SUN COMMUNITIES INC
Form 424B5
March 13, 2013

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered[(1)]	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price[(1)]	Amount of Registration Fee[(2)]
Common Stock, $0.01 par value per share[(3)]	5,750,000 shares	$45.25	$260,187,500	$35,490

(1) Assumes exercise in full of the underwriters option to purchase up to 750,000 additional shares of common stock.
(2) The registration fee has been calculated and is being paid in accordance with Rules 457(r) and 456(b) under the Securities Act of 1933, as amended.
(3) Includes rights to purchase our Junior Participating preferred stock. Since no separate consideration is paid for these rights, they are not considered in the calculation of the maximum aggregate offering price and the registration fee.

Table of Contents

Filed Pursuant to Rule 424(b)(5)
Registration No. 333-181315

PROSPECTUS SUPPLEMENT

(To Prospectus Dated May 10, 2012)

5,000,000 Shares

Common Stock

We are selling 5,000,000 shares of our common stock.

We have granted the underwriters an option to purchase up to 750,000 additional shares of our common stock.

Our common stock is listed on the New York Stock Exchange under the symbol SUI. The last reported sale price of our common stock on the New York Stock Exchange on March 12, 2013 was $45.68 per share.

To assist us in complying with certain federal income tax requirements applicable to real estate investment trusts, our charter contains certain restrictions relating to the ownership and transfer of our stock, including an ownership limit of 9.8%, in number of shares or value, of the issued and outstanding shares of our capital stock. See Description of Common Stock Restrictions on Ownership beginning on page 8 of the accompanying prospectus.

Investing in our common stock involves a high degree of risk. Before buying any of these shares you should carefully read the discussion of material risks of investing in our common stock in Risk Factors beginning on page S-6 of this prospectus supplement, page 2 of the accompanying prospectus and page 9 of our Annual Report on Form 10-K for the year ended December 31, 2012.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public Offering Price	$ 45.25	$ 226,250,000
Underwriting Discount	$ 1.81	$ 9,050,000
Proceeds to us (before expenses)	$ 43.44	$ 217,200,000

The underwriters expect to deliver the shares to purchasers on or about March 18, 2013 through the book-entry facilities of The Depository Trust Company.

Joint Book-Running Managers

BofA Merrill Lynch **Citigroup** **BMO Capital Markets**

Senior Co-Managers

PNC Capital Markets LLC

Raymond James

RBC Capital Markets

Co-Managers

Gleacher & Company

Baird

Comerica Securities

Janney Montgomery Scott

March 12, 2013

Table of Contents

TABLE OF CONTENTS

Prospectus Supplement

Prospectus

Table of Contents

ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering of our common stock. The second part, which is the accompanying prospectus, provides more general information about us and our securities, some of which may not apply to this offering. Both this prospectus supplement and the accompanying prospectus include important information about us and our common stock, and other information of which you should be aware before investing in our common stock. This prospectus supplement and the information incorporated by reference in this prospectus supplement also adds to, updates and changes information contained or incorporated by reference in the accompanying prospectus. If information in this prospectus supplement or the information incorporated by reference in this prospectus supplement is inconsistent with the accompanying prospectus or the information incorporated by reference therein, then this prospectus supplement or the information incorporated by reference in this prospectus supplement will apply and will supersede the information in the accompanying prospectus and the documents incorporated by reference therein.

You should read this prospectus supplement, the accompanying prospectus and the additional information described under the headings Where You Can Find More Information and Incorporation of Certain Documents by Reference before you make a decision to invest in our common stock.

You should rely only on the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus prepared by or on behalf of us. Neither we nor the underwriters have authorized anyone to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. Neither we nor the underwriters are making an offer of these securities under any circumstance or in any jurisdiction where the offer is not permitted or unlawful. You should assume that the information contained in this prospectus supplement, the accompanying prospectus and any free writing prospectus prepared by or on behalf of us is accurate only as of their respective dates, and that any information in documents that we have incorporated by reference is accurate only as of the date of the document incorporated by reference. Our business, financial condition, results of operations and prospects may have changed since those dates.

This prospectus supplement, the accompanying prospectus, and the information incorporated herein and therein by reference includes trademarks, service marks and trade names owned by us or other companies. All trademarks, service marks and trade names included or incorporated by reference into this prospectus supplement or the accompanying prospectus are the property of their respective owners.

Unless otherwise mentioned or unless the context requires otherwise, all references in this prospectus supplement and the accompanying prospectus to Sun, we, us, our or similar references mean Sun Communities, Inc., a Maryland corporation, and its direct and indirect subsidiaries, including Sun Communities Operating Limited Partnership, a Michigan limited partnership, or the Operating Partnership, and Sun Home Services, Inc., a Michigan corporation, or SHS.

Table of Contents

SUMMARY

This summary highlights certain information about us, this offering and information appearing elsewhere in this prospectus supplement, in the accompanying prospectus and in the documents we incorporate by reference. This summary is not intended to be a complete description of the matters covered in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference, and does not contain all of the information that you should consider before investing in our securities. To fully understand this offering and its consequences to you, you should read and consider this entire prospectus supplement and the accompanying prospectus carefully, including the information referred to under the heading Risk Factors in this prospectus supplement beginning on page S-6, in the accompanying prospectus beginning on page 2 and in our Annual Report on Form 10-K for the year ended December 31, 2012 beginning on page 9, and the financial statements and other information incorporated by reference in this prospectus supplement and the accompanying prospectus when making an investment decision. You should also read and consider the information in the documents to which we have referred you in Where You Can Find More Information on page S-22 of this prospectus supplement.

Company Overview

We are a self-administered and self-managed real estate investment trust, or REIT. We own, operate, and develop manufactured housing and recreational vehicle, or RV, communities concentrated in the midwestern, southern and southeastern United States. We are a fully-integrated real estate company which, together with our affiliates and predecessors, has been in the business of acquiring, operating, developing and expanding manufactured housing and RV communities since 1975. As of December 31, 2012, we owned and operated a portfolio of 173 properties, which we refer to as Properties, located in 19 states, including 149 manufactured housing communities, 13 RV communities, and 11 Properties containing both manufactured housing and RV sites. As of December 31, 2012, the Properties contained an aggregate of 63,697 developed sites comprised of 52,833 developed manufactured home sites, 4,904 permanent RV sites, 5,960 transient RV sites, and approximately 6,900 additional manufactured home sites suitable for development. We lease individual parcels of land, or sites, with utility access for placement of manufactured homes and RVs to our customers. The Properties are designed to offer affordable housing to individuals and families, while also providing certain amenities.

We are engaged through SHS, a taxable REIT subsidiary, in the marketing, selling, and leasing of new and pre-owned homes to current and future residents in our communities. The operations of SHS support and enhance our occupancy levels, property performance and cash flows.

Structured as an umbrella partnership REIT, or UPREIT, the Operating Partnership is the entity through which we conduct substantially all of our operations, and which owns, either directly or indirectly through SHS and other subsidiaries, all of our assets. This UPREIT structure enables us to comply with certain complex requirements under the Federal tax rules and regulations applicable to REITs, and to acquire manufactured housing communities in transactions that defer some or all of the sellers tax consequences. We are the sole general partner of, and, as of December 31, 2012, held approximately 93% of the interests (not including preferred limited partnership interests) in, the Operating Partnership. The interests in the Operating Partnership held by the partners are referred to herein as OP Units.

Recent Developments

Acquisition of Morgan Properties

On February 8, 2013, we acquired ten RV communities and associated assets, or the Morgan Properties, from certain sellers, or, collectively, the Contributors, for a purchase price of $112.8 million, subject to certain

Table of Contents

adjustments and pro-rations. Three of the Morgan Properties are located in Maine, two are located in Virginia and the others are located in Connecticut, Massachusetts, New Jersey, Ohio and Wisconsin. The Morgan Properties in the aggregate are comprised of nearly 3,700 sites, of which approximately 40% are filled with RVs under annual rental contracts.

MHC Operating Limited Partnership, or MHC, an affiliate of Equity Lifestyle Properties, Inc., recorded a Memorandum of Agreement for an Option to Acquire the Properties against some or all of the Morgan Properties and we closed the transaction with knowledge of those memoranda. MHC has also asserted that we improperly interfered with their purported contract rights with respect to the Morgan Properties. The Contributors and certain of their affiliates, jointly and severally, have agreed to indemnify us against any and all liabilities and expenses relating to any claims by MHC with respect to the Morgan Properties or the transaction, provided that we are not entitled to indemnification for loss of our future revenue or income or loss of business reputation or opportunity. The indemnity obligations are secured by certain assets of the Contributors and their affiliates.

MHC Litigation

On December 26, 2012, we filed a complaint in the Oakland County (Michigan) Circuit Court against MHC, the Contributors and certain of their affiliates seeking declaratory relief concerning MHC s assertion of rights with respect to the Morgan Properties and MHC s claim against us. On January 23, 2013, MHC filed an answer and counterclaim (and cross claim against the Contributors and certain of their affiliates) seeking to enforce its claimed rights and seeking specific performance against the Contributors (and us to the extent our rights would be affected) of those rights to acquire the Morgan Properties. MHC s answer and counterclaim did not assert any other substantive claims against us. On February 14, 2013, we filed an amended complaint seeking a declaratory judgment that we have not violated, and our purchase of the Morgan Properties did not violate, any rights of MHC and further seeking a judgment requiring MHC to cancel the memoranda it recorded. On February 22, 2013, we filed a motion for partial summary disposition seeking dismissal of all of MHC s claims against us. On March 7, 2013, MHC filed an answer and affirmative and special defenses to our amended complaint. On February 26, 2013, the Court entered a summary disposition scheduling order providing that briefing on our motion for partial summary disposition be completed by April 10, 2013 and scheduling oral argument before the Court on April 24, 2013. On March 11, 2013, the Court entered a scheduling order setting the case for trial on February 10, 2014.

We believe that MHC s claims to the Morgan Properties and any other claims it may bring against us are without merit and we intend to prosecute our claims and defend any counterclaims vigorously.

Debt Financing

On February 6, 2013, the Operating Partnership, as borrower, entered into a credit agreement with Bank of Montreal, as administrative agent and lender, and BMO Capital Markets Corp., an underwriter in this offering, as sole lead arranger and sole book manager, pursuant to which the Operating Partnership borrowed $61.5 million, which we refer to as the BMO Facility. We used the proceeds of the BMO Facility to fund a portion of the purchase price for the Morgan Properties. The BMO Facility s maturity date is August 6, 2013 but, at our election, the maturity date may be extended for an additional six months upon compliance with certain conditions and the payment of a 0.05% extension fee. The BMO Facility bears interest at a floating rate based on Eurodollar plus a margin that is determined based on the Company s leverage ratio calculated in accordance with the Credit Agreement, which can range from 1.50% to 2.25%. Based on our current leverage ratio, the current margin as of March 1, 2013 was 1.75%. The BMO Facility is guaranteed by each of Sun and certain other of its subsidiaries. The BMO Facility is secured by first priority liens on all of the Operating Partnership s equity interests in certain

Table of Contents

of its subsidiaries that directly or indirectly own 20 manufactured home communities. The BMO Facility is full recourse to the Operating Partnership and each of the guarantors.

Potential Debt Financing

On March 8, 2013, we entered into a commitment letter with Citigroup Global Markets Inc., or Citigroup, Bank of America, N.A., or Bank of America, and Merrill Lynch, Pierce, Fenner & Smith Incorporated, or Merrill Lynch, pursuant to which, and subject to the terms and conditions set forth therein, Citigroup (on behalf of its affiliates) and Bank of America (on behalf of its affiliates) each committed to lend to us $100 million under a new $300 million senior secured revolving credit facility. An affiliate of Citigroup is expected to act as administrative agent, and Bank of America is expected to be the syndication agent. Citigroup and Merrill Lynch, each in its capacity as bookrunner and lead arranger agreed to use their commercially reasonable efforts to arrange a syndicate of lenders to lend the remaining $100 million. On March 8, 2013, Bank of Montreal committed, in its capacity as a co-lead arranger and documentation agent, to lend, subject to certain conditions, the remaining $100 million under the new credit facility. This new facility is expected to replace our existing $150 million senior secured revolving credit facility and could be increased to up to $600 million, subject to the satisfaction of certain conditions and the approval of the administrative agent. This potential new facility is contemplated to have a four-year term with an option to extend for one additional year and to bear interest at a floating rate based on Eurodollar plus a margin that is determined based on our leverage ratio, which can range from 1.65% to 2.90%. The new facility is expected to be secured by a first priority lien on all of our equity interests in each entity that owns, directly or indirectly, all or a portion of the properties constituting the borrowing base and collateral assignments of our senior and junior debt positions in certain borrowing base properties. The closing of this new credit facility is subject to the negotiation and execution of definitive documentation acceptable to the parties and is subject to closing contingencies. We cannot assure you that we will be able to successfully establish this new credit facility on the terms described above or at all. Certain of the underwriters or their affiliates are expected to be lenders under this potential new credit facility.

Principal Executive Offices and Website

We were incorporated in Maryland on July 23, 1993 and went public in an initial public offering on December 9, 1993. Our executive and principal property management office is located at 27777 Franklin Road, Suite 200, Southfield, Michigan 48034 and our telephone number is (248) 208-2500. We have regional property management offices located in Austin, Texas; Dayton, Ohio; Grand Rapids, Michigan; Elkhart, Indiana; and Orlando, Florida; and we employed an aggregate of 915 full and part time employees as of December 31, 2012.

We maintain an Internet site at http://www.suncommunities.com which contains information concerning us and our subsidiaries. Information included or referred to on, or otherwise accessible through, our website is not incorporated by reference or otherwise a part of this prospectus supplement or the accompanying prospectus.

Table of Contents

THE OFFERING

For a description of our common stock, see Description of Common Stock in the accompanying prospectus.

Common stock offered by us	5,000,000 shares of common stock (and up to an additional 750,000 shares of common stock, if the underwriters option to purchase additional shares of common stock is exercised in full)
Equity securities outstanding prior to completion of the offering[1]	30,113,001 shares of common stock; 3,400,000 shares of 7.125% Series A Cumulative Redeemable Preferred Stock, or Series A Preferred Stock; 2,069,322 common OP Units not held by us; 1,325,275 preferred OP Units, or Aspen preferred OP Units; 455,476 Series A-1 preferred OP Units; 40,267.50 Series A-3 preferred OP Units; and 112,400 Series B-3 preferred OP Units
Equity securities outstanding on a pro forma basis after completion of the offering[1]	35,113,001 shares of common stock; 3,400,000 shares of Series A Preferred Stock; 2,069,322 common OP Units not held by us; 1,325,275 Aspen preferred OP Units; 455,476 Series A-1 preferred OP Units; 40,267.50 Series A-3 preferred OP Units; and 112,400 Series B-3 preferred OP Units

Use of proceeds	We expect that the net proceeds of this offering will be approximately $216,950,000 after deducting expenses related to this offering (and approximately $249,530,000 if the underwriters exercise their option to purchase additional shares of common stock in full). We intend to use:

- up to $100.1 million of the net proceeds of this offering to repay the entire outstanding amount under our senior secured revolving credit facility;
- approximately $61.5 million of the net proceeds to repay the BMO Facility in full;
- approximately $25.0 million of the net proceeds to repay our rental home line of credit;
- approximately $3.6 million of the net proceeds to repay our manufactured home floor plan facility; and
- any remaining net proceeds to fund possible future acquisitions of properties and for working capital and general corporate purposes.

Table of Contents

Restrictions on ownership and transfer	Our charter contains restrictions on ownership and transfer of shares of our capital stock intended to assist us in maintaining our qualification as a REIT for U.S. federal income tax purposes. For example, without the approval of our board of directors, our charter restricts any person from owning, or being deemed to own by virtue of the attribution provisions of the Internal Revenue Code of 1986, as amended, more than 9.8%, in number of shares or value, of the issued and outstanding shares of our capital stock. See Description of Common Stock Restrictions on Ownership in the accompanying prospectus.
Risk factors	You should carefully read the information contained under the caption Risk Factors in this prospectus supplement, the accompanying prospectus, our Annual Report on Form 10-K for the year ended December 31, 2012 and our other filings under the Securities Exchange Act of 1934, as amended, or the Exchange Act, that are incorporated by reference in this prospectus supplement and the accompanying prospectus before deciding to invest in shares of our common stock.
NYSE symbol	SUI

(1) Based on equity securities outstanding as of March 11, 2013. Excludes (a) 3,781,812 shares of common stock issuable upon exchange of OP Units, (b) 51,100 shares of common stock reserved for issuance upon the exercise of stock options outstanding, and (c) 679,600 shares of common stock reserved and available for future issuance under our equity incentive plans, in each case as of March 11, 2013.

Unless expressly stated otherwise, the information set forth above and throughout this prospectus supplement assumes no exercise of the underwriters option to purchase up to 750,000 additional shares of common stock and excludes shares issuable pursuant to stock options outstanding and shares of common stock that may be issued in the future under our equity incentive plans.

Table of Contents

RISK FACTORS

Investment in the shares of our common stock offered pursuant to this prospectus supplement and the accompanying prospectus involves risks. In addition to the information presented in this prospectus supplement and the accompanying prospectus and the risk factors in our most recent Annual Report on Form 10-K and our other filings under the Exchange Act that are incorporated by reference in this prospectus supplement and the accompanying prospectus, you should consider carefully the following risk factors before deciding to purchase these shares. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations. If any of these risks actually occur, our business, financial condition and results of operations may suffer. In that event, the trading price of our common stock could decline, and you may lose all or part of your investment in our common stock.

We are a party to a lawsuit regarding title to the Morgan Properties and if this lawsuit is decided unfavorably against us, our financial position and results of operations could be materially adversely affected.

On February 8, 2013, we acquired the Morgan Properties for a purchase price of $112.8 million, subject to certain adjustments and pro-rations. We are a party to a lawsuit with MHC, the Contributors and certain other parties with respect to the Morgan Properties and related matters. See Summary Recent Developments MHC Litigation.

There can be no assurances that the litigation will be decided favorably for us. We have indemnification rights against the Contributors and their affiliates. However, there can be no assurance that the collateral securing those indemnification obligations would be sufficient to cover our losses, and the indemnity does not cover loss of our future revenue or income or loss of business reputation or opportunity. We have included the expected performance of the Morgan Properties in our earnings guidance. If MHC s claim for specific performance or any other claims it may bring against us or related to the Morgan Properties are successful, our financial position and results of operations could be materially adversely affected. In addition, this litigation may be costly and may also impose a significant burden on our management and employees.

We may not obtain the new senior secured revolving credit facility.

We expect to enter into a new $300 million senior secured revolving credit facility, but the closing is subject to the negotiation and execution of definitive documentation and the satisfaction of closing contingencies set forth in the commitment letter. See Summary Recent Developments Potential Debt Financing. If we do not enter into definitive documentation or if certain conditions are not satisfied or waived, then the closing of such credit facility will not occur. In addition, the price of our common stock may decline to the extent that the market price reflects a market assumption that the new credit facility will close and that we will realize the benefits associated therewith.

This offering is expected to be dilutive, which may adversely affect the market price of our common stock.

Giving effect to the issuance of shares of common stock in this offering, the receipt of the expected net proceeds and the use of those proceeds, we expect that this offering will have a dilutive effect on our earnings per share and funds from operations per share for the year ending December 31, 2013. The actual amount of dilution cannot be determined at this time and will be based on numerous factors.

Future sales or issuances of our common stock or other securities may cause the market price of our common stock to decline.

The sale of substantial amounts of our common stock, whether directly by us or in the secondary market, the perception that such sales could occur or the availability of future issuances of shares of our common stock, preferred stock, OP Units or other securities convertible into or exchangeable or exercisable for our capital stock, could materially and adversely affect the market price of our common stock and our ability to raise capital through future offerings of equity or equity-related securities. In addition, we may issue capital stock that is senior to our common stock in the future (such as our outstanding Series A Preferred Stock) for a number of reasons, including to finance our operations and business strategy, to adjust our ratio of debt to equity or for other reasons.

We may allocate the net proceeds from this offering in ways that you and other stockholders may not approve.

We intend to use up to $100.1 million of the net proceeds from this offering to repay the entire outstanding amount under our senior secured revolving credit facility, approximately $61.5 million of the net proceeds to repay the BMO Facility in full, approximately $28.6 million of the net proceeds to repay our rental home and manufactured home floor plan facilities, and the remainder of the net proceeds to fund possible future acquisitions of properties and for working capital and general corporate purposes. Our management will have broad discretion in the application of certain of the net proceeds from this offering and could spend the proceeds in ways that do not necessarily improve our operating results or enhance the value of our common stock.

