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Press release

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**Very great success, with an offer 5 times oversubscribed, of the offering by ORPEA of bonds convertible into and/or exchangeable for new or existing shares (OCEANE), due January 1<sup>st</sup>, 2016 for an amount of approximately € 157 million which may be increased up to a maximum amount of approximately € 180 million**

**Visa n° 10-429 dated December 7<sup>th</sup>, 2010 obtained from the French market Authority ("AMF")**

**Puteaux, December 7<sup>th</sup>, 2010**

ORPEA (Euronext Paris: ORP) launched today an offering of bonds convertible into and / or exchangeable for new or existing shares (OCEANE), due January 1<sup>st</sup>, 2016 (the « **Bonds** ») for a principal amount of € 157 million after having exercised in full the extension option, on the basis of an offer 5 times oversubscribed. This amount may be increased to a maximum amount of € 180 million in the event that the over-allotment option granted to the Joint Lead Managers and Joint Bookrunners of the offering is exercised in full.

The purpose of the offering is to address the general financing needs of ORPEA and its business development, to diversify its sources of funding and contribute to extending the maturity profile of its financial resources and to potentially reinforce its shareholders' equity in the event that the Bonds are converted into new shares.

The par value per Bond has been set at € 44.23, representing an issue premium of 27.50% over ORPEA's reference share price<sup>1</sup> of € 34.6899 on the regulated market of NYSE Euronext in Paris (« **Euronext Paris** »).

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<sup>1</sup> The reference share price is equal to the volume-weighted average price (VWAP) of ORPEA shares on Euronext Paris from the opening of trading on December 7<sup>th</sup>, 2010 until the final terms of the Bonds were fixed.

The Bonds will bear interest, as from the issue date at a nominal annual rate of 3.875%, payable annually in arrears on January 1<sup>st</sup> of each year (or the following business day if such date is not a business day), and will amount to € 1.7139 per annum per Bond. As an exception, the coupon payable on January 1<sup>st</sup>, 2012 (or on the following business day if such date is not a business day) will be calculated on a *pro rata temporis* basis and will amount to approximately € 1.7937 per Bond.

The Bonds will be issued at par on December 15<sup>th</sup>, 2010, the expected settlement and delivery date, and will mature and be redeemed at par on January 1<sup>st</sup>, 2016. The conversion / exchange ratio of the Bonds will be one ORPEA share per Bond, subject to potential further adjustments. The Bonds may be redeemed prior to maturity at the option of ORPEA subject to certain conditions.

The French market Authority (*Autorité des marchés financiers* or the « **AMF** ») has approved the French prospectus for the offering under visa number 10-429 dated December 7<sup>th</sup>, 2010. The public offer period in France will be open from December 8<sup>th</sup>, 2010 up to and including December 10<sup>th</sup>, 2010.

The expected date of issue and settlement and delivery for the Bonds is December 15<sup>th</sup>, 2010.

The offer is managed by BNP Paribas, Crédit Agricole CIB and Société Générale Corporate & Investment Banking, Joint Lead Managers and Joint Bookrunners.

This press release does not constitute an offer to subscribe for the Bonds. There shall be no public offer of the Bonds in any country other than France.

## **Distribution of the French prospectus**

A French prospectus (the "**Prospectus**") comprised of the Company's Registration Document (*Document de référence*) filed with the AMF on July, 13<sup>th</sup> 2010 under number D.10-0625 (the "**Registration Document**"), the update of the Registration Document filed with the AMF on December 6<sup>th</sup>, 2010 under number D.10-0625-A01, a *note d'opération* and the summary of the Prospectus (included in the *note d'opération*) received visa n° 10-429 from the AMF on December 7<sup>th</sup>, 2010. Copies of such Prospectus are available free of charge at the registered offices of the Company, 1-3 rue Bellini 92806 Puteaux cedex – France, as well as on the web site of the Company ([www.orpea.com](http://www.orpea.com)) and the AMF ([www.amf-france.org](http://www.amf-france.org)). Investors are reminded of the risk factors mentioned in chapter IX (pages 109 to 128) of the Registration Document, pages 55 to 59 of the update of the Registration Document and paragraph 2 (pages 15 to 18) of the *note d'opération*.

