

# COMPAGNIE DE SAINT-GOBAIN

(incorporated in the Republic of France)

EUR 12,000,000,000

## MEDIUM TERM NOTE PROGRAMME

This document comprises the base prospectus (the “**Base Prospectus**”) for the issuance of fixed rate notes, floating rate notes and zero coupon notes (the “**Notes**”) under the €12,000,000,000 Medium Term Note Programme (the “**Programme**”) of Compagnie de Saint-Gobain (the “**Issuer**” or “**Saint-Gobain**”). The Issuer may, subject to compliance with all relevant laws, regulations and directives, from time to time, outside the Republic of France, issue Notes denominated in any currency (including Euro) agreed between the Issuer and the relevant Dealer (as defined below).

Notes may be issued in bearer or registered form (respectively “**Bearer Notes**” and “**Registered Notes**”). The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €12,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein. The minimum denomination for Notes issued under the Programme shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Notes).

The Notes may be issued to one or more of the Dealers specified under “*Description of the Programme*” and any additional Dealer appointed under the Programme from time to time by the Issuer (each a “**Dealer**” and together the “**Dealers**”), which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the “**relevant Dealer**” shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

**An investment in Notes issued under the Programme involves certain risks.** For a discussion of these risks see “*Risk Factors*”.

Application has been made to the Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 (the “**UK Listing Authority**”) for Notes issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the official list of the UK Listing Authority (the “**Official List**”), and to the London Stock Exchange plc (the “**London Stock Exchange**”) for such Notes to be admitted to trading on the London Stock Exchange’s Regulated Market.

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market. References in this Base Prospectus to Notes being listed (and all related references) shall mean that such Notes have been admitted to trading on the London Stock Exchange’s Regulated Market and have been admitted to the Official List or on another stock exchange as aforesaid. The London Stock Exchange’s Regulated Market is a regulated market for the purposes of Directive 2004/39/EC (the “**MiFID**”).

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under “*Terms and Conditions of the Notes*”) of Notes will be set out in the relevant final terms (the “**Final Terms**”) which, with respect to Notes to be listed on the London Stock Exchange, will be delivered to the UK Listing Authority and the London Stock Exchange.

Noteholders will be entitled, following a Change of Control, to request the Issuer to redeem, purchase or procure the purchase of their Notes at their principal amount together with any accrued interest as more fully described under “*Terms and Conditions of the Notes – Change of Control*”.

Series of Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, such rating will not necessarily be the same as the rating(s) assigned to the Programme. The rating of certain Series of Notes to be issued under the Programme may be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009, as amended (the “**CRA Regulation**”) will be disclosed in the Final Terms. In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the European Union and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. For more information on the ratings of the Programme, see “*Description of the Programme – Rating*”. A credit rating is not a recommendation to buy, sell or hold Notes and may be revised or withdrawn by the relevant rating agency at any time. Any such revision or withdrawal could adversely affect the market value of the Notes.

The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the terms and conditions of the Notes under “*Terms and Conditions of the Notes*” (the “**Conditions**”), in which event a new prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

**Application may also be made to have certain Series of Notes accepted for trading in the Private Offerings, Resales and Trading through Automated Linkages System (PORTAL) of the National Association of Securities Dealers, Inc.**

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), and may not be offered or sold in the United States or to, or for the benefit of, U.S. persons unless the Notes are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available. See “Notes in Global Form” for a description of the manner in which Notes will be issued. Registered Notes are subject to certain restrictions on transfer; see “Subscription and Sale and Transfer and Selling Restrictions”.

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ARRANGER

NOMURA

DEALERS

BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

BNP PARIBAS

CALYON CRÉDIT AGRICOLE CIB

CITIGROUP

ING

J.P. MORGAN

MITSUBISHI UFJ SECURITIES

NOMURA

SANTANDER GLOBAL BANKING & MARKETS

SOCIETE GENERALE CORPORATE & INVESTMENT BANKING

THE ROYAL BANK OF SCOTLAND

The date of this Base Prospectus is 19 September 2012.

**This Base Prospectus has been approved by the UK Listing Authority, as competent authority under Directive 2003/71/EC (as amended by Directive 2010/73/EU) (the “Prospectus Directive”) and comprises a base prospectus for the purposes of Article 5.4 of the Prospectus Directive.**

**In this document references to the “Group” are to Saint-Gobain and its consolidated subsidiaries.**

**The Issuer accepts responsibility for the information contained in this Base Prospectus. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.**

**This Base Prospectus will be available on the website of the Issuer, and copies of Final Terms, except for unlisted Notes and/or Notes not admitted to trading on any regulated market, will be available on the website of the Issuer as well as from the registered office of the Issuer and the specified office set out below of each of the Paying Agents (as defined below).**

**This Base Prospectus is to be read in conjunction with all documents that are deemed to be incorporated herein by reference (see “*Documents Incorporated by Reference*”). This Base Prospectus shall be read and construed on the basis that such documents are incorporated and form part of this Base Prospectus.**

**The Dealers have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers as to the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by the Issuer in connection with the Programme. No Dealer accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer in connection with the Programme.**

**No person is or has been authorised by the Issuer to give any information or to make any representation not contained in this Base Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers.**

**Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or any of the Dealers that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Dealers to any person to subscribe for or to purchase any Notes.**

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Notes of any information coming to their attention. Investors should review, *inter alia*, the most recently published documents incorporated by reference into this Base Prospectus when deciding whether or not to purchase any Notes.

The Notes in bearer form 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 United States persons, 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 the regulations promulgated thereunder.

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Dealers which would permit a public offering of any Notes within or outside the UK or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the United Kingdom, France and Japan. (See “*Subscription and Sale and Transfer and Selling Restrictions*”.)

This document is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”) or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “relevant persons”). Any Notes will only be available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio. None of the Dealers or the Issuer makes any representation to any investor in the Notes regarding the legality of the investor's investment in the Notes under any laws applicable to such investor.

All references in this document to *U.S. dollars*, U.S.\$ and \$ refer to United States dollars. In addition, all references to Yen, JPY and ¥ refer to currency of Japan, to *Sterling*, GBP and £ refer to pounds sterling and to *Euro* and € refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.

#### U.S. INFORMATION

This Base Prospectus is being or may be circulated on a confidential basis in the United States to QIBs or Institutional Accredited Investors (each as defined under "*Notes in Global Form*") for informational use solely in connection with the consideration of the purchase of the Notes being offered hereby. Its use for any other purpose in the United States is not authorised. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

Registered Notes may be offered or sold within the United States only to QIBs or to Institutional Accredited Investors, in either case in transactions exempt from registration under the Securities Act. Each U.S. purchaser of Registered Notes is hereby

notified that the offer and sale of any Registered Notes to it may be made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A under the Securities Act (“Rule 144A”).

Purchasers of Definitive IAI Registered Notes will be required to execute and deliver an IAI Investment Letter (as defined under “*Terms and Conditions of the Notes*”). Each purchaser or holder of Definitive IAI Registered Notes, Notes represented by a Rule 144A Global Note or any Notes issued in registered form in exchange or substitution therefor (together “*Legended Notes*”) will be deemed, by its acceptance or purchase of any such Legended Notes, to have made certain representations and agreements intended to restrict the resale or other transfer of such Notes as set out in “*Subscription and Sale and Transfer and Selling Restrictions*”. Unless otherwise stated, terms used in this paragraph have the meanings given to them in “*Terms and Conditions of the Notes*”.

#### NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER CHAPTER 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

#### AVAILABLE INFORMATION

To permit compliance with Rule 144A in connection with any resales or other transfers of Registered Notes that are “restricted securities” within the meaning of the Securities Act, the Issuer has undertaken in a deed poll dated 13 October 2006 to furnish, upon the request of a holder of such Notes or any beneficial interest therein, to such holder or to a prospective purchaser designated by him, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, the Issuer is neither a reporting company under Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended, (the “Exchange Act”), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

#### SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is a corporation organised under the laws of France. The majority of the officers and directors named herein reside outside the United States and all or a substantial portion of the assets of the Issuer and of such officers and directors are located outside the United States. As a result, it may not be possible for investors to

**effect service of process outside France upon the Issuer or such persons, or to enforce judgments against them obtained in courts outside France predicated upon civil liabilities of the Issuer or such directors and officers under laws other than French law, including any judgment predicated upon United States federal securities laws.**

#### **PRESENTATION OF FINANCIAL AND OTHER INFORMATION**

**The Issuer maintains its financial books and records and prepares its consolidated financial statements in Euros in accordance with IFRS as adopted by the European Union which differ in certain important respects from generally accepted accounting principles in the United States (“U.S. GAAP”).**

#### **EXCHANGE RATE INFORMATION**

**This Base Prospectus contains conversions of certain amounts into Euro solely for the convenience of the reader. No representation is made that such amounts referred to in this Base Prospectus could have been or could be converted into Euro at any particular rate or at all.**

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**In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as 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 of Notes 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 of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment shall be conducted in accordance with all applicable laws and rules.**

### FORWARD-LOOKING STATEMENTS

**This Base Prospectus contains “forward-looking statements” relating to the Issuer’s business and the sectors in which it operates. Forward-looking statements include all statements that are not historical facts, and can be identified by words such as “believes”, “anticipates”, “projects”, “intends”, “expects”, or the negatives of these terms or similar expressions. These statements appear in a number of places in this Base Prospectus. Any forward-looking statements contained in this Base Prospectus should not be relied upon as predictions of future events. No assurance can be given that the expectations expressed in these forward-looking statements will prove to be correct. Actual results could differ materially from expectations expressed in the forward-looking statements if one or more of the underlying assumptions or expectations proves to be inaccurate or is unrealised or if other factors affect the outcome. Some important factors that could cause actual results to differ materially from those in the forward-looking statements are, in certain instances, included with such forward-looking statements and in the section entitled “*Risk Factors*” in this Base Prospectus. The forward-looking statements included in this Base Prospectus are only made as of the date of this Base Prospectus and the Issuer does not undertake any obligation to publicly update any forward-looking statement to reflect subsequent events or circumstances.**

## DESCRIPTION OF THE PROGRAMME

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

**Issuer:** Compagnie de Saint-Gobain, a French *société anonyme*

**Description:** Medium Term Note Programme

**Arranger:** Nomura International plc

**Dealers:** Banco Bilbao Vizcaya Argentaria, S.A.

Banco Santander, S.A.

BNP PARIBAS

CALYON Crédit Agricole CIB

Citigroup Global Markets Limited

ING Belgium SA/NV

J.P. Morgan Securities plc

Mitsubishi UFJ Securities International plc

Nomura International plc

Société Générale

The Royal Bank of Scotland plc

and any other Dealers appointed in accordance with the Programme Agreement.

**Certain Restrictions:** Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “*Subscription and Sale and Transfer and Selling Restrictions*”) including the following restrictions applicable at the date of this Base Prospectus.

### **Notes having a maturity of less than one year**

Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see “*Subscription and Sale and Transfer and Selling Restriction*”.

**Issuing and Principal Paying Agent:** Deutsche Bank AG, London Branch

**Programme Size:** Up to €12,000,000,000 (or its equivalent in other



currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuer may increase or decrease the amount of the Programme in accordance with the terms of the Programme Agreement.

**Distribution:**

Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.

**Currencies:**

Notes may be denominated in Euro, Sterling, U.S. dollars, Yen and, subject to any applicable legal or regulatory restrictions, any other currency agreed between the Issuer and the relevant Dealer and provided for in the applicable Final Terms (the “**Specified Currency**”).

**Maturities:**

Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.

**Issue Price:**

Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.

**Form of Notes:**

The Notes will be issued in bearer or registered form as described in “*Terms and Conditions of the Notes*”. Registered Notes will not be exchangeable for Bearer Notes and vice versa.

**Fixed Rate Notes:**

Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction under the Conditions as may be agreed between the Issuer and the relevant Dealer.

**Floating Rate Notes:**

Floating Rate Notes will bear interest, according to the Conditions, at a rate determined:

- (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or
- (b) on the basis of a reference rate appearing on

the agreed screen page of a commercial quotation service.

The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.

Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.

Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as chosen by the Issuer and the relevant Dealer under the Conditions.

**Zero Coupon Notes:**

Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.

**Redemption:**

The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on other terms pursuant to the Conditions.

The applicable Final Terms may provide that Notes may be redeemable in two or more instalments of such amounts and on such dates as are indicated in the applicable Final Terms.

Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution, see "*Certain Restrictions – Notes having a maturity of less than one year*" above.

**Denomination of Notes:**

The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see "*Certain Restrictions – Notes having a maturity of less than one year*" above and save that, if such allowed or required minimum denomination is below €100,000, the minimum

denomination of each Note will be €100,000 (or, if the Notes are denominated in a currency other than Euro, the equivalent amount in such currency).

**Taxation:**

All payments in respect of the Notes and any related Receipts and Coupons shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges imposed or levied by or on behalf of the Republic of France, or any authority therein or thereof, having the power to tax, unless the withholding or deduction of such taxes is required by law.

Notes issued on or after 1 March 2010 (except Notes that are issued on or after 1 March 2010 and which are to be consolidated (*assimilables* for the purpose of French law) and form a single series with Notes issued before 1 March 2010 having the benefit of Article 131 *quater* of the French General Tax Code) fall under the new French withholding tax regime pursuant to the French Amended Finance Act for 2009 (*loi de finances rectificative pour 2009*), applicable as from 1 March 2010. Payments of interest and other revenues made by the Issuer on such Notes are not subject to the withholding tax set out under Article 125 A III of the French General Tax Code unless such payments are made outside of France in a non-cooperative State or territory within the meaning of Article 238-0 A of the French General Tax Code (a “**Non-Cooperative State**”). If such payments under the Notes are made in a Non-Cooperative State, a 50% withholding tax is applicable (subject to exceptions, certain of which being set forth below, and to the more favourable provisions of any applicable double tax treaty) pursuant to Article 125 A III of the French General Tax Code. The 50% withholding tax is applicable irrespective of the tax residence of the Noteholder. The list of Non-Cooperative States is published by a ministerial executive order, which is updated on a yearly basis.

Furthermore, according to Article 238 A of the French General Tax Code, interest and other revenues will not be deductible from the Issuer's taxable income, as from the fiscal years starting on or after 1 January 2011, if they are paid or accrued to persons domiciled or established in a Non-Cooperative State or paid to a bank account opened in a financial institution located in such a Non-Cooperative State. Under certain conditions, any

such non-deductible interest or other revenues may be recharacterised as constructive dividends pursuant to Articles 109 *et seq.* of the French General Tax Code, in which case such non-deductible interest and other revenues may be subject to the withholding tax set out under Article 119 *bis* 2 of the same Code, at a rate of 30% or 55% (subject to the more favourable provisions of any applicable double tax treaty).

Notwithstanding the foregoing, neither the 50% withholding tax provided by Article 125 A III of the French General Tax Code, the non-deductibility of the interest and revenues nor the withholding tax set out under Article 119 *bis* 2 of the Same Code that may be levied as a result of such non-deductibility, to the extent the relevant interest or other revenues relate to genuine transactions and is not in an abnormal or exaggerated amount, will apply in respect of a particular issue of Notes provided that the Issuer can prove that the main purpose and effect of such issue of Notes is not that of allowing the payments of interest or other revenues to be made in a Non-Cooperative State (the “**Exception**”).

In addition, under ruling (*rescrit*) 2010/11 (FP and FE) of the *Direction générale des finances publiques* dated 22 February 2010 and regulation 14 A-5-12 published in the *Bulletin Officiel des Impôts* dated 10 May 2012, an issue of Notes benefits from the Exception without the Issuer having to provide any evidence supporting the main purpose and effect of such issue of Notes, if such Notes are:

- (i) offered by means of a public offer within the meaning of Article L.411-1 of the French Monetary and Financial Code or pursuant to an equivalent offer in a State other than a Non-Cooperative State. For this purpose, an “equivalent offer” means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority; or
- (ii) admitted to trading on a regulated market or on a French or foreign multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider, or by such

other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or

- (iii) admitted, at the time of their issue, to the operations of a central depository or of a securities clearing and delivery and payments systems operator within the meaning of Article L.561-2 of the French Monetary and Financial Code, or of one or more similar foreign depositories or operators provided that such depositories or operators are not located in a Non-Cooperative State.

Payments of interest and other revenues with respect to Notes which are consolidated (*assimilables* for the purpose of French law) and form a single series with Notes issued (or deemed issued) outside France as provided under Article 131 *quater* of the French General Tax Code, before 1 March 2010, will continue to be exempt from the withholding tax set out under Article 125 A III of the French General Tax Code.

In addition, interest and other revenues paid by the Issuer on Notes issued on or after 1 March 2010 and which are to be consolidated (*assimilables* for the purpose of French law) and form a single series with Notes issued before 1 March 2010 will not be subject to the withholding tax set out in Article 119 *bis* 2 of the French General Tax Code solely on account of their being paid on a bank account opened in a financial institution located in a Non-Cooperative State or accrued or paid to persons established or domiciled in a Non-Cooperative State.

**Negative Pledge:**

The terms of the Notes will contain a negative pledge provision as further described in Condition 4 (*Negative Pledge*).

**Cross Default:**

The terms of the Notes will contain a cross default provision as further described in Condition 12 (*Events of Default*).

**Rating:**

The Issuer's general long term debt ratings are (P)Baa2 by Moody's Deutschland GmbH and BBB by Standard & Poor's Credit Market Services Europe Limited.

The Programme has been rated (P)Baa2 by Moody's Deutschland GmbH and BBB by Standard

& Poor's Credit Market Services Europe Ltd.

Moody's Deutschland GmbH is established in the European Union and registered under the CRA Regulation. Standard & Poor's Credit Market Services Europe Limited is established in the European Union and registered under the CRA Regulation. As such, Moody's Deutschland GmbH and Standard & Poor's Credit Market Services Europe Limited are included in the list of credit rating agencies published by the European Securities and Markets Authority ("ESMA") on its website in accordance with the CRA Regulation.

The rating of certain Series of Notes to be issued under the Programme may be specified in the applicable Final Terms. Where an issue of Notes is rated, its rating will not necessarily be the same as the rating applicable to the Programme or to the Issuer. A credit rating is not a recommendation to buy, sell or hold Notes and may be revised or withdrawn by the relevant rating agency at any time. Any such revision or withdrawal could adversely affect the market value of the Notes. Whether or not each credit rating applied for in relation to relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the applicable Final Terms. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation unless the rating is provided by a credit rating agency operating in the European Union before June 7, 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused.

**Listing and admission to trading:**

Application has been made to the UK Listing Authority for Notes issued under the Programme to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the London Stock Exchange's Regulated Market.

Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series. Notes which are neither listed nor admitted to trading on any market

may also be issued.

The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

**Governing Law:**

The Notes will be governed by, and construed in accordance with, English law.

**Selling Restrictions:**

There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area (including the United Kingdom and France), Japan and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see “*Subscription and Sale and Transfer and Selling Restrictions*”.

## **RISK FACTORS**

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. Most 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.*

*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.*

*Although the factors described below represent certain risks inherent in investing in Notes issued under the Programme, 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. 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.*

### **Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme**

#### ***The Group is exposed to various financial risks that may have a negative effect on the Group's operating results***

As with any other international company, the Group is exposed to various types of financial risks, such as currency risk, interest risk, liquidity risk, and credit risk. The Group has a well-documented policy to handle such risks through various financial strategies.

#### ***Macroeconomic and industry risks***

##### *Global economic downturn*

In 2008, global economic conditions deteriorated considerably due to the sub-prime crisis and the subsequent credit crunch, which adversely affected several sectors and caused recessions. Some of the Group's main markets were negatively affected by the economic climate, particularly the building and the automobile industries. Although global markets showed signs of improvement in 2010 and the first half of 2011, new negative developments, such as the financial crises in certain EU member states, particularly Greece, Spain, Ireland, Italy and Portugal have emerged, and cannot yet be considered to be resolved. Similar developments may affect other countries in the future. Any further deterioration in the global economic environment and in the financial market conditions could have a material adverse effect on the Group's sales, earnings, results, cash flow and outlook.

##### *The Group's markets are cyclical and follow economic trends*

Most of the Group's markets are cyclical in nature. A significant portion of revenues depends on the level of investment in the construction market, which generally closely follows economic trends. Consequently, the Group's business is highly sensitive to national, regional and local economic conditions and changes in these conditions could have a material adverse effect on the Group's earnings.

#### ***Operational risks***



### *Risks associated with international operations*

Over two-thirds of the Group's revenue is generated outside France. Consequently, the Group is exposed to the risks of doing business internationally including economic, political and operational risks. These risks could have a negative effect on the Group's business, results and financial position. Future changes in political, legal or regulatory environment could have an adverse effect on the Group's assets, its ability to do business and its profitability in the countries concerned. Operational risks may lead to interruption of its operations, loss of customers or financial losses.

In 2011, nearly 20% of consolidated sales were realized in emerging markets and Asia, where risks arising from falling GDP, exchange controls, changes in exchange rates, inflation and political instability may be greater than in developed economies.

### *Risks related to Saint-Gobain's business operations*

Demand for and supply of the Group's products may be affected by numerous factors, some of which it cannot predict or control which could affect its financial condition, performance, strategies and prospects.

Numerous factors may affect the demand for and supply of the Group's products, including:

- the continuity of key raw material supply (including, in the case of gypsum based products, gypsum rock, synthetic gypsum and plasterboard liner in particular);
- the continuity of key plant productive capacity;
- the timing of industry investment, which can affect capacity utilization and the supply and demand balance, and therefore pricing and profit margins;
- the rationalisation of distribution channels; and
- the potential launch of a new product, for example, replacing plasterboard's functionality.

If any of these factors occur, the demand for and supply of the affected Group's products could suffer, which in turn could negatively affect its financial condition, performance, strategies and prospects.

### *Innovation risks*

The emergence of new technologies is driving rapid change in some of the Group's markets. The Group has to keep pace with these changes and integrate the new technologies in its products, in order to respond effectively to customers' needs. This requires spending on research and development, with no guaranteed return on investment. The Group's sales and operating margin may be affected if it fails to invest in appropriate technologies or to rapidly bring new products to market, or if competing products are introduced or the Group's new products do not adequately respond to customers' needs. This could in turn have a material adverse effect on the Group's financial position and results.

### *Intellectual property risks*

The Group uses manufacturing secrets, patents, trademarks and models and relies on applicable laws and regulations to protect its intellectual property rights. If the Group fails or is unable to protect, preserve and use its intellectual property rights, this could result in the loss of its exclusive right to use technologies and processes, with a material adverse effect on earnings. The laws in some of the countries where the Group operates may not protect intellectual property rights to the same degree as in other countries such as France and the United States. The Group may take legal action against third parties suspected of breaching its rights. Any such lawsuits may give rise to significant costs and hamper growth in sales of the products manufactured using the rights concerned.

#### *Risk of being unable to raise prices to reflect higher costs*

The Group's businesses may be affected by fluctuations in the prices and availability of feedstocks and/or energy (such as natural gas). Its ability to pass on these cost increases or decreases to customers depends to a large extent on market conditions and practices. If the Group's ability to pass on increases in feedstock and/or energy costs were limited, this could have a material adverse effect on its financial position and earnings.

#### *Risks associated with the integration of acquisitions*

The Group has grown to a significant extent through acquisitions. The benefits of acquisitions depend in part on the realization of cost synergies and the seamless integration of the acquired businesses. There is no guarantee that these objectives will be achieved.

#### *Restructuring risks*

The Group has undertaken various cost-cutting and restructuring initiatives. While further savings are planned, there is no guarantee that further forecast savings will be achieved or that the related restructuring costs will not be more than originally budgeted. In particular, certain restructuring operations and other initiatives may cost more than expected, or the cost savings may be less than expected or take longer than expected to achieve.

An increase in restructuring costs and/or the inability of the Group to achieve the expected savings could have a material adverse effect on the Group's outlook and earnings.