Our business operations may not generate the cash needed to make distributions on our capital stock or to service our indebtedness, and we may adjust our common stock dividend policy.

Our ability to make distributions on our common stock and payments on our indebtedness and to fund planned capital expenditures will depend on our ability to generate cash in the future. We cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings will be available to us in an amount sufficient to enable us to make distributions on our common stock, to pay our indebtedness or to fund our other liquidity needs.

The decision to declare and pay dividends on shares of our common stock in the future, as well as the timing, amount and composition of any such future dividends, will be at the sole discretion of our board of directors in light of conditions then existing, including our earnings, financial condition, capital requirements, debt maturities, the availability of debt and equity capital, applicable REIT and legal restrictions and the general overall economic conditions and other factors. Any change in our dividend policy could have a material adverse effect on the market price of our common stock.

Our share price could be volatile and could decline, resulting in a substantial or complete loss on your investment.

The stock markets, including the New York Stock Exchange, on which we list our common stock, have experienced significant price and volume fluctuations. As a result, the market price of our common stock could be similarly volatile, and investors in our common stock may experience a decrease in the value of their shares, including decreases unrelated to our operating performance or prospects. The price of our common stock could be subject to wide fluctuations in response to a number of factors, including:

- our operating performance and the performance of other similar companies;
- our ability to maintain compliance with covenants contained in our debt facilities;
- actual or anticipated variations in our operating results, funds from operations, cash flows or liquidity;
- changes in our earnings estimates or those of analysts;
- changes in our dividend policy;
- the market for similar securities;

issuances of other equity securities, including series or classes of preferred stock;

Table of Contents

- publication of research reports about us or the real estate industry generally;
- increases in market interest rates that lead purchasers of our common stock to demand a higher dividend yield;
- changes in market valuations of similar companies;
- adverse market reaction to the amount of our debt outstanding at any time, the amount of our debt maturing in the near- and medium-term and our ability to refinance our debt, or our plans to incur additional debt in the future;
- additions or departures of key management personnel;
- speculation in the press or investment community;
- actions by institutional stockholders;
- the realization of any of the other risk factors included or incorporated by reference in this prospectus supplement and the accompanying prospectus; and
- general market and economic conditions.

Many of the factors listed above are beyond our control. Those factors may cause the market price of our common stock to decline significantly, regardless of our financial condition, results of operations and prospects. It is impossible to provide any assurance that the market price of our common stock will not fall in the future, and it may be difficult for holders to resell shares of our common stock at prices they find attractive, or at all. In the past, securities class action litigation has often been instituted against companies following periods of volatility in their stock price. This type of litigation could result in substantial costs and divert our management s attention and resources.

Table of Contents

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus, and the documents incorporated by reference herein and therein contain various forward-looking statements within the meaning of the Securities Act of 1933, as amended, or the Securities Act, and the Exchange Act, and we intend that such forward-looking statements will be subject to the safe harbors created thereby. For this purpose, any statements contained in this prospectus supplement, the accompanying prospectus, and the documents incorporated by reference herein and therein that relate to expectations, beliefs, projections, future plans and strategies, trends or prospective events or developments and similar expressions concerning matters that are not historical facts are deemed to be forward-looking statements. Words such as forecasts, intends, intend, intended, goal, estimate, estimates, expects, expect, expected, project, projected, projections, plans, predicts, potential, seeks, anticipa could, may, will, designed to, foreseeable future, believe, believes, scheduled, guidance and similar expressions are intended to i forward-looking statements, although not all forward-looking statements contain these words. These forward-looking statements reflect our current views with respect to future events and financial performance, but involve known and unknown risks and uncertainties, both general and specific to the matters discussed in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein. These risks and uncertainties may cause our actual results to be materially different from any future results expressed or implied by such forward-looking statements. In addition to the risks disclosed under Risk Factors above, such risks and uncertainties include:

changes in general economic conditions, the real estate industry and the markets in which we operate;

difficulties in our ability to evaluate, finance, complete and integrate acquisitions, developments and expansions successfully;

our liquidity and refinancing demands;

our ability to obtain or refinance maturing debt;

our ability to maintain compliance with covenants contained in our debt facilities;

availability of capital;

our failure to maintain effective internal control over financial reporting and disclosure controls and procedures;

increases in interest rates and operating costs, including insurance premiums and real property taxes;

risks related to natural disasters;

general volatility of the capital markets and the market price of our shares of common stock;

our failure to maintain our status as a REIT;

changes in real estate and zoning laws and regulations;

legislative or regulatory changes, including changes to laws governing the taxation of REITs;

litigation, judgments or settlements;

our ability to maintain rental rates and occupancy levels;

competitive market forces;

the ability of manufactured home buyers to obtain financing;

the level of repossessions by manufactured home lenders; and

those risks and uncertainties referenced under the headings entitled Risk Factors contained in our Annual Report on Form 10-K for the year ended December 31, 2012 filed with the Securities and

Exchange Commission, or the SEC, and our other filings made from time to time with the SEC. See Where You Can Find More Information on page S-22 of this prospectus supplement.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statement was made. We undertake no obligation to publicly update or revise any forward-looking statements included or incorporated by reference into this prospectus supplement and the accompanying prospectus, whether as a result of new information, future events, changes in our expectations or otherwise.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. All written and oral forward-looking statements attributable to us or persons acting on our behalf are qualified in their entirety by these cautionary statements.

Table of Contents

USE OF PROCEEDS

We expect that the net proceeds of this offering, after deducting estimated offering expenses payable by us, will be approximately $216,950,000. If the underwriters exercise their option to purchase 750,000 additional shares of our common stock in full, our net proceeds will be approximately $249,530,000.

We intend to use up to $100.1 million of the net proceeds of this offering to repay the entire outstanding amount under our senior secured revolving credit facility. As of March 11, 2013, we had $100.1 million outstanding under the credit facility. The credit facility bears interest at a floating rate based on Eurodollar plus a margin that is determined based on our leverage ratio calculated in accordance with the credit agreement, which can range from 2.25% to 2.95%. The aggregate rate at March 11, 2013 was 3.47%. The credit facility s maturity date is October 1, 2014, subject to a one-year extension option under certain conditions. The proceeds of the credit facility were used to pay off our previous $115.0 million revolving line of credit and for working capital and for other general corporate purposes. Bank of America, N.A., an affiliate of one of the underwriters of this offering, has a participation percentage of approximately 25.0% as a lender under the credit facility. Citibank, N.A., an affiliate of one of the underwriters of this offering, has a participation percentage of approximately 23.3% as a lender under the credit facility. PNC Bank, National Association, an affiliate of one of the underwriters of this offering, has a participation percentage of approximately 13.3% as a lender under the credit facility. Comerica Bank, an affiliate of one of the underwriters of this offering, has a participation percentage of approximately 6.7% as a lender under the credit facility.

We intend to use approximately $61.5 million of the net proceeds of this offering to repay the BMO Facility in full. BMO Capital Markets Corp., one of the underwriters of this offering, is the sole lead arranger and sole book manager under the BMO Facility, and Bank of Montreal, an affiliate of BMO Capital Markets Corp., is the sole lender under the BMO Facility. The BMO Facility s maturity date is August 6, 2013 but, at our election, the maturity date may be extended for an additional six months upon compliance with certain conditions and the payment of a 0.05% extension fee. The BMO Facility bears interest at a floating rate based on Eurodollar plus a margin that is determined based on the Company s leverage ratio calculated in accordance with the Credit Agreement, which can range from 1.50% to 2.25%. Based on our current leverage ratio, the current margin as of March 1, 2013 was 1.75%. We used the proceeds of the BMO Facility to fund a portion of the purchase price for the Morgan Properties and to pay down other debt. See Summary Recent Developments Debt Financing and Summary Recent Developments Acquisition of Morgan Properties.

We intend to use approximately $25.0 million of the net proceeds of this offering to repay the secured line of credit collateralized by a portion of our rental home portfolio. This line of credit bears interest at a floating rate equal to the prime rate plus 2.00% with a minimum rate of 5.50% and matures in May 2020. At March 1, 2013, the effective interest rate was 5.50%.

We intend to use approximately $3.6 million of the net proceeds of this offering to repay our manufactured home floor plan facility, which renews indefinitely until our lender provides at least 12 months notice of its intent to terminate the facility. This facility bears interest at a floating rate equal to 1.00% over the greater of the prime rate or 6.00%. At March 1, 2013, the effective interest rate was 7.00%.

We intend to use the remaining net proceeds of this offering to fund possible future acquisitions of properties and for working capital and general corporate purposes.

Pending use of the remaining net proceeds of this offering, we intend to invest these net proceeds in short-term interest-bearing investment grade instruments.

Table of Contents

CAPITALIZATION

The following table sets forth our capitalization as of December 31, 2012:

(a) on an actual basis;

(b) on an as adjusted basis to give effect to the acquisition of the Morgan Properties and our borrowings under the BMO Facility; and

(c) as further adjusted to give effect to:

(i) the offering and sale of 5,000,000 shares of our common stock in this offering at the public offering price of $45.25 per share, after deducting the underwriting discounts and commissions and our estimated offering expenses, and the application of the net proceeds of this offering as described under Use of Proceeds ;

(ii) the offering and sale from February 27, 2013 through March 8, 2013 of 273,753 shares of our common stock pursuant to our at-the-market program at a weighted average sale price of $47.03;

(iii) the issuance of 83,800 shares of our common stock to executive officers and non-employee directors under our equity incentive plans; and

(iv) other borrowings and repayments under our debt facilities from January 1, 2013 through March 11, 2013.

Table of Contents

The information set forth below should be read in conjunction with our consolidated financial statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2012, as updated by our subsequent filings under the Exchange Act, incorporated by reference into this prospectus supplement and the accompanying prospectus.

	As of December 31, 2012		
(Dollars in thousands)	**Actual (a)**	**As adjusted for (b)**	**As further adjusted for (c)**
Cash and cash equivalents	$ 29,508	$ 29,508	$ 52,756
DEBT:			
Debt[(1)]	$ 1,423,720	$ 1,455,814	$ 1,358,337
Lines of credit[(2)]	29,781	108,907	0
Other liabilities	87,626	87,626	87,626
EQUITY:			
Preferred stock, $0.01 par value (10,000,000 shares authorized)			
Series A preferred stock, $0.01 par value per share (liquidation preference $25.00 per share), 3,400,000 shares issued and outstanding at December 31, 2012	$ 34	$ 34	$ 34
Common stock, $0.01 par value, 90,000,000 shares authorized, 31,557,064 shares issued and outstanding at December 31, 2012, 36,914,617 shares issued and outstanding on a pro forma basis at December 31, 2012 [(3)(4)]	316	316	369
Additional paid-in capital	940,202	940,202	1,173,610
Accumulated other comprehensive loss	(696)	(696)	(696)
Distributions in excess of accumulated earnings	(683,734)	(683,734)	(683,734)
Treasury stock, at cost (December 31, 2012, 1,801,800 shares)	(63,600)	(63,600)	(63,600)
Total Sun Communities, Inc. stockholders equity	192,522	192,522	425,983
Noncontrolling interests in affiliates:			
A-1 Preferred OP Units	45,548	45,548	45,548
A-3 Preferred OP Units		4,268	4,268
Common OP Units	(24,572)	(24,572)	(24,572)
Consolidated variable interest entities	(508)	(508)	(508)
TOTAL CAPITALIZATION	$ 1,754,117	$ 1,869,605	$ 1,896,682

(1) Includes $35,782 in redeemable Aspen preferred OP Units and $11,240 in redeemable Series B-3 preferred OP Units.

(2) Does not include additional borrowings under lines of credit after December 31, 2012 that are unrelated to other adjustments set forth in this table. As of March 11, 2013, we had $128.7 million outstanding under lines of credit.

(3) Assumes no exercise of the underwriters option to purchase up to an additional 750,000 shares of common stock.

(4) Excludes (a) 3,781,812 shares of common stock issuable upon exchange of OP Units, (b) 51,100 shares of common stock reserved for issuance upon the exercise of outstanding stock options and (c) 679,600 shares of common stock available for issuance under our equity incentive plans as of December 31, 2012.

Table of Contents

SUPPLEMENTAL MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

Medicare Tax

For taxable years beginning after December 31, 2012, certain taxable U.S. stockholders who are individuals, estates or trusts will be subject to a 3.8% tax on all or a portion of their net investment income, which may include all or a portion of their dividends on our common stock and net gains from the disposition of our common stock. Taxable U.S. stockholders that are individuals, estates or trusts are urged to consult their tax advisors regarding the applicability of the Medicare tax to any of their income or gains in respect of our common stock.

Changes in Tax Rates

Pursuant to recently enacted legislation, as of January 1, 2013, (1) the maximum tax rate on qualified dividend income received by U.S. shareholders taxed at individual rates is 20%, (2) the maximum tax rate on long-term capital gain applicable to U.S. shareholders taxed at individual rates is 20%, and (3) the highest marginal individual income tax rate is 39.6%. Pursuant to such legislation, the backup withholding rate remains at 28%. Such legislation also makes permanent certain federal income tax provisions that were scheduled to expire on December 31, 2012. Dividends paid by REITs will generally not constitute qualified dividend income eligible for the 20% tax rate for stockholders that are taxable as individuals, trusts and estates and will generally be taxable at the higher ordinary income tax rates. We urge you to consult your own tax advisors regarding the impact of this legislation on the purchase, ownership and sale of our common shares.

Reporting and Withholding on Foreign Financial Accounts

On March 18, 2010, the Hiring Incentives to Restore Employment Act, or the HIRE Act, was signed into law. Certain provisions of this law (commonly referred to as FATCA) impose a 30% U.S. federal withholding tax on dividends on, and gross proceeds from the sale or other disposition of, our capital stock to a foreign financial institution or non-financial foreign entity (whether such institution or entity is the beneficial owner or an intermediary), unless (i) in the case of a foreign financial institution, such institution enters into an agreement with the U.S. tax authorities to collect and provide substantial information regarding U.S. account holders of such institution (which includes certain equity and debt holders of such institution, as well as certain account holders that are foreign entities with U.S. owners) and to withhold on certain payments, or otherwise complies with FATCA, and (ii) in the case of a non-financial foreign entity, such entity provides the withholding agent with a certification that it does not have any substantial U.S. owners or a certification identifying the substantial U.S. owners of the entity, which generally includes certain U.S. persons who directly or indirectly own more than 10% of the entity, or otherwise complies with FATCA. Withholding on dividends on our capital stock generally is to begin after December 31, 2013. Withholding on gross proceeds from the sale or other disposition of our capital stock generally is to begin after December 31, 2016. Under certain circumstances, an investor may be eligible for refunds or credits of any taxes imposed under FATCA. Prospective investors should consult their tax advisors regarding the effect, if any, of FATCA on their acquisition, ownership and disposition of our capital stock.

Table of Contents

UNDERWRITING

Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc. and BMO Capital Markets Corp. are acting as joint book-running managers of the offering and Merrill Lynch, Pierce, Fenner & Smith Incorporated and Citigroup Global Markets Inc. are acting as the representatives of the underwriters named below. Subject to the terms and conditions stated in the underwriting agreement dated the date of this prospectus supplement, each underwriter named below has severally agreed to purchase, and we have agreed to sell to that underwriter, the number of shares set forth opposite the underwriter s name.

Underwriter	Number of Shares
Merrill Lynch, Pierce, Fenner & Smith Incorporated	1,525,000
Citigroup Global Markets Inc.	1,525,000
BMO Capital Markets Corp.	1,025,000
PNC Capital Markets LLC	200,000
Raymond James & Associates, Inc.	200,000
RBC Capital Markets, LLC	200,000
Gleacher & Company Securities, Inc.	100,000
Robert W. Baird & Co. Incorporated	75,000
Comerica Securities, Inc.	75,000
Janney Montgomery Scott LLC	75,000
Total	5,000,000

The underwriting agreement provides that the obligations of the underwriters to purchase the shares included in this offering are subject to approval of legal matters by counsel and to other conditions. The underwriters are obligated to purchase all the shares (other than those covered by the underwriters option to purchase additional shares described below) if they purchase any of the shares.

Shares sold by the underwriters to the public will initially be offered at the public offering price set forth on the cover page of this prospectus supplement. Any shares sold by the underwriters to securities dealers may be sold at a discount from the public offering price not to exceed $1.086 per share. If all the shares are not sold at the public offering price, the underwriters may change the offering price and the other selling terms.

If the underwriters sell more shares than the total number set forth in the table above, we have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus supplement, to purchase up to 750,000 additional shares of common stock at the public offering price less the underwriting discount. To the extent the option is exercised, each underwriter must purchase a number of additional shares approximately proportionate to that underwriters initial purchase commitment. Any shares issued or sold under the option will be issued and sold on the same terms and conditions as the other shares that are the subject of this offering.

We and our executive officers and directors have agreed that, for a period of 90 days from the date of this prospectus supplement, we and they will not, without the prior written consent of each of the representatives, dispose of or hedge any shares or any securities convertible into or exchangeable for our common stock, subject to certain exceptions. The representatives, in their sole discretion may release any of the securities subject to these lock-up agreements at any time without notice. Notwithstanding the foregoing, if (i) during the last 17 days of the 90-day restricted period, we issue an earnings release or material news or a material event relating to our company occurs; or (ii) prior to the expiration of the 90-day restricted period, we announce that we will release earnings results during the 16-day period beginning on the last day of the 90-day restricted period, the restrictions described above shall continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

The shares of our common stock are listed on the New York Stock Exchange under the symbol SUI.

Table of Contents

The following table shows the underwriting discounts and commissions that we are to pay to the underwriters in connection with this offering. These amounts are shown assuming both no exercise and full exercise of the underwriters option to purchase additional shares of common stock.

	No Exercise	Full Exercise
Per share	$ 1.81	$ 1.81
Total	$ 9,050,000	$ 10,407,500

We estimate that our total expenses for this offering (excluding the underwriting discount) will be approximately $250,000.

In connection with the offering, the underwriters may purchase and sell shares of common stock in the open market. Purchases and sales in the open market may include short sales, purchases to cover short positions, which may include purchases pursuant to the underwriters option to purchase additional shares of common stock, and stabilizing purchases.

Short sales involve secondary market sales by the underwriters of a greater number of shares than they are required to purchase in the offering.

Covered short sales are sales of shares in an amount up to the number of shares represented by the underwriters option to purchase additional shares of common stock.

Naked short sales are sales of shares in an amount in excess of the number of shares represented by the underwriters option to purchase additional shares of common stock.

Covering transactions involve purchases of shares either pursuant to the underwriters option to purchase additional shares of common stock or in the open market after the distribution has been completed in order to cover short positions.

To close a naked short position, the underwriters must purchase shares in the open market after the distribution has been completed. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering.

To close a covered short position, the underwriters must purchase shares in the open market after the distribution has been completed or must exercise the option to purchase additional shares of common stock. In determining the source of shares to close the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the underwriters option to purchase additional shares of common stock.

Stabilizing transactions involve bids to purchase shares so long as the stabilizing bids do not exceed a specified maximum.

Purchases to cover short positions and stabilizing purchases, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or retarding a decline in the market price of the shares. They may also cause the price of the shares to be higher than the price that would otherwise exist in the open market in the absence of these transactions. The underwriters may conduct these transactions on the New York Stock Exchange, in the over-the-counter market or otherwise. If the underwriters commence any of these transactions, they may discontinue them at any time.

In connection with the offering, certain of the underwriters or securities dealers may distribute prospectuses by electronic means, such as e-mail.

In compliance with the guidelines of the Financial Industry Regulatory Authority, or FINRA, the aggregate maximum discount, commission or agency fees or other items constituting underwriting compensation to be received by any FINRA member or independent broker-dealer will not exceed 8% of the offering proceeds from any offering pursuant to this prospectus and any applicable prospectus supplement.

Table of Contents

Conflicts of Interest

The underwriters are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The underwriters and their respective affiliates have in the past performed commercial banking, investment banking and advisory services for us from time to time for which they have received customary fees and reimbursement of expenses and may, from time to time, engage in transactions with and perform services for us in the ordinary course of their business for which they may receive customary fees and reimbursement of expenses. In the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve our securities and instruments.