**About ORPEA SA (www.orpea.com)** : Listed on Euronext Paris since April 2002 and a member of the Deferred Settlement Service, ORPEA SA is a leading player in the Long-Term Care and Post-Acute Care sectors. At 1st January 2011, the Group will have a unique network of healthcare facilities with 32,939 beds (27,123 of which are operational) across 356 sites, including:

- 26,702 beds in France: 22,058 operational (including 3,052 being renovated) + 4,644 under construction, spread across 298 sites,
- 6,237 beds elsewhere in Europe (Spain, Belgium Italy and Switzerland): 5,065 operational (including 674 being renovated) + 1,172 under construction, spread across 58 sites.

**Listed on Euronext Paris Compartment A** of NYSE Euronext

Member of the **SBF 120 index** and **SRD**

ISIN: **FR0000184798** - Reuters: **ORP.PA** - Bloomberg: **ORP FP**

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The offer and sale of the Bonds in France were first carried out in a private placement to persons falling within article L.411-2-II of the French *Code monétaire et financier*. The offer will be open to the public in France following the granting of the "visa" by the AMF on the Prospectus from December 8<sup>th</sup>, 2010 to December 10<sup>th</sup>, 2010.

With respect to the member States of the European Economic Area, other than France, which have implemented the Directive EC/2003/71 called the "**Prospectus Directive**" (each, a "**relevant member State**"), no action has been undertaken or will be undertaken to make an offer to the public of the Bonds requiring a publication of a prospectus in any relevant member State. As a result, the Bonds may only be offered in relevant member States:

- (I) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to place securities;
- (II) to any legal entity which has two or more of the following criteria: (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than € 43 million; and (3) an annual net turnover of more than € 50 million, as per its last annual or consolidated accounts;
- (III) in any other circumstances, not requiring the issuer to publish a prospectus as provided under article 3(2) of the prospectus directive.

Concerning the United States of America, the securities referred to in this press release have not been and will not be registered under the U.S. Securities Act of 1933, as amended ("**US Securities Act**"), and may not be offered or sold in the United States absent registration or an exemption from registration under the US Securities Act. ORPEA does not intend to register any portion of the planned offering in the United States or to conduct a public offering of securities in the United States. The Bonds are only being offered and sold outside of the United States in offshore transactions in accordance with Regulation S under the US Securities Act ("**Regulation S**"). Terms used in the present paragraph have the meanings given to them in Regulation S.

Concerning the United Kingdom, this document is not a prospectus which has been approved by the Financial Services Authority or any other United Kingdom regulatory authority for the purposes of Section 85 of the Financial Services and Markets Act 2000, as amended ("**FSMA**") in connection with the issue or sale of the Bonds and/or the new or existing shares to be issued upon conversion or exchange of the Bonds (the "**Securities**"). This document is only directed at persons who (i) are located outside the United Kingdom, or (ii) have professional experience in matters relating to investments and fall within Article 19(5) ("investment professionals") of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005, (the ("**Order**") or (iii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc.") of the Order (these persons mentioned in paragraphs (i), (ii) and (iii) together being referred to as "**Relevant Persons**"). The Securities are directed only at Relevant Persons and no invitation, offer or agreements to subscribe, purchase or otherwise acquire Securities may be proposed or made other than with Relevant Persons, and no investment or investment activity to which this document relates is available to or will be engaged in with persons other than Relevant Persons. Any person other than a Relevant Person may not act or rely on this document or any provision thereof. Persons distributing this document must satisfy themselves that it is lawful to do so. Past performance of the Company's securities should not be relied on as an indication of future performance. In the United Kingdom, offers of the Securities are only being made to persons who are "qualified investors" within the meaning of Section 86 of FSMA.