### **Market Risks**

#### *Liquidity risk on financing*

In a crisis environment, the Group could be unable to raise the financing or refinancing needed to cover its investment plans on the credit market or the capital market, or to obtain such financing or refinancing on acceptable terms.

Saint-Gobain's long-term debt issues have been rated BBB with a stable outlook by Standard & Poor's since July 24, 2009 and (P)Baa2 with a positive outlook by Moody's since June 8, 2011. However, there is also no guarantee that the Company can retain these credit ratings at the current level.

The Group's overall exposure to liquidity risk on net debt is managed by the Issuer's Treasury and Financing Department. Except in special cases, all of the Group companies' long-term financing needs and the majority of their short-term financing needs are met by Compagnie de Saint-Gobain or by the national delegations' cash pools.

The main objective of managing overall liquidity risk on the Group's consolidated net debt is to guarantee that the Group's financing sources will be rolled over and to optimise annual borrowing costs. Long-term debt therefore systematically represents a high percentage of overall debt. At the same time, the maturity schedules of long-term debt are set in such a way that replacement capital markets issues are spread over time.

Medium-term notes are the main source of long-term financing used by the Group, along with bonds. However it also uses perpetual bonds, participating securities, bank borrowings and lease financing.

Short-term indebtedness mainly consists of French commercial paper (*Billets de Trésorerie*), at times Euro Commercial Paper and US Commercial Paper, and also includes receivables securitization programs and bank overdrafts. Financial assets comprise marketable securities and cash equivalents.

Saint-Gobain's liquidity position is secured by various confirmed syndicated lines of credit.

#### *Liquidity risk on investments*

Short-term investments consist of bank deposits and mutual fund units. To reduce liquidity or volatility risk, whenever possible, the Group invests in money market and/or bond funds.

#### *Interest rate risk*

Interest rate risk relating to the Group's total net debt is managed by the Issuer's Treasury and Financing Department using the same financing structures and methods as for liquidity risk. Where subsidiaries use derivatives to hedge interest rate risks, their counterparty is generally Compagnie de Saint-Gobain, the Group's parent company.

The main objective of managing overall interest rate risk on the Group's consolidated net debt is to manage the cost of the medium-term debt and, subject thereto, to optimise annual borrowing costs. The Group's policy defines which derivative financial instruments can be used to hedge the debt. Derivative financial instruments may include rate swaps, options – including caps, floors and swaptions – and forward rate agreements.

There is no guarantee of the Group's ability to successfully manage the cost of the medium-term debt and to optimise annual borrowing costs. Should the Group not be able to manage the interest rate risk, this could have a material adverse effect on its financial position and results.

#### *Foreign exchange risk*

The Group's policy on currency risk consists of hedging among other things commercial transactions carried out by Group entities in currencies other than their functional currencies. Saint-Gobain and its subsidiaries use options and forward contracts to hedge exposure from current and future commercial transactions. The subsidiaries set up options exclusively through the Group's parent company, Compagnie de Saint-Gobain, which then takes a reverse position on the market.

Most forward contracts are for periods of around three months. However, forward contracts taken out to hedge firm orders may have terms of up to two years.

The Group's exposure to currency risks is tracked by means of a monthly reporting system incorporating the subsidiaries' currency positions. At 31 December 2011, 98% of the Group's foreign exchange position was hedged.

However, these currency hedging policies may prove inadequate to protect the Group against unexpected or sharper than expected fluctuations in exchange rates resulting from the deterioration in economic and financial market conditions which could have a material adverse effect on its financial position and results.

#### *Energy and raw materials risk*

The Group is exposed to the risk of changes in the price of raw materials used in its products and in energy prices. These prices have been particularly volatile due to the current economic and financial market conditions.

In order to reduce exposure to energy price risks, the Group sets up swaps and options (contracted in the functional currency of the entities concerned) to hedge part of its natural gas purchases. The swaps and options are mainly contracted in the functional currency of the entities concerned. The Group may from time to time enter into contracts to hedge purchases of other commodities, in accordance with the principles outlined above for gas and fuel oil.

The energy hedging policies may be inadequate to protect the Group against significant or unforeseen price savings resulting from the current economic and financial market conditions. Further, there can be no guarantee that the unhedged raw materials will not be subject to sudden, considerable or unforeseen fluctuations. These factors may have an adverse effect on the Group's financial position and results.

#### *Credit risk*

The Group may be exposed to the risk of losses on cash and other financial instruments held or managed on its behalf by financial institutions, if any of its counterparties defaults on its obligations. Group policy is to limit its exposure by dealing solely with leading counterparties and monitoring their credit ratings, in line with approved guidelines. Nevertheless, there can be no guarantee that this policy will effectively eliminate all risks. Any default by a counterparty could have a material adverse effect on the Group's objectives, operating income and financial position.

In order to limit the Issuer's exposure to a credit risk, the Treasury and Financing Department deals in general with financial counterparties rated A- or higher by Standard & Poor's and A3 or higher by Moody's (long-term), in both cases with a stable outlook. Since a high credit rating is no guarantee that an institution will not experience a rapid deterioration of its financial position, it also takes care to avoid any excessive concentration of credit risks that can escalate rapidly.

#### *Other risks*

##### *Customer credit and consumer credit risk*

The Group is exposed to customer credit and consumer credit risk due to its wide range of businesses, global presence and very large customer and consumer base. Although past-due receivables are regularly analysed and provisions are booked whenever necessary, changes in

the economic situation may lead to an increase in customer and consumer credit risk which could have a material adverse effect on its financial position and results.

#### *Employee benefit plan risk*

The Group has set up employee benefit plans including pension and other post retirement benefit plans, mainly in France, Germany, the Netherlands, the United Kingdom and the United States and Canada. Most of these plans are closed to new entrants.

The funded status of these plans may be affected by unfavourable changes in the actuarial assumptions used to calculate the benefit obligations such as a reduction in discount rates, an increase in life expectancy or higher inflation or by a fall in the market value of the plan assets which mainly consist of equities and bonds. This may adversely affect the Group's future outlook and results.

#### *Risk of impairment of property, plant and equipment and intangible assets*

Brands and goodwill make up a significant proportion of the Group's intangible assets, representing €2.8 billion and €11.0 billion respectively. In line with Group accounting policies, goodwill and certain other intangible assets with indefinite useful lives are tested for impairment periodically and whenever there is an indication that their carrying amount may not be fully recoverable. The Group's brands, goodwill and other identified intangible assets may become impaired as a result of worse-than-expected performance of the Group, unfavourable market conditions, unfavourable legal or regulatory changes or many other factors. The recognition of these impairment related losses on goodwill could have an adverse effect on the consolidated net income of the Group. Property, plant and equipment represent roughly one third of total assets and may also become impaired in the event of a downturn in business.

#### *Industrial and environmental risks*

The Group may be exposed to capital costs and environmental liabilities as a result of its past, present or future operations. If materialised, these costs and liabilities could have a material adverse effect on the Group's financial position and results.

The main industrial and environmental risks result from the storage of hazardous substances at certain sites. Six of the Group's plants are considered as representing "major technological risks" under European and North American regulations, and are subject to specific legislation and close supervision by the relevant authorities.

In 2011, five Saint-Gobain plants in Europe were considered classified installations under the EU Seveso II Directive. Three of these are classified as "lower tier" under the directive: Conflans Sainte-Honorine (Abrasives) in France, which stores phenolic resin; Neuburg (Packaging) in Germany which stores liquefied petroleum gas (LPG); and Avilès (Flat Glass) in Spain, which stores propane (C<sub>3</sub>H<sub>8</sub>) and oxygen (O<sub>2</sub>). The Fredrikstad plant (Gypsum) in Norway, which was also classified as "lower tier" under the directive, has not stored LPG since August 2011.

The other two sites are classified as "upper tier": Bagneaux-sur-Loing (Flat Glass) in France, which stores arsenic (AS<sub>2</sub>O<sub>3</sub>); and Carrascal del Rio (Flat Glass) in Spain, which stores hydrofluoric acid (HF), amongst other substances.

In application of France's Act of 30 July 2003 on the prevention of technological and natural risks and the remediation of contaminated sites, specific risk prevention and safety policies have been implemented at all sites, with particular emphasis on "upper tier" Seveso sites. After accident risks and their potential impact on the environment were identified, preventive measures were implemented, covering the design and construction of storage areas, as well as the manner in which they are used and maintained. Internal contingency plans have been developed to respond to incidents. Liability for personal injury and damage to property arising from the operation of the plants is covered by the current insurance program, except for the Bagneaux-sur-Loing plant, which is insured under a specific policy taken out by the joint venture that operates the facility. In the event of a technological accident, compensation payments to victims would be organised jointly by the joint venture, the insurance broker and the insurer.

### *Legal risks*

The Group's main legal risks concern asbestos-related litigation in France and, above all, the United States, and competition issues.

The regulations applicable to the Group may change in a manner that may be favorable or unfavorable. The introduction of stricter regulations or more diligent enforcement of existing regulations may, in some cases, open up new growth opportunities for the Group, but may also change the way the Group conducts its business, possibly leading to an increase in operating expenses or restrictions on the scope of the business or, more generally, acting as a brake on business growth.

There can be no guarantee that there will be no unforeseen or significant regulatory changes in the future with a material adverse effect on the Group's business, financial position or earnings.

### Asbestos-related litigation in France

In France, in 2011, further lawsuits based on "inexcusable fault" were filed for asbestos-related occupational diseases against Everite and Saint-Gobain PAM, which in the past had carried out fiber-cement operations, with the aim of obtaining supplementary compensation over and above the amounts paid by the French Social Security authorities in this respect. A total of 742 such lawsuits have been issued against the two companies since 1997. At 31 December 2011, 666 of these 742 lawsuits against Everite and Saint-Gobain PAM had been completed both in relation to liability and quantum. In all of these cases, the employers were held liable on the grounds of "inexcusable fault".

Everite and Saint-Gobain PAM were held liable to pay a total amount of less than €1.3 million in compensation as regards these lawsuits.

At 31 December 2011, out of the 76 lawsuits outstanding against Everite and Saint-Gobain PAM, the merits of 11 have been decided but the compensation awards have not yet been made, pending issue of medical reports or Appeal Court rulings. A further 34 of these 76 lawsuits have been completed in terms of both liability and quantum, but liability for the payment of compensation has not yet been assigned.

Out of the 31 remaining lawsuits, at 31 December 2011 the procedures relating to the merits of 27 other cases were at different stages: 6 are being investigated by the French Social Security authorities and 21 are pending with the Social Security courts. The final four suits have been withdrawn by the plaintiffs who can ask for them to be re-activated at any time within a two-year period.

In addition, as of 31 December 2011, a total of 164 suits based on inexcusable fault had been filed by current or former employees of 12 other French companies in the Group, in particular involving circumstances where equipment containing asbestos had been used to protect against heat from furnaces.

At that date, 105 lawsuits were completed, of which 38 rulings held the employer liable for inexcusable fault.

For the 59 suits outstanding at 31 December 2011, arguments were being prepared by the French Social Security authorities in 5 cases, 33 were pending before the Social Security courts, 4 before the Courts of Appeal and 2 before the Court of Cassation. 8 cases had been completed in terms of liability but not in terms of of which five pending before the Courts of Appeal and three before the Social Security Court The final seven suits have been withdrawn by the plaintiffs who can ask for them to be re-activated at any time within a two-year period.

#### Asbestos-related litigation in the United States

In the United States, several Group companies that once manufactured products containing asbestos such as fibre-cement pipes, roofing products, specialised insulation or gaskets, are facing legal action from persons other than the employees or former employees of the companies. The claims are based on alleged exposure to the products, although in many cases the claimants cannot demonstrate any specific exposure to one or more products, or any specific illness or physical disability. The vast majority of these claims are made simultaneously against many other non-Group entities which have been manufacturers, distributors, installers or users of products containing asbestos.

About 4000 new claims were filed against CertainTeed in 2011, compared to about 5,000 in 2010 and 4,000 in 2009, 5,000 in 2008 and 6,000 in 2007. Almost all of the claims against CertainTeed are settled out of court. Approximately 8,000 claims were resolved in 2011, compared with 13,000 in 2010 and 8,000 in 2009, 2008 and 2007. Taking into account the 56,000 outstanding and new cases, as well as claims settled or placed in inactive dockets, the total of some 52,000 claims were outstanding at 31 December 2011. A large number of these pending claims were filed more than five years ago by individuals without any significant asbestos-related impairment, and it is likely that many of them ultimately will be dismissed.

The Group recorded a €90 million charge in 2011 to cover future developments in relation to these claims. This amount is less than €97 million charge in 2010 which was higher than the €75 million recorded in 2009. At 31 December 2011, the Group's total reserve for asbestos-related claims against CertainTeed in the United States was €389 million (U.S.\$ 504 million), compared with €375 million at 31 December 2010 (U.S.\$ 501 million), €347 million (U.S.\$ 500 million) at December 31, 2009, €361 million (U.S.\$ 502 million) at December 31, 2008 and €321 million (U.S.\$ 473 million) at December 31, 2007.

Compensation paid in respect of these claims against CertainTeed (including claims settled prior to 2011 but only paid out in 2011, and those fully resolved and paid in 2011) and

compensation paid (net of insurance) by the Group's other businesses in connection with asbestos-related litigation amounted in 2011 to €59 million (U.S.\$ 82 million), compared with €78 million (U.S.\$ 103 million) in 2010.

About 2,000 new claims were filed against CertainTeed in the first half of 2012, in line with the same period in 2011. At the same time, 7,000 claims were settled (versus 4,000 in first-half 2011), bringing the total number of outstanding claims to 47,000 at 30 June 2012 versus 52,000 at 31 December 2011. A total of U.S.\$ 70 million in indemnity payments were made in the United States in the 12 months to 30 June 2012, versus U.S.\$ 82 million in the 12 months to 31 December 2011.

#### Other asbestos-related litigation

In Brazil, former employees of the Group who suffer from asbestos-linked diseases are offered either a financial-only indemnification package or a lifetime medical care package together with some element of financial compensation. Only a small number of legal actions are outstanding at the end of 2011 in this regard, and they do not represent a significant financial risk for the companies concerned.

#### Ruling by the European Commission following the investigation into the automotive glass industries

In November 2008, the European Commission issued decisions concerning the automotive glass industry.

In the decision concerning its investigation into automotive glass manufacturers, issued on 12 November 2008, the European Commission held that Saint-Gobain Glass France, Saint-Gobain Sekurit France and Saint-Gobain Sekurit Deutschland GmbH had violated Article 81 of the Treaty of Rome and fined them €896 million. Compagnie de Saint-Gobain was named as being jointly and severally liable for the payment of this amount.

The companies concerned believe the fine is excessive and disproportionate, and have appealed the decision before the General Court of the European Union in Luxembourg.

The European Commission has granted them a stay of payment until the appeal has been heard, in exchange for a bond covering the €896 million fine and the related interest calculated at the rate of 5.25% from 9 March 2009. The necessary steps were taken to set up this bond within the required time frame.

The provision set aside to cover the fine, interest, the cost of the above bond and the related legal costs amounted to € 1,090 million at 30 June 2012.

The appeal against the 12 November 2008 decision is currently pending before the General Court of the European Union in Luxembourg.

#### *Risk relating to insurance coverage*

The Group transfers its risks to the insurance market when this is the most efficient solution. Default by one or more of the Group's insurers could lead to financial losses which could have a material adverse effect on the Group's financial position and results.

The Group implements preventive programs and purchases insurance cover to protect its assets and revenue. The policy is determined, coordinated and overseen by the Risks and



Insurance Department based on conditions in the insurance market. It defines insurance criteria for the most significant risks, such as property and casualty, business interruption, and business and product liability. For other types of cover, such as automobile fleet insurance, the Risks and Insurance Department advises the individual operating units on policy content, broker selection and which market to consult. These represent high frequency risks, allowing claims to be monitored internally and appropriate preventive action to be taken.

The 2010 policies were renewed in 2011 and the captive insurance company set up to cover property risks delivered real benefits. Companies acquired during the year have been integrated into existing insurance programs.

#### Property damage, casualty and business interruption insurance

The Group has a worldwide insurance program covering non-excluded property and casualty risks and business interruption risks arising from accidental damage to insured assets. The program does not cover operations in Brazil, which are insured under a local program under the Risks and Insurance Department's supervision.

The programs meet the insurance criteria laid down by the Risks and Insurance Department:

- All policies are “all risks” policies with named exclusions.
- Claims ceilings are based on worst-case scenarios where safety systems operate effectively.
- Deductibles are proportionate to the size of the site concerned and cannot be qualified as self-insurance.

These criteria take into account current insurance offerings, which exclude certain risks, such as computer viruses and their impact on operations, and cover natural disasters like floods, earthquakes or storms only up to a certain amount. In extreme scenarios, such events could have a substantial uninsured financial impact in terms of both reconstruction costs and lost production costs.

The Risks and Insurance Department's policy is based on the findings of the annual audits carried out by prevention experts recognised by the Group's insurers. These audits give a clear picture of the main sites' risk exposure in the event of a fire or other incident and provide an estimate of the financial consequences in a worst-case scenario.

Individual claims in excess of €12.5 million are transferred to the insurance market. Claims representing less than this amount are self-insured through the Group's captive insurance company, which purchases reinsurance cover against increases in frequency or severity rates.

Should the Group not be able to recover losses resulting from property damage, casualty or business interruption under its insurance policies, this could have a material adverse effect on the Group's financial position and results.

#### Liability insurance

Two programs provide coverage for the lower layers of third-party personal injury and property damage claims.

The first covers all subsidiaries except those located in the geographic area covered by the United States & Canada Delegation and has a limit of liability of €50 million. The program's

exclusions are consistent with market practice and concern in particular potentially carcinogenic substances and gradual pollution.

In order to satisfy local regulatory requirements, a policy is taken out in each country in which the Group has a significant presence. Local policies are backed up by primary insurance issued in Paris, which can be activated when local cover proves inadequate.

The second program covers subsidiaries located in the geographic area covered by the United States & Canada Delegation and has a limit of liability of U.S.\$ 50 million. This program is structured differently to deal with the specific nature of liability risks in the United States. It is divided into several lines of coverage, allowing it to be partly placed on the London insurance market. Exclusions are in line with current market practice in the United States and primarily concern contractual liability, pollution and third party consequential loss.

In addition to the two above-described programs, a number of excess layers have been taken out in order to bring the total limit of liability to a level considered compatible with the Group's businesses.

Within the operating units, action is taken to raise awareness of liability risks. In the case of a claim, the deductible is paid directly by the unit concerned, representing an added incentive to contain these risks. Deductibles do not, however, constitute self-insurance. Saint-Gobain also runs a risk prevention program at its operating units with the support of the Environment, Health and Safety Department.

#### Operations under separate insurance coverage

Joint ventures and companies not controlled by the Group are excluded from the above insurance programs.

### **Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme**

#### ***Risks related to the structure of a particular issue of Notes***

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

#### *Notes subject to optional redemption by the Issuer*

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential

investors should consider reinvestment risk in light of other investments available at that time.

#### *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 or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

#### *Inverse Floating Rate Notes*

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

#### *Fixed/Floating Rate Notes*

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this 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 in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, 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.

#### ***Risks related to Notes generally***

Set out below is a brief description of certain risks relating to the Notes generally:

#### *Modification, waivers and substitution*

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

## *Taxation*

A Noteholder's effective yield on the Notes may be diminished by the tax impact on that Noteholder of its investment in the Notes. 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 the Noteholder's home jurisdiction or in other jurisdictions in which it is required to pay taxes. Certain French, UK and EU tax matters relating to an investment in the Notes are summarised under the "*Taxation*" section below; however, that section does not contain a comprehensive description of the tax impact of an investment in the Notes and the tax impact on an individual Noteholder may differ from the impact described in that section. The Issuer advises all investors to contact their own tax advisors for advice on the tax impact of an investment in the Notes.

If, as a result of the Savings Directive described under the "*Taxation*" section below or as a result of any law implementing or complying with, or introduced in order to conform to the Savings Directive, a payment were to be made or collected through a Member State of the European Union 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. The Issuer will ensure that it maintains a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Savings Directive or any such law.

## *Change of law*

The conditions of the Notes are based on English 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 to English law or administrative practice after the date of this Base Prospectus.

## *Trading in the clearing systems*

In relation to any issue of Notes which have a minimum denomination and are tradeable in the clearing systems in amounts above such minimum denomination which are smaller than it, should definitive Notes be required to be issued, a holder who does not have an integral multiple of the minimum denomination in his account with the relevant clearing system at the relevant time may not receive all of his entitlement in the form of definitive Notes unless and until such time as his holding becomes an integral multiple of the minimum denomination.

## ***Risks related to the market generally***

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

### *The secondary market generally*

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a

more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

#### *Exchange rate risks and exchange controls*

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the Investor's Currency) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

#### *Interest rate risks*

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

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

One or more independent credit rating agencies may assign credit ratings to the Notes. There is no guarantee that such ratings will be assigned or maintained or that such credit ratings reflect the potential impact of all risks related to an investment in the Notes. Rating agencies may change their rating methodology making it more difficult to maintain a certain credit rating. Accordingly, a credit rating is not a recommendation to buy, sell or hold Notes and may be revised or withdrawn by the relevant rating agency at any time. Any such revision or withdrawal could adversely affect the market value of the Notes.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes unless such ratings are issued by a credit rating agency established in the European Union and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). Certain information with respect to the credit rating agencies and ratings will be disclosed in the applicable Final Terms.

#### *Legal investment considerations may restrict certain investments*

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

### ***Change of control***

The change of control definition in Condition 9 (*Change of Control*) includes a reference, *inter alia*, to the *de facto* control resulting from the direct or indirect holding of a certain amount of voting rights which allow the holder thereof to determine in fact decisions taken at ordinary or extraordinary shareholders meetings. Such *de facto* control will depend on a number of factors which can only be determined at the relevant time taking into account all of the relevant surrounding circumstances arising and, accordingly, its precise application in any given set of circumstances would require determinations of questions of fact which in some cases may be complex and subject to dispute.

## DOCUMENTS INCORPORATED BY REFERENCE

This Base Prospectus should be read and construed in conjunction with the audited consolidated financial statements of the Issuer as at, and for the financial years ended, 31 December 2010 and 2011, together in each case with the audit report thereon which have been previously published and filed with the Financial Services Authority and which are included in the annual report for the year ended 31 December 2010 (the “**Annual Report 2010**”) and in the annual report for the year ended 31 December 2011 (the “**Annual Report 2011**”), and with the unaudited interim condensed consolidated financial statements as at and for the six months ended on 30 June 2012 together with the auditors’ review report thereon which have been previously published and filed with the Financial Services Authority and which are included in the half-year financial report for the six months ended 30 June 2012 (the “**Half-year Financial Report 2012**”). Such documents shall be deemed to be incorporated in and form part of this Base Prospectus according to the reference tables below, save that any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Base Prospectus.

For ease of reference, the table below sets out the relevant page references for the English language version of the audited consolidated annual financial statements of the Issuer as at and for the financial years ended 31 December 2010 and 2011 and the English language version of the unaudited interim condensed consolidated financial statements as at and for the six months ended on 30 June 2012, respectively, together with the English translation of the audit reports and the English translation of the review report thereon. These English language versions are direct translations of the French language versions of such documents. Any information not listed in the cross-reference table below but included in the publication in which the documents incorporated by reference appear, or included in the documents incorporated by reference themselves, does not form part of this Base Prospectus. The non-incorporated parts of the documents incorporated by reference are either not relevant for investors or are covered elsewhere in this Base Prospectus.