In addition, affiliates of Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc., BMO Capital Markets Corp. and certain of the other underwriters are lenders, and in some cases agents or managers for the lenders, under our credit facilities. We intend to use a portion of the net proceeds of this offering to reduce borrowings under our credit facilities and therefore affiliates of certain underwriters will receive their proportionate share of the amounts repaid under the credit facilities with the net proceeds of this offering. Upon such application, more than 5% of the proceeds of this offering (not including underwriting discounts) may be received by an underwriter or its affiliates. Nonetheless, in accordance with FINRA Rule 5121, the appointment of a qualified independent underwriter is not necessary in connection with this offering because we, as the issuer of the securities in this offering, are a real estate investment trust.

In addition, certain of the underwriters or their affiliates are expected to be lenders under a $300.0 million senior secured revolving credit facility for which we have entered into a commitment letter on March 8, 2013.

Bank of America, N.A., an affiliate of Merrill Lynch, Pierce, Fenner & Smith Incorporated, has loaned us an aggregate of $20.7 million under mortgage financings secured by certain of our properties.

PNC Bank, National Association, an affiliate of PNC Capital Markets LLC, has loaned us $162.4 million pursuant to variable rate facilities and an additional $207.4 million pursuant to three fixed-rate facility notes secured by mortgages on certain of our properties.

On May 10, 2012, we and the Operating Partnership entered into the ATM Program with BMO Capital Markets Corp. and Liquidnet, Inc., to issue and sell shares of our common stock from time to time pursuant to our existing registration statement on Form S-3, having an aggregate offering price of up to $100 million. Each sales agent is entitled to compensation of up to 1.5% of the gross proceeds from the sale of shares sold through it pursuant to the terms of the sales agreement. Since the inception of the ATM Program, we have issued 526,586 shares of our common stock pursuant to the sales agreement and have received net proceeds of approximately $24.2 million from the sales of these shares of common stock. On March 8, 2013, we suspended the ATM Program pending completion of this offering.

An employee of Citigroup Global Markets Inc. who has been actively involved in this offering is an immediate family member of Arthur A. Weiss, a member of our board of directors and a shareholder of Jaffe, Raitt, Heuer & Weiss, Professional Corporation, our counsel.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make because of any of those liabilities.

Table of Contents

Notice to Prospective Investors in the European Economic Area

In relation to each member state of the European Economic Area that has implemented the Prospectus Directive (each, a relevant member state), with effect from and including the date on which the Prospectus Directive is implemented in that relevant member state (the relevant implementation date), an offer of shares described in this prospectus supplement may not be made to the public in that relevant member state other than:

to any legal entity which is a qualified investor as defined in the Prospectus Directive;

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) in any relevant member state, as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by us for any such offer; or

in any other circumstances which do not require publication by the issuer of a prospectus pursuant to Article 3 of the Prospectus Directive,

provided that no such offer of shares shall require us or any underwriter 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 purposes of this provision, the expression an offer of securities to the public 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 shares to be offered so as to enable an investor to decide to purchase or subscribe for the shares, as the expression 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. The expression 2010 PD Amending Directive means Directive 2010/73/EU.

The sellers of the shares have not authorized and do not authorize the making of any offer of shares through any financial intermediary on their behalf, other than offers made by the underwriters with a view to the final placement of the shares as contemplated in this prospectus supplement. Accordingly, no purchaser of the shares, other than the underwriters, is authorized to make any further offer of the shares on behalf of the sellers or the underwriters.

Notice to Prospective Investors in the United Kingdom

This prospectus supplement and the accompanying prospectus are only being distributed to, and is only directed at, persons in the United Kingdom that are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive that are also (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the Order) or (ii) 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 (each such person being referred to as a relevant person). This prospectus supplement and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. The securities are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities will be engaged in only with, relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on this document or any of its contents.

Notice to Prospective Investors in France

Neither this prospectus supplement nor any other offering material relating to the shares described in this prospectus supplement has been submitted to the clearance procedures of the Autorité des Marchés Financiers or

Table of Contents

of the competent authority of another member state of the European Economic Area and notified to the Autorité des Marchés Financiers. The shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France. Neither this prospectus supplement nor any other offering material relating to the shares has been or will be:

- released, issued, distributed or caused to be released, issued or distributed to the public in France; or
- used in connection with any offer for subscription or sale of the shares to the public in France.

Such offers, sales and distributions will be made in France only:

- to qualified investors (investisseurs qualifiés) and/or to a restricted circle of investors (cercle restreint d investisseurs), in each case investing for their own account, all as defined in, and in accordance with articles L.411-2, D.411-1, D.411-2, D.734-1, D.744-1, D.754-1 and D.764-1 of the French Code monétaire et financier;
- to investment services providers authorized to engage in portfolio management on behalf of third parties; or
- in a transaction that, in accordance with article L.411-2-II-1°-or-2°-or 3° of the French Code monétaire et financier and article 211-2 of the General Regulations (Règlement Général) of the Autorité des Marchés Financiers, does not constitute a public offer (appel public à l épargne).

The shares may be resold directly or indirectly, only in compliance with articles L.411-1, L.411-2, L.412-1 and L.621-8 through L.621-8-3 of the French Code monétaire et financier.

Notice to Prospective Investors in Hong Kong

The shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to professional investors within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a prospectus within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Notice to Prospective Investors in Japan

The shares offered in this prospectus supplement have not been registered under the Securities and Exchange Law of Japan. The shares have not been offered or sold and will not be offered or sold, directly or indirectly, in Japan or to or for the account of any resident of Japan, except (i) pursuant to an exemption from the registration requirements of the Securities and Exchange Law and (ii) in compliance with any other applicable requirements of Japanese law.

Notice to Prospective Investors in Singapore

This prospectus supplement has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus supplement and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the

Table of Contents

Securities and Futures Act, Chapter 289 of Singapore (the SFA), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to compliance with conditions set forth in the SFA.

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the shares pursuant to an offer made under Section 275 of the SFA except:

to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;

where no consideration is or will be given for the transfer; or

where the transfer is by operation of law.

Notice to Prospective Investors in Switzerland

The shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (SIX) or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing.

Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, the Company, the shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of shares will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA (FINMA), and the offer of shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes (CISA). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of shares.

Notice to Prospective Investors in the Dubai International Financial Centre

This prospectus supplement relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (DFSA). This prospectus supplement is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus supplement nor taken steps to verify the

Table of Contents

information set forth herein and has no responsibility for the prospectus supplement. The shares to which this prospectus supplement relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares offered should conduct their own due diligence on the shares. If you do not understand the contents of this prospectus supplement you should consult an authorized financial advisor.

Notice to Prospective Investors in Australia

No prospectus or other disclosure document (as defined in the Corporations Act 2001 (Cth) of Australia (Corporations Act)) in relation to the common shares has been or will be lodged with the Australian Securities & Investments Commission (ASIC). This document has not been lodged with ASIC and is only directed to certain categories of exempt persons. Accordingly, if you receive this document in Australia:

(a) you confirm and warrant that you are either:

(i) a sophisticated investor under section 708(8)(a) or (b) of the Corporations Act;

(ii) a sophisticated investor under section 708(8)(c) or (d) of the Corporations Act and that you have provided an accountant s certificate to us which complies with the requirements of section 708(8)(c)(i) or (ii) of the Corporations Act and related regulations before the offer has been made;

(iii) a person associated with the company under section 708(12) of the Corporations Act; or

(iv) a professional investor within the meaning of section 708(11)(a) or (b) of the Corporations Act, and to the extent that you are unable to confirm or warrant that you are an exempt sophisticated investor, associated person or professional investor under the Corporations Act any offer made to you under this document is void and incapable of acceptance; and

(b) you warrant and agree that you will not offer any of the common shares for resale in Australia within 12 months of that common shares being issued unless any such resale offer is exempt from the requirement to issue a disclosure document under section 708 of the Corporations Act.

Notice to Prospective Investors in Chile

The shares are not registered in the Securities Registry (Registro de Valores) or subject to the control of the Chilean Securities and Exchange Commission (Superintendencia de Valores y Seguros de Chile). This prospectus supplement and other offering materials relating to the offer of the shares do not constitute a public offer of, or an invitation to subscribe for or purchase, the shares in the Republic of Chile, other than to individually identified purchasers pursuant to a private offering within the meaning of Article 4 of the Chilean Securities Market Act (Ley de Mercado de Valores) (an offer that is not addressed to the public at large or to a certain sector or specific group of the public).

LEGAL MATTERS

Certain legal matters will be passed upon for us by Jaffe, Raitt, Heuer & Weiss, Professional Corporation, Southfield, Michigan. Arthur A. Weiss is a member of our board of directors and a shareholder of Jaffe, Raitt, Heuer & Weiss, Professional Corporation. Paul Hastings LLP, New York, New York, will act as counsel and pass on certain legal matters for the underwriters. Ober, Kaler, Grimes & Shriver, a Professional Corporation, Baltimore, Maryland, will issue an opinion to us regarding certain matters of Maryland law, including the validity of the common stock to be issued in connection with this offering. Paul Hastings LLP may rely upon the opinion of Ober, Kaler, Grimes & Shriver, a Professional Corporation.

EXPERTS

The audited consolidated financial statements, schedule and management s assessment of the effectiveness of internal control over financial reporting incorporated by reference in this prospectus supplement and elsewhere

Table of Contents

in the registration statement of which this prospectus supplement is a part have been so incorporated by reference in reliance upon the reports of Grant Thornton LLP, independent registered public accountants, upon the authority of said firm as experts in accounting and auditing.

The consolidated financial statements of Origen Financial, Inc. as of December 31, 2012 and December 31, 2011 incorporated in this prospectus supplement by reference from Exhibit 99.1 to our Annual Report on Form 10-K filed with the SEC on February 25, 2013, have been so incorporated in reliance on the report of Baker Tilly Virchow Krause, LLP, an independent registered public accounting firm, given on the authority of said firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We are subject to the informational requirements of the Exchange Act, and, in accordance therewith, we file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document we file with the SEC at the SEC s Public Reference Room at 100 F Street, N.E., Washington, D.C., 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the Public Reference Room. The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The address of that site is http://www.sec.gov. In addition, our common stock is listed on the New York Stock Exchange and such reports, proxy statements and other information concerning us can be inspected at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005. Additionally, we make these filings available, free of charge, through the Investors section of our website at *www.suncommunities.com* as soon as reasonably practicable after we electronically file such materials with, or furnish them to, the SEC. The information on the website listed above, except as described in the section titled Incorporation of Certain Documents by Reference below, is not, and should not be, considered part of this prospectus supplement and the accompanying prospectus and is not incorporated by reference into this document.

We have filed with the SEC a registration statement on Form S-3 under the Securities Act with respect to the securities offered in connection with this prospectus supplement and the accompanying prospectus. This prospectus supplement and the accompanying prospectus, which is part of the registration statement, do not contain all of the information set forth in the registration statement or the exhibits and schedules to the registration statement. For further information regarding us and the common stock offered in this prospectus supplement and the accompanying prospectus, please refer to the registration statement and the documents filed or incorporated by reference as exhibits to the registration statement. Statements contained in this prospectus supplement and the accompanying prospectus as to the contents of any contract or other document are not necessarily complete and, in each instance, you should refer to the copy of such contract or document filed as an exhibit to or incorporated by reference in the registration statement. Each statement as to the contents of such contract or document is qualified in all respects by such reference. You may obtain copies of the registration statement and its exhibits from the SEC as indicated above or from us.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows us to incorporate by reference the information we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus supplement, and information that we file later with the SEC will automatically update and supersede this information. We incorporate by reference the documents listed below and any future filings we will make with the SEC prior to the termination of the offering under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act (solely to the extent that such information set forth in any such document is filed with, as opposed to furnished to, the SEC under the Exchange Act):

Our Annual Report on Form 10-K for the fiscal year ended December 31, 2012, filed on February 25, 2013;

Table of Contents

- Our Amendment to Annual Report on Form 10-K/A for the fiscal year ended December 31, 2012, filed on February 27, 2013;

- Our Current Reports on Form 8-K filed on January 7, 2013 and February 12, 2013;

- The description of our common stock contained in the Registration Statement on Form 8-A filed November 23, 1993 (File No. 001-12616), including any amendment or report filed to update such description; and

- The description of certain dividend distribution rights associated with our common stock contained in the Registration Statement on Form 8-A filed June 3, 2008 (File No. 001-12616), including any amendment or report filed to update such description.

The reports and other documents that we file after the date of this prospectus pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act and prior to the termination of this offering shall be deemed to be incorporated by reference into this prospectus and will update, supplement and supersede the information in this prospectus supplement and the accompanying prospectus. We will provide to each person, including any beneficial owner, to whom this prospectus supplement and the accompanying prospectus is delivered, a copy of any or all of the information that has been incorporated by reference in the prospectus but not delivered with this prospectus supplement and the accompanying prospectus. We will provide this information upon written or oral request at no cost to the requester. You may request a copy of any of this information by writing us at the following address: Sun Communities, Inc., 27777 Franklin Road, Suite 200, Southfield, Michigan, 48034, Attention: Investor Relations; or by calling our Investor Relations Department at telephone number (248) 208-2500.

Table of Contents

PROSPECTUS

COMMON STOCK

PREFERRED STOCK

DEBT SECURITIES

WARRANTS

UNITS

We may from time to time offer, in one or more classes or series, separately or together, and in amounts, at prices and on terms to be set forth in one or more supplements to this prospectus, the following securities:

- shares of common stock;
- shares of preferred stock;
- debt securities;
- warrants to purchase preferred stock, common stock or debt securities; or
- units consisting of two or more of the foregoing.

We refer to the common stock, preferred stock, debt securities, warrants and units registered hereunder collectively as the securities in this prospectus.

This prospectus describes some of the general terms that may apply to these securities and the general manner in which they may be offered. The specific terms of any securities to be offered, and the specific manner in which they may be offered, will be set forth in the applicable prospectus supplement. The prospectus supplement will also contain information, where applicable, about certain federal income tax considerations relating to, and any listing on a securities exchange of, the securities covered by such prospectus supplement. It is important that you read both this prospectus and the applicable prospectus supplement before you invest in the securities.

To assist us in complying with certain federal income tax requirements applicable to real estate investment trusts, our charter contains certain restrictions relating to the ownership and transfer of our stock, including an ownership limit of 9.8% on our common stock. See Description of Common Stock Restrictions on Ownership beginning on page 7 of this prospectus.

The securities may be offered directly by us or by any selling security holder, through agents designated from time to time by us or to or through underwriters or dealers. If any agents, dealers or underwriters are involved in the sale of any of the securities, their names, and any applicable purchase price, fee, commission or discount arrangement between or among them will be set forth, or will be calculable from the information set forth, in the applicable prospectus supplement. See the sections entitled About This Prospectus and Plan of Distribution for more information. No securities may be sold without delivery of this prospectus and the applicable prospectus supplement describing the method and terms of the offering of such series of securities.

Our common stock is listed on the New York Stock Exchange under the symbol SUI. The last reported sale price of the common stock as reported on the New York Stock Exchange on May 9, 2012, was $43.52 per share.

Investing in our securities involves risks. Before investing in our securities, you should read carefully the risk factors described on page 2 of this prospectus and from described time to time in our Securities and Exchange Commission filings.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is May 10, 2012

Table of Contents

TABLE OF CONTENTS

Table of Contents

ABOUT THIS PROSPECTUS

This prospectus is part of an automatic shelf registration statement that we filed with the Securities and Exchange Commission, or the SEC, as a well-known seasoned issuer as defined in Rule 405 under the Securities Act of 1933, as amended, or the Securities Act, using a shelf registration process for the delayed offering and sale of securities pursuant to Rule 415 under the Securities Act. Under this process, we may sell the securities described in this prospectus in one or more offerings. In addition, selling security holders to be named in a prospectus supplement may sell certain of our securities from time to time. This prospectus provides you with a general description of the securities we or any selling security holder may offer. Each time we or any selling security holder sells securities, we or the selling security holder will provide a prospectus supplement containing specific information about the terms of the applicable offering. Such prospectus supplement may add, update or change information contained in this prospectus.

We or any selling security holder may offer the securities directly, through agents, or to or through underwriters. The applicable prospectus supplement will describe the terms of the plan of distribution and set forth the names of any underwriters involved in the sale of the securities. See Plan of Distribution for more information on this topic. No securities may be sold without delivery of a prospectus supplement describing the method and terms of the offering of those securities.

This prospectus and any accompanying prospectus supplement do not contain all of the information included in the registration statement. We have omitted parts of the registration statement in accordance with the rules and regulations of the SEC. For further information, we refer you to the registration statement on Form S-3 of which this prospectus is a part, including its exhibits. Statements contained in this prospectus and any accompanying prospectus supplement about the provisions or contents of any agreement or other document are not necessarily complete. If the SEC s rules and regulations require that an agreement or document be filed as an exhibit to the registration statement, please see that agreement or document for a complete description of these matters.

You should read this prospectus and any accompanying prospectus supplement to make your investment decision. You should also read and carefully consider the information in the documents we have referred you to in Where You Can Find More Information below. Information incorporated by reference after the date of this prospectus may add, update or change information contained in this prospectus. Any information in such subsequent filings that is inconsistent with this prospectus will supersede the information in this prospectus or any earlier prospectus supplement.

Unless otherwise mentioned or unless the context requires otherwise, all references in this prospectus to Sun, we, us, our or similar referenc mean Sun Communities, Inc., a Maryland corporation, and its subsidiaries, including Sun Communities Operating Limited Partnership, a Michigan limited partnership, or the Operating Partnership, and Sun Home Services, Inc., a Michigan corporation, or SHS.

Table of Contents

INFORMATION ABOUT SUN COMMUNITIES, INC.

We are a self-administered and self-managed real estate investment trust, or REIT. We are a fully integrated real estate company which, together with our affiliates and predecessors, has been in the business of acquiring, operating, developing and expanding manufactured housing communities since 1975. We lease individual parcels of land with utility access for placement of manufactured homes and recreational vehicles, or RVs, to our customers. We are also engaged through our subsidiary SHS in the marketing, selling, and leasing of new and pre-owned homes to current and future residents in our communities. The operations of SHS support and enhance our occupancy levels, property performance, and cash flows.

We own, operate, and develop manufactured housing communities concentrated in the midwestern, southern, and southeastern United States. As of May 1, 2012, we owned and operated a portfolio of 162 properties located in 18 states, including 141 manufactured housing communities, 11 RV communities, and 10 properties containing both manufactured housing and RV sites. As of May 1, 2012, our properties contained an aggregate of 55,920 developed sites comprised of 47,936 developed manufactured home sites, 4,055 permanent RV sites, 3,929 seasonal RV sites, and approximately 6,500 additional manufactured home sites suitable for development.

Structured as an umbrella partnership REIT, or UPREIT, the Operating Partnership is the entity through which we conduct substantially all of our operations, and which owns, either directly or indirectly through SHS and other subsidiaries, all of our assets. This UPREIT structure enables us to comply with certain complex requirements under the Federal tax rules and regulations applicable to REITs, and to acquire manufactured housing communities in transactions that defer some or all of the sellers tax consequences. We are the sole general partner of, and, as of May 1, 2012, held approximately 92.7% of the interests (not including preferred limited partnership interests) in, the Operating Partnership.

Our executive and principal property management office is located at 27777 Franklin Road, Suite 200, Southfield, Michigan 48034 and our telephone number is (248) 208-2500. Our website address is www.suncommunities.com.We have regional property management offices located in Austin, Texas; Dayton, Ohio; Grand Rapids, Michigan; Elkhart, Indiana; and Orlando, Florida.

RISK FACTORS

Investment in any securities offered pursuant to this prospectus involves risks. In addition to the information presented in this prospectus supplement and any applicable prospectus supplement and the risk factors in our most recent Annual Report on Form 10-K and our other filings under the Securities and Exchange Act of 1934, as amended, or the Exchange Act, that are incorporated by reference in this prospectus and any applicable prospectus supplement, you should consider carefully the following risk factors before deciding to purchase any securities offered pursuant to this prospectus. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations. If any of these risks actually occur, our business, financial condition and results of operations may suffer. In that event, the trading price of our common stock or the value of our other securities could decline, and you may lose all or part of your investment in our securities. Please also refer to the section below entitled Cautionary Statement Regarding Forward-Looking Statements.

We may allocate the net proceeds from this offering in ways that you and other stockholders may not approve.

