of France. In such cases, the Notes will not benefit from the exemption from deduction at source provided for in article 131 *quater* of the French *Code Général des Impôts* and interest payments under such Notes made to a non-French resident will be exempt from withholding or deduction at source only if the beneficiary of the payment provides certification that he is not resident in the Republic of France, all in accordance with the provisions of article 125 A III of the French *Code Général des Impôts*, as more fully described in Condition 8. See “Information Concerning the Securities to be Offered/Admitted to Trading—Terms and Conditions of the Notes—Taxation”.

The tax regime applicable to Notes which do not constitute *obligations* will be set out in the relevant Final Terms.

8. The Notes to be issued by the Issuer qualify under Category 2 for the purposes of Regulation S under the Securities Act (“**Regulation S**”). Materialised Notes will be issued in compliance with US Treas. Reg. § 1.1 63-5(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. § 1.1 63-5(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 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.

9. On 3 June 2003, the European Union adopted the Directive 2003/48/EC regarding the taxation of savings income in the form of interest payments (the “**Directive**”). The Directive requires Member States since 1 July 2005 to provide to the tax authorities of other Member States details of payments of interest and other similar income within the meaning of the Directive made by a paying agent within its jurisdiction to (or under circumstances to the benefit of) an individual resident in another Member State, except that Belgium, Luxembourg and Austria will instead impose a withholding system for a transitional period unless the beneficiary of interest payment elects for the exchange of information.

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

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

10. 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 the *Eurolist* of Euronext Paris S.A. 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**

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**HSBC FRANCE**

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**ARRANGER**

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REDENOMINATION AGENT AND CONSOLIDATION AGENT**

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