### **Issuer’s Audited Consolidated Financial Statements for the Year ended 31 December 2010 and Audit Report thereon**

Consolidated Balance Sheet .....	Pages 108-109 Annual Report 2010
Consolidated Income Statement .....	Page 110 Annual Report 2010
Statement of Recognised Income and Expense .....	Page 111 Annual Report 2010
Consolidated Cash Flow Statement .....	Page 112 Annual Report 2010
Consolidated Statement of Changes in Equity.....	Pages 113 Annual Report 2010
Notes to the Consolidated Financial Statements.....	Pages 114-156 Annual Report 2010
Statutory Auditors’ Report on the Consolidated Financial Statements...	Page 157-158 Annual Report 2010

### **Issuer’s Audited Consolidated Financial Statements for the Year ended 31 December 2011 and Audit Report thereon**

Consolidated Balance Sheet .....	Pages 108-109 Annual Report 2011
Consolidated Income Statement .....	Page 110 Annual Report 2011
Consolidated Statement of Recognised Income and Expense .....	Page 111 Annual Report 2011
Consolidated Cash Flow Statement .....	Page 112 Annual Report 2011

Consolidated Statement of Changes in Equity.....	Pages 113 Annual Report 2011
Notes to the Consolidated Financial Statements.....	Pages 114-156 Annual Report 2011
Statutory Auditors' Report on the Consolidated Financial Statements...	Page 157-158 Annual Report 2011

**Issuer's Unaudited Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2012 and Review Report thereon**

Statutory Auditors' Review Report on the Half-Yearly Consolidated Financial Statements.....	Pages 10-12 Half-year Financial Report 2012
Consolidated Balance Sheet .....	Pages 14 Half-year Financial Report 2012
Consolidated Income Statement .....	Page 15 Half-year Financial Report 2012
Consolidated Statement of Recognised Income and Expense .....	Page 16 Half-year Financial Report 2012
Consolidated Statement of Cash Flows .....	Page 17 Half-year Financial Report 2012
Consolidated Statement of Changes in Equity.....	Pages 18 Half-year Financial Report 2012
Notes to the Consolidated Financial Statements.....	Pages 19-51 Half-year Financial Report 2012

Copies of documents deemed to be incorporated by reference in this Base Prospectus may be obtained from (i) the website of the Issuer, (ii) the registered office of the Issuer, (iii) the website of the UK National Storage Mechanism, <http://www.hemscott.com/nsm.do>, or (iv) from the specified office of the Paying Agent for the time being in London.

**Prospectus Supplements**

Following the publication of this Base Prospectus a supplement may be prepared by the Issuer and approved by the UK Listing Authority in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus or publish a new prospectus for use in connection with any subsequent issue of Notes. The Issuer has undertaken to the Dealers in the Programme Agreement (as defined in "*Subscription and Sale and Transfer and Selling Restrictions*") that it will comply with section 87G of the Financial Services and Markets Act 2000, as amended.



## FORM OF FINAL TERMS

[Date]

Compagnie de Saint-Gobain

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
under the EUR 12,000,000,000  
Medium Term Note Programme

### 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 [●] [and supplement(s) to it dated [●]] which [together] constitute(s) a base prospectus (the “**Base Prospectus**”) for the purposes of the Prospectus Directive (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 the Base Prospectus. 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 has been published on Issuer’s website.]

1. (i) Series Number: [●]
- (ii) Tranche Number: [●]
2. Specified Currency: [●]
3. Aggregate Nominal Amount of Notes admitted to trading:
  - [(i)] Series: [●]
  - [(ii)] Tranche: [●]
4. Issue Price: [●] % , of the Aggregate Nominal Amount [plus accrued interest from [●]]
5. (i) Specified Denominations: [€100,000] [and higher integral multiples of €1,000 in excess thereof]
- (ii) Calculation Amount: [●]
6. (i) Issue Date: [●]
- (ii) Interest Commencement Date: [●]/[Issue Date]/[Not Applicable]
7. Maturity Date: [●]

8. Interest Basis: % Fixed Rate]/[*particular reference rate* +/- % Floating Rate]/[Zero Coupon] (further particulars specified below)
9. Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date [at par].
10. Change of Interest Basis: [Applicable, on ]/[Not Applicable]
11. Put/Call Options: [Investor Put] / [Issuer Call] / [Not Applicable] [(further particulars specified below)]
12. Date(s) of relevant corporate authorisations for issuance of Notes:  (Board Authorisation) and  (Decision to Issue)

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

13. Fixed Rate Note Provisions [Applicable/Not Applicable]
- (i) Rate(s) of Interest:  %, per annum payable in arrear on each Interest Payment Date
- (ii) Interest Payment Date(s):  in each year
- (iii) Fixed Coupon Amount(s):  per Calculation Amount
- (iv) Broken Amount(s):  per Calculation Amount, payable on the Interest Payment Date falling [in/on]
- (v) Day Count Fraction: [30/360]/[Actual/Actual (ICMA)]
- (vi) Determination Date(s):  in each year
14. Floating Rate Note Provisions [Applicable/Not Applicable]
- (i) Interest Period(s)
- (ii) Specified Interest Payment Dates: [ in each year, subject to adjustment in accordance with the Business Day Convention set out in (iv) below]
- (iii) First Interest Payment Date:
- (iv) Business Day Convention: [Floating Rate Convention]/[Following Business Day Convention]/[Modified Following Business Day Convention]/[Preceding Business Day Convention]
- (v) Business Centre(s):

- (vi) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination]/[ISDA Determination]
- (vii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount (if not the Agent): [●]
- (viii) Screen Rate Determination:
- Reference Rate: [LIBOR]/[EURIBOR]/[●]
  - Interest Determination Date(s): [●]
  - Relevant Screen Page: [●]
- (ix) ISDA Determination:
- Floating Rate Option: [●]
  - Designated Maturity: [●]
  - Reset Date: [●]
- (x) Margin(s): [+/-] [●] % per annum
- (xi) Minimum Rate of Interest: [●] % per annum
- (xii) Maximum Rate of Interest: [●] % per annum
- (xiii) Day Count Fraction: [Actual/Actual (ISDA)]/[Actual/365 (Fixed)]/[Actual/Actual (Sterling)]/[Actual/360]/[30/360]/[360/360]/[Bond Basis]/[30E/360]/[Eurobond Basis]
- 15. Zero Coupon Note Provisions** [Applicable/Not Applicable]
- (i) [Amortisation/Accrual] Yield: [●] % per annum
- (ii) Reference Price: [●]

## PROVISIONS RELATING TO REDEMPTION

- 16. Call Option:** [Applicable/Not Applicable]
- (i) Optional Redemption Date(s): [●]

- (ii) Optional Redemption Amount of each Note: [At par]/[Make-whole Amount]
- (A) [Reference Bond: [●]
- (B) [Quotation Time: [●]]
- (C) [Redemption Margin: [●] per cent.]
- (D) [Reference Dealers: [●]]
- (iii) If redeemable in part:
- Minimum Redemption Amount: [●]
  - Maximum Redemption Amount: [●]
- 17.** Put Option: [Applicable/Not Applicable]
- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount of each Note : [At par]
- 18.** Final Redemption Amount of each Note: [At par]
- 19.** Early Redemption Amount of each Note payable on redemption for taxation reasons or on event of default or other early redemption: [At par]

## **GENERAL PROVISIONS APPLICABLE TO THE NOTES**

- 20.** Form of Notes: [Bearer Notes:]
- [Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for Definitive Notes only upon an Exchange Event]
- [Temporary Bearer Global Note exchangeable for Definitive Notes on [●] days' notice]
- [Permanent Bearer Global Note exchangeable

for Definitive Notes only upon an Exchange Event]

[Registered Notes:]

[Regulation S Global Note (U.S.\$[●] nominal amount) registered in the name of a nominee for [DTC/a common depository for Euroclear and Clearstream, Luxembourg]]

[Rule 144A Global Note (U.S.\$[●] nominal amount registered in the name of a nominee for [DTC/ a common depository for Euroclear and Clearstream, Luxembourg]/Definitive IAI Registered Notes]

21. Financial Centre(s): [Not Applicable]/[●]
22. Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): [Yes]/[No]
23. Redenomination: [Not Applicable]/[The provisions in Condition 5 apply]

Signed on behalf of the Issuer:

By: \_\_\_\_\_

Duly authorised

## **PART B – OTHER INFORMATION**

### **1. LISTING AND ADMISSION TRADING**

- (i) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [the London Stock Exchange] with effect from [●].]/[Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [the London Stock Exchange] with effect from [●].]/[Not Applicable.]
- (ii) Estimate of total expenses related to admission to trading: [●]

### **2. RATINGS**

Ratings: The Notes to be issued [have been/are expected to be] rated:  
[S & P: [●]]  
[Moody's: [●]]

### **3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

[●]/[Save as discussed in [“Subscription and Sale and Transfer and Selling Restrictions”], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer”. The Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.]

### **4. YIELD (Fixed Rate Notes only)**

Indication of yield: [●]/[Not Applicable]  
The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

### **5. OPERATIONAL INFORMATION**

ISIN Code: [●]/

[Until the Notes have been consolidated and form a single series with the [*insert description of Series*], which is expected to be on or about [●], they will be assigned a Temporary ISIN Code as follows:

[●]

Thereafter, they will assume the same ISIN Code as the [*insert description of Series*] as follows:

[●]

Common Code:

[●]/

[Until the Notes have been consolidated and form a single series with the [*insert description of Series*], which is expected to be on or about [●], they will be assigned a Temporary Common Code as follows:

[●]

Thereafter, they will assume the same Common Code as the [*insert description of Series*] as follows:

[●]

Book-entry clearing systems

[Euroclear Bank S.A./N.V.]/[Clearstream Banking, *société anonyme*]/[Depository Trust Company]

Names and addresses of additional Paying Agent(s) (if any): [●]

## TERMS AND CONDITIONS OF THE NOTES

*The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Form of Final Terms" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.*

References herein to the Notes shall be references to the Notes of this Series and shall mean:

- (a) in relation to any Notes represented by a global Note (a "Global Note"), units of the lowest Specified Denomination in the Specified Currency;
- (b) any Global Note;
- (c) any definitive Notes in bearer form (Bearer Notes) issued in exchange for a Global Note in bearer form; and
- (d) any definitive Notes in registered form (Registered Notes) (whether or not issued in exchange for a Global Note in registered form).

The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of the agency agreement (as amended and/or supplemented and/or restated from time to time, the "Agency Agreement") dated 13 October 2006 and made between Compagnie de Saint-Gobain (the "Issuer"), Deutsche Bank AG, London Branch, as issuing and principal paying agent and agent bank (the "Agent", which expression shall include any successor agent) and the other paying agents named therein (together with the Agent, the "Paying Agents", which expression shall include any additional or successor paying agents); Deutsche Bank AG, London Branch, as exchange agent (the "Exchange Agent", which expression shall include any successor exchange agent) and Deutsche Bank Luxembourg S.A. as registrar (the "Registrar", which expression shall include any successor registrar) and Deutsche Bank AG, London Branch, as a transfer agent and the other transfer agents named therein (together with the Registrar, the "Transfer Agents", which expression shall include any additional or successor transfer agents).

Interest-bearing definitive Bearer Notes have interest coupons ("Coupons") and, if indicated in the applicable Final Terms, talons for further Coupons ("Talons") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Bearer Notes repayable in instalments have receipts ("Receipts") for the payment of the instalments of principal (other than the final instalment) attached on issue. Registered and Global Notes do not have Receipts, Coupons or Talons attached on issue.

The relevant final terms for each issue of the Notes (or the relevant provisions thereof) are set out in Part A of the Final Terms, which supplement these terms and conditions (the "Conditions") and specify the applicable terms and conditions of the relevant Notes pursuant



to the Conditions. References to the applicable Final Terms are references to Part A of the Final Terms (or the relevant provisions thereof).

Any reference to “Noteholders” or “holders” in relation to any Notes shall mean (in the case of Bearer Notes) the holders of the Notes and (in the case of Registered Notes) the persons in whose name the Notes are registered and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to “Receiptholders” shall mean the holders of the Receipts and any reference herein to “Couponholders” shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, “Tranche” means Notes which are identical in all respects (including as to listing and admission to trading) and “Series” means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

The Noteholders, the Receiptholders and the Couponholders are entitled to the benefit of the Deed of Covenant (the “Deed of Covenant”) dated 20 July 2011 and made by the Issuer. The original of the Deed of Covenant is held by the common depository for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below).

Copies of the Agency Agreement, a deed poll (the “Deed Poll”) dated 13 October 2006 and made by the Issuer and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Agent, the Registrar and the other Paying Agents and Transfer Agents (such Agents and the Registrar being together referred to as the “Agents”). Copies of the applicable Final Terms may be obtained from Deutsche Bank AG, London Branch, Winchester House, 1 Great Winchester Street, London EC2N 2DB, save that, if the Notes are neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive, the applicable Final Terms will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer, as the case may be, and the relevant Paying Agent as to its holding of such Notes and identity. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Deed of Covenant and the applicable Final Terms which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

The following legend will appear on all Bearer Notes which have an original maturity of more than 365 days and on all receipts and interest coupons relating to such Notes: “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”.

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes, receipts or interest coupons.

## **1. FORM, CURRENCY, DENOMINATION AND TITLE**

The Notes are in bearer form or in registered form as specified in the applicable Final Terms and, in the case of definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination(s). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination and Bearer Notes may not be exchanged for Registered Notes and *vice versa*.

The Notes may be Fixed Rate Notes, Floating Rate Notes or Zero Coupon Notes, or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms. The Specified Denomination of the Notes may be Euro, Sterling, U.S. dollar, Yen and, subject to any applicable legal or regulatory restrictions, any other currency agreed between the Issuer and the relevant Dealer and provided for in the applicable Final Terms.

Definitive Bearer Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Conditions are not applicable.

Subject as set out below, title to the Bearer Notes, Receipts and Coupons will pass by delivery and title to the Registered Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer and any Agent will (except as otherwise required by law) deem and treat the bearer of any Bearer Note, Receipt or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank S.A./N.V. as operator of the Euroclear System (“Euroclear”) and/or Clearstream Banking, *société anonyme* (“Clearstream, Luxembourg”), each person (other than Euroclear or Clearstream, Luxembourg who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note (as defined below) shall be treated by the Issuer and any Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions “Noteholder” and “holder of Notes” and related expressions shall be construed accordingly.

For so long as the Depository Trust Company (“DTC”) or its nominee is the registered owner or holder of a Registered Global Note, DTC or such nominee, as the case may be, will be

considered the sole owner or holder of the Notes represented by such Registered Global Note for all purposes under the Agency Agreement and the Notes except to the extent that in accordance with DTC's published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of DTC, Euroclear and Clearstream, Luxembourg, as the case may be. References to DTC, Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

The Registered Notes of each Tranche sold to Institutional Accredited Investors will be in definitive form, registered in the name of the holder thereof ("Definitive IAI Registered Notes"). Unless otherwise set forth in the applicable Final Terms, Definitive IAI Registered Notes will be issued only in minimum denominations of U.S.\$500,000 and integral multiples of U.S.\$1,000 in excess thereof (or the approximate equivalents in the applicable Specified Currency). Definitive IAI Registered Notes will be subject to the restrictions on transfer set forth therein and will bear the restrictive legend described under "*Subscription and Sale and Transfer and Selling Restrictions*". Institutional Accredited Investors that hold Definitive IAI Registered Notes may not elect to hold such Notes through DTC, but transferees acquiring the Notes in transactions exempt from Securities Act registration pursuant to Regulation S or Rule 144 under the Securities Act (if available) may do so upon satisfaction of the requirements applicable to such transfer as described under "*Subscription and Sale and Transfer and Selling Restrictions*". The Rule 144A Global Note (as defined below) and the Definitive IAI Registered Notes will be subject to certain restrictions on transfer set forth therein and will bear a legend regarding such restrictions.

## **2. TRANSFERS OF REGISTERED NOTES**

### **(a) Transfers of Interests in Registered Global Notes**

Transfers of beneficial interests in Registered Global Notes will be effected by DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in definitive form or for a beneficial interest in another Registered Global Note only in the authorised denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement. Transfers of a Registered Global Note registered in the name of a nominee for DTC shall be limited to transfers of such Registered Global Note, in whole but not in part, to another nominee of DTC or to a successor of DTC or such successor's nominee.

### **(b) Transfers of Registered Notes in Definitive Form**

Subject as provided in paragraphs (e), (f) and (g) below, upon the terms and subject to the conditions set forth in the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part (in the authorised denominations set out

in the applicable Final Terms). In order to effect any such transfer (i) the holder or holders must (A) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (B) complete and deposit such other certifications as may be required by the Registrar or, as the case may be, the relevant Transfer Agent and (ii) the Registrar or, as the case may be, the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 6 to the Programme Agreement). Subject as provided above, the Registrar or, as the case may be, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Registered Note in definitive form of a like aggregate nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

**(c) Registration of Transfer upon Partial Redemption**

In the event of a partial redemption of Notes under Condition 8.5 (*Redemption and Purchase – Early Redemption Amounts*), the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

**(d) Costs of Registration**

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

**(e) Transfers of Interests in Regulation S Global Notes**

Prior to expiry of the applicable Distribution Compliance Period, transfers by the holder of, or of a beneficial interest in, a Regulation S Global Note to a transferee in the United States or who is a U.S. person will only be made:

- upon receipt by the Registrar of a written certification substantially in the form set out in the Agency Agreement, amended as appropriate (a “Transfer Certificate”), copies of which are available from the specified office of the

Registrar or any Transfer Agent, from the transferor of the Note or beneficial interest therein to the effect that such transfer is being made:

- (A) to a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A; or
- (B) to a person who is an Institutional Accredited Investor, together with, in the case of (B), a duly executed investment letter from the relevant transferee substantially in the form set out in the Agency Agreement (an “IAI Investment Letter”); or
- otherwise pursuant to an exemption from the Securities Act, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer qualifies for such an exemption and is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

In the case of (A) above, such transferee may only take delivery through a Legended Note in global or definitive form and, in the case of (B) above, such transferee may take delivery only through a Legended Note in definitive form. After expiry of the applicable Distribution Compliance Period (i) beneficial interests in Regulation S Global Notes registered in the name of a nominee for DTC may be held through DTC directly, by a participant in DTC, or indirectly through a participant in DTC and (ii) such certification requirements will no longer apply to such transfers.

**(f) Transfers of Interests in Legended Notes**

Transfers of Legended Notes or beneficial interests therein may be made:

- to a transferee who takes delivery of such interest through a Regulation S Global Note, upon receipt by the Registrar of a duly completed Transfer Certificate from the transferor to the effect that such transfer is being made in accordance with Regulation S and that in the case of a Regulation S Global Note registered in the name of a nominee for DTC, if such transfer is being made prior to expiry of the applicable Distribution Compliance Period, the interests in the Notes being transferred will be held immediately thereafter through Euroclear and/or Clearstream, Luxembourg; or
- to a transferee who takes delivery of such interest through a Legended Note:
  - (A) where the transferee is a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, without certification (except as specified below, where the transferor is a holder of a Definitive IAI Registered Note); or
  - (B) where the transferee is an Institutional Accredited Investor, subject to delivery to the Registrar of a Transfer Certificate from the transferor to the effect that such transfer is being made to an Institutional

Accredited Investor, together with a duly executed IAI Investment Letter from the relevant transferee; or

- otherwise pursuant to an exemption from the Securities Act, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer qualifies for such an exemption and is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with (i) any applicable securities laws of any State of the United States or any other jurisdiction and (ii) when the transferor is a holder of a Definitive IAI Registered Note, the terms of the IAI Investment Letter executed by such transferor.

Notes transferred by Institutional Accredited Investors to QIBs pursuant to Rule 144A or outside the United States pursuant to Regulation S will be eligible to be held by such QIBs or non-U.S. investors through DTC, Euroclear or Clearstream, Luxembourg, as appropriate, and the Registrar will arrange for any Notes which are the subject of such a transfer to be represented by the appropriate Registered Global Note, where applicable.

Upon the transfer, exchange or replacement of Legended Notes, or upon specific request for removal of the Legend, the Registrar shall deliver only Legended Notes or refuse to remove the Legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel, that neither the Legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

**(g) Exchanges and Transfers of Registered Notes Generally**

Holders of Registered Notes in definitive form, other than holders of Definitive IAI Registered Notes, may exchange such Notes for interests in a Registered Global Note of the same type at any time.

**(h) Definitions**

In this Condition, the following expressions shall have the following meanings:

“Distribution Compliance Period” means the period that ends 40 days after the completion of the distribution (for purposes of Regulation S) of each Tranche of Notes, as certified by the relevant Dealer (in the case of a non-syndicated issue) or the relevant Lead Manager (in the case of a syndicated issue);

“Institutional Accredited Investor” means accredited investors (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act that are institutions;

“Legended Note” means Registered Notes in definitive form that are issued to Institutional Accredited Investors and Registered Notes (whether in definitive form or represented by a Registered Global Note) sold in private transactions to QIBs in accordance with the requirements of Rule 144A;

“QIB” means a qualified institutional buyer within the meaning of Rule 144A;

“Registered Global Note” means a Regulation S Global Note or a Rule 144A Global Note;

“Regulation S” means Regulation S under the Securities Act;

“Regulation S Global Note” means a global Registered Note representing Notes sold outside the United States in reliance on Regulation S;

“Rule 144A” means Rule 144A under the Securities Act;

“Rule 144A Global Note” means a global Registered Note representing Notes sold in private transactions to QIBs in accordance with the requirements of Rule 144A; and

“Securities Act” means the United States Securities Act of 1933, as amended.

### **3. STATUS**

The Notes (including any relative Receipts and Coupons) constitute direct, unconditional, unsubordinated and (subject to Condition 4 (*Negative Pledge*) and corresponding provisions in the Agency Agreement) unsecured obligations of the Issuer without any preference among themselves and will rank at least equally with all other unsubordinated and unsecured obligations of the Issuer (subject, in the event of insolvency, to the laws affecting creditors’ rights generally and to such preferred exceptions as may from time to time be provided for by law).

### **4. NEGATIVE PLEDGE**

(a) So long as any Note remains Outstanding and unpaid, the Issuer will not, and will not permit any of its Consolidated Subsidiaries to, issue, assume or guarantee any Indebtedness (as defined below) secured by a Lien (as defined below) upon or with respect to any Principal Property, without making effective provision whereby all the Notes shall be directly secured equally and rateably with the Indebtedness secured by such Lien; *provided* that these provisions shall not apply to the creation, incurrence, assumption or existence of: (i) any Lien created by its Consolidated Subsidiary in favour of the Issuer or any wholly owned Consolidated Subsidiary of the Issuer; (ii) Liens on any asset of a corporation existing at the time it becomes a Subsidiary of the Issuer, provided that such Lien was not created in contemplation of the acquisition of such corporation; (iii) any Lien created over any asset acquired by the Issuer, or such Consolidated Subsidiary after 12 December 2008, to secure Indebtedness incurred to finance the acquisition of such asset simultaneously with the creation of such Lien if the Indebtedness incurred does not exceed the price of the asset acquired; (iv) any Lien existing as of 12 December 2008; (v) any refinancing, extension, renewal or replacement of any of the Indebtedness secured by Liens referred to above, provided that the principal amount of the Indebtedness secured thereby is not increased and such Lien is not spread to cover any additional assets; and (vi) Indebtedness secured by Liens upon or with respect to any Principal Property, other than those permitted in subparagraphs (i) through (v) above, provided that

immediately after the incurrence of any such Lien under this subparagraph (vi), the aggregate outstanding amount of indebtedness secured by Liens under this subparagraph (vi) plus the aggregate Attributable Debt (as defined below) in respect of the Sale and Leaseback Transactions (as defined below) permitted by the provisions of clause (b) below shall not exceed 15% of Consolidated Net Tangible Assets of the Issuer (as defined below). A certificate of the Auditors (PricewaterhouseCoopers Audit and KPMG Audit, a department of KPMG S.A.) (or such other firm of independent public accountants which may at the time be independent public accountants for the Issuer,) shall be conclusive evidence as to the amount, at the date specified in such certificate, of Consolidated Net Tangible Assets of the Issuer.