We intend to use the net proceeds from this offering for general corporate purposes, including working capital, acquisitions, retirement of debt, and other business opportunities. Our management will have broad discretion in the application of the net proceeds from this offering and could spend the proceeds in ways that do not necessarily improve our operating results or enhance the value of our common stock.

Table of Contents

Future sales or issuances of our common stock may cause the market price of our common stock to decline.

The sale of substantial amounts of our common stock, whether directly by us or in the secondary market, the perception that such sales could occur or the availability of future issuances of shares of our common stock, operating partnership units issued by the Operating Partnership or other securities convertible into or exchangeable or exercisable for our common stock, could materially and adversely affect the market price of our common stock and our ability to raise capital through future offerings of equity or equity-related securities. In addition, we may issue capital stock that is senior to our common stock in the future for a number of reasons, including to finance our operations and business strategy, to adjust our ratio of debt to equity or for other reasons.

Our business operations may not generate the cash needed to make distributions on our capital stock or to service our indebtedness, and we may adjust our common stock dividend policy.

Our ability to make distributions on our common stock and payments on our indebtedness and to fund planned capital expenditures will depend on our ability to generate cash in the future. We cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings will be available to us in an amount sufficient to enable us to make distributions on our common stock, to pay our indebtedness or to fund our other liquidity needs.

The decision to declare and pay dividends on shares of our common stock in the future, as well as the timing, amount and composition of any such future dividends, will be at the sole discretion of our board of directors in light of conditions then existing, including our earnings, financial condition, capital requirements, debt maturities, the availability of debt and equity capital, applicable REIT and legal restrictions and the general overall economic conditions and other factors. Any change in our dividend policy could have a material adverse effect on the market price of our common stock.

Our share price could be volatile and could decline, resulting in a substantial or complete loss on our stockholders investment.

The stock markets, including the New York Stock Exchange, on which we list our common stock, have experienced significant price and volume fluctuations. As a result, the market price of our common stock could be similarly volatile, and investors in our common stock may experience a decrease in the value of their shares, including decreases unrelated to our operating performance or prospects. The price of our common stock could be subject to wide fluctuations in response to a number of factors, including:

- our operating performance and the performance of other similar companies;
- our ability to maintain compliance with covenants contained in our debt facilities;
- actual or anticipated variations in our operating results, funds from operations, cash flows or liquidity;
- changes in our earnings estimates or those of analysts;
- changes in our dividend policy;
- publication of research reports about us or the real estate industry generally;
- increases in market interest rates that lead purchasers of our common stock to demand a higher dividend yield;

changes in market valuations of similar companies;

Table of Contents

- adverse market reaction to the amount of our debt outstanding at any time, the amount of our debt maturing in the near- and medium-term and our ability to refinance our debt, or our plans to incur additional debt in the future;

- additions or departures of key management personnel;

- speculation in the press or investment community;

- actions by institutional stockholders;

- the realization of any of the other risk factors included or incorporated by reference in this prospectus supplement and the accompanying prospectus; and

- general market and economic conditions.

Many of the factors listed above are beyond our control. Those factors may cause the market price of our common stock to decline significantly, regardless of our financial condition, results of operations and prospects. It is impossible to provide any assurance that the market price of our common stock will not fall in the future, and it may be difficult for holders to resell shares of our common stock at prices they find attractive, or at all. In the past, securities class action litigation has often been instituted against companies following periods of volatility in their stock price. This type of litigation could result in substantial costs and divert our management s attention and resources.

Certain provisions of Maryland law could inhibit changes in control, which may discourage third parties from conducting a tender offer or seeking other change of control transactions that could involve a premium price for our common stock or that our stockholders otherwise believe to be in their best interest.

Certain provisions of the Maryland General Corporation Law, or MGCL, may have the effect of inhibiting a third party from making a proposal to acquire us or of impeding a change of control under circumstances that otherwise could provide the holders of shares of our common stock with the opportunity to realize a premium over the then-prevailing market price of such shares, including:

- business combination provisions that, subject to limitations, prohibit certain business combinations between us and an interested stockholder (defined generally as any person who beneficially owns 10% or more of the voting power of our shares or an affiliate thereof or an affiliate or associate of ours who was the beneficial owner, directly or indirectly, of 10% or more of the voting power of our then outstanding voting stock at any time within the two-year period immediately prior to the date in question) for five years after the most recent date on which the stockholder becomes an interested stockholder, and thereafter impose fair price and/or supermajority and stockholder voting requirements on these combinations; and

- control share provisions that provide that control shares of our company (defined as shares that, when aggregated with other shares controlled by the stockholder, entitle the stockholder to exercise one of three increasing ranges of voting power in electing directors) acquired in a control share acquisition (defined as the direct or indirect acquisition of ownership or control of issued and outstanding control shares) have no voting rights except to the extent approved by our stockholders by the affirmative vote of at least two-thirds of all the votes entitled to be cast on the matter, excluding all interested shares.

The provisions of the MGCL relating to business combinations do not apply, however, to business combinations that are approved or exempted by our board of directors prior to the time that the interested stockholder becomes an interested stockholder. As permitted by the statute, our board of directors has by

Table of Contents

resolution exempted Milton M. Shiffman, Robert B. Bayer, and Gary A. Shiffman, their affiliates and all persons acting in concert or as a group with the foregoing, from the business combination provisions of the MGCL and, consequently, the five-year prohibition and the supermajority vote requirements will not apply to business combinations between us and these persons. As a result, these persons may be able to enter into business combinations with us that may not be in the best interests of our stockholders without compliance by our company with the supermajority vote requirements and the other provisions of the statute.

Also, pursuant to a provision in our bylaws, we have exempted any acquisition of our stock from the control share provisions of the MGCL. However, our board of directors may by amendment to our bylaws opt in to the control share provisions of the MGCL at any time in the future.

Additionally, Subtitle 8 of Title 3 of the MGCL permits our board of directors, without stockholder approval and regardless of what is currently provided in our charter or bylaws, to elect to be subject to certain provisions relating to corporate governance that may have the effect of delaying, deferring or preventing a transaction or a change of control of our company that might involve a premium to the market price of our common stock or otherwise be in our stockholders best interests. We are already be subject to certain of these provisions, either by provisions of our charter and bylaws unrelated to Subtitle 8 or by reason of an election to be subject to certain provisions of Subtitle 8. See Certain Provisions of Maryland Law and Our Charter and Bylaws-Subtitle 8.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus, and the documents incorporated by reference herein contain various forward-looking statements within the meaning of the United States Securities Act of 1933, as amended, and the United States Securities Exchange Act of 1934, as amended, and we intend that such forward-looking statements will be subject to the safe harbors created thereby. For this purpose, any statements contained in this prospectus and the documents incorporated by reference herein that relate to expectations, beliefs, projections, future plans and strategies, trends or prospective events or developments and similar expressions concerning matters that are not historical facts are deemed to be forward-looking statements. Words such as forecasts, intends, intend, intended, goal, estimate, estimates, expects, expect, expected, projections, plans, predicts, potential, seeks, anticipates, anticipated, should, could, may, will, designed to, foreseeab scheduled and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these words. These forward-looking statements reflect our current views with respect to future events and financial performance, but involve known and unknown risks and uncertainties, both general and specific to the matters discussed in this prospectus and the documents incorporated by reference herein. These risks and uncertainties may cause our actual results to be materially different from any future results expressed or implied by such forward-looking statements. In addition to the risks described under Risk Factors above, such risks and uncertainties include:

- changes in general economic conditions, the real estate industry and the markets in which we operate;
- difficulties in our ability to evaluate, finance, complete and integrate acquisitions, developments and expansions successfully;
- our liquidity and refinancing demands;
- our ability to obtain or refinance maturing debt;
- our ability to maintain compliance with covenants contained in our debt facilities;
- availability of capital;
- difficulties in completing acquisitions;

5

- our failure to maintain effective internal control over financial reporting and disclosure controls and procedures;
- increases in interest rates and operating costs, including insurance premiums and real property taxes;
- risks related to natural disasters;
- general volatility of the capital markets and the market price of our shares of common stock;
- our failure to maintain our status as a REIT;
- changes in real estate and zoning laws and regulations;
- legislative or regulatory changes, including changes to laws governing the taxation of REITs;
- litigation, judgments or settlements;
- our ability to maintain rental rates and occupancy levels;
- competitive market forces;
- the ability of manufactured home buyers to obtain financing;
- the level of repossessions by manufactured home lenders; and
- those risks and uncertainties referenced under the headings entitled Risk Factors contained in our most recent Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and our other filings made from time to time with the SEC. See Where You Can Find More Information on page 47 of this prospectus.

New uncertainties and risks arise from time to time, and it is impossible for us to predict these events or how they might affect us. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statement was made. Except to the extent required by applicable law, we undertake no obligation to publicly update or revise any forward-looking statements included or incorporated by reference into this prospectus and the documents incorporated by reference herein, whether as a result of new information, future events, changes in our expectations or otherwise.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. All written and oral forward-looking statements attributable to us or persons acting on our behalf are qualified in their entirety by these cautionary statements.

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our ratios of earnings to fixed charges for the periods indicated. In certain of the periods presented, earnings were not sufficient to cover fixed charges. The extent of the deficiency in each such period is shown below.

	Three Months Ended March 31, 2011	Fiscal Year Ended December 31, 2011	2010	2009	2008	2007
		(dollars in thousands)				
Ratio of earnings to fixed charges	1.28:1	0.93:1	0.93:1	0.87:1	0.69:1	0.81:1
Deficiency of earnings available to cover fixed charges		$4,940	$4,646	$8,142	$19,927	$12,265

6

Table of Contents

The ratios of earnings to fixed charges were computed by dividing earnings by fixed charges. For this purpose, earnings consist of (i) pre-tax income from continuing operations before adjustment for noncontrolling interests and income or loss from equity investees, plus (ii) fixed charges, less (iii) capitalized interest, less (iv) distributions to holders of preferred securities of the Operating Partnership. Fixed charges consist of (i) interest expense (including the amortization of deferred financing costs), (ii) capitalized interest, (iii) estimate of interest within rental expense, and (iv) distributions to holders of preferred securities of the Operating Partnership. We had no preferred stock outstanding for any period presented, and accordingly, the ratio of earnings to combined fixed charges and preferred stock dividends is the same as the ratio of earnings to fixed charges.

USE OF PROCEEDS

Unless we indicate otherwise in the applicable prospectus supplement, we intend to contribute the net proceeds from any sale of the securities pursuant to this prospectus to the Operating Partnership, which will use the net proceeds to fund possible future acquisitions of properties and for general corporate purposes, which may include the repayment of existing indebtedness and improvements to the properties in our portfolio. Pending application of cash proceeds, we will invest the net proceeds in interest-bearing accounts and short-term, interest-bearing securities which are consistent with our intention to continue to qualify as a REIT for federal income tax purposes. Further details regarding the use of the net proceeds from the sale of a specific series or class of the securities will be set forth in the applicable prospectus supplement.

If a prospectus supplement includes an offering by selling security holders, we will not receive any proceeds from such sales.

DESCRIPTION OF COMMON STOCK

We have the authority to issue 100,000,000 shares of capital stock, of which 90,000,000 shares are common stock, par value $0.01 per share. As of May 1, 2012, we had 26,467,283 shares of common stock issued and outstanding.

The following description of the common stock sets forth certain general terms and provisions of the common stock to which any prospectus supplement may relate, including a prospectus supplement providing that common stock will be issuable upon conversion of our debt securities or preferred stock or upon the exercise of the warrants we issue. The statements below describing the common stock are in all respects subject to and qualified in their entirety by reference to the applicable provisions of our charter and bylaws.

General

Subject to the preferential rights of any other class or series of stock, holders of our common stock will be entitled to receive dividends when, as and if declared by our board of directors, out of funds legally available therefor. Payment and declaration of dividends on the common stock and purchases of shares thereof by us will be subject to certain restrictions if we fail to pay dividends on the preferred stock. See Description of Preferred Stock. Upon any liquidation, dissolution or winding up of Sun, holders of common stock will be entitled to share equally and ratably in any assets available for distribution to them, after payment or provision for payment of the debts and other liabilities of Sun and the preferential amounts owing with respect to any outstanding preferred stock or senior debt securities.

The common stock will possess ordinary voting rights for the election of directors and in respect of other corporate matters, each share entitling the holder thereof to one vote. Holders of common stock will not have cumulative voting rights in the election of directors. Upon receipt by us of lawful payment therefor, the common stock will, when issued, be fully paid and nonassessable, and will not be subject to redemption except (as described in our charter) as necessary to preserve our status as a REIT. A stockholder of Sun has no preemptive rights to subscribe for additional shares of common stock or other securities of Sun except as may be granted by the board of directors.

Table of Contents

Under Maryland law, a Maryland corporation generally cannot dissolve, amend its charter, merge, sell all or substantially all of its assets, engage in a share exchange or consolidation unless advised by the board of directors and approved by the affirmative vote of stockholders holding at least two-thirds of the votes entitled to be cast on the matter unless a lesser percentage, but not less than a majority of all the votes entitled to be cast on the matter, is set forth in the corporation s charter. Our charter does not provide for a lesser percentage in such situations.

Restrictions on Ownership

For us to qualify as a REIT under the Internal Revenue Code of 1986, as amended, or the Code, our common stock must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of 12 months (other than the first year) or during a proportionate part of a shorter taxable year. Also, not more than 50% of the value of the issued and outstanding shares of capital stock may be owned, directly or indirectly, by five or fewer individuals (as defined in the Code to include certain entities such as qualified private pension plans) during the last half of a taxable year (other than the first year) or during a proportionate part of a shorter taxable year.

Because the board of directors believes it is essential for us to continue to qualify as a REIT, our charter, subject to certain exceptions, contains a provision, which we refer to as the Ownership Limit, providing that no holder may own, or be deemed to own by virtue of the attribution provisions of the Code, more than 9.8% in number of shares or value, of our outstanding common stock and preferred stock. The board of directors may exempt a person from the Ownership Limit if evidence satisfactory to the board of directors and our tax counsel is presented that the proposed transfer of stock to the intended transferee will not then or in the future jeopardize our status as a REIT. As a condition of such exemption, the intended transferee must give written notice to us of the proposed transfer and must furnish such opinions of counsel, affidavits, undertakings, agreements, and information as may be required by the board of directors no later than the fifteenth day prior to any transfer which, if consummated, would result in the intended transferee owning shares in excess of the Ownership Limit. The foregoing restrictions on transferability and ownership will not apply if the board of directors determines that it is no longer in the best interests of Sun to attempt to qualify or to continue to qualify as a REIT. Any transfer of shares of common stock that would: (i) create a direct or indirect ownership of shares of stock in excess of the Ownership Limit; (ii) result in the shares of stock being owned by fewer than 100 persons; or (iii) result in Sun being closely held within the meaning of Section 856(h) of the Code, shall be null and void, and the intended transferee will acquire no rights to the shares.

Our charter excludes Gary Shiffman, Milton M. Shiffman and Robert B. Bayer, as well as trustees, personal representatives and agents acting on their respective behalfs, and certain of their respective relatives from the Ownership Limit. These persons may acquire additional shares of stock through the redemption of operating partnership units, through our equity incentive plans, from other stockholders or otherwise, but in no event will they be entitled to acquire additional shares such that the five largest beneficial owners of our stock hold more than 50% of the total outstanding stock.

Shares of stock purported to be transferred in excess of the Ownership Limit that are not otherwise permitted as provided above will constitute Excess Shares, which will be transferred by operation of law to Sun as trustee for the exclusive benefit of the person or persons to whom the Excess Shares are ultimately transferred, until such time as the intended transferee retransfers the Excess Shares. Subject to the Ownership Limit, the Excess Shares may be retransferred by the intended transferee to any person who may hold such Excess Shares at a price not to exceed the price paid by the intended transferee (or the market price of the common stock as of the date of purported transfer, if the intended transferee received the shares of stock as a gift or otherwise did not give value for the shares of stock), at which point the Excess Shares will automatically be exchanged for the stock to which the Excess Shares are attributable. In addition, such Excess Shares held in trust are subject to purchase by Sun. The purchase price of any Excess Shares shall be equal to the lesser of the price paid for the shares of stock by the intended transferee and the fair market value of such shares of stock reflected

Table of Contents

in the closing sales price for the shares of stock, if then traded on the New York Stock Exchange, or the last reported sales price for the shares of stock on any exchange or quotation system over which our common stock may be traded, or, if such quotation is not available, the fair market value as determined by the board of directors in good faith, on the last trading day immediately preceding the day on which notice of such proposed purchase is sent by Sun. From and after the intended transfer to the intended transferee of the Excess Shares, the intended transferee shall cease to be entitled to distributions, voting rights, and other benefits with respect to such shares of the stock except the right to payment of the purchase price for the shares of stock or the transfer of shares as provided above. Any dividend or distribution paid to a proposed transferee on Excess Shares prior to our discovery that such shares of stock have been transferred in violation of the provisions of our charter shall be repaid to us upon demand. If the foregoing transfer restrictions are determined to be void or invalid by virtue of any legal decision, statute, rule, or regulation, then the intended transferee of any Excess Shares may be deemed, at Sun s option, to have acted as an agent on behalf of Sun in acquiring such Excess Shares and to hold such Excess Shares on behalf of Sun.

All certificates representing shares of stock will bear a legend referring to the restrictions described above.

All persons who own, directly or by virtue of the attribution provisions of the Code, more than 5% in number of shares or value, of our outstanding common stock and preferred stock must give a written notice to us containing the information specified in our charter by January 31 of each year. In addition, each stockholder shall upon demand be required to disclose to us in writing such information with respect to the direct, indirect and constructive ownership of shares of common stock as the board of directors deems necessary to comply with the provisions of the Code applicable to a REIT, to comply with the requirements of any taxing authority or governmental agency or to determine any such compliance.

These ownership limitations could have the effect of discouraging a takeover or other transaction in which holders of some, or a majority of, shares of common stock might receive a premium for their shares over the then prevailing market price or which such holders might believe to be otherwise in their best interest.

The registrar and transfer agent for the common stock is Computershare Trust Company, N.A.

DESCRIPTION OF PREFERRED STOCK

The following description of the terms of the preferred stock sets forth certain general terms and provisions of our Junior Participating Preferred Stock and any new series of preferred stock to which any future prospectus supplement may relate. Certain other terms of any new series of the preferred stock offered by any prospectus supplement will be described in such prospectus supplement. The description of certain provisions of the preferred stock set forth below and in any future prospectus supplement does not purport to be complete and is subject to and qualified in its entirety by reference to our charter (including any amendment or supplement relating to each series of the preferred stock) which will be filed with the SEC and incorporated by reference as an exhibit to the registration statement of which this prospectus relates at or prior to the time of the issuance of such series of preferred stock.

General

We are authorized to issue 10,000,000 shares of preferred stock, par value $0.01 per share, of which no shares of preferred stock were outstanding as of the date of this prospectus. We currently have authorized two classes of preferred stock: Junior Participating Preferred Stock and 9.125% Series A Cumulative Redeemable Perpetual Preferred Stock.

Under our charter, the board of directors (without further stockholder action) may from time to time establish and issue one or more series of preferred stock with such designations, powers, preferences or rights of the shares of such series and the qualifications, limitations or restrictions thereon.

Table of Contents

Any new series of preferred stock shall have the dividend, liquidation, redemption and voting rights set forth below unless otherwise provided in a prospectus supplement relating to a particular series of the preferred stock. Reference is made to the prospectus supplement relating to the particular series of the preferred stock offered thereby for specific terms, including: (i) the designation and stated value per share of such preferred stock and the number of shares offered; (ii) the amount of liquidation preference per share; (iii) the initial public offering price at which such preferred stock will be issued; (iv) the dividend rate (or method of calculation), the dates on which dividends shall be payable and the dates from which dividends shall commence to accumulate, if any; (v) any redemption or sinking fund provisions; (vi) any conversion rights; and (vii) any additional voting, dividend, liquidation, redemption, sinking fund and other rights, preferences, privileges, limitations and restrictions. The preferred stock will, when issued for lawful consideration, be fully paid and nonassessable and, unless otherwise determined by the board of directors and set forth in a supplement to our charter, will have no preemptive rights.

