



Tender Offer and New Issue

November 29, 2005









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VE: a world leader in environmental services

Water	Waste Management	Energy Services	Transportation
			
<ul style="list-style-type: none"> • No.1 worldwide in water services • 2004 revenue ⁽¹⁾ : €7.8 billion • over 100 million people provided with water and wastewater services worldwide • 67,800 ⁽²⁾ employees • Operations in 60 countries 	<ul style="list-style-type: none"> • No.2 worldwide in waste management and a world leader in hazardous industrial waste management • 2004 revenue ⁽¹⁾ : €6.2 billion • more than 50 million people served worldwide • 78,700 ⁽²⁾ employees • Operations in 34 countries 	<ul style="list-style-type: none"> • No.1 in Europe in energy services • 2004 revenue ⁽¹⁾ : €4.9 billion • 80,000 facilities managed • 43,300 employees • Operations in 38 countries 	<ul style="list-style-type: none"> • No.1 private operator of surface passenger transportation in Europe • 2004 revenue ⁽¹⁾ : €3.6 billion • 2 billion passengers carried • 61,300 employees • Operations in 25 countries

2004 : key figures :

- Revenue from ordinary activities : €22,500m
- Cashflow from operations : €3,228m
- Operating income : €1,481m

(1) Revenue from ordinary activities

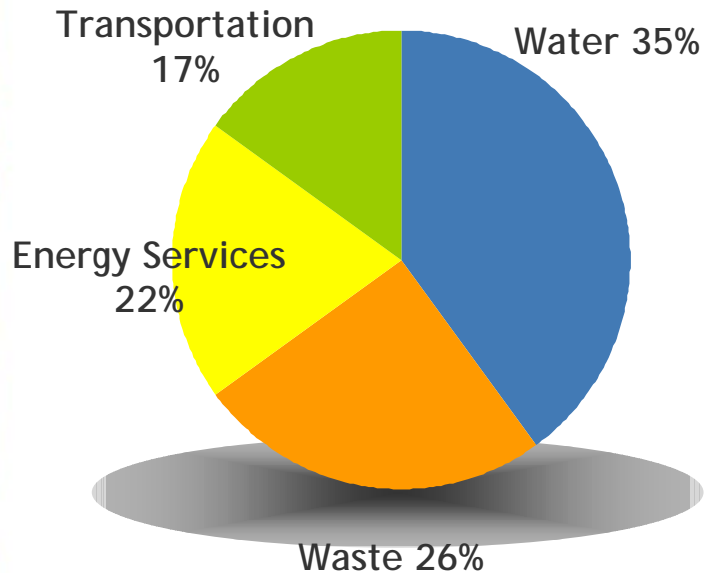
(2) For Water, includes 1,633 employees of Proactiva;

For Waste Management, includes 6,993 employees of Proactiva; both numbers at December 31st, 2004