- (b) So long as any Note remains Outstanding and unpaid, the Issuer will not, and will not permit any of its Consolidated Subsidiaries to, enter into any arrangement with any Person (as defined below) providing for the leasing by it, or any of its Subsidiaries of any Principal Property which has been or is to be sold or transferred by it, or such Consolidated Subsidiary to such Person or to any other Person to whom funds have been or are to be advanced by such Person on the security of such Principal Property (a Sale and Leaseback Transaction). Each of the Issuer and any of its Consolidated Subsidiaries may enter into a Sale and Leaseback Transaction which would otherwise be prohibited by the foregoing sentence, if (A) within 90 days of the effective date of any such Sale and Leaseback Transaction, an amount equal to the fair value (as determined by the Board of Directors of the Issuer) of the Principal Property so leased is applied to the retirement of long-term Indebtedness of the Issuer, or (B) immediately after entering into such transaction the Attributable Debt in respect of such and other Sale and Leaseback Transactions plus the aggregate principal amount of Indebtedness secured by Liens on Principal Properties then outstanding do not at the time exceed 15% of Consolidated Net Tangible Assets. Attributable Debt means with respect to a Sale and Leaseback Transaction, as of any particular time, the present value (discounted at the Rate of Interest implicit in the terms of the lease involved in such Sale and Leaseback Transaction, as determined in good faith by the Issuer) of the obligation of the lessee thereunder for net rental payments (excluding, however, any amounts required to be paid by such lessee, whether or not designated as rent or additional rent, on account of maintenance and repairs, services, insurance, taxes, assessments, water rates and similar charges or any amounts required to be paid by such lessee thereunder contingent upon monetary inflation or the amount of sales, maintenance and repairs, insurance, taxes, assessments, water rates or similar charges) during the remaining term of such lease (including any period for which such lease has been extended or may at the option of the lessor, be extended). A certificate of the Auditors (PricewaterhouseCoopers Audit and KPMG Audit, a department of KPMG S.A.) (or such other firm of independent public accountants as shall at the time be independent public accountants for the Issuer) shall be conclusive evidence as to the amount, at the date specified in such certificate of Attributable Debt.
- (c) Definitions – as used above, the following terms shall have the following meanings:



- (i) “Consolidated Net Tangible Assets” means the excess over current liabilities of all assets properly appearing on a consolidated balance sheet of the Issuer and its Consolidated Subsidiaries, less goodwill, trademarks, patents, deferred software costs, other like intangibles and the minority interests of others in Subsidiaries;
- (ii) “Consolidated Subsidiary” means a Subsidiary of the Issuer, the accounts of which are consolidated with those of the Issuer in accordance with IFRS;
- (iii) “indebtedness” means, with respect to any person, (A) any indebtedness for borrowed money or for the deferred purchase price of property or services and (B) all obligations which, under IFRS, are required to be recorded as capitalised leases on the consolidated balance sheet of the Issuer;
- (iv) “Lien” means any mortgage, pledge, security interest, lien or other encumbrance;
- (v) “Person” means any individual, partnership, joint venture, firm, corporation, association, trust or other enterprise or any government or political subdivision or any agency, department or instrumentality thereof;
- (vi) “Principal Property” means, as of any date, any building, structure or other facility together with the land upon which it is erected and fixtures comprising a part thereof used primarily for manufacturing, processing or production and owned or leased or to be owned or leased by the Issuer or any of its Consolidated Subsidiaries, and in each case the net book value of which as of such date exceeds 2% of the Consolidated Net Tangible Assets of the Issuer, as shown on its audited consolidated balance sheet contained in its latest annual report to shareholders, other than any such land, building, structure or other facility or portion thereof which, in the opinion of the Board of Directors of the Issuer, as applicable, is not of material importance to the business conducted by the Issuer and its Consolidated Subsidiaries, considered as one enterprise; and
- (vii) “Subsidiary” means any corporation of which shares of stock of each class having ordinary voting power (other than, stock having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation are at the time owned by the Issuer or by one or more its Subsidiaries or by the Issuer and one or more of its Subsidiaries (a Subsidiary shall be deemed wholly owned by a person who owns all of the voting shares of such Subsidiary except for directors’ qualifying shares).

## **5. REDENOMINATION**

### **5.1 *Redenomination***

Where redenomination is specified in the applicable Final Terms as being applicable, the Issuer may, without the consent of the Noteholders, the Receiptholders and the Couponholders, on giving prior notice to the Agent, Euroclear and Clearstream, Luxembourg and at least 30 days' prior notice to the Noteholders in accordance with Condition 16 (*Notices*), elect that, with effect from the Redenomination Date specified in the notice, the Notes shall be redenominated in Euro.

The election will have effect as follows:

- (a) the Notes and the Receipts shall be deemed to be redenominated in Euro in the denomination of Euro 0.01 with a nominal amount for each Note and Receipt equal to the nominal amount of that Note or Receipt in the Specified Currency, converted into Euro at the Established Rate, provided (that, if the Issuer determines, with the agreement of the Agent, that the then market practice in respect of the redenomination in Euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, the stock exchange (if any) on which the Notes may be listed and the Paying Agents of such deemed amendments;
- (b) save to the extent that an Exchange Notice has been given in accordance with paragraph (d) below, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate nominal amount of Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest Euro 0.01;
- (c) if definitive Notes are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer in the denominations of Euro 100,000 and higher integral multiples of Euro 1,000 in excess thereof;
- (d) if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Notes) will become void with effect from the date on which the Issuer gives notice (the "Exchange Notice") that replacement Euro-denominated Notes, Receipts and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes and Receipts so issued will also become void on that date although those Notes and Receipts will continue to constitute valid exchange obligations of the Issuer. New Euro-denominated Notes, Receipts and Coupons will be issued in exchange for Notes, Receipts and Coupons denominated in the Specified Currency in such manner as the Agent may specify and as shall be notified to the Noteholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Notes;
- (e) after the Redenomination Date, all payments in respect of the Notes, the Receipts and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in Euro as though references in the Notes to the Specified Currency were to

Euro. Payments will be made in Euro by credit or transfer to a Euro account (or any other account to which Euro may be credited or transferred) specified by the payee or, at the option of the payee, by a Euro cheque;

- (f) if the Notes are Fixed Rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date, it will be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention;
- (g) if the Notes are Floating Rate Notes, the applicable Final Terms will specify any relevant changes to the provisions relating to interest; and
- (h) such other changes shall be made to this Condition as the Issuer may decide, after consultation with the Agent, and as may be specified in the notice, to conform it to conventions then applicable to instruments denominated in Euro.

## 5.2 *Definitions*

In the Conditions, the following expressions have the following meanings:

“Established Rate” means the rate for the conversion of the Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Community regulations) into Euro established by the Council of the European Union pursuant to Article 123 of the Treaty;

“Euro” means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty;

“Redenomination Date” means (in the case of interest bearing Notes) any date for payment of interest under the Notes or (in the case of Zero Coupon Notes) any date, in each case specified by the Issuer in the notice given to the Noteholders pursuant to Condition 5.1 (*Redenomination – Redenomination*) above and which falls on or after the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union; and

“Treaty” means the Treaty establishing the European Community, as amended.

## 6. **INTEREST**

### 6.1 *Interest on Fixed Rate Notes*

Each Fixed Rate Note bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to the Maturity Date.

The amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon

Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in the Conditions, “Fixed Interest Period” means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If interest is required to be calculated for a period other than a Fixed Interest Period, such interest shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resulting figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

“Day Count Fraction” means, in respect of the calculation of an amount of interest in accordance with this Condition 6.1:

- (a) if “Actual/Actual (ICMA)” is specified in the applicable Final Terms:
  - (i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the “Accrual Period”) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Periods normally ending in any year (as specified in the applicable Final Terms); or
  - (ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
    - (A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins 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) the number of days in such Accrual Period falling in the next Determination 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 “30/360” is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with twelve 30-day months) divided by 360.

In the Conditions:

“Determination Period” means each period from (and including) a Determination Date (as specified in the applicable Final Terms) to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date);

“Determination Date” means the date(s) specified as such in the relevant Final Terms or, if none is so specified, the Interest Payment Date(s); and

“sub-unit” means, with respect to any currency other than Euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to Euro, one cent.

## **6.2 Interest on Floating Rate Notes**

### **(a) Interest Payment Dates**

Each Floating Rate Note bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an “Interest Payment Date”) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in the Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (A) in any case where Specified Periods are specified in accordance with Condition 6.2 (Interest – Interest on Floating Rate Notes– (a)(ii)) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply mutatis mutandis or (b) in the case of (y) above, shall be postponed to the next day which is a

Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or

- (B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In the Conditions, “Business Day” means a day which is both:

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and any Additional Business Centre specified in the applicable Final Terms, and in the case of Notes in definitive form only, where they are also so open, in the relevant place of presentation; and
- (B) either (i) in relation to any sum payable in a Specified Currency other than Euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (ii) in relation to any sum payable in Euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the TARGET2 System) is open.

**(b) Rate of Interest**

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined either according to ISDA Determination or Screen Rate Determination, as specified in the applicable Final Terms.

(i) ISDA Determination

- (A) Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (i), “ISDA Rate” for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the “ISDA Definitions”) and under which:
- (B) the Floating Rate Option is as specified in the applicable Final Terms;
- (C) the Designated Maturity is a period specified in the applicable Final Terms; and
- (D) the relevant Reset Date is either (a) if the applicable Floating Rate Option is based on the London interbank offered rate (“LIBOR”) or on the Euro-zone interbank offered rate (“EURIBOR”), the first day of that Interest Period or (b) in any other case, as specified in the applicable Final Terms.

For the purposes of this subparagraph (i), “Floating Rate”, “Calculation Agent”, “Floating Rate Option”, “Designated Maturity” and “Reset Date” have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

If the specified ISDA Rate is not available, the applicable interest rate will be determined according to the fallback rules of the relevant Floating Rate Option under the ISDA Definitions.

(ii) Screen Rate Determination

Under Screen Rate Determination, the Reference Rate is either:

- (A) LIBOR;
- (B) EURIBOR; or
- (C) where for any currency in which notes may be issued under the Programme the main reference rate used in the main markets for raising financing in that currency is neither LIBOR nor

EURIBOR, then such other rate set out in the ISDA Definitions that is used in such markets,

as specified in the applicable Final Terms.

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

- (A) the offered quotation; or
- (B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

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

If the Relevant Screen Page is not available or if, in the case of subclause 6.2(b)(ii)(A), no offered quotation appears or, in the case of subclause 6.2(b)(ii)(B), fewer than three offered quotations appear, in each case as at the Specified Time, the Agent shall request each of the Reference Banks to provide the Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Agent with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or



the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Agent with offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Agent it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

**(c) Minimum Rate of Interest and/or Maximum Rate of Interest**

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

**(d) Determination of Rate of Interest and Calculation of Interest Amounts**

The Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Agent will calculate the amount of interest (the “Interest Amount”) payable on the Floating Rate Notes in respect of each Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 6.2:

- (i) if “Actual/ Actual” or “Actual/Actual (ISDA)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
  - (ii) if “Actual/365 (Fixed)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
  - (iii) if “Actual/365 (Sterling)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
  - (iv) if “Actual/360” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
  - (v) if “30/360”, “360/360” or “Bond Basis” is specified in the applicable Final Terms, the number of days in the Interest 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 (I) the last day of the Interest Period is the 31st day of a month but the first day of the Interest 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 (II) the last day of the Interest 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 “30E/360” or “Eurobond Basis” is specified in the applicable Final Terms, the number of days in the Interest 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, without regard to the date of the first day or last day of the Interest Period unless, in the case of the final Interest Period, the Maturity Date 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).
- (e) Notification of Rate of Interest and Interest Amounts

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, and any stock exchange on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 16 (*Notices*) as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 16 (*Notices*). For the purposes of this paragraph, the expression “London Business Day” means a day (other than a Saturday

or a Sunday) on which banks and foreign exchange markets are open for general business in London.

**(f) Certificates to be Final**

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6.2 (*Interest – Interest on Floating Rate Notes*), whether by the Agent or, if applicable, the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error or proven error) be binding on the Issuer, the Agent, the Calculation Agent (if applicable), the other Paying Agents and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Noteholders, the Receiptholders or the Couponholders shall attach to the Agent or, if applicable, the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

**6.3 *Accrual of Interest***

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (i) the date on which all amounts due in respect of such Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Agent or the Registrar, as the case may be, and notice to that effect has been given to the Noteholders in accordance with Condition 16 (Notices).

**7. PAYMENTS**

**7.1 *Method of Payment***

Subject as provided below:

- (i) payments in a Specified Currency other than Euro will be made by credit or transfer to an account in the relevant Specified Currency (which, in the case of a payment in Japanese Yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and
- (ii) payments in Euro will be made by credit or transfer to a Euro account (or any other account to which Euro may be credited or transferred) specified by the payee or, at the option of the payee, by a Euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 10 (*Taxation*).

## **7.2 *Presentation of Definitive Bearer Notes, Receipts and Coupons***

Payments of principal in respect of definitive Bearer Notes will (subject as provided below) be made in the manner provided in Condition 7.1 (*Payments – Method of Payment*) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Bearer Notes, and payments of interest in respect of definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Payments of instalments of principal (if any) in respect of definitive Bearer Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in Condition 7.1 (*Payments – Method of Payment*) above against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in Condition 7.1 (*Payments – Method of Payment*) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Bearer Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the definitive Bearer Note to which it appertains. Receipts presented without the definitive Bearer Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Bearer Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive bearer form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 10 (*Taxation*)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 11 (*Prescription*)) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note or Long Maturity Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A “Long Maturity Note” is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

### **7.3 *Payments in Respect of Bearer Global Notes***

Payments of principal and interest (if any) in respect of Notes represented by any Global Note in bearer form will (subject as provided below) be made in the manner specified above in relation to definitive Bearer Notes and otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of any Global Note in bearer form, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the Paying Agent to which it was presented and such record shall be prima facie evidence that the payment in question has been made.

### **7.4 *Payments in Respect of Registered Notes***

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the “Register”) at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. Notwithstanding the previous sentence, if (i) a holder does not have a Designated Account or (ii) the principal amount of the Notes held by a holder is less than U.S.\$250,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, “Designated Account” means the account (which, in the case of a payment in Japanese Yen to a non-resident of Japan, shall be a non-resident account) maintained by the holder with a Designated Bank and identified as such in the Register and “Designated Bank” means (in the case of payment in a Specified Currency other than Euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is

Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively) and (in the case of a payment in Euro) any bank which processes payments in Euro.

Payments of interest and payments of instalments of principal (other than the final instalment) in respect of each Registered Note (whether or not in global form) will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Registered Note appearing in the Register at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the "Record Date") at his address shown in the Register on the Record Date and at his risk. Upon application of the holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest in respect of a Registered Note, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) and instalments of principal (other than the final instalment) in respect of the Registered Notes which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Note on redemption and the final instalment of principal will be made in the same manner as payment of the principal amount of such Registered Note.

Holders of Registered Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Note as a result of a cheque posted in accordance with this Condition 7.4 arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Notes.

All amounts payable to DTC or its nominee as registered holder of a Registered Global Note in respect of Notes denominated in a Specified Currency other than U.S. dollars shall be paid by transfer by the Registrar to an account in the relevant Specified Currency of the Exchange Agent on behalf of DTC or its nominee for conversion into and payment in U.S. dollars in accordance with the provisions of the Agency Agreement.

None of the Issuer, or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

## **7.5 *General Provisions Applicable to payments***

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg or DTC as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or

Clearstream, Luxembourg or DTC, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;
- (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax or other consequences to the Issuer.

## **7.6 *Payment Day***

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, Payment Day means any day which (subject to Condition 11 (*Prescription*)) is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (A) in the case of Notes in definitive form only, the relevant place of presentation;
  - (B) in London and any Additional Financial Centre specified in the applicable Final Terms; and
- (ii) either (A) in relation to any sum payable in a Specified Currency other than Euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (B) in relation to any sum payable in Euro, a day on which the TARGET2 System is open; and
- (iii) in the case of any payment in respect of a Registered Global Note denominated in a Specified Currency other than U.S. dollars and registered in

the name of DTC or its nominee and in respect of which an accountholder of DTC (with an interest in such Registered Global Note) has elected to receive any part of such payment in U.S. dollars, a day on which commercial banks are not authorised or required by law or regulation to be closed in New York City.

## **7.7 Interpretation of Principal and Interest**

Any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 10 (*Taxation*);
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) in relation to Notes redeemable in instalments, the Instalment Amounts;
- (vi) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 8.5 (*Redemption and Purchase – Early Redemption Amounts*)), and
- (vii) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 10 (*Taxation*).

## **8. REDEMPTION AND PURCHASE**

### **8.1 Redemption at Maturity**

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at par (“Final Redemption Amount”) in the relevant Specified Currency on the Maturity Date.

### **8.2 Redemption for Tax Reasons**

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if the Notes are Fixed Rate Notes or Zero Coupon Notes) or on any Interest Payment Date (if the Notes are Floating Rate Notes) (the “Early Redemption Date”), on giving not less than 30 nor more than 60 days’ notice to the Agent and, in accordance with Condition 16 (*Notices*), the Noteholders (which notice shall be irrevocable), if:

- (i) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 10 (*Taxation*) as a result of any change in, or amendment to, the



laws or regulations of a Tax Jurisdiction (as defined in Condition 10 (*Taxation*)) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and

- (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Agent a certificate signed by the Finance Director of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right 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.

Notes redeemed pursuant to this Condition 8.2 (*Redemption and Purchase – Redemption for Tax Reasons*) will be redeemed at their Early Redemption Amount referred to in Condition 8.5 (*Redemptions and Purchase – Early Redemption Amounts*).

### **8.3 *Redemption at the Option of the Issuer (Issuer Call)***

If Issuer Call is specified in the applicable Final Terms, the Issuer may, having given:

- (i) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 16 (*Notices*); and
- (ii) not less than 15 days before the giving of the notice referred to in (a) above, notice to the Agent and, in the case of a redemption of Registered Notes, the Registrar;

(which notices shall be irrevocable and shall specify the date fixed for redemption) redeem all or some only of the Notes then outstanding on any optional redemption date (the “**Optional Redemption Date**”), as specified in the applicable Final Terms, and at the Optional Redemption Amount(s) calculated in accordance with Condition 8.6. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed (“Redeemed Notes”) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg and/or DTC, as applicable, in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the “Selection Date”). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be

published in accordance with Condition 16 (*Notices*) not less than 15 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Notes represented by definitive Notes shall bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of definitive Notes outstanding bears to the aggregate nominal amount of the Notes outstanding, in each case on the Selection Date, provided that such first mentioned nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination, and the aggregate nominal amount of Redeemed Notes represented by a Global Note shall be equal to the balance of the Redeemed Notes. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 8.3 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 16 (*Notices*) at least five days prior to the Selection Date.

#### **8.4 *Redemption at the Option of the Noteholders (Investor Put)***

If Investor Put is specified in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 16 (*Notices*) not less than 15 nor more than 30 days' notice, the Issuer will, upon the expiry of such notice, redeem such Note on the Optional Redemption Date, as specified in the applicable Final Terms, and at the Optional Redemption Amount calculated in accordance with Condition 8.6. Registered Notes may only be redeemed under this Condition 8.4 in any multiple of their lowest Specified Denomination.

To exercise the right to require redemption of the Notes the holder of the Notes must deliver, at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (a "Put Notice") and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition 8.4 and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2(b) (*Transfers of Registered Notes – Transfers of Registered Notes in Definitive Form*). If the Notes are in definitive form, the Put Notice must be accompanied by the Notes or evidence satisfactory to the Paying Agent concerned that the Notes will, following delivery of the Put Notice, be held to its order or under its control.

Any Put Notice given by a holder of any Note pursuant to this paragraph shall be irrevocable except where, prior to the due date of redemption, an Event of Default shall have occurred and be continuing, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this paragraph and instead to declare such Note forthwith due and payable pursuant to Condition 12 (*Events of Default*).

#### **8.5 *Early Redemption Amounts***

For the purpose of Condition 8.2 (*Redemption and Purchase – Redemption for Tax Reasons*) above and Condition 12 (*Events of Default*), each Note will be redeemed at its Early Redemption Amount as follows:

- (i) in case of Fixed Rate Notes or Floating Rate Notes, at par together with interest unpaid and accrued to (but excluding) the Early Redemption Date; or
- (ii) in the case of a Zero Coupon Note, at an amount (the “Amortised Face Amount”) calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

RP means the Reference Price;

AY means the Accrual Yield expressed as a decimal; and

<sup>y</sup> is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360.

## 8.6 *Optional Redemption Amounts*

For the purpose of Condition 8.3 (*Redemption at the Option of the Issuer (Issuer Call)*), each Fixed Rate Note and Floating Rate Note will be redeemed at its Optional Redemption Amount, as specified in the applicable Final Terms, calculated as follows:

- (i) at par together with interest unpaid and accrued to (but excluding) the relevant Optional Redemption Date; or
- (ii) at the make-whole amount (the “**Make-whole Amount**”) corresponding to the outstanding principal amount of the Notes and the Make-whole Premium (as defined below) together with interest unpaid and accrued to (but excluding) the relevant Optional Redemption Date.

The Make-whole Premium is the value of all required interest payments that would otherwise be due to be paid on the Notes during the period between the Optional Redemption Date and the Maturity Date, excluding accrued but unpaid interest at the Optional Redemption Date, calculated using a discount rate equal to the sum of the applicable redemption margin (the “**Redemption Margin**”), as specified in the applicable Final Terms, and the yield to maturity of the applicable Reference Bond quoted on the Quotation Date.

The Reference Bond will be a government bond commonly used as a point of reference in the relevant bond market with a maturity mostly nearly equal to the remaining life of the Notes that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of

denominated corporate debt securities in a principal amount approximately equal to the then outstanding principal amount of the relevant Notes, as selected by a reputable financial institution selected by the Issuer (the “**Reference Dealer**”), named in the applicable Final Terms.

The Quotation Date for quoting the applicable yield of the Reference Bond will be the third day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for business generally in London preceding the Optional Redemption Date.

For the purpose of Condition 8.4 (*Redemption at the Option of the Noteholders (Investor Put)*), each Fixed Rate Note and Floating Rate Note will be redeemed at par together with interest unpaid and accrued to (but excluding) the relevant Optional Redemption Date.

Each Zero Coupon Note will be redeemed at the Amortised Face Amount pursuant to Condition 8.5.

### **8.7 Purchases**

The Issuer may at any time purchase Notes (provided that, in the case of definitive Bearer Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise subject to the applicable laws and/or regulations. All Notes so purchased may be held and resold in accordance with Articles L.213-1-A and D.213-1-A of the French *Code monétaire et financier* for the purpose of enhancing the liquidity of the Notes, or cancelled.

### **8.8 Cancellation**

All Notes which are redeemed or purchased for cancellation by or on behalf of the Issuer will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled or, where applicable, transferred or surrendered for cancellation (together with all unmatured Receipts, Coupons and Talons cancelled, transferred or surrendered therewith) shall be forwarded to the Agent and cannot be reissued or resold.

#### ***Late payment on Zero Coupon Notes***

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 8.1, 8.2, 8.3 or 8.4 above or upon its becoming due and repayable as provided in Condition 12 (*Events of Default*) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 9.5(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and

- (ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Agent or the Registrar and notice to that effect has been given to the Noteholders in accordance with Condition 16 (*Notices*).