Junior Participating Preferred Stock

In connection with the board of directors adoption of a rights agreement, we designated 1,000,000 shares of our preferred stock as Junior Participating Preferred Stock. At this time, no person has the right to acquire any Junior Participating Preferred Stock. Upon the occurrence of specific events described in the rights agreement, holders of common stock will have the right to purchase shares of Junior Participating Preferred Stock. Each share of Junior Participating Preferred Stock will have a quarterly dividend rate per share equal to the greater of $1.00, subject to certain adjustments, or one hundred (100) times the per share amount of any dividend, if any, declared per share of common stock. In the event of any liquidation, dissolution or winding up of Sun, the holders of Junior Participating Preferred Stock will be entitled to receive a preferred liquidation payment per share of $1.00 (plus accrued and unpaid dividends). Holders of common stock will then be entitled to receive an amount per share equal to the liquidation preference paid on each share of Junior Participating Preferred Stock, divided by 100 (as such number may be adjusted for stock splits, stock dividends and recapitalizations). Thereafter, our remaining assets will be distributed to the holders of Junior Participating Preferred Stock and holders of common stock, with the amount distributed in respect of each share of Junior Participating Preferred Stock being equal to 100 times (as such number may be adjusted for stock splits, stock dividends and recapitalizations) the amount distributed in respect of each share of common stock.

Generally, each share of Junior Participating Preferred Stock will vote together with the common stock and any other series of cumulative preferred stock entitled to vote in such manner and will be entitled to one hundred (100) votes, subject to certain adjustments. In the event of any merger, consolidation or other transaction in which shares of common stock are exchanged, each share of Junior Participating Preferred Stock will be entitled to receive one hundred (100) times the aggregate amount of stock, securities, cash and/or other property received per share of common stock.

So long as the shares of Junior Participating Preferred Stock shall be outstanding, we may not (i) declare or pay any dividends on, make a distribution on, or purchase, redeem or otherwise acquire for consideration any shares of our common stock or any of our other stock ranking as to dividends or distributions of assets junior to the Junior Participating Preferred Stock, (ii) declare or pay dividends or make any other distributions on any shares of stock ranking equally with the Junior Participating Preferred Stock, other than dividends paid ratably on the Junior Participating Preferred Stock and all such parity stock, or (iii) redeem, purchase, or otherwise acquire for consideration shares of any stock ranking on parity with the Junior Participating Preferred Stock, other than acquiring such shares in exchange for shares of our stock ranking junior to the Junior Participating Preferred Stock, unless full dividends shall have been paid on all outstanding shares of Junior Participating Preferred Stock. Further, unless such dividends have been paid in full, we may not purchase or otherwise acquire for consideration any shares of Junior Participating Preferred Stock or any shares of stock ranking on a parity with such shares, except in accordance with a purchase offer made in writing or by publication to all holders of such shares upon such terms as the board of directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

Table of Contents

9.125% Series A Cumulative Redeemable Perpetual Preferred Stock

We have designated 2,000,000 shares of our preferred stock as 9.125% Series A Cumulative Redeemable Perpetual Preferred Stock. These preferred shares have specific preferred rights over the common shares with regard to dividends and liquidation. At this time, no person has the right to acquire any Series A Preferred Shares and none are outstanding.

Preferred Stock Purchase Rights

In June 2008, our board of directors adopted a Rights Agreement. In connection with the agreement, the board of directors declared a dividend of one preferred share purchase right for each outstanding share of common stock. The rights are designed to assure that all of our stockholders receive fair and equal treatment in the event of any proposed takeover of Sun and to guard against partial tender offers, open market accumulations and other abusive tactics to gain control of Sun without paying all stockholders a control premium. The rights will cause substantial dilution to a person or group that acquires 15% or more of our common stock on terms not approved by the board of directors.

Each right will entitle the registered holder, after the rights become exercisable and until June 9, 2018 or the earlier redemption, exchange or termination of the rights, to purchase from us 1/100th of a share of Junior Participating Preferred Stock at a price of $100.00 per 1/100th of a share of Junior Participating Preferred Stock, subject to certain adjustments. Until a right is exercised, the holder will have no rights as a stockholder of Sun beyond those as an existing stockholder. Each right is evidenced by its respective common stock certificate until after specific events occur in which:

- a person or group of persons acquires or has the right to acquire beneficial ownership of 15% or more of the common stock, or

- a person or group of persons commences or announces an intention to make a tender offer for 15% or more of the common stock.

If Sun were the surviving corporation in a merger with an entity or any affiliate or associate of an entity causing one of the above events, and the common stock were not changed or exchanged, each holder of a right, other than rights that are or were acquired or beneficially owned by the entity in question, will have the right to receive upon exercise that number of shares of common stock having a market value of two times the then current purchase price of one right. In addition, if after one of the above events occurred, Sun were acquired in a merger or other business combination transaction or more than 50% of its assets or earning power were sold each holder of a right will have the right to receive, upon exercise of the right at the then current purchase price of the right, that number of shares of common stock of the acquiring entity which at the time of the transaction would have a market value of two times the then current purchase price of one right.

After one of the above events occurs, separate certificates evidencing the rights will be mailed to holders of record of the common stock and these separate certificates will evidence the rights. The rights are transferred with and only with the common stock until the above events occurs or the rights are redeemed or expire. Until one of the above events occurs, the board of directors may redeem the rights in whole, but not in part, at a price of $.001 per right. Moreover, the board of directors, subject to specific restrictions, may amend any provision of the rights agreement. The rights will expire on June 9, 2018, unless earlier redeemed, exchanged or terminated.

Computershare Trust Company, N.A. is the rights agent.

Restrictions on Ownership

See Description of Common Stock Restrictions on Ownership for a discussion of the restrictions on capital stock (common stock and preferred stock) ownership necessary for Sun to qualify as a REIT under the Code.

Table of Contents

Issuances of New Series of Preferred Stock

Rank

Unless otherwise specified in the applicable prospectus supplement, any new series of preferred stock will, with respect to dividend rights and rights upon liquidation, dissolution or winding up of Sun, rank (i) senior to all classes or series of common stock and to all equity securities ranking junior to such series of preferred stock; (ii) on a parity with all equity securities issued by us the terms of which specifically provide that such equity securities rank on a parity with such series of preferred stock; and (iii) junior to all equity securities issued by us the terms of which specifically provide that such equity securities rank senior to such series of preferred stock. The rights of the holders of each series of the preferred stock will be subordinate to those of our general creditors.

Dividends

Holders of shares of any new series of preferred stock will be entitled to receive, when, as and if declared by our board of directors, out of our assets legally available for payment, cash dividends at such rates and on such dates as will be set forth in the applicable prospectus supplement. Such rate may be fixed or variable or both. Each such dividend shall be payable to holders of record as they appear on our stock transfer books on such record dates as shall be fixed by the board of directors.

Dividends on any new series of preferred stock may be cumulative or non-cumulative, as provided in the applicable prospectus supplement. Dividends, if cumulative, will be cumulative from and after the date set forth in the applicable prospectus supplement. If the board of directors fails to declare a dividend payable on a dividend payment date on any series of the preferred stock for which dividends are noncumulative, then the holders of such series of the preferred stock will have no right to receive a dividend in respect of the dividend period ending on such dividend payment date, and we will have no obligation to pay the dividend accrued for such period, whether or not dividends on such series are declared payable on any future dividend payment date. Dividends on shares of each series of preferred stock for which dividends are cumulative will accrue from the date on which we issue shares of such series.

Unless otherwise provided in the applicable prospectus supplement, we expect that the terms of any new series of preferred stock will provide that, so long as shares of any such series of preferred stock shall be outstanding, we may not declare or pay any dividends, make a distribution, or purchase, acquire, redeem, pay monies to the holders of in respect of, or set aside or make funds available for a sinking or other analogous fund for the purchase or redemption of, any shares of our common stock or any other stock ranking as to dividends or distributions of assets junior to such series of preferred stock (the common stock and any such other stock being herein referred to as junior stock), unless (i) full dividends (including if such preferred stock is cumulative, dividends for prior dividend periods) shall have been paid or declared and set apart for payment on all outstanding shares of the preferred stock of such series and all other classes and series of our preferred stock (other than junior stock) and (ii) all sinking or other analogous fund payments and amounts for the repurchase or other mandatory retirement of any shares of preferred stock of such series or any shares of any other of our preferred stock of any class or series (other than junior stock) have been paid or duly provided for.

Unless otherwise provided in the applicable prospectus supplement, we expect that any dividend payment made on shares of a new series of preferred stock will first be credited against the earliest accrued but unpaid dividend due with respect to shares of such series which remains payable.

Table of Contents

Redemption

A new series of preferred stock may be redeemable, in whole or from time to time in part, at our option, and may be subject to mandatory redemption pursuant to a sinking fund or otherwise, in each case upon terms, at the times and at the redemption prices set forth in the prospectus supplement relating to such series. Shares of the preferred stock redeemed by us will be restored to the status of authorized but unissued shares of preferred stock.

The prospectus supplement relating to a new series of preferred stock that is subject to mandatory redemption will specify the number of shares of such preferred stock that shall be redeemed by us in each year commencing after a date to be specified, at a redemption price per share to be specified, together with an amount equal to all accrued and unpaid dividends thereon (which shall not, if such preferred stock does not have a cumulative dividend, include any accumulation in respect of unpaid dividends for prior dividend periods) to the date of redemption. The redemption price may be payable in cash or other property, as specified in the applicable prospectus supplement. If the redemption price for preferred stock of any series is payable only from the net proceeds of the issuance of our capital stock, the terms of such preferred stock may provide that, if no such capital stock shall have been issued or to the extent the net proceeds from any issuance are insufficient to pay in full the aggregate redemption price then due, such preferred stock shall automatically and mandatorily be converted into shares of the applicable capital stock pursuant to conversion provisions specified in the applicable prospectus supplement.

Unless otherwise provided in the applicable prospectus supplement, we expect that the terms of any new series of preferred stock will provide that, so long as any dividends on shares of such preferred stock are in arrears, no shares of any such series of the preferred stock or such other series of our preferred stock will be redeemed (whether by mandatory or optional redemption) unless all such shares are simultaneously redeemed, and we will not purchase or otherwise acquire any such shares; provided, however, that the foregoing will not prevent the purchase or acquisition of such shares pursuant to a purchase or exchange offer made on the same terms to holders of all such shares outstanding.

Unless otherwise provided in the applicable prospectus supplement, we also expect that the terms of any new series of preferred stock will provide that (i) in the event that fewer than all of the outstanding shares of the new series of the preferred stock are to be redeemed, whether by mandatory or optional redemption, the number of shares to be redeemed will be determined by lot or pro rata (subject to rounding to avoid fractional shares) as may be determined by us or by any other method as may be determined by us in our sole discretion to be equitable and (ii) from and after the redemption date (unless default shall be made by us in providing for the payment of the redemption price plus accumulated and unpaid dividends, if any), dividends shall cease to accumulate on the shares of such preferred stock called for redemption and all rights of the holders thereof (except the right to receive the redemption price plus accumulated and unpaid dividends, if any) shall cease.

Liquidation Preference

Unless otherwise provided in the applicable prospectus supplement, we expect that the terms of any new series of preferred stock will provide that upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of Sun, then, before any distribution or payment shall be made to the holders of any junior stock, the holders of such new series of preferred stock shall be entitled to receive out of our assets legally available for distribution to stockholders, subject to the liquidation preference rights of the Junior Participating Preferred Stock or any other preferred stock ranking senior to such new series of preferred stock, liquidating distributions in the amount of the liquidation preference per share (set forth in the applicable prospectus supplement), plus an amount equal to all dividends accrued and unpaid thereon (which shall not include any accumulation in respect of unpaid dividends for prior dividend periods if such preferred stock does not have a cumulative dividend). After payment of the full amount of the liquidating distributions to which they are entitled, we expect that, unless otherwise provided in the applicable prospectus supplement, the holders of any new series of preferred stock will have no right or claim to any of our remaining assets. In the event that upon any such voluntary or involuntary liquidation, dissolution or winding up, our available assets are insufficient to pay the amount of the liquidating distributions on all outstanding shares of such series of preferred stock and the corresponding amounts payable on all shares of other classes or series of our capital stock ranking on a parity with such series of preferred stock in the distribution of assets, we expect the terms of such preferred stock will provide that the holders of such series of preferred stock and all other such classes or series of capital stock shall share ratably in any such distribution of assets in proportion to the full liquidating distributions to which they would otherwise be respectively entitled unless otherwise provided in the applicable prospectus supplement.

Subject to the liquidation preference rights of the Junior Participating Preferred Stock as described above or any series of preferred stock ranking senior to the applicable series of preferred stock upon liquidation, if liquidating distributions shall have been made in full to all holders of shares of a new series of preferred stock, we expect that our remaining assets will be distributed among the holders of junior stock according to their respective rights and preferences.

Voting Rights

Except as indicated below or in a prospectus supplement relating to a particular series of the preferred stock, or except as required by applicable law, we expect that holders of a new series of preferred stock will not be entitled to vote for any purpose.

Unless otherwise provided in the applicable prospectus supplement, we expect that the terms of any new series of preferred stock will provide that so long as any shares of a new series of preferred stock remain outstanding, the consent or the affirmative vote of the holders of at least 66-2/3% of the votes entitled to be cast with respect to the then outstanding shares of such series of the preferred stock together with any Other Preferred Stock (as defined below), voting as one class, either expressed in writing or at a meeting called for that purpose, will be necessary (i) to permit, effect or validate the authorization, or any increase in the authorized amount, of any class or series of shares ranking prior to the preferred stock of such series as to dividends, voting or upon distribution of assets; and (ii) to repeal, amend or otherwise change any of the provisions applicable to the preferred stock of such series in any manner which adversely affects the powers, preferences, voting power or other rights or privileges of such series of the preferred stock. We also expect that in case any series of the preferred stock would be so affected by any such action referred to in clause (ii) above in a different manner than one or more series of the Other Preferred Stock which will be similarly affected, the holders of such series of preferred stock will be entitled to vote as a class, and we will not take such action without the consent or affirmative vote, as above provided, of at least 66-2/3% of the total number of votes entitled to be cast with respect to each such series of the preferred stock and the Other Preferred Stock then outstanding, in lieu of the consent or affirmative vote hereinabove otherwise required unless otherwise provided in the applicable prospectus supplement.

Unless otherwise provided in the applicable prospectus supplement, we also expect that with respect to any matter as to which any new series of preferred stock is entitled to vote, holders of the preferred stock of such series and any other series of our preferred stock ranking on a parity with such series of the preferred stock as to dividends and distributions of assets and which by its terms provides for similar voting rights, or the Other Preferred Stock, will be entitled to cast the number of votes set forth in the prospectus supplement with respect to that series of preferred stock. As a result of the provisions described in the preceding paragraph providing that the holders of shares of a series of the preferred stock may vote together as a class with the holders of shares of one or more series of Other Preferred Stock, it is possible that, in such a case, the holders of such shares of Other Preferred Stock could approve action that would adversely affect such series of preferred stock, including the creation of a class of capital stock ranking prior to such series of preferred stock as to dividends, voting or distribution of assets.

Table of Contents

Conversion Rights

The terms and conditions, if any, upon which shares of any new series of preferred stock are convertible into common stock will be set forth in the applicable prospectus supplement relating thereto. Such terms will include the number of shares of common stock into which the preferred stock is convertible, the conversion price (or manner of calculation thereof), the conversion period, provisions as to whether conversion will be at the option of the holders of the preferred stock or our option, the events requiring an adjustment of the conversion price and provisions affecting conversion.

Transfer Agent and Registrar

The Transfer Agent and Registrar for any new series of preferred stock will be set forth in the applicable prospectus supplement.

DESCRIPTION OF DEBT SECURITIES

The following description, together with the additional information we include in any applicable prospectus supplements, summarizes the material terms and provisions of the debt securities that we may offer under this prospectus. While the terms we have summarized below will generally apply to any future debt securities we may offer under this prospectus, we will describe the particular terms of any debt securities that we may offer in more detail in the applicable prospectus supplement. The terms of any debt securities we offer under a prospectus supplement may differ from the terms we describe below.

We will issue the senior notes under a senior indenture which we will enter into with the trustee named in the senior indenture. We will issue the subordinated notes under a subordinated indenture which we will enter into with the trustee named in the subordinated indenture. We have filed forms of these documents as exhibits to the registration statement of which this prospectus is a part. The terms of any indenture that we enter into may differ from the terms we describe below. We use the term indentures to refer to both the senior indenture and the subordinated indenture.

The indentures will be qualified under the Trust Indenture Act of 1939, or the Trust Indenture Act. We use the term debenture trustee to refer to either the senior trustee or the subordinated trustee, as applicable.

The following summaries of material provisions of the senior notes, the subordinated notes and the indentures are subject to, and qualified in their entirety by reference to, all the provisions of the indenture applicable to a particular series of debt securities. We urge you to read the applicable prospectus supplements related to the debt securities that we sell under this prospectus, as well as the complete indentures that contain the terms of the debt securities. Except as we may otherwise indicate, the terms of the senior indenture and the subordinated indenture are identical.

General

The debt securities will be direct, unsecured obligations of ours and may either be senior or subordinated debt securities. We will describe in the applicable prospectus supplement the terms relating to a series of debt securities, including:

- the title;
- the principal amount being offered, and, if a series, the total amount authorized and the total amount outstanding;
- any limit on the amount that may be issued;

Table of Contents

whether or not we will issue the series of debt securities in global form and, if so, the terms and who the depositary will be;

the maturity date;

the principal amount due at maturity, and whether the debt securities will be issued with any original issue discount;

whether and under what circumstances, if any, we will pay additional amounts on any debt securities held by a person who is not a United States person for tax purposes, and whether we can redeem the debt securities if we have to pay such additional amounts;

the annual interest rate, which may be fixed or variable, or the method for determining the rate, the date interest will begin to accrue, the dates interest will be payable and the regular record dates for interest payment dates or the method for determining such dates;

the terms of the subordination of any series of subordinated debt;

the place where payments will be payable;

restrictions on transfer, sale or other assignment, if any;

our right, if any, to defer payment of interest and the maximum length of any such deferral period;

the date, if any, after which, the conditions upon which, and the price at which we may, at our option, redeem the series of debt securities pursuant to any optional or provisional redemption provisions, and any other applicable terms of those redemption provisions;

provisions for a sinking fund, purchase or other analogous fund, if any;

the date, if any, on which, and the price at which we are obligated, pursuant to any mandatory sinking fund or analogous fund provisions or otherwise, to redeem, or at the holder s option to purchase, the series of debt securities;

whether the indenture will restrict our ability and/or the ability of our subsidiaries to:

incur additional indebtedness;

issue additional securities;

create liens;

pay dividends and make distributions in respect of our capital stock and the capital stock of our subsidiaries;

redeem capital stock;

place restrictions on our subsidiaries ability to pay dividends, make distributions or transfer assets;

make investments or other restricted payments;

sell or otherwise dispose of assets;

Table of Contents

- enter into sale-leaseback transactions;
- engage in transactions with stockholders and affiliates;
- issue or sell stock of our subsidiaries; or
- effect a consolidation or merger;

- whether the indenture will require us to maintain any interest coverage, fixed charge, cash flow-based, asset-based or other financial ratios;
- a discussion of any material or special United States federal income tax considerations applicable to the debt securities;
- information describing any book-entry features;
- the procedures for any auction and remarketing, if any;
- the denominations in which we will issue the series of debt securities, if other than denominations of $1,000 and any integral multiple thereof;
- if other than dollars, the currency in which the series of debt securities will be denominated; and
- any other specific terms, preferences, rights or limitations of, or restrictions on, the debt securities, including any events of default that are in addition to those described in this prospectus or any covenants provided with respect to the debt securities that are in addition to those described above, and any terms which may be required by us or advisable under applicable laws or regulations or advisable in connection with the marketing of the debt securities.

Conversion or Exchange Rights

We will set forth in the prospectus supplement the terms on which a series of debt securities may be convertible into or exchangeable for our common stock or other securities of ours or a third party, including the conversion or exchange rate, as applicable, or how it will be calculated, and the applicable conversion or exchange period. We will include provisions as to whether conversion or exchange is mandatory, at the option of the holder or at our option. We may include provisions pursuant to which the number of our securities or the securities of a third party that the holders of the series of debt securities receive upon conversion or exchange would, under the circumstances described in those provisions, be subject to adjustment, or pursuant to which those holders would, under those circumstances, receive other property upon conversion or exchange, for example in the event of our merger or consolidation with another entity.