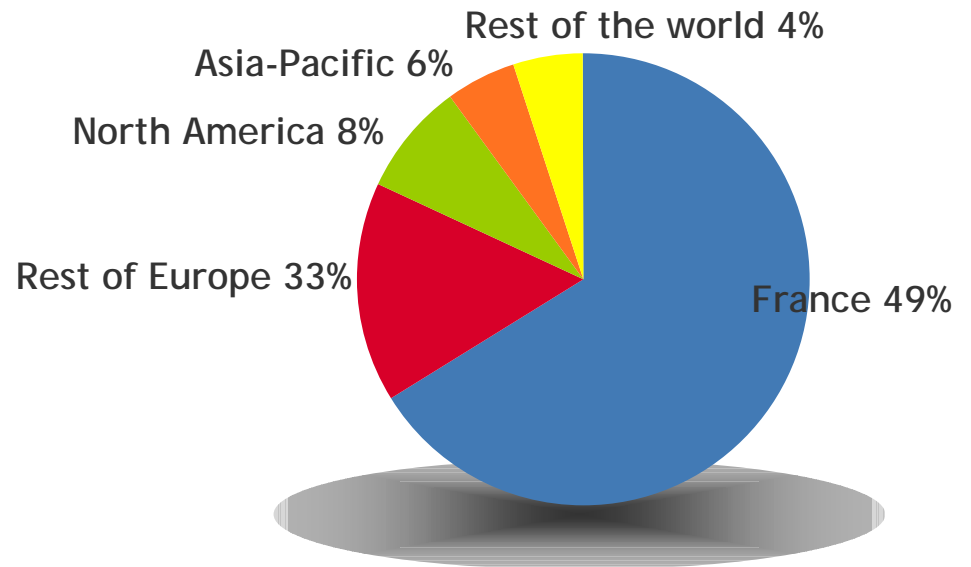


A well-balanced company

Breakdown by division



Breakdown by geographical zone



H1 2005 consolidated revenue ⁽¹⁾: €12.1bn

(1) Revenue from ordinary activities

Strong first half 2005 performance (IFRS)

- Revenue increased **10.4%** from H1 04 to H1 05 (**€12.1 billion**), including **9.6%** internal growth
- Recurring operating income increased sharply: up **16%** to **€948 million**
 - Good contribution from all divisions
 - Increase driven by growing maturity of contracts, continued contribution from the cost efficiency plan and accelerated growth
- Operating cash flow : up **12%** to **€1,786 million**
- Economic net debt⁽¹⁾ at **€10.9 billion** versus €10.2 billion on 31.12.2004.
 - Slight increase versus year-end's figure due to acquisition of municipal services company in Germany (Braunschweig Stadtwerke)
- Strong performances confirmed on 9 months 2005 :
 - Revenues from ordinary activities : **+10.8%** to **€18.1 billion**, including **9%** internal growth
 - Recurrent operating income : **+17.3%** to **€1,321 million**

(1) Net financial debt - long term financial receivables, short-term financial receivables, and marketable securities

VE: a low risk business profile

- Long-term contractual relationship with targeted clients :
 - Municipal (75% of revenue), industrial and tertiary (25%)
- Long-term contracts with recurring and sustainable cash-flows
- Low exposure to emerging countries : less than 10% of revenue in countries rated $\leq A-$
- Strong backlog ≥ 10 years
- Further consolidation of VE worldwide leadership in environmental services
- Clear and well-defined geographic positioning :
 - Europe, North America and certain countries in the Asia-Pacific region

Outlook

2005

- Revenue growth of more than 8%
- Confirmation of a double-digit increase in recurring operating income
- Continuing improvement of post-tax ROCE

Medium-term objectives

- Annual revenue growth between 6% and 8%
- Post-tax ROCE higher than 10% in 2007
- Maintenance of a sound balance sheet: economic net debt/cash flow from operations < 3.5
- Profitability criteria met: $IRR \geq WACC + 3\%$
- Dividend distribution policy: a regular dividend increase of at least 10% annually

Financial profile: key features

● Ratings :

- Moody's A3 / P-2 Stable (Upgrade in June 2005)
- S&P's BBB+ / A-2 Stable

● Average maturity of debt stabilized around 6.5 years

● Liquidity position (as of June 30, 2005) : €8.3 billion

Financial operations since January 1, 2005 :

- Issuance of a 10-year bond indexed on European inflation for a total of €600 million
- Private placement : issuance of 18-month €500 million FRN
- Renegotiation of two syndicated loans :
 - €4 billion Jumbo (7-year) (undrawn)
 - CZK 12 billion (2 tranches : 5 & 7-year)

Transaction Description

● Rationale:

- Reduce the proportion of VE's debt maturing in 2008 via the current tender offer for up to €1 billion of the outstanding 5.875% notes due 27 June 2008. Final amount of the tender will be articulated in line with the final combined size of the new issue
- Extend VE's debt maturity profile by funding the tender with a longer dated new issue
- Take advantage of favourable market conditions

● Description of the new issue:

- Currency: Euro
- Structure : long 10 years - Feb 2016 (minimum EUR500 million)
and 15 years - Dec 2020 (minimum EUR300 million)
- Timing : Pricing expected on Wednesday 30 November 2005
- Issue ratings: A3 stable / BBB stable
- Documentation: EMTN programme
- Governing law : French
- Listing: Paris
- Joint-bookrunners: BNP Paribas, CSFB, DrKW, Natexis Banques Populaires