## 9. CHANGE OF CONTROL

If at any time while any Note remains outstanding there occurs (i) a Change of Control and within the Change of Control Period (if, at the start of the Change of Control Period the Notes are rated by any Rating Agency) a Rating Downgrade in respect of that Change of Control occurs; or (ii) a Change of Control (if at such time the Notes are not rated) (in either case, a “Put Event”), the holder of each Note will have the option (the “Put Option”) (unless, prior to the giving of the Put Event Notice (as defined below), the Issuer gives notice of its intention to redeem the Notes under Condition 8.2 (*Redemption and Purchase – Redemption for Tax Reasons*)) to require the Issuer to redeem or, at the Issuer’s option, to purchase or procure the purchase of that Note on the Change of Control Redemption Date (as defined below) at par together with (or, where purchased, together with an amount equal to) accrued interest to but excluding the Change of Control Redemption Date. A “Change of Control” shall be deemed to have occurred at each time (whether or not approved by the Board of Directors of the Issuer) that any person or persons acting in concert or any person or persons acting on behalf of any such person(s) (the “Relevant Person(s)”), at any time directly or indirectly come(s) to own or acquire(s) (A) more than 50% of the voting rights normally exercisable at a general meeting of the Issuer; or (B) otherwise the ability to determine in fact through voting rights held (directly or indirectly) by such Relevant Person(s) the decisions taken at ordinary or extraordinary general meetings of the Issuer.

“Change of Control Period” means the period commencing on the date that is the earlier of (1) the date of the first public announcement of the relevant Change of Control and (2) the date of the earliest Potential Change of Control Announcement (if any) and ending on the date which is 180 days after the date of the first public announcement of the relevant Change of Control (the “Initial Longstop Date”) provided that, unless any other Rating Agency has on or prior to the Initial Longstop Date effected a Rating Downgrade in respect of its rating of the Notes, if a Rating Agency publicly announces at any time on or after the date which is 60 days prior to the Initial Longstop Date up to and including the Initial Longstop Date that it has placed its rating of the Notes under consideration for rating review, the Change of Control Period shall be extended to the date which falls 60 days after the date of such public rating review consideration announcement;

“Rating Agency” means any of the following: (a) Standard & Poor’s Rating Services, a division of The McGraw-Hill Companies, Inc.; (b) Moody’s Investor Services; (c) any other rating agency of equivalent international standing specified from time to time by the Issuer – and, in each case, their respective successors or affiliates.

A “Rating Downgrade” shall be deemed to have occurred in respect of a Change of Control if within the Change of Control Period the rating previously assigned to the Notes by any Rating Agency is (x) withdrawn or (y) changed from an investment grade rating (BBB-/Baa3, or their respective equivalents for the time being, or better) to a non-investment grade rating (BB=/Ba1, or their respective equivalents for the time being, or worse) or (z) if the rating previously assigned to the Notes by any Rating Agency was below an investment grade rating (as described above), lowered by at least one full rating notch (for example, from BB+ to BB

or their respective equivalents), provided that a Rating Downgrade otherwise arising by virtue of a particular change in rating shall be deemed not to have occurred in respect of a particular Change of Control if the Rating Agency making the change in rating does not publicly announce or publicly confirm that the reduction was the result, in whole or part, of any event or circumstance comprised in or arising as a result of, or in respect of, the applicable Change of Control.

“Potential Change of Control Announcement” means that any public announcement or statement by the Issuer, any actual or potential bidder or any designated advisor thereto relating to any specific and near-term potential Change of Control (whereby “near-term” shall mean that such potential Change of Control is reasonably likely to occur, or is publicly stated by the Issuer, the actual or potential bidder or any such designated advisor to be intended to occur, within twelve months of the date of such announcement or statement).

Promptly upon the Issuer becoming aware that a Put Event has occurred, the Issuer shall give notice (a “Put Event Notice”) to the Noteholders in accordance with Condition 16 (*Notices*) specifying the nature of the Put Event and the circumstances giving rise to it and the procedure for exercising the Put Option contained in this Condition 9.

To exercise the Put Option to require redemption or, as the case may be, purchase of a Note under this Condition 9, the holder of that Note must transfer or cause to be transferred by its Account Holder its Notes to be so redeemed or purchased to the account of the Agent specified in the Put Option Notice for the account of the Issuer within the period (the “Put Period”) of 45 days after the Put Event Notice is given together with a duly signed and completed notice of exercise in the form (for the time being currently and in the form substantially set out in the Agency Agreement) obtainable from the specified office of any Paying Agent (a “Put Option Notice”) and in which the holder shall specify a bank account to which payment is to be made under this Condition 9.

The Issuer shall redeem or at the option of the Issuer purchase or procure the purchase of the Notes in respect of which the Put Option has been validly exercised as provided above, and subject to the transfer of such Notes to the account of the Paying Agent for the account of the Issuer as described above on the date which is the fifth Business Day following the end of the Put Period (the “Change of Control Redemption Date”). The provisions of the second paragraph of Condition 7.1 (*Payments – Method of Payment*) shall apply, mutatis mutandis, to such payments.

For the avoidance of doubt, the Issuer shall have no responsibility for any costs or loss of whatever kind (including breakage costs) which the Noteholder may incur as a result of or in connection with its exercise, or purported exercise, of, or otherwise in connection with, any Put Option – whether upon the occasion of any purchase or redemption arising therefrom or otherwise.

## **10. TAXATION**

- (a) All payments in respect of the Notes and any related Receipts and Coupons shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges imposed or levied by or on behalf of the Republic of France, or any authority therein or thereof, having the power to tax, unless the withholding or deduction of such taxes is required by law.

- (b) Additional Amounts – If French law should require that payments of principal or interest in respect of any Note, Receipt or Coupon be subject to withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of the Republic of France or any authority therein or thereof having the power to tax the Issuer will, to the fullest extent then permitted by law, pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon, as the case may be:
- (i) to, or to a third party on behalf of, a holder who is liable for such taxes or duties 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 such Note, Receipt or Coupon; or
  - (ii) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 7.6 (*Payments – Payment Day*)); or
  - (iii) where such withholding or deduction is imposed on a payment to an individual or to an entity as set out in Article 4(2) of the European Council Directive 2003/48/EC and is required to be made pursuant to such Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any subsequent meeting of the ECOFIN council on the taxation of savings income, or any law implementing or complying with, or introduced in order to conform to, such Directives;
  - (iv) presented for payment by or on behalf of a holder who would have been 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) if the Notes do not benefit from the ruling (*rescrit*) 2010/11 (FP and FE) of the French tax authorities dated 22 February 2010, when such withholding or deduction is required to be made pursuant to Articles 125 A III, 119 *bis*-2 or 238 A of the *Code Général des Impôts* by reason of that interest, Receipt or Coupon being (x) paid to an account opened in a financial institution located in, or (y) paid or accrued to a person established or domiciled in, a non-cooperative State or territory (*Etat ou territoire non-coopératif*) as defined in Article 238-0 A of the same code.

As used herein, the Relevant Date means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent or the Registrar, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 16 (*Notices*):.

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

## **11. PRESCRIPTION**

The Notes (whether in bearer or registered form), Receipts and Coupons will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 10 (*Taxation*)) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition 11 or Condition 7.2 (*Payments – Presentation of Definitive Bearer Notes, Receipts and Coupons*) or any Talon which would be void pursuant to Condition 7.2 (*Payments – Presentation of Definitive Bearer Notes, Receipts and Coupons*).

## **12. EVENTS OF DEFAULT**

### **12.1 *Events of Default***

An Event of Default with respect to any Note shall mean any one or more of the following:

- (i) a default in the timely payment of the principal of (including premium, if any) any Note of the Series of which such Note is a part when due (whether at maturity, upon redemption or otherwise); or
- (ii) if default is made for a period of 15 days or more in the payment of any interest due in respect of any Note of the Series of which such Note is a part; or
- (iii) if the Issuer fails to perform or observe any of its other material obligations under the Agency Agreement or under the Notes of the Series of which such Note is a part and such failure continues for the period of 30 days after the date on which written notice of such failure requiring the same to be remedied shall have been given to the Issuer by the Holders of at least 25% in principal amount of the Outstanding (as defined under “*Meetings of Noteholders*,”



*Modifications, Waivers and Substitution*” below) Notes of the Series of which such Note is a part at the time; or

- (iv) if the Issuer or any Principal Subsidiary defaults in the payment, when and as the same shall become due and payable, of the principal or interest on any of its obligations, or in making any payment due under any guarantee and/or indemnity given by it in relation to obligations, in each case, in respect of borrowed monies where the amount of the default, individually or aggregated with defaults then outstanding, is in excess of €50 million (or its equivalent in any other currency or composite currency) if such default shall continue for more than the period of grace, if any, applicable thereto or if any such obligations in respect of borrowed monies of or assumed by the Issuer or such Principal Subsidiary (and of like amount) shall have become repayable before the due date thereof as a result of acceleration of maturity by reason of the occurrence of an event of default thereunder; or
- (v) if the Issuer or any Principal Subsidiary (i) shall commence any case or proceeding seeking to have an order for relief entered on its behalf as debtor in a bankruptcy, insolvency, reorganisation, liquidation, dissolution, arrangement, composition, readjustment of debt or similar proceeding or to adjudicate it as bankrupt or insolvent or seeking reorganisation, liquidation, dissolution, winding up, arrangement, composition or readjustment of its debts or any other relief under any bankruptcy, insolvency, reorganisation, liquidation, dissolution, arrangement, composition, readjustment of debt or other similar act or law of any jurisdiction, domestic or foreign, now or hereafter existing; or (ii) shall apply for a receiver, custodian or trustee of it or for all or a substantial part of its property; or (iii) shall make a general assignment for the benefit of creditors; or (iv) shall be unable to, or shall admit in writing its inability to, pay its debts as they become due; or (v) shall take any corporate action in furtherance of any of the foregoing; or
- (vi) any case or proceeding against the Issuer or any Principal Subsidiary shall be commenced seeking to have an order for relief entered against it in a bankruptcy, insolvency, reorganisation, liquidation, dissolution, arrangement, composition, readjustment of debt or similar proceeding or to adjudicate it as a bankrupt or insolvent or seeking reorganisation, liquidation, dissolution, winding-up, arrangement, composition or readjustment of its debts or any relief under any bankruptcy, insolvency, reorganisation, liquidation, dissolution, arrangement, composition, readjustment of debt or other similar act or law of any jurisdiction, domestic or foreign, now or hereafter existing; or a receiver, custodian or trustee of the Issuer or any Principal Subsidiary or for all or a substantial part of its property shall be appointed in any such case or proceeding; and such case or proceeding (i) results in the entry of an order for relief or a similar order against it or (ii) shall continue unstayed and in effect for a period of 90 consecutive days.

## **12.2 Definitions**

As used above, the following terms shall have the following meanings:

- (i) “Principal Subsidiary” means a Consolidated Subsidiary (as defined herein) of the Issuer the value of the Net Equity of which exceeds 5% of the Total Net Equity of the Issuer, or the Net Sales of which exceeds 5% of the Consolidated Net Sales of the Issuer.
- (ii) “Total Net Equity” and “Consolidated Net Sales”, as determined at any time in respect of any person, mean respectively, the amount set forth as “Total Equity” or as “Net Sales”, as the case may be, in the most recent audited consolidated financial statements of such person and its Consolidated Subsidiaries.
- (iii) “Net Equity” of any Subsidiary, as determined at any time, means that amount set forth in the financial statements of such Subsidiary as total net equity, as of the date of the most recent audited consolidated financial statements of the Issuer and its Consolidated Subsidiaries.
- (iv) “Net Sales” of any Subsidiary, as determined at any time, means that amount set forth in the financial statements for such Subsidiary as “Net Sales” for the period corresponding to the period to which the most recent audited consolidated financial statements of the Issuer and its Consolidated Subsidiaries relate.

If an Event of Default with respect to a Note shall have occurred and be continuing, then the Holder of such Note may exercise any right, power or remedy permitted to it by law, and shall have, in particular, without limiting the generality of the foregoing, the right to declare the entire principal of (including premium, if any), and all interest accrued, if any, on such Note to be, and such Note shall thereupon become, forthwith due and payable, without any presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived.

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

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Agent (in the case of Bearer Notes, Receipts or Coupons) or the Registrar (in the case of Registered Notes) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

### **14. AGENTS**

The names of the initial Agents and their initial specified offices are set out below.

The Issuer is entitled to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, provided that;

- (i) there will at all times be an Agent and a Registrar;
- (ii) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent (in the case of Bearer Notes) and a Transfer Agent (in the case of Registered Notes)

with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or any other relevant authority;

- (iii) so long as any of the Registered Global Notes payable in a Specified Currency other than U.S. dollars are held through DTC or its nominee, there will at all times be an Exchange Agent with a specified office in New York City; and
- (iv) the Issuer undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; and
- (v) there will at all times be a Paying Agent in a jurisdiction within continental Europe, other than the jurisdiction in which the Issuer is incorporated.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 7.5 (*Payments – General Provisions Applicable to Payments*). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 16 (*Notices*).

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholders, Receiptholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

## **15. EXCHANGE OF TALONS**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 11 (*Prescription*).

## **16. NOTICES**

All notices regarding the Bearer Notes will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in London. It is expected that such publication will be made in the *Financial Times* in London. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Bearer Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

All notices regarding the Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Registered Notes are listed on a stock exchange and the rules of that stock exchange (or any other relevant authority) so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, and/or DTC be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or DTC for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the second day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg and/or DTC.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Agent or the Registrar through Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, in such manner as the Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg, and/or DTC as the case may be, may approve for this purpose.

## **17. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION**

As the Notes are being issued outside of the Republic of France within the meaning of Article L.228-90 of the French *Code de commerce*, the provisions of the French *Code de commerce* relating to the *masse* will not apply to the Holders of the Notes.

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Receipts, the Coupons or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer and shall be convened by the Issuer if required in writing by Noteholders holding not less than 25% in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50% in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, the Receipts or the Coupons (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes, the Receipts or the Coupons), the quorum shall be one or more persons holding or

representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

The Agent and the Issuer may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to:

- (i) any modification (except as mentioned above) of the Notes, the Receipts, the Coupons or the Agency Agreement which is not prejudicial to the interests of the Noteholders; or
- (ii) any modification of the Notes, the Receipts, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of the law.

Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 16 (*Notices*) as soon as practicable thereafter.

## **18. FURTHER ISSUES**

The Issuer shall be at liberty from time to time without the consent of the Noteholders, the Receiptholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes. For the purpose of French law, such further notes shall be assimilated (“*assimilables*”) to the Notes as regards their financial service.

## **19. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

## **20. GOVERNING LAW AND SUBMISSION TO JURISDICTION**

### **20.1 *Governing Law***

The Agency Agreement, the Deed of Covenant, the Deed Poll, the Notes, the Receipts and the Coupons and any non-contractual obligation arising out of or in connection with the Agency Agreement, the Deed of Covenant, the Deed Poll, the Notes, the Receipts and the Coupons are governed by, and shall be construed in accordance with, English law.

### **20.2 *Submission to Jurisdiction***

The Issuer irrevocably agrees, for the benefit of the Noteholders, the Receiptholders and the Couponholders, that the courts of England are to have exclusive jurisdiction to

settle any disputes which may arise out of or in connection with the Notes, the Receipts and/or the Coupons and accordingly submit to the exclusive jurisdiction of the English courts.

The Issuer waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. The Noteholders, the Receiptholders and the Couponholders, may take any suit, action or proceedings (together referred to as "Proceedings") arising out of or in connection with the Notes, the Receipts and the Coupons, against the Issuer in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

### **20.3 *Appointment of Process Agent***

The Issuer appoints Saint-Gobain Limited at its registered office at Saint-Gobain House, Binley Business Park, Coventry, CV3 2TT as its agent for service of process, and undertakes that, in the event of Saint-Gobain Limited ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

### **20.4 *Waiver of Immunity***

The Issuer hereby irrevocably and unconditionally waives with respect to the Notes, the Receipts and the Coupons any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence and irrevocably and unconditionally consents to the giving of any relief or the issue of any process, including without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings.

### **20.5 *Other Documents***

The Issuer has in the Agency Agreement, the Deed of Covenant and the Deed Poll submitted to the jurisdiction of the English courts and appointed an agent for service of process in terms substantially similar to those set out above.

## NOTES IN GLOBAL FORM

The Notes of each Series will be either in bearer form, with or without interest coupons attached, or in registered form, without interest coupons attached. Bearer Notes will be sold by Dealers outside the United States in reliance on Regulation S under the Securities Act (“Regulation S”) and Registered Notes will be sold by Dealers both outside the United States in reliance on the exemption from registration provided by Regulation S and within the United States in reliance on Rule 144A or another exemption under the Securities Act, for offers and sales that do not involve a public offering.

### **Bearer Notes**

#### ***Issue***

Each Tranche of Bearer Notes will be in bearer form and will be initially issued in the form of a temporary bearer global note (a “Temporary Bearer Global Note”) or, if so specified in the applicable Final Terms, a permanent Global Note (a “Permanent Bearer Global Note”) which, in either case, will be delivered on or prior to the original issue date of the Tranche to a common depository (the “Common Depository”) for, Euroclear Bank S.A./ N.V. as operator of the Euroclear System (“Euroclear”) and Clearstream Banking, société anonyme (“Clearstream, Luxembourg”). Whilst any Note is represented by a Temporary Bearer Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Bearer Global Note only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Agent.

#### ***Exchange***

On and after the date (the Exchange Date) which is 40 days after a Temporary Bearer Global Note is issued, interests in such Temporary Bearer Global Note will be exchangeable (free of charge) upon a request as described therein either for (a) interests in a Permanent Global Note of the same Series or (b) for definitive Bearer Notes of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of definitive Notes, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given, provided that purchasers in the United States and certain other United States persons will not be able to receive definitive Bearer Notes. The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Note for an interest in a Permanent Bearer Global Note or for definitive Bearer Notes is improperly withheld or refused.

The applicable Final Terms will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, receipts, interest coupons and talons attached only upon the occurrence of an

Exchange Event. For these purposes, “Exchange Event” means that (i) an Event of Default (as defined in Condition 12 (*Events of Default*)) has occurred and is continuing, or (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available, or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by this global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 16 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) may give notice to the Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Agent.

### ***Transfers***

Notes which are represented by a Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

### ***Payments***

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Note will be made through Euroclear and/or Clearstream, Luxembourg against presentation or surrender (as the case may be) of the Permanent Bearer Global Note without any requirement for certification.

### **Registered Notes**

#### ***Issue***

The Registered Notes of each Tranche offered and sold in reliance on Regulation S, which will be sold to non-U.S. persons outside the United States, will initially be represented by a global note in registered form (a “Regulation S Global Note”). Prior to expiry of the distribution compliance period (as defined in Regulation S) applicable to each Tranche of Notes, beneficial interests in a Regulation S Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 2 (*Transfers of Registered Notes*) and may not be held otherwise than through Euroclear or Clearstream, Luxembourg and such Regulation S Global Note will bear a legend regarding such restrictions on transfer.

The Registered Notes of each Tranche may only be offered and sold in the United States or to U.S. persons in private transactions (i) to “qualified institutional buyers” within the meaning of Rule 144A under the Securities Act (“QIBs”) or (ii) to “accredited investors” (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act that are institutions (“Institutional Accredited Investors”) who agree to purchase the Notes for their own account and not with a view to the distribution thereof. The Registered Notes of each Tranche sold to QIBs and Institutional Accredited Investors will be represented by a global note in registered form (a “Rule 144A Global Note” and, together with a Regulation S Global Note, the “Registered Global Notes”)



Registered Global Notes will either (i) be deposited with a custodian for, and registered in the name of a nominee of, DTC for the accounts of its participants (including, Euroclear and Clearstream, Luxembourg, if relevant) or (ii) be deposited with a common depository for, and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg, as specified in the applicable Final Terms. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 7.4 (*Payments - Payments in Respect of Registered Notes*)) as the registered holder of the Registered Global Notes. None of the Issuer, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 7.4 (*Payments – Payments in Respect of Registered Notes*)) immediately preceding the due date for payment in the manner provided in that Condition.

### ***Exchange***

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, Exchange Event means that (i) an Event of Default has occurred and is continuing, (ii) in the case of Notes registered in the name of a nominee for DTC, either DTC has notified the Issuer that it is unwilling or unable to continue to act as depository for the Notes and no alternative clearing system is available or DTC has ceased to constitute a clearing agency registered under the Exchange Act, (iii) in the case of Notes registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg, the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available or (iv) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Registered Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 16 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, DTC, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Registered Global Note) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iv) above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

### ***Transfers***

Interests in a Registered Global Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Note or in the form of a Definitive IAI Registered Note and Definitive IAI Registered Notes may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such Notes in the form of an interest in a Registered Global Note. No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of DTC, Euroclear and Clearstream, Luxembourg, in each case to the extent applicable. **Registered Notes are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions, see “Subscription and Sale and Transfer and Selling Restrictions”.**

### ***Payments***

Payments of principal, interest (if any) or any other amounts on a Registered Global Note will be made through DTC, Euroclear and/or Clearstream, Luxembourg, following which payment will be made to the registered holder.

### ***General***

Pursuant to the Agency Agreement (as defined under “*Terms and Conditions of the Notes*”), the Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN and, where applicable, a CUSIP and CINS number which are different from the common code, ISIN, CUSIP and CINS assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear and/or Clearstream, Luxembourg each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and its agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer and its agents as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions “Noteholder” and “holder of Notes” and related expressions shall be construed accordingly.

So long as DTC or its nominee is the registered owner or holder of a Registered Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Registered Global Note for all purposes under the Agency Agreement and such Notes except to the extent that in accordance with DTC’s published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants.

Any reference herein to Euroclear and/or Clearstream, Luxembourg and/or DTC shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 12 (*Events of Default*). In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Conditions and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then the Global Note will become void at 8.00 p.m. (London time) on such day. Holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg, and/or DTC as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear, Clearstream, Luxembourg and/or DTC as the case may be, on and subject to the terms of a deed of covenant (the “Deed of Covenant”) dated 20 July 2011 and executed by the Issuer. In addition, holders of interests in such Global Note credited to their accounts with DTC may require DTC to deliver Definitive Notes in registered form in exchange for their interest in such Global Note in accordance with DTC’s standard operating procedures.

## **USE OF PROCEEDS**

The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes.

## INFORMATION ABOUT THE ISSUER

Saint-Gobain was incorporated on 17 May 1907 under the laws of the Republic of France and is the parent company of the Saint-Gobain group of companies. Saint-Gobain is a French *société anonyme* governed by Articles L. 210-1 et seq, of the French Commercial Code, with its head office at Les Miroirs, 18, avenue d'Alsace, 92400 Courbevoie, France (telephone number: +33(0)1 47 62 30 00). It is registered with the Nanterre Trade and Companies Registry under no. 542039532 (activity code APE 741J), Siret number 54203953200040.

Saint-Gobain is listed on the *Euronext Paris of NYSE Euronext* and maintains a listing on other principal European stock exchanges, including the London Stock Exchange.

The Group is a global manufacturer of engineered materials with a high technological content and a provider of associated services. In the year to 31 December 2011 it had consolidated net sales of €42.1 billion, which placed it among the largest French industrial groups. The Group has significant international operations.

The financial year of the Issuer is from 1 January to 31 December. The Issuer's legal term will expire on 31 December 2040, unless the Issuer is dissolved prior to that date or an extension is obtained.

### Overview of the Business

#### *Business Sectors*

The Group has close to 350 years of experience in manufacturing. Its operations are organised around the following four principal sectors:

- the Innovative Materials sector (comprising Flat Glass and High Performance Materials)
- the Construction Products sector comprising
  - Internal Solutions (Gypsum, Insulation)
  - External Solutions (External Fittings, Industrial Mortars, Pipe)
- the Building Distribution sector
- the Packaging sector.

The Group is now to a significant extent focused on construction products and building distribution, which for 2011 represented over two thirds of the Group's total net sales.