Consolidation, Merger or Sale

The indentures in the forms initially filed as exhibits to the registration statement of which this prospectus is a part do not contain any covenant which restricts our ability to merge or consolidate, or sell, convey, transfer or otherwise dispose of all or substantially all of our assets. However, any successor of ours or acquiror of such assets must assume all of our obligations under the indentures and the debt securities.

If the debt securities are convertible for our other securities, the person with whom we consolidate or merge or to whom we sell all of our property must make provision for the conversion of the debt securities into securities which the holders of the debt securities would have received if they had converted the debt securities before the consolidation, merger or sale.

Events of Default Under the Indenture

The following are events of default under the indentures with respect to any series of debt securities that we may issue:

- if we fail to pay interest when due and payable and our failure continues for 90 days and the time for payment has not been extended or deferred;
- if we fail to pay the principal, or premium, if any, when due and payable and the time for payment has not been extended or delayed;
- if we fail to observe or perform any other covenant contained in the debt securities or the indentures, other than a covenant specifically relating to another series of debt securities, and our failure continues for 90 days after we receive notice from the debenture trustee or holders of at least 25% in aggregate principal amount of the outstanding debt securities of the applicable series; and
- if specified events of bankruptcy, insolvency or reorganization occur.

If an event of default with respect to debt securities of any series occurs and is continuing, other than an event of default specified in the last bullet point above, the debenture trustee or the holders of at least 25% in aggregate principal amount of the outstanding debt securities of that series, by notice to us in writing, and to the debenture trustee if notice is given by such holders, may declare the unpaid principal of, premium, if any, and accrued interest, if any, due and payable immediately. If an event of default specified in the last bullet point above occurs with respect to us, the principal amount of and accrued interest, if any, of each issue of debt securities then outstanding shall be due and payable without any notice or other action on the part of the debenture trustee or any holder.

The holders of a majority in principal amount of the outstanding debt securities of an affected series may waive any default or event of default with respect to the series and its consequences, except defaults or events of default regarding payment of principal, premium, if any, or interest, unless we have cured the default or event of default in accordance with the indenture.

Subject to the terms of the indentures, if an event of default under an indenture shall occur and be continuing, the debenture trustee will be under no obligation to exercise any of its rights or powers under such indenture at the request or direction of any of the holders of the applicable series of debt securities, unless such holders have offered the debenture trustee reasonable indemnity. The holders of a majority in principal amount of the outstanding debt securities of any series will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the debenture trustee, or exercising any trust or power conferred on the debenture trustee, with respect to the debt securities of that series, provided that:

- the direction so given by the holder is not in conflict with any law or the applicable indenture; and
- subject to its duties under the Trust Indenture Act, the debenture trustee need not take any action that might involve it in personal liability or might be unduly prejudicial to the holders not involved in the proceeding.

A holder of the debt securities of any series will only have the right to institute a proceeding under the indentures or to appoint a receiver or trustee, or to seek other remedies if:

- the holder has given written notice to the debenture trustee of a continuing event of default with respect to that series;

Table of Contents

the holders of at least 25% in aggregate principal amount of the outstanding debt securities of that series have made written request, and such holders have offered reasonable indemnity to the debenture trustee to institute the proceeding as trustee; and

the debenture trustee does not institute the proceeding, and does not receive from the holders of a majority in aggregate principal amount of the outstanding debt securities of that series other conflicting directions within 90 days after the notice, request and offer.

These limitations do not apply to a suit instituted by a holder of debt securities if we default in the payment of the principal, premium, if any, or interest on, the debt securities.

We will periodically file statements with the debenture trustee regarding our compliance with specified covenants in the indentures.

Modification of Indenture; Waiver

We and the debenture trustee may change an indenture without the consent of any holders with respect to specific matters, including:

to fix any ambiguity, defect or inconsistency in the indenture;

to comply with the provisions described above under Consolidation, Merger or Sale ;

to comply with any requirements of the SEC in connection with the qualification of any indenture under the Trust Indenture Act;

to evidence and provide for the acceptance of appointment hereunder by a successor trustee;

to provide for uncertificated debt securities and to make all appropriate changes for such purpose;

to add to, delete from, or revise the conditions, limitations and restrictions on the authorized amount, terms or purposes of issuance, authorization and delivery of debt securities of any series;

to add to our covenants such new covenants, restrictions, conditions or provisions for the protection of the holders, to make the occurrence, or the occurrence and the continuance, of a default in any such additional covenants, restrictions, conditions or provisions an event of default, or to surrender any of our rights or powers under the indenture; or

to change anything that does not harm the interests of any holder of debt securities of any series.

In addition, under the indentures, the rights of holders of a series of debt securities may be changed by us and the debenture trustee with the written consent of the holders of at least a majority in aggregate principal amount of the outstanding debt securities of each series that is affected. However, we and the debenture trustee may only make the following changes with the consent of each holder of any outstanding debt securities affected:

extending the fixed maturity of the series of debt securities;

reducing the principal amount, reducing the rate of or extending the time of payment of interest, or reducing any premium payable upon the redemption of any debt securities; or

reducing the percentage of debt securities, the holders of which are required to consent to any supplemental indenture.

Table of Contents

Discharge

Each indenture provides that we can elect to be discharged from our obligations with respect to one or more series of debt securities, except for obligations to:

- register the transfer or exchange of debt securities of the series;
- replace stolen, lost or mutilated debt securities of the series;
- maintain paying agencies;
- hold monies for payment in trust;
- recover excess money held by the debenture trustee;
- compensate and indemnify the debenture trustee; and
- appoint any successor trustee.

In order to exercise our rights to be discharged, we must deposit with the debenture trustee money or government obligations sufficient to pay all the principal of, any premium, if any, and interest on, the debt securities of the series on the dates payments are due.

Form, Exchange and Transfer

We will issue the debt securities of each series only in fully registered form without coupons and, unless we otherwise specify in the applicable prospectus supplement, in denominations of $1,000 and any integral multiple thereof. The indentures provide that we may issue debt securities of a series in temporary or permanent global form and as book-entry securities that will be deposited with, or on behalf of, The Depository Trust Company or another depositary named by us and identified in a prospectus supplement with respect to that series. See Legal Ownership of Securities for a further description of the terms relating to any book-entry securities.

At the option of the holder, subject to the terms of the indentures and the limitations applicable to global securities described in the applicable prospectus supplement, the holder of the debt securities of any series can exchange the debt securities for other debt securities of the same series, in any authorized denomination and of like tenor and aggregate principal amount.

Subject to the terms of the indentures and the limitations applicable to global securities set forth in the applicable prospectus supplement, holders of the debt securities may present the debt securities for exchange or for registration of transfer, duly endorsed or with the form of transfer endorsed thereon duly executed if so required by us or the security registrar, at the office of the security registrar or at the office of any transfer agent designated by us for this purpose. Unless otherwise provided in the debt securities that the holder presents for transfer or exchange, we will make no service charge for any registration of transfer or exchange, but we may require payment of any taxes or other governmental charges.

We will name in the applicable prospectus supplement the security registrar, and any transfer agent in addition to the security registrar, that we initially designate for any debt securities. We may at any time designate additional transfer agents or rescind the designation of any transfer agent or approve a change in the office through which any transfer agent acts, except that we will be required to maintain a transfer agent in each place of payment for the debt securities of each series.

Table of Contents

If we elect to redeem the debt securities of any series, we will not be required to:

- issue, register the transfer of, or exchange any debt securities of any series being redeemed in part during a period beginning at the opening of business 15 days before the day of mailing of a notice of redemption of any debt securities that may be selected for redemption and ending at the close of business on the day of the mailing; or

- register the transfer of or exchange any debt securities so selected for redemption, in whole or in part, except the unredeemed portion of any debt securities we are redeeming in part.

Information Concerning the Debenture Trustee

The debenture trustee, other than during the occurrence and continuance of an event of default under an indenture, undertakes to perform only those duties as are specifically set forth in the applicable indenture. Upon an event of default under an indenture, the debenture trustee must use the same degree of care as a prudent person would exercise or use in the conduct of his or her own affairs. Subject to this provision, the debenture trustee is under no obligation to exercise any of the powers given it by the indentures at the request of any holder of debt securities unless it is offered reasonable security and indemnity against the costs, expenses and liabilities that it might incur.

Payment and Paying Agents

Unless we otherwise indicate in the applicable prospectus supplement, we will make payment of the interest on any debt securities on any interest payment date to the person in whose name the debt securities, or one or more predecessor securities, are registered at the close of business on the regular record date for the interest.

We will pay principal of and any premium and interest on the debt securities of a particular series at the office of the paying agents designated by us, except that, unless we otherwise indicate in the applicable prospectus supplement, we may make interest payments by check which we will mail to the holder or by wire transfer to certain holders. Unless we otherwise indicate in a prospectus supplement, we will designate an office or agency of the debenture trustee as our sole paying agent for payments with respect to debt securities of each series. We will name in the applicable prospectus supplement any other paying agents that we initially designate for the debt securities of a particular series. We will maintain a paying agent in each place of payment for the debt securities of a particular series.

All money we pay to a paying agent or the debenture trustee for the payment of the principal of or any premium or interest on any debt securities which remains unclaimed at the end of two years after such principal, premium or interest has become due and payable will be repaid to us, and the holder of the debt security thereafter may look only to us for payment thereof.

Subordination of Subordinated Debt Securities

The subordinated debt securities will be subordinate and junior in priority of payment to certain of our other indebtedness to the extent described in a prospectus supplement. The indentures in the forms initially filed as exhibits to the registration statement of which this prospectus is a part do not limit the amount of indebtedness which we may incur, including senior indebtedness or subordinated indebtedness, and do not limit us from issuing any other debt, including secured debt or unsecured debt.

Table of Contents

DESCRIPTION OF WARRANTS

We may issue warrants for the purchase of common stock, preferred stock or debt securities and may issue warrants independently or together with common stock, preferred stock or debt securities or attached to or separate from such securities. We will issue each series of warrants under a separate warrant agreement between us and a bank or trust company as warrant agent, as specified in the applicable prospectus supplement.

The warrant agent will act solely as our agent in connection with the warrants and will not act for or on behalf of warrant holders. The following sets forth certain general terms and provisions of the warrants that may be offered under this registration statement. Further terms of the warrants and the applicable warrant agreement will be set forth in the applicable prospectus supplement. To the extent information contained in the applicable prospectus supplement differs from this summary description, you should rely on the information in the prospectus supplement.

The applicable prospectus supplement will describe the terms of the warrants in respect of which this prospectus is being delivered, including, where applicable, the following:

- the title of the warrants;
- the aggregate number of the warrants;
- the price or prices at which the warrants will be issued;
- the type and number of securities purchasable upon exercise of the warrants;
- the designation and terms of the other securities, if any, with which the warrants are issued and the number of the warrants issued with each such offered security;
- the date, if any, on and after which the warrants and related securities will be separately transferable;
- the price at which each security purchasable upon exercise of the warrants may be purchased;
- the provisions, if any, for changes to or adjustments in the exercise price;
- the date on which the right to exercise the warrants shall commence and the date on which such right shall expire;
- the minimum or maximum amount of the warrants that may be exercised at any one time;
- information with respect to book-entry procedures, if any;
- any anti-dilution protection;

- a discussion of any material United States federal income tax considerations applicable to the warrants; and

- any other terms of the warrants, including terms, procedures and limitations relating to the transferability, exercise and exchange of such warrants.

Warrant certificates will be exchangeable for new warrant certificates of different denominations and warrants may be exercised at the corporate trust office of the warrant agent or any other office indicated in the applicable prospectus supplement. Prior to the exercise of their warrants, holders of warrants will not have any of the rights of holders of the securities purchasable upon such exercise or to any dividend payments or voting rights as to which holders of the shares of common stock or shares of preferred stock purchasable upon such exercise may be entitled.

Table of Contents

Exercise of Warrants

Each warrant will entitle the holder to purchase for cash such number of shares of common stock or shares of preferred stock, at such exercise price as shall, in each case, be set forth in, or be determinable as set forth in, the applicable prospectus supplement relating to the warrants offered thereby. Unless otherwise specified in the applicable prospectus supplement, warrants may be exercised at any time up to 5:00 p.m. New York City time on the expiration date set forth in applicable prospectus supplement. After 5:00 p.m. New York City time on the expiration date, unexercised warrants will be void.

Warrants may be exercised as set forth in the applicable prospectus supplement relating to the warrants. Upon receipt of payment and the warrant certificate properly completed and duly executed at the corporate trust office of the warrant agent or any other office indicated in the applicable prospectus supplement, we will, as soon as practicable, forward the securities purchasable upon such exercise. If less than all of the warrants are presented by such warrant certificate of exercise, a new warrant certificate will be issued for the remaining amount of warrants.

DESCRIPTION OF UNITS

We may issue units consisting of two or more other constituent securities. These units may be issuable, and for a specified period of time may be transferable, only as a single security, rather than as the separate constituent securities comprising such units. The statements made in this section relating to the units are summaries only. These summaries are not complete. Further terms of the units will be set forth in the applicable prospectus supplement. To the extent information contained in the applicable prospectus supplement differs from this summary description, you should rely on the information in the prospectus supplement.

The applicable prospectus supplement will describe the terms of the units in respect of which this prospectus is being delivered, including, where applicable, the following:

- the title of any series of units;
- identification and description of the separate constituent securities comprising the units;
- the price or prices at which the units will be issued;
- the date, if any, on and after which the constituent securities comprising the units will be separately transferable;
- information with respect to any book-entry procedures;
- a discussion of any material United States federal income tax considerations applicable to an investment in the units; and
- any other terms of the units and their constituent securities.

THE OPERATING PARTNERSHIP AGREEMENT

The following is a summary of our UPREIT structure and the material provisions in the partnership agreement of our Operating Partnership. For more detail, you should refer to the partnership agreement itself and its material amendments, copies of which are filed with the SEC and which we incorporate by reference as an exhibit to the registration statement of which this prospectus is a part. See Where You Can Find More Information.

Table of Contents

General

In 1993, the Operating Partnership was formed and we contributed our net assets to the Operating Partnership in exchange for the sole general partner interest in the Operating Partnership and the majority of all of the Operating Partnership s initial capital. We substantially conduct our operations through the Operating Partnership. The Operating Partnership owns, either directly or indirectly through other subsidiaries, all of our assets. This UPREIT structure enables us to comply with certain complex requirements under the Federal tax rules and regulations applicable to REITs, and to acquire manufactured housing communities in transactions that defer some or all of the sellers tax consequences. The financial results of the Operating Partnership and our other subsidiaries are consolidated in our consolidated financial statements. The financial results include certain activities that do not necessarily qualify as REIT activities under the Internal Revenue Code of 1986, as amended, or the Code. We have formed taxable REIT subsidiaries, as defined in the Code, to engage in such activities. We use taxable REIT subsidiaries to offer certain services to our residents and engage in activities that would not otherwise be permitted under the REIT rules if provided directly by us or by the Operating Partnership. The taxable REIT subsidiaries include our home sales business, SHS, which provides manufactured home sales, leasing and other services to current and prospective tenants of our properties.

Under the partnership agreement, the Operating Partnership is structured to make distributions with respect to certain of the operating partnership units representing ownership interests in the Operating Partnership, or OP Units, at the same time that distributions are made to our common stockholders. The Operating Partnership is structured to permit limited partners holding certain classes or series of OP Units to exchange those OP Units for shares of our common stock (in a taxable transaction) and achieve liquidity for their investment.

As the sole general partner of the Operating Partnership, we generally have the power to manage and have complete control over the conduct of the Operating Partnership s affairs and all decisions or actions made or taken by us as the general partner pursuant to the partnership agreement are generally binding upon all of the partners and the Operating Partnership.

Classes and Series of OP Units and Rights and Preferences

As of May 1, 2012, the Operating Partnership had issued and outstanding 28,539,005 common OP Units, 1,325,275 preferred OP Units, 455,476 Series A-1 preferred OP Units, and 122,400 Series B-3 preferred OP Units. We do not own all of the OP Units. As of May 1, 2012, we held 26,467,283 common OP Units, or approximately 92.7% of the issued and outstanding common OP Units, and no preferred OP Units, Series A-1 preferred OP Units or Series B-3 preferred OP Units.

Subject to certain limitations, the holder of each common OP Unit at its option may convert such common OP Unit at any time into one share of our common stock. Holders of common OP Units are entitled to receive distributions from the Operating Partnership as and when declared by the general partner, provided that all accrued distributions payable on the preferred OP Units, Series A-1 preferred OP Units and Series B-3 preferred OP Units have been paid. The holders of common OP Units generally receive distributions on the same dates and in amounts equal to the dividends paid to holders of our common stock.

Subject to certain limitations, at any time prior to January 1, 2024, the holder of each preferred OP Unit at its option may convert such preferred OP Unit into: (a) if the market price of our common stock is $68.00 per share or less, 0.397 common OP Units, or (b) if the market price of our common stock is greater than $68.00 per share, that number of common OP Units determined by dividing (i) the sum of (A) $27.00 plus (B) 25% of the amount by which the market price of our common stock exceeds $68.00 per share, by (ii) the per-share market price of our common stock. The holders of preferred OP Units are entitled to receive distributions not less than quarterly. Distributions on preferred OP units are generally paid on the same dates as distributions are paid to holders of common OP Units. Each preferred OP Unit is entitled to received distributions in an amount equal to the product of (x) $27.00, multiplied by (y) an annual rate equal to the 10-year United States Treasury bond yield plus 239 basis points; provided, however, that the aggregate distribution rate shall not be less than 6.5% nor more than 9%. Distributions on the preferred OP Units are on par with distributions on the Series A-1 preferred OP Units but have priority over distributions on the common OP Units and Series B-3 preferred OP Units. On January 2, 2024, we are required to redeem all preferred OP Units that have not been converted to common OP Units. In addition, we are required to redeem the preferred OP Units of any holder thereof within five days after receipt of a written demand during the existence of certain uncured preferred OP Unit defaults, including our failure to pay distributions on the preferred OP Units when due and our failure to provide certain security for the payment of distributions on the preferred OP Units. We may also redeem preferred OP Units from time to time if we and the holder thereof agree to do so.

Subject to certain limitations, the holder of each Series A-1 preferred OP Unit at its option may exchange such Series A-1 preferred OP Unit at any time on or after December 31, 2013, into 2.439 shares of our common stock (which exchange rate is subject to adjustment upon stock splits, recapitalizations and similar events). The holders of Series A-1 preferred OP Units are entitled to receive distributions not less than quarterly. Distributions on Series A-1 preferred OP units are generally paid on the same dates as distributions are paid to holders of common OP Units. Each Series A-1 preferred OP Unit is entitled to receive distributions in an amount equal to the product of $100.00 multiplied by an annual rate equal to 5.1% until June 23, 2013, and an annual rate equal to 6.0% thereafter. Distributions on the Series A-1 preferred OP Units are on par with distributions on the preferred OP Units but have priority over distributions on the common OP Units and Series B-3 preferred OP Units. Series A-1 preferred OP Units do not have any voting or consent rights requiring the consent or approval of the Operating Partnership s limited partners.

Series B-3 preferred OP Units are not convertible. The holders of Series B-3 preferred OP Units generally receive distributions on the same dates as distributions are paid to holders of common OP Units. Each Series B-3 preferred OP Unit is entitled to receive distributions in an amount equal to the product of $100.00 multiplied by an annual rate equal to 8.0%. Distributions on the Series B-3 preferred OP Units are subordinate to distributions on the preferred OP Units and the Series A-1 preferred OP Units but have priority over distributions on the common OP Units. As of May 1, 2012, there were outstanding 46,700 Series B-3 preferred OP Units which were issued on December 1, 2002, 33,450 Series B-3 preferred OP Units which were issued on January 1, 2003, and 42,250 Series B-3 preferred OP Units which were issued on January 5, 2004. Subject to certain limitations, (x) during the 90-day period beginning on each of the tenth through fifteenth anniversaries of the issue date of the applicable Series B-3 preferred OP Units, (y) any time after the fifteenth anniversary of the issue date of the applicable Series B-3 preferred OP Units, or (z) after our receipt of notice of the death of the electing holder of a Series B-3 preferred OP Unit, each holder of Series B-3 preferred OP Units may require us to redeem such holder s Series B-3 preferred OP Units at the redemption price of $100.00 per unit. In addition, any time after the fifteenth anniversary of the issue date of the applicable Series B-3 preferred OP Units we may redeem, at our option, all of the Series B-3 preferred OP Units of any holder thereof at the redemption price of $100.00 per unit. Series B-3 preferred OP Units do not have any voting or consent rights requiring the consent or approval of the Operating Partnership s limited partners.