Concerning Italy, no prospectus relating to the Bonds has been registered in Italy, with the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") in accordance with the Legislative Decree No. 58 of February 24, 1998, as modified (the "**Financial Services Act**"), and the CONSOB Regulation No. 11971 of May 14, 1999, as modified (the "**Issuers' Regulation**"). Accordingly, the Bonds have not been and will not be offered, transferred or delivered, directly or indirectly, in an offer to the public ("*offerta al pubblico*") in Italy and no copies of the French Prospectus or any other document relating to the Bonds may be or will be distributed in Italy, unless an exemption applies.

Therefore, the Bonds may not be offered, transferred or delivered in Italy unless copies of the French Prospectus and any other document relating to the Bonds are distributed or made available exclusively:

- (a) to qualified investors (*investitori qualificati*), as defined in Article 34-ter, paragraph 1, letter b) of the Issuers' Regulation, pursuant to Article 100 of the Financial Services Act ; or
- (b) in any other circumstances where an exemption from the rules governing offers to the public applies, pursuant to and in accordance with Article 100 of the Financial Services Act and Issuers' Regulation.

Moreover, any offering, transfer, or delivery of the Bonds in Italy or the distribution in Italy of copies of the French Prospectus or any other document relating to the Bonds as provided in paragraphs (a) and (b) above must also be realized in accordance with all applicable Italian laws and regulations concerning the securities market, tax matters, exchange controls and any other applicable legal and regulatory provision, and must, in particular, be realized:

- (i) via investment firms, banks or financial intermediaries authorized to carry out such activities in Italy in accordance with the Financial Services Act, the Legislative Decree No. 385 of September 1, 1993, as amended (the "**Banking Law**"), and the CONSOB Regulation No. 16190 of October 29, 2007, as amended; and
- (ii) in conformity with any other applicable law and any other term or restriction that may be, from time to time, imposed by the CONSOB, the Bank of Italy and/or any other Italian authority.

Any person purchasing Bonds in the offering assumes the entire responsibility for ensuring that any offer or resale of the Bonds so purchased occurs in accordance with all applicable Italian laws and regulations. No person resident or located in Italy other than the original addressees of the French Prospectus should rely on it or its content.

Article 100-bis of the Financial Services Act affects the transferability of the Bonds in Italy to the extent that any placement of the Bonds is made solely with qualified investors and such Bonds are then systematically resold to non qualified investors on the secondary market at any time in the 12 months following such placement. Where this occurs, if no prospectus in compliance with the Prospectus Directive has been published, purchasers of Bonds who are acting outside of the ordinary course of their business or profession may in certain circumstances be entitled to declare such purchase void and to claim damages from any authorized person at whose premises the Bonds were purchased, unless an exemption provided for under the Financial Services Act applies.

BNP Paribas (or any entity acting on its behalf), acting as stabilizing manager, on behalf of the Joint Lead Managers and Joint Bookrunners (the "**Stabilizing Manager**") will be able to carry out stabilization transactions in accordance with applicable legislation and regulations, in particular those of Regulation (EC) No. 2273/2003 of the European Commission dated 22 December 2003 relating to the terms and conditions for applying the Directive 2003/06/EC of the European Parliament and Council of 28 January 2003 on insider trading and market abuse (the "**European Regulation**").

There is no guarantee that such transactions will be carried out and such transactions, if carried out, may be suspended at any time.

Stabilization transactions are intended to maintain the market price of the Bonds and/or shares of ORPEA. They may have an impact on the market price of the Bonds and/or shares of ORPEA and may result in the setting of a market price that is higher than what the price would be in the absence of such transactions.

If implemented, such stabilization activities may be carried out on either the Bonds or ORPEA's shares at any time as from the disclosure of the final terms of the Bonds and of the offering are published, up until the exercise of the over-allotment option, i.e., from December 7<sup>th</sup>, 2010 to December 13<sup>th</sup>, 2010.

The Stabilizing Manager will be responsible for disclosing information to the public and relevant market authorities in accordance with Article 9 of the European Regulation and Article 631-10 of the General Regulations of the AMF.

The Joint Lead Managers and Joint Bookrunners, may carry out over-allotments within the framework of the offering up to the number of Bonds covered by the over-allotment option, that could be increased, if applicable, by a number of Bonds representing a maximum of 5% of the size of the initial offering, pursuant to Article 11 of the European Regulation.