*Percentage of Consolidated Net Sales and Consolidated Operating Income by Sector*

	Year ended 31 December			
	2011		2010	
	Operating Net Sales	Operating Income	Operating Net Sales	Operating Income
	(%)			
Innovative Materials .....	23	33	23	33
Packaging .....	9	13	9	14
Construction Products.....	27	32	27	34
Building Distribution.....	44	22	43	19
Internal .....	-3	0	-2	0
<b>Total</b> .....	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Total in €(millions)</b> .....	<b>42,116</b>	<b>3,441</b>	<b>40,119</b>	<b>3,117</b>

***Geographical Reach***

In line with its search for new growth in promising segments, the Group is continuing to expand in the emerging economies, where the habitat and construction markets offer substantial growth potential due to the rapid pace of urban development and exponentially rising infrastructure needs.

*Percentage of Consolidated Net Sales by Geographical Market*

Market	Year ended 31 December	Year ended 31 December
	2011	2010
	(%)	
France .....	28	28
Other western European countries.....	43	43
North America .....	13	14
Emerging countries and Asia.....	21	20
Internal.....	(5)	(5)
<b>Total</b> .....	<b>100</b>	<b>100</b>

***Segment information<sup>1</sup>***

**Innovative Materials**

*Flat Glass*

The Group's Flat Glass division makes, processes and sells glass and glazing products for two main markets: the building and automotive industries. Its three main business lines are flat glass manufacturing; processing and distribution of glass for the building industry; and production of automotive glass. The division also offers a large range of speciality products, which includes products for home appliances, fireproof glass, nuclear safety glass and glass for electronics.

Flat glass is manufactured in large industrial units known as float-glass lines, which produce everything from basic grades (in clear and coloured varieties) through to more sophisticated types with metallic oxide or other special coatings, for use in a wide range of applications, such as thermal insulation and solar control.

<sup>1</sup> Unless otherwise indicated, numbers state the data as of 31 December 2011.

The Flat Glass Activity has 36 float lines worldwide, including 8 operated with partners. Over a third of the glass produced by Saint-Gobain's Flat Glass plants is further processed before being sold, notably for the building and automotive industries. This market is served by a network of downstream processing and distribution businesses covering a huge spectrum of applications, from structural glazing and wall facings for major construction projects and urban amenities through to glazing products for industrial carpentry, furniture, bathroom fixtures and interior decoration. All of these applications have benefited from groundbreaking innovations, such as low-emission, electrochrome, electrically-controlled and shatterproof glass.

The Flat Glass division is also a manufacturer of automobile parts, supplying major European and global car manufacturers with windshields, rear windows, side windows, glass sunroofs and other ready-to-assemble modules. Automotive glazing parts are complex, sophisticated products, featuring advanced technologies in toughening, lamination, tinting, and special high-performance coatings. The pace of change in this field is fast-moving, to keep up with consumer expectations of ever-greater safety and comfort through increased visibility, insulation and soundproofing. In addition to automotive markets, the aeronautics and mass transit industries are another significant end-use market for the division's product expertise. Since 2008, the product offering has been enhanced with development of layered glass products and speciality products such as safety glass. The Flat Glass division has also sought to increase growth in the renewable energy segment. It is present across the solar value chain from the manufacture of special glass for photovoltaic modules, solar concentrator mirrors and photovoltaic modules, to the distribution and installation of complete photovoltaic systems.

The Flat Glass division has extended its international reach in recent years. Adding to its long standing presence in all of the major glazing markets in Western Europe, it has also made inroads into South America (Brazil, Argentina, Chile), as well as Eastern Europe, Mexico, Korea, and, more recently, China, India, Romania and Egypt. Sales offices have been set up in a number of countries, including Japan and the United States, in order to boost sales of flat glass products in these markets. 2011 saw a further increase in flat glass production in fast-growing markets, with the acquisition of a float line in India, the demothballing of two European float lines in Poland and Italy and adding production capacity in Asia, Morocco and Eastern Europe. At the end of 2011, Avancis in Germany inaugurated a new production line with an annual capacity of 100-megawatts that uses copper-indium-gallium-selenium (CIGS) technology, without any heavy metals. Another line is under construction in South Korea, in partnership with Hyundai Heavy Industries.

In 2011, the net sales in the Flat Glass division totalled €5.46 billion, an increase of 4.6% compared with 2010. Nippon Sheet Glass, Asahi, Guardian, P.P.G. and Şişecam, as well as various Chinese glassmakers, are the group's principal competitors in three of the Flat Glass division's four main business lines: flat glass manufacturing; processing and distribution of glass for the building industry; and production of automotive glass. Schott is the most significant competitor in specialty glass.

### *High-Performance Materials*

The High-Performance Materials division produces three main types of materials: mineral ceramics (through the Ceramic Materials, Grains & Powders, Crystals and Abrasives businesses), performance polymers (Performance Plastics) and glass fabrics for the construction and manufacturing industries (Saint-Gobain Adfors). In addition, High-

Performance Materials develops advanced know-how in technologies that cut across these businesses, to design innovative composites and use complementary material characteristics.

The High-Performance Materials division has a base with a network of specialised plants in 42 countries. In 2011, High-Performance Materials Activity increased capacity at certain plants in emerging markets (Brazil, China, India, Mexico) to meet growing local demand.

Four High-Performance Materials businesses deal with ceramic materials:

*Ceramic Materials:* The Grains and Powers business produces materials that are used for, *inter alia*, abrasives, refractories, ceramics and catalyst substrates for the petrochemicals industry. Competitors of the Plastics & Powders business include Carbo Ceramics and Imerys. The Refractories business produces materials and parts with special thermal and mechanical properties characteristic of both traditional and advanced ceramics (resistance to very high temperatures, abrasion and corrosion). Competitors of the refractories business include Asahi, Cookson Vesuvius and RHI. The Crystals division produces crystals, which are used in many modern technologies, including electroluminescent diodes (LEDs). Competitors of our crystals business include II-VI and Kyocera.

*Abrasives:* The Abrasives business's main product lines include:

- Bonded abrasives for roughing, grinding and sharpening of materials and tools in aerospace, automotive, metal processing, steel and bearings industries.
- Thin grinding wheels, in the form of disc-shaped bonded abrasives reinforced with fibreglass mesh.
- Coated abrasives, made of abrasive granules bonded onto a paper, cloth or synthetic backing.
- Superabrasive grinding wheels, and tools, combining a grinding surface made from diamond or cubic boron nitride with a resin or metal bonding system.
- Construction products for building materials industry, diamond saws and drills.

Other well-known businesses present in abrasives include Noritake, Tyrolit and 3M. Saint-Gobain has invested in new capacity and targeted acquisitions to keep up with the very rapid pace of abrasives market growth in Asia and South America. In 2011, two Argentinian companies – Abrasivos Argentinos S.A. and Dancan S.A. – were acquired at the end of the year and a new plant was built in China.

*Performance Plastics:* The Performance Plastics division comprises three units: Composites (films, foams and coated fabrics for construction and industry), Bearings and Seals (for automotive and aerospace industries) and Fluid Systems (for healthcare and electronics industries). In 2010, the division opened a production line in China that manufactures films and foams for the electronics and construction industries and in 2011 it continued to expand in the United States by acquiring Solar Gard, a company specialized in the development, manufacture and distribution of coated films for the habitat and construction market, the automotive market and various industrial applications. Competitors of the Performance Plastics business include 3M, Trelleborg, Entegris and Glacier Garlock.



*Saint-Gobain Adfors:* The Saint-Gobain Adfors division makes and sells glass strands and fabrics, chiefly for construction sector applications. It also markets a growing range of paintable glass fabrics, a simple, elegant interior decoration solution that has been further enhanced with acoustic correction capabilities. In 2010, the ADFORS business consolidated its presence in the US insect screening market by acquiring New York Wire's insect screen business for U.S.\$18.7 million. In 2011, Saint-Gobain Adfors actively pursued its product differentiation strategy. Competitors of the Saint-Gobain Adfors business include AGY, P.P.G. (United States) and Johns Manville (United States).

## **Packaging**

The Packaging sector has sales operations in 47 countries and manufacturing facilities in 14. The Group's Packaging sector produces glass bottles and jars mainly for wine, champagne and spirits bottles and food jars. The sector also operates in other segments of the food and beverages industry, including fruit juices, soft drinks, mineral waters, oils, baby food, instant food and drinks, dairy products and desserts.

To meet the diverse needs of both global and locally based clients, the Packaging sector operates bottle and jar manufacturing units in Europe (including France, Germany, Italy, Spain, Portugal), the United States, South America (Brazil, Argentina), Russia, Ukraine, and China. In 2011, the Packaging sector acquired an Algerian company Alver. This acquisition gave it a foothold in the South of the Mediterranean Basin, a market that offers strong potential for growth in beverage and food bottles and jars. During 2011, work began on the construction of a third glass furnace in Argentina, to keep pace with escalating demand for bottles in South America, and despite the crisis, the Packaging sector continued to invest in modernizing its production facilities and improving quality in both emerging and developed markets.

The Group's competitors in glass bottles and jars include Owens Illinois, Anchor Glass, Ardagh, Vetropack, Vidrala and Sisecam.

## **Construction Products**

The Construction Products sector is made up of the Interior Solutions and Exterior Solutions divisions. The sector offers a wide range of materials for applications in civil engineering and public works (pipe, road-works, utilities) and in construction, for new buildings and renovations (building materials and insulation). As well as catering for regional demand in Europe and the United States through its various business lines, the Construction Products sector also operates in global markets, with Saint-Gobain PAM, the world's leading supplier of ductile cast-iron pipes for water supply networks.<sup>2</sup>

### *Internal Solutions*

#### Gypsum

The Gypsum business's operations involve extracting and processing gypsum – an abundant mineral found in the earth's crust – into a wide range of plaster-based products used for construction and decoration.

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<sup>2</sup> Source: Saint-Gobain

The Gypsum business offers a comprehensive array of plaster-based solutions for partitions, wall coverings, ceilings and floors designed to satisfy their needs in terms of fire and damp resistance and thermal and acoustic insulation, as well as customer requirements for comfort and interior aesthetics.

The Gypsum business's aim is to become the preferred supplier for innovative and high-performance solutions for interior building and lightweight construction.

The business currently has 75 quarries and, based on current rates, identified gypsum reserves represent several decades of production at current extraction rates. It also uses a large amount of synthetic gypsum and has set up a plasterboard recycling system.

In 2010, the Group established production facilities in emerging countries, particularly in Eastern Europe, North Africa and Asia, to keep pace with expansion in local construction markets.

Lafarge (whose Gypsum assets were sold to Etex and Boral in 2011), Knauf, USG, National Gypsum, Georgia Pacific, Yoshino and BNB/M/Tea are the main competitors of the Gypsum business.

### Insulation

The operations of the Insulation business, born of the development of glass technologies, include glass wool (TEL process), rock wool, soundproof ceilings and insulating foams. The Activity's products made from mineral wool (glass wool and stone wool) and polystyrene foam are marketed worldwide under the ISOVER brand, in the United States under the CertainTeed brand and in Japan under the Mag-ISOVER brand.

Insulation products are sold as rolls, panels, loose-wool and shell formats. They are mainly designed for the new construction and renovation markets, for fitting on roofs and walls and under flooring. Thermal insulation and soundproofing standards in the construction industry have been introduced in a large number of countries, providing a solid basis for developing this kind of application.

In addition to these uses in the building industry, a portion of sales derives from technical insulation for some of the most complex industrial facilities, or niche markets such as soil-less (hydroponic) cultivation.

*The business has operations in all five continents either as a direct producer or via licensees, and insulates one in three houses in Europe and one in five houses in the United States.<sup>3</sup>* Owens Corning, Johns-Manville, Rockwool, Ursa, and Knauf are active in insulation and compete with this business in different parts of the world.

### *Exterior Solutions*

#### Exterior Products

Through CertainTeed, a Group company, the Exterior Fittings business enjoys a leading position in the United States roofing and wall facing markets.<sup>4</sup> It offers a full range of

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<sup>3</sup> Source: Saint-Gobain

<sup>4</sup> Source: Saint-Gobain

products for the United States residential construction market, including top-of-the-line asphalt roofing shingles in a wide range of styles and colours, along with PVC and polypropylene cladding, and fibre cement weatherboarding. These products are renowned for their easy maintenance, attractive appearance and weather resistance. Another CertainTeed product line produces full outdoor-equipment solutions for individual homes, including PVC fencing.

The Exterior Fittings business also manufactures vinyl pipes and fittings for water supply and drainage, and pipe systems for industrial, mining, irrigation and pressurised drilling applications.

The main competitors of this business are Ply-Gem, Georgia Gulf, Alside, James Hardie, Trex, Fiberon, Owens Corning, Tamko, Nichiha, GAF, Azek, and Versatex.

### Industrial Mortars

The Industrial Mortars business comprises three business units (1) industrial mortars, marketed under the Weber global brand; (2) expanded clay aggregates, mainly sold under the Leca brand; and (3) site and plant equipment, supplied through m-tec.

Weber offers a comprehensive lineup of exterior wall decoration, protection and insulation solutions for the residential, commercial and industrial building markets. Leca supplies expanded clay pellets for use in road construction and civil engineering projects as well as in light concrete and mortars to improve insulation performance and reduce the weight of materials handled and used on construction sites. Clay aggregates are also highly suitable for fast-growing emerging applications, such as in solar power plants and green roofs. m-tec offers turnkey solutions to on-site mortar needs, including plants, logistics systems, mobile silos, mixing, pumping and conveyor systems. M-tec offers turnkey solutions to on-site mortar needs, including plants, logistics systems, mobile silos, mixing, pumping and conveyor systems. Lastly, a range of additives is marketed in the Middle East to meet growing construction industry demand for concrete with improved technical properties.

The main competitors of this business are BASF, Mapei, Sto, Materis, Baunit, Sika and Ardex.

### Pipe

The Pipe business, which operates in the water-supply industry through its global brand PAM, has operated for more than 150 years. It focuses on designing and selling:

- complete ductile cast iron pipe systems for, drinking water, irrigation, sanitation and rainwater drainage, industrial utility and process circuits, and fire sprinkler systems;
- valves, sprinklers and connectors for water networks;
- ductile cast iron and steel municipal castings for network access (water, wastewater and telecommunications);
- complete cast iron wastewater and rainwater drainage systems for buildings; and
- cast iron underground heat exchangers.

The Pipe business is structured internationally into three business lines: Water & Sewage, Municipal Castings, Soil & Drain.

Products are sold in over 140 countries from manufacturing bases in France, Germany, Spain, United Kingdom, Italy and Brazil as well as from more recently developed plants in China, the Czech Republic and South Africa.

The business's principal competitors are Xinxing, Electrosteel, Jindal, US Pipe, Mac Wane, Kubota, Duktus, East Jordan/Norinco, Wavin and PipeLife.

### **Building Distribution**

The Building Distribution Sector targets craftsmen, small and medium-sized enterprises, private project owners and large companies via a network of strong and complementary trading brands, either generalist or specialist.

Since it was founded in 1996, the sector has expanded rapidly through a combination of organic and external growth. Currently, the Building Distributions sector's products are distributed under well established trading names such as Point.P, Lapeyre and La Plateforme du Bâtiment in France, Jewson and Graham in the United Kingdom, Raab Karcher in Germany, Holland, Hungary and the Czech Republic, Point.P. in Spain, Telhanorte in Brazil, Dahl and Optimera in Scandinavia and Norandex in the United States.

Through sharing experiences between its brands, creating synergies and putting the customer at the heart of its strategy, the Building Distribution Sector intends to get the most from its size and diversity, as well as its teams' experience and their ability to react on a local level. The July 2011 announcement of the planned acquisitions of Build Center in the United Kingdom and Brossette in France contributes to this goal. Other large building distribution chains present in markets served by this activity include Wolseley, CRH, Travis Perkins, SIG, Ahlsell, Grafton and Trialis.

### ***Research and Development of the Group***

Research and Development ("R&D") is an essential element of Saint-Gobain's strategy and pivotal to its competitive advantage.

Particular care is devoted to recruiting researchers. The R&D function has continued to grow with a view to supporting the Group's major strategic projects and increasing its contribution to organic growth.

### ***Investments***

The discussion below reflects the situation as at 31 December 2011. Developments since that date are discussed under "*Information about the Issuer – Recent Developments*".

#### *Acquisitions and Expansion*

Capital expenditure increased by 34.5% to €1,954 million during 2011 (compared to €1,453 million in 2010), and accounted for 4.6% of net sales (3.6% in 2010). This increase was mainly attributable to the Group's fast-paced development in Asia and emerging countries and on energy efficiency and energy markets (mainly Flat Glass – including solar power –

and Construction Products). In all, investments made by the Group in these two markets accounted for virtually all of the Group's growth capital expenditure in 2011.

On November 30, 2011, the Group's Abrasives Division expanded its presence in South America by acquiring Abrasivos Argentinos S.A. and Dancan S.A. and their subsidiaries. The two groups are specialized in the production of coated abrasives and masking tapes. They have been consolidated as from December 1, 2011. On August 11, 2011, the Group signed an agreement with Belgian group Bekaert for the whole acquisition of its Specialty Films subsidiaries. This business, operating under the name Solar Gard, is specialized in the development, manufacturing and distribution of coated films used on the habitat market, the automotive market and various industrial applications. The Solar Gard subsidiaries have been consolidated as from November 1, 2011. On July 25, 2011, the Group signed an agreement with UK building materials distributor Wolseley for the acquisition of its British Build Center network. This business has been consolidated as from November 1, 2011. On May 31, 2011, Saint-Gobain announced that it had signed an agreement to acquire Sezal Glass Limited's float glass business in India. The business was consolidated at June 30, 2011. In first-half 2011, Saint-Gobain signed an agreement for the buy-out of Alver by the Group's Packaging Sector (Verallia). A State-owned company, Alver is one of Algeria's leading glass packaging manufacturers and distributors. It has been consolidated as from the second half of 2011. On June 20, 2011, Saint-Gobain announced the postponement of the initial public offering of a minority interest in Verallia due to very adverse market conditions.

## ***Financing Activity***

### *Credit facilities and debt issuance*

Compagnie de Saint-Gobain has various confirmed syndicated lines of credit that are intended to provide a secure source of financing for the Group. They include a €2.5 billion syndicated line of credit obtained in June 2009. The terms of the facility (the "**June 2009 Facility**") were renegotiated in April 2010 and extended by one year, until June 2013, while the amount available under the facility was reduced to €2 billion in May 2010, and further reduced to €1 billion in December 2010.

Under the June 2009 Facility, the Group's net debt/operating income excluding depreciation and amortization of property, plant and equipment and intangible assets ratio, as measured annually at 31 December, must at all times represent less than 3.75. The Group was in compliance with this ratio at 31 December 2011.

Saint-Gobain also has a €3 billion syndicated line of credit that was obtained in December 2010.

On 30 September 2011, Saint-Gobain issued €1 billion worth of 3.50% notes due 2015 and €750 million worth of 4.50% notes due 2019 (the "**2019 Bond**").

## **Management of Saint-Gobain, Corporate Governance**

Saint-Gobain complies with the principles of corporate governance set out in the AFEP-MEDEF corporate governance code for publicly listed companies in France.

## **Board of Directors**

Saint-Gobain is managed by its Board of Directors. The Board is comprised of 16 Directors, 7 of whom are independent. The names, functions in Saint-Gobain, other principal activities and business addresses of the current members of the Board of Directors of Saint-Gobain are provided below.

**Pierre-André de Chalendar**

***Chairman and Chief Executive Officer of Compagnie de Saint-Gobain***

Pierre-André de Chalendar, 53, was appointed Chief Operating Officer of Compagnie de Saint-Gobain on May 3, 2005 and was elected to the Board of Directors on June 8, 2006, becoming Chief Executive Officer on June 7, 2007 and Chairman and Chief Executive Officer on June 3, 2010. He is also a Director of Veolia Environnement and BNP Paribas. Within the Saint-Gobain Group, he is Chairman of the Board of Directors of Verallia and a Director of Saint-Gobain Corporation and GIE SGPM Recherche.

Les Miroirs, 92096 La Défense Cedex (France)

**Isabelle Bouillot**

***Chairman of China Equity Links***

Isabelle Bouillot, 62, is a Director of Umicore and Dexia, as well as the Managing Partner of IB Finance.

42, rue Henri Barbusse-75005 Paris (France)

**Gerhard Cromme**

***Chairman of the Supervisory Board of ThyssenKrupp AG***

Gerhard Cromme, 68, a German citizen, is also a member of the Supervisory Board of Allianz SE and Axel-Springer AG, and Chairman of the Supervisory Board of Siemens AG.

August Thyssen Strasse 1 - D40211 Düsseldorf (Germany)

**Jean-Martin Folz**

***Chairman of the Board of Directors of Eutelsat***

Jean-Martin Folz, 65, former Chairman of the Management Board of Peugeot SA and of AFEP, is also a Director of Société Générale, Alstom, Axa and Solvay and a member of the Supervisory Board of ONF Participations SAS.

11, avenue Delcassé - 75008 Paris (France)

**Bernard Gautier**

***Member of the Management Board of Wendel***

Bernard Gautier, 52, is also Chairman of Winvest International SA SICAR and Oranje-Nassau Développement SA SICAR Chairman of the Management Advisory Board of Winvest Conseil, Vice Chairman of the Board of Directors of Deutsch Group SAS, Legal Manager of Materis Parent, a Director of Communication Media Partner, Stahl Holdings BV, Stahl Group SA, Stahl Lux2, Stichting Administratiekantoor II, Stahl Groep II, Trief Corporation, Wendel Japan KK, Winvest Part BV, member of the Supervisory Board of

Altineis, Legal Manager of BG Invest, BJPG Conseil, SCI La République, La Cabane Saint-Gautier, BJPG Participations, BJPG Assets and Sweet Investment Ltd.

89, rue Taitbout - 75009 Paris (France)

### **Anne-Marie Idrac**

#### *Consultant*

Anne-Marie Idrac, 60, was appointed in 1995 Secrétaire d'Etat for Transportation, a position she held until June 1997. She was a member of Parliament for the Yvelines from 1997 to 2002 and served on the Ile-de-France Regional Council from 1998 to 2002. Between 2002 and 2006, Ms. Idrac was Chairman and Chief Executive Officer of the Paris transportation authority (RATP) and, between 2006 and 2008, was Chairman of the French national railway (SNCF). In March 2008, she was appointed Secrétaire d'Etat for Foreign Trade, serving in that capacity until November 2010. In addition, Ms. Idrac was Chairman of European Movement-France from 1999 to 2005 and a member of the Economic and Social Council from 2004 to 2008. She is also a member of the Supervisory Board of Vallourec and a director of Mediobanca.

Les Miroirs, 92096 La Défense Cedex (France)

### **Sylvia Jay**

#### *Chairman of L'Oréal UK and Ireland*

Lady Jay, 65, a British citizen, is also a Director of Alcatel Lucent and Lazard Limited.

255, Hammersmith Road - London W6 8 AZ (United Kingdom)

### **Frédéric Lemoine**

#### *Chairman of the Management Board of Wendel*

Frédéric Lemoine, 46, is also Chairman of the Supervisory Board of Oranje-Nassau Groep BV, Chairman of the Board of Directors of Trief Corporation, Vice-Chairman of the Board of Directors of Bureau Véritas, and a director of Groupama and Legrand.

89, rue Taitbout - 75009 Paris (France)

### **Gérard Mestrallet**

#### *Chairman and Chief Executive Officer of GDF Suez*

Gérard Mestrallet, 62, is also a Director of Pargesa Holding SA. Within the GDF Suez Group, he is Chairman of the Board of Directors of GDF Suez Energie Services, Suez Environment Company and GDF Suez Belgium, , Chairman of GDF Suez Rassembleurs d'Energies SAS, and vice Chairman of Electrabel and Sociedad General de Aguas de Barcelona.