Issuance of Additional OP Units

As the Operating Partnership s sole general partner, we have the ability to cause the Operating Partnership to issue additional partnership interests in the form of OP units. These additional OP units may include preference terms with provisions and rights that are preferential to those of common OP Units or other preferred Units. However, so long as any preferred OP Units remain issued and outstanding, the Operating Partnership may not permit to be outstanding any OP Units that are not junior to the preferred OP Units, without the written consent of holders of a majority of the preferred OP units.

Management Liability and Indemnification

In our capacity as the general partner of the Operating Partnership, we and our directors and officers shall have no liability to the Operating Partnership or its partners for any act or omission, except to the extent the same results from fraud, intentional breach of fiduciary duty or gross negligence. The partnership agreement

Table of Contents

provides for indemnification of us as general partner and for our directors or officers from and against any losses, judgments, liabilities, expenses and amounts paid in settlement of claims incurred or paid in connection with the Operating Partnership s business or affairs, unless the same from fraud, intentional breach of fiduciary duty or gross negligence.

Transferability of Interests

The general partner may not transfer its interest in the Operating Partnership. The limited partners generally may not transfer their interests as partners without the written consent of the general partner.

Termination and Liquidating Distributions

The term of the Operating Partnership will continue until the earlier of (i) December 31, 2043, (ii) 120 days after the sale or other disposition of substantially all of the Operating Partnership s operating assets and distribution of all of its property, or (iii) the general partner s withdrawal, unless the remaining partners agree within 90 days to continue the Operating partnership with a successor general partner.

Upon the occurrence of any of the foregoing events, and subject to the terms of the partnership agreement, the capital accounts of the holders the Operating Partnership s partners will be adjusted to reflect the manner in which any unrealized income, gain, loss and deduction inherent in the Operating Partnership s property, which has not previously been reflected in the partners capital accounts, would be allocated among the partners if there were a taxable disposition of such property at fair market value on the date of distribution. Any resulting increase in the partners capital accounts will be allocated (i) first to the holders of the preferred OP Units and Series A-1 preferred OP Units in proportions and amounts sufficient to bring their respective capital account balances up to the amount of the original issue prices of their respective OP Units, plus any accrued and unpaid preferred distributions, (ii) second to the holders of the Series B-3 preferred OP Units in proportions and amounts sufficient to bring their respective capital account balances up to the amount of the original issue price of their respective OP Units, plus any accrued and unpaid preferred distributions, and (iii) third to the common OP Units. Any resulting decrease in the partners capital accounts will be allocated (i) first to the holders of the common OP Units in proportions and amounts sufficient to reduce their respective capital account balances to zero, (ii) second to the holders of Series B-3 preferred OP Units in proportions and amounts sufficient to reduce their respective capital account balances to zero, (iii) third to the holders of the preferred OP Units and Series A-1 preferred OP Units in proportions and amounts sufficient to reduce their respective capital account balances to zero, and (iv) fourth to the General Partner. Liquidating distributions will be made in accordance with the positive capital account balances of the partners, after giving effect to such adjustment and other capital account adjustments for the current year, as provided in the applicable tax regulations.

CERTAIN PROVISIONS OF MARYLAND LAW AND OUR CHARTER AND BYLAWS

The following summary of certain provisions of Maryland law, our charter and bylaws and certain indemnification agreements does not purport to be complete and is subject to and qualified in its entirety by reference to Maryland law, our charter and bylaws, and the form of such indemnification agreements, copies of which are filed as exhibits to the registration statement of which this prospectus is a part. See Where You Can Find More Information.

Our Board of Directors

Our charter and bylaws provide that the number of our directors may be established, increased or decreased only by a majority of our entire board of directors but may not be fewer than three nor, unless our bylaws are amended, more than 15.

Our board of directors is divided into three classes of directors serving staggered three-year terms. Upon expiration of their terms, directors of each class are elected to serve for three-years and until their successors are duly elected and qualify and at each annual meeting one class of directors is to be elected by the

Table of Contents

stockholders. We believe that a classified board helps assure the continuity and stability of our strategies and policies as determined by our board of directors. However, this structure of electing directors may discourage a third party from making a tender offer or otherwise attempting to obtain control of us because the staggered terms, together with the removal and vacancy provisions of our charter and bylaws as described below, would make it more difficult for a potential acquirer to gain control of our board of directors.

Our bylaws provide that at a meeting of stockholders duly called and at which a quorum is present, a majority of the votes cast for a nominee shall be required to elect that nominee as a director; provided, however, that directors shall be elected by a plurality of the votes cast at any meeting of stockholders for which a stockholder has nominated a person for election to the board of directors in compliance with the advance notice requirements for stockholder nominees for director set forth in our bylaws and certain other requirements of our bylaws are satisfied (a contested election). Our board of directors could amend our bylaws to alter the vote required in contested elections to be the same as that required in uncontested elections.

If the election of a director nominee requires an approval other than a plurality of the votes cast, it is possible that no nominee would receive the required vote. In the case of a failure to elect one or more directors because the nominees receive votes constituting less than the required vote, the incumbent directors would hold over and continue to serve until the next election of directors and until their successors are duly elected and qualify.

The foregoing provisions are subject to the rights of the holders of one or more classes or series of our preferred stock to elect directors.

Removal of Directors and Vacancies

Our charter provides that a director may be removed only for cause and only by the affirmative vote of at least two-thirds of the votes entitled to be cast in the election of directors.

We have elected in our bylaws to be subject to a provision of Maryland law requiring that vacancies on our board of directors as a result of the death or resignation of a director or an increase in the size of the board of directors may be filled only by the remaining directors and that any individual elected to fill a vacancy will serve for the remainder of the full term of the class of directorship in which the vacancy occurred and until his or her successor is duly elected and qualifies.

Vacancies on our board of directors arising as a result of any reason other than the death or resignation of a director or an increase in the size of the board of directors may be filled by a majority of the remaining directors, whether or not sufficient to constitute a quorum. A director elected by the board of directors to fill any such vacancy will serve until the next annual meeting of stockholders and until his or her successor is elected and qualifies. In addition, our stockholders may elect a successor to fill a vacancy on the board of directors which results from the removal of a director, in which case such director will serve for the balance of the term of the removed director.

The foregoing provisions are subject to the rights of the holders of one or more classes or series of our preferred stock to remove directors and fill vacancies on our board of directors.

Business Combinations

Under the MGCL, certain business combinations (including a merger, consolidation, share exchange or, in certain circumstances specified under the statute, an asset transfer or issuance or reclassification of equity securities) between a Maryland corporation and any interested stockholder, or an affiliate of such an interested stockholder, are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. Maryland law defines an interested stockholder as:

any person who beneficially owns, directly or indirectly, 10% or more of the voting power of the corporation s outstanding voting stock; or

- an affiliate or associate of the corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10% or more of the voting power of the then-outstanding voting stock of the corporation.

After such five-year period, any such business combination must be recommended by the board of directors of the corporation and approved by the affirmative vote of at least:

- 80% of the votes entitled to be cast by holders of outstanding shares of voting stock of the corporation; and

- two-thirds of the votes entitled to be cast by holders of voting stock of the corporation other than shares held by the interested stockholder with whom (or with whose affiliate) the business combination is to be effected or held by an affiliate or associate of the interested stockholder.

These supermajority approval requirements do not apply for mergers, consolidations or share exchanges if, among other conditions, the corporation s common stockholders receive a minimum price (as defined in the MGCL) for their shares and the consideration is received in cash or in the same form as previously paid by the interested stockholder for its shares.

A person is not an interested stockholder under the statute if the board of directors approved in advance the transaction by which the person otherwise would have become an interested stockholder. The board of directors may provide that its approval is subject to compliance with any terms and conditions determined by it.

Pursuant to the statute, our board of directors has by resolution exempted Milton M. Shiffman, Robert B. Bayer, and Gary A. Shiffman, their affiliates and all persons acting in concert or as a group with the foregoing from these provisions of the MGCL and, consequently, the five-year prohibition and the supermajority vote requirements will not apply to business combinations between us and any person described above. As a result, any person described above may be able to enter into business combinations with us that may not be in the best interests of our stockholders without compliance by us with the supermajority vote requirements and the other provisions of the statute.

Control Share Acquisitions

The MGCL provides that holders of control shares of a Maryland corporation acquired in a control share acquisition have no voting rights with respect to any control shares except to the extent approved by the affirmative vote of at least two-thirds of the votes entitled to be cast by stockholders in the election of directors generally but excluding shares of stock in respect of which any of the following persons is entitled to exercise or direct the exercise of the voting power of such shares in the election of directors: (1) the person who has made or proposes to make the control share acquisition, (2) any officer of the corporation or (3) any employee of the corporation who is also a director of the corporation. Control shares are voting shares of stock that, if aggregated with all other such shares of stock previously acquired by the acquirer or in respect of which the acquirer is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquirer to exercise voting power in electing directors within one of the following ranges of:

- one-tenth or more but less than one-third;

- one-third or more but less than a majority; or

- a majority or more of all voting power.

Control shares do not include shares that the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval. A control share acquisition means the acquisition, directly or indirectly, of ownership of, or the power to direct the exercise of voting power with respect to, issued and outstanding control shares, subject to certain exceptions.

Table of Contents

A person who has made or proposes to make a control share acquisition, upon satisfaction of certain conditions (including an undertaking to pay expenses and making an acquiring person statement as described in the MGCL), may compel the corporation to call a special meeting of stockholders to be held within 50 days of demand to consider the voting rights of the control shares. If no request for a special meeting is made, the corporation may itself present the question at any stockholders meeting.

If voting rights of control shares are not approved at the meeting or if the acquiring person does not deliver an acquiring person statement as required by the statute, then, subject to certain conditions and limitations, the corporation may redeem any or all of the control shares (except those for which voting rights have previously been approved) for fair value determined, without regard to the absence of voting rights for the control shares, as of the date of the last control share acquisition by the acquirer or, if a stockholders meeting is held to consider the voting rights of the control shares (and the voting rights are not approved), as of the date of the meeting. If voting rights for control shares are approved at a stockholders meeting and the acquirer becomes entitled to vote a majority of the shares entitled to vote, all other stockholders may exercise appraisal rights. The fair value of the shares as determined for purposes of such appraisal rights may not be less than the highest price per share paid by the acquirer in the control share acquisition.

The control share acquisition statute does not apply (1) to shares acquired in a merger, consolidation or share exchange if the corporation is a party to the transaction or (2) to acquisitions approved or exempted by the charter or bylaws of the corporation.

Our bylaws contain a provision exempting from the control share acquisition statute any and all control share acquisitions by any person of shares of our stock. Our board of directors may amend or eliminate this provision at any time in the future.

Subtitle 8

Subtitle 8 of Title 3 of the MGCL permits a Maryland corporation with a class of equity securities registered under the Exchange Act and at least three independent directors to elect to be subject, by provision in its charter or bylaws or a resolution of its board of directors and notwithstanding any contrary provision in the charter or bylaws, to any or all of the following five provisions:

- a classified board;
- a two-thirds vote requirement for removing a director;
- a requirement that the number of directors be fixed only by vote of the directors;
- a requirement that a vacancy on the board as a result of an increase in the size of the board of directors or the death, resignation or removal of a director be filled only by the remaining directors and for the remainder of the full term of the class of directors in which the vacancy occurred; or
- a majority requirement for the calling by stockholders of a special meeting of stockholders.

We have elected to be subject to the provisions of Subtitle 8 relating to the filling of vacancies on our board of directors as a result of an increase in the size of the board of directors or the death or resignation of a director. We have not elected to be subject to the provisions of Subtitle 8 relating to the filling of vacancies on our board of directors as a result of the removal of a director, although we may elect to do so in the future. Through provisions in our charter and bylaws unrelated to Subtitle 8, we already (1) have a classified board; (2) require a two-thirds vote for the removal of any director from the board, which removal must be for cause; and (3) vest in the board the exclusive power to fix the number of directorships, subject to limitations set forth in

Table of Contents

our charter and bylaws. We have not elected a majority requirement for the calling of a special meeting of stockholders. In the future, our board of directors may elect, without stockholder approval, to adopt this requirement pursuant to Subtitle 8 or, unrelated to Subtitle 8, we could amend our bylaws to include a majority requirement for the calling by stockholders of a special meeting of stockholders.

Amendments to Our Charter and Bylaws

Other than amendments permitted to be made without stockholder approval under the MGCL, our charter generally may be amended only if such amendment is declared advisable by our board of directors and approved by the affirmative vote of stockholders entitled to cast two-thirds of the votes entitled to be cast on the matter. Our board of directors has the exclusive power to adopt, alter or repeal any provision of our bylaws or to make new bylaws.

Meetings of Stockholders

Under our bylaws, annual meetings of stockholders will be held each year at a date and time determined by our board of directors. Special meetings of stockholders may be called only by our board of directors, the chairman of our board of directors, our president or our chief executive officer. Additionally, subject to the provisions of our bylaws, special meetings of the stockholders to act on any matter that may properly be considered at a meeting of stockholders must be called by our secretary upon the written request of stockholders entitled to cast at least 10% of the votes entitled to be cast at such meeting on such matter who have requested the special meeting in accordance with the procedures set forth in, and provided the information required by, our bylaws. Only matters set forth in the notice of the special meeting may be considered and acted upon at such a meeting.

Advance Notice of Director Nominations and New Business

Our bylaws provide that:

- with respect to an annual meeting of stockholders, nominations of individuals for election to our board of directors and the proposal of business to be considered by stockholders at the annual meeting may be made only:
  - pursuant to our notice of the meeting;
  - by or at the direction of our board of directors; or
  - by a stockholder who was a stockholder of record both at the time the stockholder provides the notice required by our bylaws and at the time of the annual meeting, who is entitled to vote at the meeting and who has complied with the advance notice procedures set forth in, and provided the information required by, our bylaws; and
- with respect to special meetings of stockholders, only the business specified in our company s notice of meeting may be brought before the meeting of stockholders, and nominations of individuals for election to our board of directors may be made only:
  - pursuant to our notice of the meeting;
  - by or at the direction of our board of directors; or

provided that the meeting has been called in accordance with our bylaws for the purpose of electing directors, by a stockholder who is a stockholder of record both at the time the stockholder provides the notice required by our bylaws and at the time of the meeting, who is entitled to vote at the meeting in the election of each individual so nominated, and who has complied with the advance notice provisions set forth in, and provided the information required by, our bylaws.

The purpose of requiring stockholders to give advance notice of nominations and other proposals is to afford our board of directors the opportunity to consider the qualifications of the proposed nominees or the advisability of the other proposals and, to the extent considered necessary by our board of directors, to inform stockholders and make recommendations regarding the nominations or other proposals.

Although our bylaws do not give our board of directors the power to disapprove stockholder nominations and proposals that comply with our bylaws, our bylaws may have the effect of precluding a contest for the election of directors or proposals for other action if the proper procedures are not followed, and of discouraging or deterring a third party from conducting a solicitation of proxies to elect its own slate of directors to our board of directors or to approve its own proposal.

Anti-takeover Effect of Certain Provisions of Maryland Law and Our Charter and Bylaws

Our charter and bylaws and Maryland law contain provisions that may delay, defer or prevent a change of control or other transaction that might involve a premium price for our common stock or otherwise be in the best interests of our stockholders, including business combination provisions, supermajority vote and cause requirements for removal of directors, provisions that certain vacancies on our board of directors may be filled only by the remaining directors, for the full term of the class of directors in which the vacancy occurred, the power of our board to issue additional shares of stock of any class or series and to fix the terms of one or more classes or series of stock without stockholder approval, a classified board, the restrictions on ownership and transfer of our stock and advance notice requirements for director nominations and stockholder proposals. Likewise, if the provision in the bylaws opting out of the control share acquisition provisions of the MGCL were rescinded, these provisions of the MGCL could have similar anti-takeover effects.

Indemnification and Limitation of Directors and Officers Liability

Maryland law permits a Maryland corporation to include in its charter a provision limiting the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from actual receipt of an improper benefit or profit in money, property or services or active and deliberate dishonesty that is established by a final judgment and is material to the cause of action. Our charter contains such a provision that eliminates such liability to the maximum extent permitted by Maryland law.

The MGCL requires a Maryland corporation (unless its charter provides otherwise, which our charter does not) to indemnify a director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he or she is made or threatened to be made a party by reason of his or her service in that capacity. The MGCL permits a Maryland corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made or are threatened to be made a party by reason of their service in those or other capacities unless it is established that:

- the act or omission of the director or officer was material to the matter giving rise to the proceeding and:
  - was committed in bad faith; or
  - was the result of active and deliberate dishonesty;
- the director or officer actually received an improper personal benefit in money, property or services; or

Table of Contents

- in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful.

However, under the MGCL, a Maryland corporation may not indemnify a director or officer for an adverse judgment in a suit by or in the right of the corporation or if the director or officer was adjudged liable on the basis that personal benefit was improperly received, unless in either case a court orders indemnification and then only for expenses.

In addition, the MGCL permits a Maryland corporation to advance reasonable expenses to a director or officer, without requiring a preliminary determination of the director s or officer s ultimate entitlement to indemnification, upon the corporation s receipt of:

- a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation; and

- a written undertaking by the director or officer or on his or her behalf (which need not be secured) to repay the amount paid or reimbursed by the corporation if it is ultimately determined that he or she did not meet the standard of conduct.

Our charter authorizes us to obligate our company and our bylaws obligate us, to the fullest extent permitted by Maryland law in effect from time to time, to indemnify and to pay or reimburse reasonable expenses in advance of final disposition of a proceeding to:

- any present or former director or officer who is made or threatened to be made a party to the proceeding by reason of his or her service in that capacity; or

- any individual who, while a director or officer of our company and at our request, serves or has served as a director, officer, partner, member, manager or trustee of another corporation, REIT, partnership, limited liability company, joint venture, trust, employee benefit plan or any other enterprise and who is made or threatened to be made a party to the proceeding by reason of his or her service in that capacity.

Our charter and bylaws also permit us, with the approval of our board of directors, to indemnify and advance expenses to any person who served a predecessor of ours in any of the capacities described above and to any employee or agent of our company or a predecessor of our company.

Insofar as the foregoing provisions permit indemnification of directors, officers or persons controlling us for liability arising under the Securities Act, we have been informed that in the opinion of the SEC, this indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Indemnification Agreements

We have entered into indemnification agreements with our executive officers and directors. Under the terms of these agreements, we have agreed (subject to certain exclusions), to hold harmless and indemnify the officer or director who has entered into such an indemnification agreement against any and all expenses, judgments, penalties, fines and amounts paid in settlement, actually and reasonably incurred by such director or officer in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative to which such director or officer is, was or at any time becomes a party, or is threatened to be made a party, by reason of the fact that such director or officer is, was or at any time becomes a director, officer, partner, trustee, employee or agent of our company, or is or was serving or at any time serves at the request of our company as a director, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust or other enterprise (including, without limitation, employee benefit plans), to the fullest extent authorized and permitted by applicable law on the date of such agreements and to such greater extent as applicable law may thereafter permit.

Table of Contents

In addition, the indemnification agreements provide that we will make an advance payment of expenses the officers or directors who have entered into such indemnification agreements, in order to cover a claim relating to any fact or occurrence arising from or relating to events or occurrences specified in the prior paragraph, subject to receipt of an undertaking by or on behalf of such officer or director to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the company as authorized under these agreements.

The indemnification agreements also include provisions that specify the procedures and presumptions, which are to be employed to determine whether such officer or director is entitled to indemnification thereunder.

Restrictions on Ownership and Transfer of our Stock

Because the board of directors believes it is essential for us to continue to qualify as a REIT, our charter, subject to certain exceptions, contains a provision, which we refer to as the Ownership Limit, providing that no holder may own, or be deemed to own by virtue of the attribution provisions of the Code, more than 9.8% in number of shares or value, of our outstanding common stock and preferred stock. For more information regarding these and other restrictions on the ownership and transfer of our stock, see Description of Common Stock-Restrictions on Ownership and Description of Preferred Stock-Restrictions on Ownership.

REIT Qualification

Our charter provides that our board of directors may revoke or otherwise terminate our REIT election, without approval of our stockholders, if it determines that it is no longer in our best interest to continue to be qualified as a REIT.