1, Place Samuel de Champlain - 92400 Courbevoie (France)

### **Michel Pébereau**

#### *Honorary Chairman of BNP Paribas*

Michel Pébereau, 70, is also a Director of BNP Paribas, Axa Total, Pargesa Holding, EADS N.V. and BNP Paribas Suisse, a member of the Supervisory Board of Banque Marocaine pour le Commerce et l'Industrie and Institut Aspen France, and a non-voting Director of Galeries Lafayette. He is also Chairman of the BNP Paribas Foundation and the Management Board of Institut d'Etudes Politiques de Paris and member of the Académie des Sciences Morales et Politiques, the Executive Council of the MEDEF and the Strategy Committee of the Institut de L'Entreprise.

3, rue d' Antin - 75002 Paris (France)

### **Jacques Pestre**

*Senior Vice President of Point.P*

*Chairman of the Supervisory Board of the Saint-Gobain PEG France corporate mutual fund.*

Jacques Pestre, 55, also holds the following positions within the Saint-Gobain Group: Chairman and Chief Executive Officer of BMSO and BMCE, Chairman of the Board of Directors of Comasud, President of BMRA SAS, MBM SAS, CIBOMAT SAS, Boch Frères SAS, Dépôt Services Carrelages SAS and Thuon and permanent representative of Point.P on the Board of Directors of Point.P Développement and Nouveaux Docks.

Immeuble Le Mozart, 13-15, rue Germaine Tailleferre – 75019 Paris (France)

### **Olivia Qiu**

*Global Head of Strategic Industries, Alcatel-Lucent*

Olivia Qiu, 45, is a French national. In 2005, she took on responsibility for sales, marketing, technical solutions and implementation services for Alcatel Shanghai Bell. In 2008, she was appointed Vice President of the East Asia region, Chief Executive Officer of Alcatel-Lucent Shanghai Bell, Director of Alcatel-Lucent Shanghai Bell, Vice Chairman of the Board of Directors of Alcatel-Lucent Qingdao Telecommunications, and Chairman of the Board of Directors of Alcatel-Lucent Shanghai Bell Enterprise Communications Co., Ltd, Alcatel-Lucent Sichuan Bell Communication System Co. Ltd, Lucent Technologies Qingdao Telecommunications Enterprise Co., Ltd and Lucent Technologies Information & Communications of Shanghai. She currently holds no other directorships or corporate offices.

3, avenue Octave Gréard – 75007 Paris (France)

### **Denis Ranque**

*Chairman of the Board of Directors of Technicolor*

Denis Ranque, 60, is also Chairman of the Board of Seilab Entreprises, a director of CMA-CGM, CGG Veritas and Fonds Stratégique d'Investissement (FSI), and Chairman of the Board of Directors of Mines Paris Tech, the Cercle de l'Industrie and Association Nationale de la Recherche et de la Technologie.

1, rue Jeanne d' Arc – 92443 Issy-les-Moulineaux Cedex (France)

### **Gilles Schnepf**



### ***Chairman and Chief Executive Officer of Legrand***

Gilles Schnepf, 53, is also Chairman and Chief Executive Officer of Legrand France and Chairman and Chief Executive Officer, Chairman of the Board of Directors, Chairman or member of the Supervisory Board or a Director or permanent representative of a Corporate Director of various Legrand Group subsidiaries.

128, avenue du Maréchal de Tassigny - 87045 Limoges Cedex (France)

### **Jean-Dominique Senard**

#### ***CEO of the Michelin Group***

Jean-Dominique Senard, 59, is also the Chief Executive Officer of the Michelin Group as well as a Director of SEB.

23, Place des Carmes-Déchaux - 63040 Clermont- Ferrand Cedex 9 (France)

### **Jean-Cyril Spinetta**

#### ***Chairman and Chief Executive Officer of Air France-KLM***

Jean-Cyril Spinetta, 68, is also Chairman of the Supervisory Board of Areva, a director of Alcatel-Lucent and Alitalia CAI, and member of the Board of Governors of IATA.

45, rue de Paris - 95747 Roissy-Charles de Gaulle Cedex (France)

The independent directors of the Board of Directors of Saint-Gobain are Isabelle Bouillot, Jean-Martin Folz, Anne-Marie Idrac, Sylvia Jay, Olivia Qiu, Denis Ranque and Jean-Cyril Spinetta. The representatives of Wendel, a major shareholder of Saint-Gobain, are Bernard Gautier, Frédéric Lemoine and Gilles Schnepf.

With the exception (i) of Michel Pebereau, to the extent that he is Chairman of the Board of Directors of BNP Paribas, one of the Dealers and a bank with which the Issuer has a long-standing and active business relationship, a significant competitor of BPB; and (ii) each of Frédéric Lemoine, Bernard Gautier and Gille Schnepf insofar as they are representatives of Wendel, which owns 76 per cent. of Materis, which is a competitor of the Saint-Gobain Group in the industrial mortars business, no potential conflicts of interest exist in relation to the Directors of the Issuer and their duties/obligations towards the Issuer and their private interests and/or other duties.

### **Board of Directors Committees**

#### **Financial Statements Committee**

The members of the Financial Statements Committee of the Group are Michel Pébereau (Chairman), Isabelle Bouillot, Frédéric Lemoine, Jean-Martin Folz and Denis Ranque.

The main responsibility of the Financial Statements Committee is to ensure the relevance and consistency of the accounting methods used to prepare the financial statements of the Group and to verify that the internal procedures used to gather and control the related data provide a guarantee of such relevance and consistency. To this end, the Committee:

- reviews the interim and annual consolidated financial statements and the annual financial statements of the Company as presented by senior management prior to their examination by the Board of Directors.
- reviews the scope of consolidation and the reasons why any companies have been excluded.
- reviews material risks and off-balance sheet commitments, based on an explanatory report drawn up by the Chief Financial Officer.
- receives updates from senior management on the organisation and operation of the risk management system.
- reviews the Group's internal control action plan and receives updates at least once a year on the plan's result.
- makes recommendations concerning the organisation of the internal audit function and receives a copy of the internal audit program as well as executive summaries of the internal audit reports.
- reviews the external auditors' work plan and conclusions as well as the post-audit report prepared by the auditors concerning their main observations and the accounting options selected for the preparation of the financial statements.
- conducts the auditor selection process, issues an opinion on the proposed statutory audit fee budget, submits the results of the selection process to the Board and puts forward candidates to be appointed by the shareholders.
- reviews the advisory and other services that the auditors and the members of their network are authorised to provide to Compagnie de Saint-Gobain and other Group entities under auditor independence rules.
- obtains from the auditors the breakdown of the fees paid to them and to the members of their network by the Group over the past year, by category of service, and reports to the Board its opinion concerning the auditors' independence.

### **Appointments Committee**

The members of the Appointments Committee of the Group are Jean-Martin Folz (Chairman), Bernard Gautier, Sylvia Jay and Jean-Cyril Spinetta.

The Appointments Committee performs the work of both the remuneration committee and the nomination committee, as provided for in the AFEP-MEDEF corporate governance code for listed companies.

The Committee's remit is to:

- make proposals to the Board in all cases where one or more seats on the Board fall vacant or the terms of one or more directors are due to expire. The Committee organises the procedure to select candidates for election as independent directors,

based on the independence criteria set out in the AFEP-MEDEF corporate governance code for listed companies.

- review annually each director's situation in relation to the independence criteria set out in the AFEP-MEDEF code, and report its conclusions to the Board.
- recommend candidates to the Board in the event that the position of Chairman of the Board falls vacant for whatever reason.
- review proposals by the Chairman of the Board for the appointment of a Chief Executive Officer and/or one or more Chief Operating Officers, and report its conclusions to the Board.
- make recommendations to the Board concerning the Chairman's compensation package, including pension benefits, and the criteria to be applied to determine his variable compensation, as well as the other aspects of his position.
- make recommendations on the same issues for the Chief Executive Officer and/or the Chief Operating Officer(s).
- discuss the Group's overall stock option policy and whether the options should be exercisable for new or existing shares, and review senior management's proposals concerning stock option plans for Group employees.
- make recommendations concerning stock option grants to the Chairman of the Board and the members of senior management.
- The Committee also makes presentations to support the Board's consideration of corporate governance issues and leads periodic assessments of the Board's organisation and practices.

### **Strategy Committee**

The members of the Strategy Committee of the Group are Jean-Cyril Spinetta (Chairman), Pierre-Andre de Chalendar and Frédéric Lemoine.

The Strategy Committee is responsible for examining and identifying improvements to the Group's business plan as well as reviewing any strategic issues proposed by its members.

### **Shareholders and Share Capital**

In so far as Saint-Gobain is aware, it is not directly or indirectly owned or controlled by any person.

Wendel owns a significant holding in the shares of Saint-Gobain (17.1% as at 31 December 2011). Its position as a shareholder is the subject of a letter dated 18 March 2008 set out in the Annual Report of Saint-Gobain for 2007 (pages 14-15) followed by a common press release of Wendel and Saint-Gobain dated 26 May 2011.

The issued and fully paid share capital of Saint-Gobain as of 30 June 2012, is €2,124,210,456 divided into:

<b>Class of Share</b>	<b>Nominal Value per share (€)</b>	<b>Number in Issue</b>
Ordinary.....	4	531,052,614

## **Bylaws**

Saint-Gobain is a French public *société anonyme* governed by Articles L. 210-1 et seq. of the French Commercial Code, with its head office at Les Miroirs, 18 avenue d'Alsace, 92400 Courbevoie, France. It is registered in Nanterre under no. 542039532. Its APE business identifier code is 741J and its Siret code is 54203953200040.

Saint-Gobain's Corporate purpose is to conduct and manage, in France and internationally, any and all industrial commercial, financial, securities and real estate transactions related to its manufacturing activities, through French or foreign subsidiaries or affiliates or otherwise (article 3 of the bylaws). The Company's fiscal year runs from January 1 to December 31. Its term will end on December 31, 2040, unless it is wound up before that date or its term is extended.

## **Recent Developments**

### ***First-half Results - General***

On 26 July 2012, Saint-Gobain announced its 2012 unaudited first-half interim results.

Consolidated first-half net sales increased by 3.4% to €21,590 million in 2012 (from €20,875 million for the equivalent period in 2011). Overall, after a broadly satisfactory first quarter in line with the economic scenario anticipated by the Group early in the year, the second quarter was hit by a deterioration in the economic climate in Western Europe. With the exception of High-Performance Materials and Packaging (Verallia), all of the Group's Business Sectors and Divisions suffered from a slowdown in the residential new-build and automotive markets in Western Europe. In addition, Asia and emerging countries showed no tangible signs of recovery in this second quarter. On a more positive note, the gradual recovery in residential construction across North America continued apace, while industrial output and capital spending performed well.

### ***First-half Results – Results by Sector***

#### *Innovative Materials*

Net sales in the Innovative Materials sector increased in the first half of 2012 to €4,853 million from €4,827 million for the first half of 2011. On a like-for-like, comparable structure and currency basis, however, this figure represented a 3.1% decline in net sales.

Net sales in the Flat Glass division decreased in the first half of 2012 to €2,597 million from €2,764 million for the first half of 2011. This amounted to a decrease of 6.5% on a like-for-like basis. This was largely attributable to a combined adverse impact of several factors: a contraction in automotive production in Western Europe, the collapse of the solar market, a fall in prices (especially float glass) and a steep rise in raw material and energy costs.

- Net sales in the High-Performance Materials division increased in the first half of 2012 to €2,272 million from €2,082 million in the first half of 2011, largely as a result of the upward momentum in its sales prices. This increase in sales in the first half of 2012 amounted to 1.4% organic growth.

#### *Construction Products*

Net sales in the Construction Products sector increased in the first half of 2012 to €5,903 million from €5,713 million in the first half of 2011, hit by the slowdown in sales volumes in Western Europe and in Asia, particularly in the second quarter. This increase in sales in the first half of 2012 still amounted to a decrease of 0.3% on a like-for-like basis.

- Net sales in the Interior Solutions division increased in the first half of 2012 to €2,846 million from €2,721 million in the first half of 2011, largely as a result of vigorous sales price momentum (especially in the United States), which helped offset the earnings impact of rising energy and raw material costs. Volumes were upbeat in North – and especially South – America, but retreated in both Western and Eastern Europe, and to a lesser extent in Asia. This increase in sales in the first half of 2012 amounted to 0.7% organic growth.
- Net sales in the Exterior Solutions division increased slightly in the first half of 2012 to €3,084 million from €3,017 million in the first half of 2011 largely because of the steep decline in Pipe sales – which could not be offset by growth in other Exterior Solutions businesses. This decrease in sales in the first half of 2012 amounted to 1.2% on a like-for-like basis. Exterior Products continued to benefit from the upturn in the US housing market, reporting a robust rise in sales, owing chiefly to moves by building merchants in the first quarter to build up inventories. Industrial Mortars sales were once again driven by Asia and emerging countries, where the business delivered double-digit organic growth over the first half. For the division as a whole, sales prices remained upbeat over the six months to 30 June 2012, but failed to fully offset the hike in raw material and energy costs affecting the Pipe business.

### *Building Distribution*

In the first half of 2012, net sales in the Building Distribution sector reported an increase to €9,456 million as compared to €9,043 million in the first half of 2011. This increase in sales in the first quarter of 2012 amounted to a decrease of 0.6% on a like-for-like basis and was largely due to the sales growth in Germany, Scandinavia and the US being more than offset by sluggish trading in France and the UK along with persistent difficulties in Southern Europe and Benelux.

### *Packaging*

Net sales in the Packaging sector increased in the first half of 2012 to €1,908 million from €1,818 million in the first half of 2011 mainly because of bullish trends in sales prices in its main markets. Trading remained robust in the US, France and Germany, but slackened in Southern and Eastern Europe. This increase in sales in the first half of 2012 amounted to 3.0% organic growth.

### ***First-half Results – Results by Geographic Area***

Net sales in France increased by 0.2% to €6,148 million in the first half of 2012 (from €6,138 million for the equivalent period in 2011), reporting a decline in like-for-like sales, of 2.9%. Net sales in other Western European countries increased by 0.8% in the first half of 2012 to €8,901 million, compared with €8,828 million for the first half of 2011, with a decline in like-for-like sales, of 3.2%. These changes were due mainly to a double-digit fall in Flat Glass and Pipe sales. Other Construction Products divisions were also impacted overall in the second quarter by the souring economic environment in Western Europe, exacerbated by very

average weather conditions and by fewer working days than in first-half 2011. In contrast, HPM, Building Distribution and Packaging (Verallia) sales held firm.

Net sales in North America increased by 15.2% in the first half of 2012 to €3,192 million, compared with €2,772 million for the first half of 2011, delivering 4.7% organic growth largely attributable to a positive contribution from all Business Sectors and particularly Construction Products, lifted by the gradual recovery of the residential construction market. This upturn was especially strong in the first quarter, as builders' merchants built up their inventories. Sales prices advanced sharply over the first half, on the back of further price rises implemented since the beginning of the year.

Net sales in Asia and emerging countries increased by 2.7% in the first half of 2012 to €4,263 million, compared with €4,149 million for the first half of 2011, corresponding to an increase of 1.2% on a like-for-like basis. This was due to the downturn in our Asian operations – particularly Flat Glass and Pipe – offset, however, by a resilient performance from Latin America and by a timid recovery in Eastern Europe.

### ***Recent Financing Activity***

#### *Credit facilities and debt issuance*

On 18 and 19 January 2012, Saint-Gobain issued further €200 million worth of notes in three tranches under the 2019 Bond. On 13 January 2012, Saint-Gobain issued JPY5 billion worth of 1.90% notes due 2017. On 28 March 2012, Saint-Gobain issued €750 million worth of 3.625% notes due 2022 (the “**2022 Bond**”). On 16 May 2012, Saint-Gobain issued further €150 million worth of notes in two tranches under the 2022 Bond. On 4 June 2012, Saint-Gobain issued €15 million worth of 4.00% notes due 2032. On 4 June 2012, Saint-Gobain issued €75 million worth of 4.00% notes due 2032. On 15 June 2012, Saint-Gobain issued €750 million worth of 3.625% notes due 2021. On 28 June 2012, Saint-Gobain issued Saint-Gobain issued €45 million worth of EUR 10 year CMS linked notes due 2024 and €50 million worth of EUR 10 year CMS linked notes due 2024.

#### ***Recent Investments***

Saint-Gobain announced in May 2012 that it had agreed to purchase all outstanding shares in Sage Electrochromics in which it had acquired a 50% stake in December 2010. After completion, Sage Electrochromics will become a wholly owned subsidiary of Saint-Gobain .

In June 2012, Saint-Gobain signed an agreement to acquire Celotex Group Limited, one of the leading British producers of high performance insulating foam. Completion of the acquisition is subject to approval of the Office of Fair Trading.

## BOOK-ENTRY CLEARANCE SYSTEMS

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream, Luxembourg (together, the “Clearing Systems”) currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer believes to be reliable, but none of the Issuer nor any Dealer takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.*

### **Book-entry Systems**

#### *DTC*

DTC has advised the Issuer that it is a limited purpose trust company organised under the New York Banking Law, a banking organisation within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code and a clearing agency registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants (“Participants”) deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is a wholly-owned subsidiary of the Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation) NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC System is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”).

Under the rules, regulations and procedures creating and affecting DTC and its operations (the “Rules”), DTC makes book-entry transfers of Registered Notes among Direct Participants on whose behalf it acts with respect to Notes accepted into DTC’s book-entry settlement system (“DTC Notes”) as described below and receives and transmits distributions of principal and interest on DTC Notes. The Rules are on file with the Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes (“Owners”) have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Registered Notes, the Rules, by virtue of

the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC's records. The ownership interest of each actual purchaser of each DTC Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co or such other nominee as may be requested by an authorised representative. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. or such other nominee effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Redemption notices shall be sent to DTC. If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to DTC Notes. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the DTC Notes will be made to Cede & Co., or such other nominee as may be requested by an authorised representative of DTC and credited to Direct Participants' accounts in accordance with DTC's customary practice. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants,



Under certain circumstances, including if there is an Event of Default under the Notes, DTC will exchange the DTC Notes for definitive Registered Notes, which it will distribute to its Participants in accordance with their proportionate entitlements and which, if representing interests in a Rule 144A Global Note, will include the legend as set forth under “*Subscription and Sale and Transfer and Selling Restrictions*”.

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Owner desiring to pledge DTC Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to withdraw its Registered Notes from DTC as described below.

DTC’s address is Depository Trust Company, 55 Water Street, 15L, New York, NY 10041-0099, United States of America.

#### *Euroclear and Clearstream, Luxembourg*

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

Euroclear’s address is Euroclear Bank S.A./N.V., 1 Boulevard du Roi Albert II, 1210 Brussels, Belgium, and Clearstream, Luxembourg’s address is Clearstream Banking, *société anonyme*, 42, avenue John F. Kennedy, L-1855 Luxembourg.

#### **Book-entry Ownership of and Payments in respect of DTC Notes**

The Issuer may apply to DTC in order to have any Tranche of Notes represented by a Registered Global Note accepted in its book-entry settlement system. Upon the issue of any such Registered Global Note, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Registered Global Note to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in such a Registered Global Note will be limited to Direct Participants or Indirect Participants, including, in the case of any Regulation S Global Note, the respective depositories of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Registered Global Note accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. dollars of principal and interest in respect of a Registered Global Note accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such Note. In the case of any payment in a currency other than U.S. dollars, payment will be made to the Exchange Agent on behalf of DTC or its nominee and the Exchange Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Registered Global Note in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable Participants' account.

The Issuer expects DTC immediately to credit accounts of Direct Participants in accordance with and subject to DTC's customary practice. The Issuer also expects that payments by Participants to beneficial owners of Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Issuing and Principal Paying Agent, the Registrar or the Issuer. Payment of principal, premium, if any, and interest, if any, on Notes to DTC is the responsibility of the Issuer.

### **Transfers of Notes Represented by Registered Global Notes**

Transfers of any interests in Notes represented by a Registered Global Note within DTC, Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant clearing system. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Registered Global Note to such persons may depend upon the ability to exchange such Notes for Notes in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Registered Global Note accepted by DTC to pledge such Notes to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Notes may depend upon the ability to exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by a Registered Global Note accepted by DTC to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a direct or indirect participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under "*Subscription and Sale and Transfer and Selling Restrictions*", cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Registrar, the Fiscal Agent and any custodian ("Custodian") with whom the relevant Registered Global Notes have been deposited.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Clearstream, Luxembourg and Euroclear and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream, Luxembourg or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such

transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interests in the relevant Registered Global Notes will be effected through the Registrar, the Fiscal Agent and the Custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Notes among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuer, the Agents or any Dealer will be responsible for any performance by DTC, Clearstream, Luxembourg or Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

## TAXATION

### UK Taxation

The comments below are of a general nature based on current UK tax law and HM Revenue & Customs (“**HMRC**”) published practice. They only discuss the withholding of UK income tax from interest on Notes, certain UK information reporting requirements and certain UK stamp duty and stamp duty reserve tax (“**SDRT**”) consequences of issuing and transferring Notes, and they are not exhaustive. The comments do not deal with other UK tax aspects of acquiring, holding or disposing of Notes. The comments relate only to the position of persons who are the absolute beneficial owners of their Notes, Receipts and Coupons and may not apply to certain classes of persons such as dealers. **Prospective holders of Notes who are in any doubt as to their own tax position or who may be subject to tax in a jurisdiction other than the United Kingdom should consult their professional advisers.**

The references to “interest” in this discussion mean “interest” as understood for UK withholding tax purposes under UK tax law. The comments below do not take account of any different definitions which may prevail under any other law or which may be created by the terms and conditions of the Notes or any related documentation.

Any redemption premium may be “interest” for UK tax purposes, although the position will depend on the particular terms and conditions of the Notes. If such amounts are not interest they should not be subject to withholding or deduction for or on account of UK income tax. For Notes issued at a discount, the difference between the face value and the issue price will not generally be regarded as “interest” for these purposes, although any discount may be subject to reporting requirements as outlined below in “– *Provision of Information*”.

#### *UK Withholding Tax*

Payments of interest on the Notes may be made without withholding or deduction for or on account of UK income tax if the interest does not have a UK source.

Payments of interest may also be made without withholding or deduction for or on account of UK income tax if the Notes are and continue to be listed on a “recognised stock exchange”, as defined in section 1005 of the UK Income Tax Act 2007. The London Stock Exchange is such a recognised stock exchange, and the Notes will be treated as “listed” on the London Stock Exchange while they are admitted to the Official List by the UK Listing Authority and admitted to trading on the London Stock Exchange’s Regulated Market. Provided that the Notes remain so listed, payments of interest on the Notes will be payable without withholding or deduction for or on account of UK income tax even if the interest has a UK source.

In other cases, payments of interest on the Notes (if the interest has a UK source) will fall to be paid under deduction of UK income tax at the basic rate (currently 20%) subject to such relief as may be available under the provisions of any applicable double taxation treaty or to any other exemption that may apply. However, this withholding will not apply under current UK tax law (although this is presently under review by HMRC) if the relevant interest is paid on Notes with a maturity of less than one year and which are not issued under arrangements the effect of which is to render such Notes part of a borrowing with a total term of a year or more.

Where interest has been paid under deduction of UK income tax, Noteholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.

### *Provision of Information*

Noteholders should note that persons in the United Kingdom (i) paying interest to or receiving interest on behalf of another person who is an individual or a partnership containing individuals or (ii) paying amounts due on redemption of any Notes which constitute deeply discounted securities (as defined in Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005) to or receiving such amounts on behalf of another person who is an individual or a partnership containing individuals may, in certain cases, be required to supply to HMRC details of the payment and certain details relating to that person (including that person's name and address). These provisions can apply whether or not the interest has been paid subject to withholding or deduction for or on account of UK income tax and whether or not the person is resident in the United Kingdom for taxation purposes. Where the person is not so resident, the details provided to HMRC may, in certain cases, be passed by HMRC to the tax authorities of the jurisdiction in which the person is resident for taxation purposes. However, in accordance with guidelines published by HMRC in relation to the 2012-13 tax year, the payments contemplated in (ii) above should not be treated as falling within the scope of the requirement. There is no guarantee that equivalent guidance will be issued in respect of future years.

In addition, the reporting obligations of the Savings Directive, as implemented in the United Kingdom, may apply to payments on the Notes made through persons in the United Kingdom.

### *Stamp Duty and SDRT*

No stamp duty or SDRT will be payable in the United Kingdom in connection with (i) the issue and delivery into DTC, Euroclear or Clearstream, Luxembourg of Registered Notes or Bearer Notes that constitute loan capital for UK stamp duty purposes, or (ii) an electronic book-entry transfer of Notes in accordance with the rules and procedures of DTC, Euroclear or Clearstream, Luxembourg.

### **EU Savings Directive**

Under Council Directive 2003/48/EC on the taxation of savings income (the “**Savings Directive**”), each Member State of the European Union is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or secured by such a person for, an individual beneficial owner resident in, or certain limited types of entity established in, that other Member State. However, for a transitional period, Austria and Luxembourg will (unless during such period they elect otherwise) instead operate a withholding system in relation to such payments. Under such a withholding system, the beneficial owner of the interest payment must be allowed to elect that certain provision of information procedures should be applied instead of withholding. The rate of withholding is 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to exchange of information procedures relating to interest and other similar income.

A number of non-EU countries and certain dependent or associated territories of certain Member States have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within their respective jurisdictions to, or secured by such a person for, an individual beneficial owner resident in, or certain limited types of entity established in, a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those countries and territories in relation to payments made by a person in a Member State to, or secured by such a person for, an individual beneficial owner resident in, or certain limited types of entity established in, one of those countries or territories.

A proposal for amendments to the Savings Directive has been published, including a number of suggested changes which, if implemented, would broaden the scope of the rules described above. Investors who are in any doubt as to their position should consult their professional advisers.

### **France Taxation**

*The descriptions below are intended as a basic summary of certain withholding tax consequences that may be relevant to holders of Notes who (i) are non-French residents, (ii) do not hold the Notes in connection with a business or profession conducted in France as a permanent establishment or a fixed base, and (iii) do not concurrently hold shares of the Issuer. Persons who are in any doubt as to their tax position should consult a professional tax adviser.*

The Savings Directive implemented pursuant to Article 242 *ter* of the French General Tax Code and Articles 49-I-*ter* to 49-I-*sexies* of Schedule III of the French General Tax Code imposes an obligation on paying agents based in France 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.

*Notes issued as from 1 March 2010*

The Amended Finance Act for 2009 (*loi de finances rectificative pour 2009*) has amended the withholding tax regime applicable to payments to holders in respect of the Notes.

Pursuant to the amended Article 125 A III of the French General Tax Code, payments of interest and other revenues made by the Issuer on such Notes are not subject to withholding tax unless such payments are made outside France in a non-cooperative State or territory within the meaning of Article 238-0 A of the French General Tax Code (a “**Non-Cooperative State**”), in which case a 50% withholding tax is applicable subject to exceptions, certain of which are set forth below, and to the more favourable provisions of any applicable double tax treaty. The 50% withholding tax is applicable irrespective of the tax residence of the Noteholder. The list of Non-Cooperative States is published by a ministerial executive order, which is updated on a yearly basis.

Furthermore, according to Article 238 A of the French General Tax Code, interest and other revenues will not be deductible from the Issuer's taxable income, as from the fiscal years starting on or after 1 January 2011, if they are paid or accrued to persons domiciled or established in a Non-Cooperative State or paid to a bank account opened in a financial

institution located in such a Non-Cooperative State. Under certain conditions, any such non-deductible interest or other revenues may be recharacterised as constructive dividends pursuant to Articles 109 *et seq.* of the French General Tax Code, in which case such non-deductible interest and other revenues may be subject to the withholding tax set out under Article 119 *bis* 2 of the same Code, at a rate of 30% or 55%, subject to the more favourable provisions of any applicable double tax treaty.

Notwithstanding the foregoing, neither the 50% withholding tax provided by Article 125 A III of the French General Tax Code, the non-deductibility of the interest and other revenues nor the withholding tax set out under Article 119 *bis* 2 of the same Code that may be levied as a result of such non-deductibility, to the extent the relevant interest or revenues relate to genuine transactions and is not in an abnormal or exaggerated amount, will apply in respect of a particular issue of Notes provided that the Issuer can prove that the main purpose and effect of such issue of Notes is not that of allowing the payments of interest or other revenues to be made in a Non-Cooperative State (the “**Exception**”).

In addition, under ruling (*rescrit*) 2010/11 (FP and FE) of the *Direction générale des finances publiques* dated 22 February 2010 and regulation 14 A-5-12 published in the Bulletin Officiel des Impôts dated 10 May 2012, an issue of Notes benefits from the Exception without the Issuer having to provide any evidence supporting the main purpose and effect of such issue of Notes, if such Notes are:

- (i) offered by means of a public offer within the meaning of Article L. 411-1 of the French Monetary and Financial Code or pursuant to an equivalent offer in a State other than a Non-Cooperative State. For this purpose, an “equivalent offer” means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority; or
- (ii) admitted to trading on a regulated market or on a French or foreign multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or
- (iii) admitted, at the time of their issue, to the operations of a central depository or of a securities clearing and delivery and payments systems operator within the meaning of Article L.561-2 of the French Monetary and Financial Code, or of one or more similar foreign depositories or operators provided that such depositories or operators are not located in a Non-Cooperative State.

*Notes issued on or after 1 March 2010 which are consolidated (assimilables for the purpose of French law) with Notes issued before 1 March 2010*

Payments of interest and other revenues with respect to Notes which are consolidated (*assimilables* for the purpose of French law) and form a single series with Notes issued (or deemed issued) outside France as provided under Article 131 *quater* of the French General Tax Code, before 1 March 2010, will continue to be exempt from the withholding tax set out under Article 125 A III of the French General Tax Code.

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

In addition, interest and other revenues paid by the Issuer on Notes issued on or after 1 March 2010 and which are to be consolidated (*assimilables* for the purpose of French law) and form a single series with Notes issued before 1 March 2010 will not be subject to the withholding tax set out in Article 119 *bis* 2 of the French General Tax Code solely on account of their being paid on a bank account opened in a financial institution located in a Non-Cooperative State or accrued or paid to persons established or domiciled in a Non-Cooperative State.

### **US Taxation**

US persons considering the purchase of Notes should consult their own tax advisers concerning the application of US federal income tax laws to their particular situations as well as any consequences of the purchase, ownership and disposition of Notes arising under the laws of any other taxing jurisdiction.

TO ENSURE COMPLIANCE WITH US TREASURY DEPARTMENT CIRCULAR 230, PROSPECTIVE HOLDERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF US FEDERAL TAX ISSUES IN THIS BASE PROSPECTUS IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY HOLDERS OF NOTES FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON SUCH HOLDERS UNDER THE US INTERNAL REVENUE CODE OF 1986; (B) SUCH DISCUSSION IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) PROSPECTIVE HOLDERS OF NOTES SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.



## SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

The Dealers have, in a programme agreement (the “Programme Agreement”) dated 13 October 2006, amended as of 14 December 2007, and amended and restated as of 12 December 2008 and as of 20 July 2011, agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under “*Form of Final Terms*” and “*Terms and Conditions of the Notes*”. In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

In order to facilitate the offering of any Tranche of the Notes, certain persons participating in the offering of the Tranche may engage in transactions that stabilise, maintain or otherwise affect the market price of the relevant Notes during and after the offering of the Tranche. Specifically such persons may over-allot or create a short position in the Notes for their own account by selling more Notes than have been sold to them by the Issuer. Such persons may also elect to cover any such short position by purchasing Notes in the open market. In addition, such persons may stabilise or maintain the price of the Notes by bidding for or purchasing Notes in the open market and may impose penalty bids, under which selling concessions allowed to syndicate members or other broker-dealers participating in the offering of the Notes are reclaimed if Notes previously distributed in the offering are repurchased in connection with stabilisation transactions or otherwise. The effect of these transactions may be to stabilise or maintain the market price of the Notes at a level above that which might otherwise prevail in the open market. The imposition of a penalty bid may also affect the price of the Notes to the extent that it discourages resales thereof. No representation is made as to the magnitude or effect of any such stabilising or other transactions. Such transactions, if commenced, may be discontinued at any time. Under U.K. laws and regulations stabilising activities may only be carried on by the Stabilising Manager named in the applicable Final Terms and such activities must end no later than the earlier of 30 days after the Issue Date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes.

### **Transfer Restrictions**

***As a result of the following restrictions, purchasers of Notes in the United States are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Notes.***

Each purchaser of Registered Notes offered hereby or person wishing to transfer an interest from one Registered Global Note to another or from global to definitive form or *vice versa*, will be required (and in any event will be deemed) to acknowledge, represent and agree as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

- (i) that either: (a) it is a QIB, purchasing (or holding) the Notes for its own account or for the account of one or more QIBs and it is aware that any sale to it is being made in reliance on Rule 144A or (b) it is an Institutional Accredited Investor which has

delivered an IAI Investment Letter or (c) it is outside the United States and is not a U.S. person;

- (ii) that the Notes are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Notes have not been and will not be registered under the Securities Act or any other applicable U.S. State securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;
- (iii) that, unless it holds an interest in a Regulation S Global Note and both is a person located outside the United States and is not a U.S. person, if in the future it decides to resell, pledge or otherwise transfer the Notes or any beneficial interests in the Notes, it will do so, prior to the date which is one year (or such other period as shall constitute the required holding period pursuant to Rule 144 under the Securities Act) after the later of the last Issue Date for the Series and the last date on which the Issuer or an affiliate of the Issuer was the owner of such Notes, only (a) to the Issuer or any affiliate thereof, (b) inside the United States to a person whom the seller reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (c) outside the United States in compliance with Rule 903 or Rule 904 as applicable under the Securities Act, (d) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available), or (e) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. State securities laws;
- (iv) that it will, and will require each subsequent holder to, notify any purchaser of the Notes from it of the resale restrictions referred to in paragraph (iii) above, if then applicable;
- (v) that Notes initially offered in the United States to QIBs will be represented by one or more Rule 144A Global Notes, that Notes offered to Institutional Accredited Investors will be in the form of Definitive IAI Registered Notes and that Notes offered outside the United States in reliance on Regulation S will be represented by one or more Regulation S Global Notes;
- (vi) that the Notes, other than the Regulation S Global Notes, will bear a legend to the following effect unless otherwise agreed to by the Issuer:

“THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (A) REPRESENTS THAT (1) IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THE SECURITIES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS OR (2) IT IS AN INSTITUTIONAL “ACCREDITED INVESTOR” (AS DEFINED IN RULE 501(A)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT) (AN “INSTITUTIONAL ACCREDITED INVESTOR”) 11; (B)

AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THE SECURITIES EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT REFERRED TO HEREIN AND, PRIOR TO THE DATE WHICH IS ONE YEAR (OR SUCH OTHER PERIOD AS SHALL CONSTITUTE THE REQUIRED HOLDING PERIOD PURSUANT TO RULE 144 UNDER THE SECURITIES ACT) AFTER THE LATER OF THE LAST ISSUE DATE FOR THE SERIES AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE OF THE ISSUER WAS THE OWNER OF SUCH SECURITIES, OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 AS APPLICABLE UNDER THE SECURITIES ACT, (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

THIS SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDERS OF SUCH SECURITIES SENT TO THEIR REGISTERED ADDRESSES, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR REALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO REALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS SECURITY AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).”;

- (vii) if it is outside the United States and is not a U.S. person, that if it should resell or otherwise transfer the Notes prior to the expiration of the distribution compliance period (defined as 40 days after the later of the commencement of the offering and the completion of the distribution (for the purposes of Regulation S) of all of the Notes of the Tranche of which the Notes form a part), it will do so only (a)(i) outside the United States in compliance with Rule 903 or 904 as applicable under the Securities Act or (ii) to a QIB in compliance with Rule 144A and (b) in accordance with all

applicable U.S. State securities laws; and it acknowledges that the Regulation S Global Notes will bear a legend to the following effect unless otherwise agreed to by the Issuer:

“THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. THIS LEGEND SHALL CEASE TO APPLY UPON THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION (FOR THE PURPOSES OF REGULATION S) OF ALL THE NOTES OF THE TRANCHE OF WHICH THIS NOTE FORMS PART.”; and

- (viii) that the Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Institutional Accredited Investors who purchase Registered Notes in definitive form offered and sold in the United States are required to execute and deliver to the Registrar an IAI Investment Letter. Upon execution and delivery of an IAI Investment Letter by an Institutional Accredited Investor, Notes will be issued in definitive registered form, see “*Terms and Conditions of the Notes*”.

The IAI Investment Letter will state, among other things, the following:

- (i) that the Institutional Accredited Investor has received a copy of the Base Prospectus and such other information as it deems necessary in order to make its investment decision;
- (ii) that the Institutional Accredited Investor understands that any subsequent transfer of the Notes is subject to certain restrictions and conditions set forth in the Base Prospectus and the Notes (including those set out above) and that it agrees to be bound by, and not to resell, pledge or otherwise transfer the Notes except in compliance with, such restrictions and conditions and the Securities Act;
- (iii) that, in the normal course of its business, the Institutional Accredited Investor invests in or purchases securities similar to the Notes;
- (iv) that the Institutional Accredited Investor is an institutional “accredited investor” within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act and has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment in the

Notes, and it and any accounts for which it is acting are each able to bear the economic risk of its or any such accounts' investment for an indefinite period of time;

- (v) that the Institutional Accredited Investor is acquiring the Notes purchased by it for its own account or for one or more accounts (each of which is an Institutional Accredited Investor) as to each of which it exercises sole investment discretion and not with a view to any distribution of the Notes, subject, nevertheless, to the understanding that the disposition of its property shall at all times be and remain within its control; and
- (vi) that it is acquiring for (unless it is a bank fiduciary acting on behalf of others) its own account, and if it is a non-bank fiduciary acting on behalf of others it is acquiring for each other account for which it is purchasing Notes, Notes having a minimum purchase price of at least U.S.\$500,000 (or the approximate equivalent in another Specified Currency).

No sale of Legended Notes in the United States to any one purchaser will be for less than U.S.\$250,000 (or its foreign currency equivalent) principal amount or, in the case of sales to Institutional Accredited Investors, U.S.\$500,000 (or its foreign currency equivalent) principal amount and no Legended Note will be issued in connection with such a sale in a smaller principal amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.\$250,000 (or its foreign currency equivalent) or, in the case of sales to Institutional Accredited Investors, U.S.\$500,000 (or its foreign currency equivalent) principal amount of Registered Notes.

### ***Selling Restrictions***

#### *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 and in compliance with all other applicable securities laws.

The Notes in bearer form 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 of 1986 and regulations thereunder.

In connection with any Notes which are offered or sold outside the United States in reliance on an exemption from the registration requirements of the Securities Act provided under Regulation S ("Regulation S Notes"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver such Regulation S Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution, for the purposes of Regulation S and as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Regulation S Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Regulation S Notes during the distribution compliance period a confirmation or

other notice setting forth the restrictions on offers and sales of the Regulation S Notes within the United States or to, or for the account or benefit of, U.S. persons.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Dealers may arrange for the resale of Notes to QIBs pursuant to Rule 144A and each such purchaser of Notes is hereby notified that the Dealers may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. The minimum aggregate principal amount of Notes which may be purchased by a QIB pursuant to Rule 144A is U.S.\$250,000 (or the approximate equivalent thereof in any other currency). To the extent that the Issuer is not subject to or does not comply with the reporting requirements of Section 13 or 15(d) of the Exchange Act or the information furnishing requirements of Rule 12g3-2(b) thereunder, the Issuer has agreed to furnish to holders of Registered Notes that are “restricted securities” within the meaning of the Securities Act and to prospective purchasers designated by such holders, upon request, such information as may be required by Rule 144A(d)(4).

#### *European Economic Area*

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 which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State (the “**Securities**”) except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Securities to the public in that Relevant Member State:

- a) at any time to any legal entity which is a qualified investor as defined in the Base Prospectus Directive;
- b) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Securities referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer to the public” in relation to any Securities 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 Securities to be offered so as

to enable an investor to decide to purchase or subscribe the Securities, 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” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

The EEA selling restriction is in addition to any other selling restrictions set out below.

#### *United Kingdom*

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

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000, including any supplements and amendments thereto (“**FSMA**”) by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

#### *Japan*

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the “**FIEL**”) and each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any 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 resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and any other applicable laws, regulations and ministerial guidelines of Japan.

#### *France*

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

- (a) it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France except to (a) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*) and/or (b) qualified investors (*investisseurs qualifiés*) acting for their own account, all as defined in, and in accordance with, Articles L.411-2, D.411-1 to D.411-3, D.744-1, D.754-1, and D.764-1 of the French *Code monétaire et financier* (the “Code”) and applicable regulations thereunder, except that qualified investors shall not include individuals.
- (b) it has not distributed or caused to be distributed and will not distribute or cause to be distributed in France, the Base Prospectus or any other offering material relating to the Notes other than to those investors (if any) to whom offers and sales of the Notes in France may be made, as described above.
- (c) Investors should be informed that (A) no prospectus (including any amendment, supplement or replacement thereto) has been prepared in connection with the offering of the Notes that has been approved by the *Autorité des marchés financiers* (“AMF”) or by the competent authority of another State that is a contracting party to the Agreement on the European Economic Area and notified to the AMF and that (B) the direct or indirect distribution to the public in France of any Notes acquired by those investors to whom offers and sales of the Notes in France may be made as described above may be made only as provided by Articles L.411-1 to L. 411- 3, L.412-1 and L.621-8 to L.621-8-3 of the Code and applicable regulations thereunder.

If necessary these selling restrictions will be supplemented, amended or deleted in the relevant Final Terms.

### *General*

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Final Terms.



## GENERAL INFORMATION

### Authorisation

The Programme and the issue of Notes have been duly authorised by resolutions of the Board of Directors of the Issuer dated 24 February 2011 (which included authorisation of the increase of the Programme size to EUR12,000,000,000) and 16 February 2012. Each issue of Notes which constitute *obligations* under French law must be authorised by the Board of Directors. Each issue of Notes which do not constitute *obligations* under French law must be authorised by the decision of a Directeur Général of the Issuer.

### Listing of Notes

The admission of Notes to the Official List will be expressed as a percentage of their nominal amount (excluding accrued interest). It is expected that each Tranche of Notes which is to be admitted to the Official List and to trading on the London Stock Exchange's Regulated Market will be admitted separately as and when issued, subject only to the issue of a Global Note or Notes initially representing the Notes of such Tranche. Application has been made to the UK Listing Authority for Notes issued under the Programme to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the London Stock Exchange's Regulated Market. The listing of the Programme in respect of Notes is expected to be granted on or before 24 September 2012.

### Documents Available

For the period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be available from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in London:

- the *Statuts* (with a direct and accurate English translation thereof) of the Issuer;
- the consolidated audited financial statements of the Issuer in respect of the financial years ended 31 December, 2010 and 2011 together with the audit reports prepared in connection therewith. The Issuer currently prepares audited consolidated and non-consolidated accounts on an annual basis;
- the Agency Agreement;
- a copy of this Base Prospectus;
- any future prospectuses, information memoranda and supplements including Final Terms (save that a Final Terms relating to a Note which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Notes and identity) to this Base Prospectus and any other documents incorporated herein or therein by reference; and

- in the case of each issue of Notes admitted to trading on the London Stock Exchange's Regulated Market subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

### **Clearing Systems**

The Notes in bearer form have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate Common Code and ISIN for each Tranche of Bearer Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. In addition, the Issuer may make an application for any Notes in registered form to be accepted for trading in book-entry form by DTC. The CUSIP and/or CINS numbers for each Tranche of Registered Notes, together with the relevant ISIN and common code, will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

### **Conditions for determining price**

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

### **Significant or Material Change**

There has been no significant change in the financial or trading position of the Group since 30 June 2012 and there has been no material adverse change in the financial position or prospects of the Group since 31 December 2011.

### **Litigation**

The Group is not involved in any governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which the issuer is aware) which may have or have had in the preceding 12 months of this Base Prospectus a significant effect on the financial position or profitability of the Group (other than as disclosed under "Risk Factors – Legal Risks" on p. 22).

### **Auditors**

PricewaterhouseCoopers Audit of Crystal Park, 63, rue de Villiers, 92208 Neuilly-sur-Seine Cedex, France and KPMG Audit — Department of KPMG S.A. of 1 cours Valmy, 92923 Paris-La Defense, France, both of whom are members of the *Compagnie Regionale des Commissionnaires aux Comptes de Versailles*, have audited, and rendered unqualified audit reports on, the accounts of the Issuer for the financial years ended 31 December 2010 and 31 December 2011.

### **Post-issuance information**

The Issuer does not intend to provide any post-issuance information in relation to any issues of Note.

**Dealers transacting with the Issuer**

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/ or commercial banking transactions with, and may perform services to the Issuer and its affiliates in the ordinary course of business.

**ISSUER**

**Compagnie de Saint-Gobain**

Les Miroirs  
18, avenue d'Alsace  
92400 Courbevoie  
France

**ISSUING AND PRINCIPAL PAYING AGENT**

**Deutsche Bank AG, London Branch**

Winchester House  
1 Great Winchester Street  
London EC2N 2DB

**REGISTRAR**

**Deutsche Bank Luxembourg S.A.**

2, boulevard Konrad Adenauer  
L- 1115 Luxembourg

**PAYING, TRANSFER AND EXCHANGE AGENT**

**Deutsche Bank AG, London Branch**

Winchester House  
1 Great Winchester Street  
London EC2N 2DB

**DEALERS**

**Banco Bilbao Vizcaya Argentaria, S.A.**

Vía de los Poblados sn, 2nd floor,  
28033- Madrid, Spain

**Banco Santander, S.A.**

Avenida Cantabria s/n  
28660 Boadilla del Monte  
Madrid, Spain

**BNP PARIBAS**

10 Harewood Avenue  
London NW1 6AA

**CALYON Crédit Agricole CIB**

9, quai du Président Paul Doumer  
92920 Paris-la-Défense Cedex  
France

**Citigroup Global Markets Limited**

Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB

**ING Belgium SA/NV**

Marnix avenue, 24 – 1000 Brussels  
Belgium

**J.P. Morgan Securities plc**

25 Bank Street  
Canary Wharf  
London, E14 5JP

**Mitsubishi UFJ Securities International plc**

Ropemaker Place  
25 Ropemaker Street  
London EC2Y 9AJ

**Nomura International plc**

1 Angel Lane  
London EC4R 3AB

**Société Générale**

29 Boulevard Haussmann  
75009 Paris, France

**The Royal Bank of Scotland plc**

135 Bishopsgate  
London EC2M 3UR

**LEGAL ADVISERS**

*To the Issuer as to French law*

**Legal Department  
Compagnie de Saint-Gobain**

Les Miroirs  
18, avenue d'Alsace  
92400 Courbevoie France

*To the Dealers as to English, U.S. and French law*

**Cleary Gottlieb Steen & Hamilton LLP**

City Place House  
55 Basinghall Street  
London EC2V 5EH  
United Kingdom

**ISSUER'S AUDITORS**

**PricewaterhouseCoopers Audit**

63, rue de Villiers  
92208 Neuilly-Sur-Seine Cedex  
France

**KPMG Audit, department of KPMG SA**

Immeuble KPMG  
1, Cours Valmy  
92923 Paris La Defense  
France