MATERIAL FEDERAL INCOME TAX CONSIDERATIONS

The following is a general summary of material U.S. federal income tax consequences regarding our company and the ownership and disposition of shares of our common stock, and, to a lesser extent, shares of our preferred stock and our debt securities.

The federal income tax consequences of the ownership and disposition of shares of our preferred stock, debt securities, warrants or units depend to a high degree on the specific rights and terms of the securities issued. If we offer shares of our preferred stock, debt securities, warrants or units, we intend to describe in any prospectus supplement related to the offering of such securities the material U.S. federal income tax consequences relating to the ownership and disposition of such securities as will be sold by us pursuant to that prospectus supplement.

Because this is a summary that is intended to address only material federal income tax consequences relating to the ownership and disposition of our common stock and, to a lesser extent, shares of our preferred stock and our debt securities that will apply to all holders, it may not contain all the information that may be important to you. As you review this discussion, you should keep in mind that:

- the tax consequences to you may vary depending on your particular tax situation;

- special rules that are not discussed below may apply to you if, for example, you are a tax-exempt organization, a broker-dealer, a non-U.S. person, a trust, an estate, a regulated investment company, a financial institution, an insurance company, or otherwise subject to special tax treatment under the Code;

- this summary does not address state, local or non-U.S. tax considerations;

Table of Contents

- this summary deals only with holders that hold our securities as a capital asset within the meaning of Section 1221 of the Code; and
- this discussion is not intended to be, and should not be construed as, tax advice.

You are urged both to review the following discussion and to consult with your own tax advisor to determine the effect of ownership and disposition of our securities on your individual tax situation, including any state, local or non-U.S. tax consequences.

The information in this section is based on the Code, final and temporary Treasury regulations, the legislative history of the Code, administrative interpretations and practices of the Internal Revenue Service, including its practices and policies as endorsed in private letter rulings, which are not binding on the Internal Revenue Service except in the case of the taxpayer to whom a private letter ruling is addressed, and existing court decisions all of which as currently in effect as of the date of this prospectus. Future legislation, regulations, administrative interpretations and court decisions could change current law or adversely affect existing interpretations of current law. Any change could apply retroactively. We have not obtained any rulings from the Internal Revenue Service concerning the tax treatment of the matters discussed below. Thus, it is possible that the Internal Revenue Service could challenge the statements in this discussion, which do not bind the Internal Revenue Service or the courts, and that a court could agree with the Internal Revenue Service.

Taxation of Sun as a REIT

We have elected to be taxed as a REIT under the Code. A REIT generally is not subject to federal income tax on the income that it distributes to stockholders if it meets the applicable REIT distribution requirements and other requirements for qualification.

We believe that we are organized and have operated, and we intend to continue to operate, in a manner allowing us to qualify as a REIT, but there can be no assurance that we have qualified or will remain qualified as a REIT. Qualification and taxation as a REIT depend upon our ability to meet, through actual annual (or in some cases quarterly) operating results, requirements relating to income, asset ownership, distribution levels and diversity of share ownership, and the various other REIT qualification requirements imposed under the Code. Given the complex nature of the REIT qualification requirements, the ongoing importance of factual determinations and the possibility of future changes in our circumstances, we cannot provide any assurance that our actual operating results will satisfy the requirements for taxation as a REIT under the Code for any particular taxable year.

In the opinion of Jaffe, Raitt, Heuer & Weiss, Professional Corporation, commencing with our taxable year which ended December 31, 1994, we have been organized in conformity with the requirements for qualification as a REIT, and our method of operation enabled us to meet the requirements for qualification and taxation as a REIT under the Code. It must be emphasized that this opinion is based on various assumptions and is conditioned upon certain representations made by us as to factual matters. In addition, such qualification and taxation as a REIT depends upon our ability to meet, through actual annual operating results, distribution levels, diversity of stock ownership, and the various qualification tests imposed under the Code discussed below, the results of which have not been and will not be reviewed by Jaffe, Raitt, Heuer & Weiss, Professional Corporation. Accordingly, no assurance can be given that the actual results of our operations in any particular taxable year will satisfy such requirements.

So long as we qualify for taxation as a REIT, we generally will not be subject to federal corporate income tax on our net income that is distributed currently to our stockholders. This treatment substantially eliminates double taxation (that is, taxation at both the corporate and stockholder levels) that generally results from an investment in a corporation. However, we will be subject to federal income tax as follows:

We will be taxed at regular corporate rates on any undistributed REIT taxable income. REIT taxable income is the taxable income of the REIT subject to specified adjustments, including a deduction for dividends paid;

Under some circumstances, we may be subject to the alternative minimum tax on our items of tax preference;

If we have net income from the sale or other disposition of foreclosure property that is held primarily for sale to customers in the ordinary course of business, or other non-qualifying income from foreclosure property, we will be subject to tax at the highest corporate rate on this income;

Our net income from prohibited transactions will be subject to a 100% tax. In general, prohibited transactions are sales or other dispositions of property held primarily for sale to customers in the ordinary course of business other than foreclosure property;

If we fail to satisfy either the 75% gross income test or the 95% gross income test discussed below, but nonetheless maintain our qualification as a REIT because other requirements are met, we will be subject to a tax equal to the greater of (1) the amount by which 75% of our gross income exceeds the amount of our income qualifying under the 75% test for the taxable year or (2) the amount by which 95% of our gross income exceeds the amount of our income qualifying for the 95% income test for the taxable year, multiplied by a fraction intended to reflect our profitability;

If we fail to satisfy any of the asset tests (other than a failure by a de minimis amount of the 5% or 10% asset tests) and we qualify for and satisfy certain cure provisions, then we will have to pay an excise tax equal to the greater of (1) $50,000 and (2) an amount determined by multiplying (x) the net income generated during a specified period by the assets that caused the failure by (y) the highest federal income tax applicable to corporations;

If we fail to satisfy any REIT requirements other than the income test or asset test requirements and we qualify for a reasonable cause exception, then we will have to pay a penalty equal to $50,000 for each such failure;

We will be subject to a 4% excise tax on the excess of the required distribution over the sum of amounts actually distributed and amounts retained for which federal income tax was paid, if we fail to distribute during each calendar year at least the sum of:

(1) 85% of our REIT ordinary income for the year;

(2) 95% of our REIT capital gain net income for the year; and

(3) any undistributed taxable income from prior taxable years;

We will be subject to a 100% penalty tax on some payments we receive (or on certain expenses deducted by a taxable REIT subsidiary) if arrangements among us, our tenants and our taxable REIT subsidiaries are not comparable to similar arrangements among unrelated parties;

If we should acquire any asset from a C corporation in a carry-over basis transaction and we subsequently recognize gain on the disposition of such asset during the ten-year recognition period beginning on the date on which we acquired the asset, then, to the extent of any built-in gain, such gain will be subject to tax at the highest regular corporate rate. Built-in gain means the excess of (a) the fair market value of the asset as of the beginning of the applicable recognition period over (b) the adjusted basis in such asset as of the beginning of such recognition period;

Income earned by our taxable REIT subsidiaries will be subject to tax at regular corporate rates; and

We may be required to pay penalties to the Internal Revenue Service in certain circumstances, including if we fail to meet record-keeping requirements intended to monitor our compliance with rules relating to the composition of our stockholders or we elect to preserve REIT qualification in the case of certain inadvertent failures of the REIT rules.

Requirements for Qualification as a REIT

We elected to be taxable as a REIT for federal income tax purposes for our taxable year ended December 31, 1994 and for all subsequent taxable years. In order to have so qualified, we must have met and continue to meet the requirements discussed below, relating to our organization, sources of income, nature of assets and distributions of income to stockholders.

The Code defines a REIT as a corporation, trust or association:

(1) that is managed by one or more trustees or directors;

(2) the beneficial ownership of which is evidenced by transferable shares, or by transferable certificates of beneficial interest;

(3) that would be taxable as a domestic corporation, but for Sections 856 through 859 of the Code;

(4) that is neither a financial institution nor an insurance company subject to applicable provisions of the Code;

(5) the beneficial ownership of which is held by 100 or more persons;

(6) during the last half of each taxable year not more than 50% in value of the outstanding shares of which is owned directly or indirectly by five or fewer individuals, as defined in the Code to include specified entities;

(7) that makes an election to be taxable as a REIT, or has made this election for a previous taxable year which has not been revoked or terminated, and satisfies all relevant filing and other administrative requirements established by the Internal Revenue Service that must be met to elect and maintain REIT status;

(8) that uses a calendar year for federal income tax purposes and complies with the recordkeeping requirements of the Code and regulations promulgated thereunder; and

(9) that meets other applicable tests, described below, regarding the nature of its income and assets and the amount of its distributions.

Conditions (1), (2), (3) and (4) above must be met during the entire taxable year and condition (5) above must be met during at least 335 days of a taxable year of 12 months, or during a proportionate part of a taxable year of less than 12 months. For purposes of determining stock ownership under condition (6) above, a supplemental unemployment compensation benefits plan, a private foundation and a portion of a trust permanently set aside or used exclusively for charitable purposes generally are each considered an individual. A trust that is a qualified trust under Code Section 401(a) generally is not considered an individual, and beneficiaries of a qualified trust are treated as holding shares of a REIT in proportion to their actuarial interests in the trust for purposes of condition (6) above.

Table of Contents

We believe that we have issued sufficient shares of common stock with sufficient diversity of ownership to allow us to satisfy conditions (5) and (6) above. In addition, our charter contains restrictions regarding the transfer of shares of common stock that are intended to assist us in continuing to satisfy the share ownership requirements described in conditions (5) and (6) above. These restrictions, however, may not ensure that we will be able to satisfy these share ownership requirements.

To monitor its compliance with condition (6) above, a REIT is required to send annual letters to its stockholders requesting information regarding the actual ownership of its shares. If we comply with the annual letters requirement and we do not know or, exercising reasonable diligence, would not have known of our failure to meet condition (6) above, then we will be treated as having met condition (6) above.

To qualify as a REIT, we cannot have at the end of any taxable year any undistributed earnings and profits that are attributable to a non-REIT taxable year. We do not believe that we have any non-REIT earnings and profits and believe that we therefore satisfy this requirement.

Qualified REIT Subsidiaries

If a REIT owns a corporate subsidiary that is a qualified REIT subsidiary, the separate existence of that subsidiary will be disregarded for federal income tax purposes. Generally, a qualified REIT subsidiary is a corporation, other than a taxable REIT subsidiary (discussed below), all of the stock of which is owned by the REIT. All assets, liabilities and items of income, deduction and credit of the qualified REIT subsidiary will be treated as assets, liabilities and items of income, deduction and credit of the REIT itself. A qualified REIT subsidiary of Sun will not be subject to federal corporate income taxation, although it may be subject to state and local taxation in some states.

Taxable REIT Subsidiaries

A taxable REIT subsidiary of Sun is a corporation in which we directly or indirectly own stock and that elects, together with us, to be treated as a taxable REIT subsidiary under Section 856(l) of the Code. In addition, if one of our taxable REIT subsidiaries owns, directly or indirectly, securities representing 35% or more of the vote or value of a subsidiary corporation, that subsidiary will also be treated as our taxable REIT subsidiary. A taxable REIT subsidiary is a corporation subject to federal income tax, and state and local income tax where applicable, as a regular C corporation.

Generally, a taxable REIT subsidiary can perform some impermissible tenant services without causing us to receive impermissible tenant services income under the REIT income tests. A taxable REIT subsidiary also can recognize income that would be subject to the 100% prohibited transaction tax, or income that would be non-qualifying income under the gross income tests, if earned by a REIT. However, several provisions regarding the arrangements between a REIT and its taxable REIT subsidiaries ensure that a taxable REIT subsidiary will be subject to an appropriate level of federal income taxation. For example, a taxable REIT subsidiary is limited in its ability to deduct interest payments in excess of a certain amount made to us. In addition, we will be obligated to pay a 100% penalty tax on some payments that we receive or on certain expenses deducted by the taxable REIT subsidiary if the economic arrangements between us, our tenants and the taxable REIT subsidiary are not comparable to similar arrangements among unrelated parties.

Ownership of Partnership Interests by a REIT

A REIT that is a partner in a partnership (or a member in a limited liability company or other entity that is treated as a partnership for federal income tax purposes) will be deemed to own its proportionate share of the assets of the partnership and will be deemed to earn its proportionate share of the partnership s income. The assets and gross income of the partnership retain the same character in the hands of the REIT for purposes of the gross income and asset tests applicable to REITs as described below. Thus, our proportionate share of the assets

Table of Contents

and items of income of any entity taxable as a partnership for federal income tax purposes in which we hold an interest, such as the Operating Partnership, will be treated as our assets and liabilities and our items of income for purposes of applying the requirements described in this prospectus. The assets, liabilities and items of income of any partnership in which we own an interest include such entity s share of the assets and liabilities and items of income with respect to any partnership in which it holds an interest.

Income Tests Applicable to REITs

To qualify as a REIT, we must satisfy two gross income tests. First, at least 75% of our gross income, excluding gross income from prohibited transactions, for each taxable year must be derived directly or indirectly from investments relating to real property or mortgages on real property, including rents from real property, gains on the disposition of real estate, dividends paid by another REIT and interest on obligations secured by mortgages on real property or on interests in real property, or from some types of temporary investments. Second, at least 95% of our gross income, excluding gross income from prohibited transactions, for each taxable year must be derived from any combination of income qualifying under the 75% test and dividends, interest, and gain from the sale or disposition of stock or securities.

Rents received by us will qualify as rents from real property in satisfying the gross income requirements for a REIT described above only if several conditions are met. First, the amount of rent must not be based in whole or in part on the income or profits of any person. However, an amount received or accrued generally will not be excluded from the term rents from real property solely by reason of being based on a fixed percentage or percentages of receipts or sales. Second, rents received from a related party tenant will not qualify as rents from real property in satisfying the gross income tests unless the tenant is a taxable REIT subsidiary and at least 90% of the property is leased to unrelated tenants and the rent paid by the taxable REIT subsidiary is substantially comparable to the rent paid by the unrelated tenants for comparable space, or the property leased to the taxable REIT subsidiary is a hotel and certain other requirements are satisfied. A tenant is a related party tenant if the REIT, or an actual or constructive owner of 10% or more of the REIT, actually or constructively owns 10% or more of the tenant. Third, if rent attributable to personal property, leased in connection with a lease of real property, is greater than 15% of the total rent received under the lease, then the portion of rent attributable to the personal property will not qualify as rents from real property.

Generally, for rents to qualify as rents from real property for the purpose of satisfying the gross income tests, we may provide directly only an insignificant amount of services, unless those services are usually or customarily rendered in connection with the rental of real property and not otherwise considered rendered to the occupant. Accordingly, we may not provide impermissible services to tenants (except through an independent contractor from whom we derive no revenue and that meets other requirements or through a taxable REIT subsidiary) without giving rise to impermissible tenant service income. Impermissible tenant service income is deemed to be at least 150% of our direct cost of providing the service. If the impermissible tenant service income exceeds 1% of our total income from a property, then all of the income from that property will fail to qualify as rents from real property. If the total amount of impermissible tenant service income from a property does not exceed 1% of our total income from the property, the services will not taint the other income from the property (that is, it will not cause the rent paid by tenants of that property to fail to qualify as rents from real property), but the impermissible tenant service income will not qualify as rents from real property.

We have provided and will provide services with respect to the manufactured housing communities. We believe that the services with respect to our communities that have been and will be provided by us are usually or customarily rendered in connection with the rental of space for occupancy only and are not otherwise rendered to particular tenants, or, if considered impermissible services, income from the provision of such services with respect to a given property has not and will not exceed 1% of all amounts received by us from such property. Therefore, we believe that the provision of such services has not and will not cause rents received with respect to our communities to fail to qualify as rents from real property. We believe that services with respect to our communities that may not be provided by us directly without jeopardizing the qualification of rent as rents from real property have been and will be performed by independent contractors or taxable REIT subsidiaries.

Table of Contents

We have not charged, and do not anticipate charging, rent that is based in whole or in part on the income or profits of any person. We have not derived, and do not anticipate deriving, rent attributable to personal property leased in connection with real property that exceeds 15% of the total rents.

We may in the future acquire equity stakes in additional taxable REIT subsidiaries, which do not constitute real estate assets. Gain from a sale or other taxable disposition of these interests will constitute income satisfying the 95% income test, but not the 75% income test. The need to satisfy the 75% income test may adversely affect the time at which we chose to sell or dispose of one or more of these investments, depending on the appreciation of these equity interests, if any.

We have earned and continue to earn amounts of non-qualifying income. For example, we earn fees related to the management of properties that are not wholly-owned by us. We believe that the amount of non-qualifying income generated from these activities has not affected and will not affect our ability to meet the gross income tests.

Any gain realized by us on the sale of any property held as inventory or other property held primarily for sale to customers in the ordinary course of business will be treated as income from a prohibited transaction that is subject to a 100% penalty tax, unless such property has been held by us for not less than two years and certain other requirements are satisfied or the gain is realized in a taxable REIT subsidiary. Under existing law, whether property is held as inventory or primarily for sale to customers in the ordinary course of a trade or business is a question of fact that depends on all the facts and circumstances of a particular transaction. We generally intend to hold our properties for investment with a view to long-term appreciation, to engage in the business of acquiring, developing, owning and operating properties, and to make occasional sales of properties as are consistent with our investment objectives. We cannot provide any assurance, however, that the Internal Revenue Service might not contend that one or more of these sales are subject to the 100% penalty tax. We intend to hold assets developed or held for sale in taxable REIT subsidiaries. Although a taxable REIT subsidiary is not subject to the 100% penalty tax, it does pay tax on its taxable income and gains at regular corporate rates.

If we fail to satisfy one or both of the 75% or 95% gross income tests for any taxable year, we may nevertheless qualify as a REIT for that year if we are entitled to relief under the Code. These relief provisions generally will be available if our failure to meet the tests is due to reasonable cause and not due to willful neglect and, following our identification of such failure for any taxable year, we file a schedule describing each item of our gross income described in the gross income tests in accordance with the applicable Treasury Regulations. It is not possible, however, to state whether in all circumstances we would be entitled to the benefit of these relief provisions. For example, if we fail to satisfy the gross income tests because non-qualifying income that we intentionally incur exceeds the limits on non-qualifying income, the Internal Revenue Service could conclude that the failure to satisfy the tests was not due to reasonable cause. If these relief provisions are inapplicable to a particular set of circumstances involving us, we will fail to qualify as a REIT. As discussed under Taxation of Sun as a REIT, even if these relief provisions apply, a tax would be imposed based on the amount of non-qualifying income.

Asset Tests Applicable to REITs

At the close of each quarter of our taxable year, we must satisfy four tests relating to the nature of our assets:

(1) at least 75% of the value of our total assets must be represented by real estate assets, cash, cash items (including receivables) and government securities;

(2) not more than 25% of our total assets may be represented by securities other than those in the 75% asset class;

39

(3) except for investments in qualified REIT subsidiaries, taxable REIT subsidiaries, equity interests in REITS or other securities that qualify as real estate assets for purposes of the test described in clause (1): the value of any one issuer s securities owned by us may not exceed 5% of the value of our total assets; we may not own more than 10% of any one issuer s outstanding voting securities; and we may not own more than 10% of the value of the outstanding securities of any one issuer; and

(4) not more than 25% of our total assets may be represented by securities of one or more taxable REIT subsidiaries.

Securities for purposes of the asset tests may include debt securities. However, certain debt of an issuer will not count as a security for purposes of the 10% value test, including: (1) debt securities that are straight debt as defined in Section 1361 of the Code, as modified by Section 856(m); (2) debt from an issuer who is an individual; or (3) non-straight debt, but only if the REIT possesses an aggregate value of not more than one percent of the value of the issuer s outstanding securities.

We believe that the aggregate value of our taxable REIT subsidiaries does not exceed 25% of the aggregate value of our gross assets. With respect to each issuer in which we currently own an interest that does not qualify as a REIT, a qualified REIT subsidiary or a taxable REIT subsidiary, we believe that our pro rata share of the value of the securities, including debt, of any such issuer does not exceed 5% of the total value of our assets and that we comply with the 10% voting securities limitation and 10% value limitation with respect to each such issuer. In this regard, however, we cannot provide any assurance that the Internal Revenue Service might not disagree with our determinations.

After initially meeting the asset tests at the close of any quarter, we will not lose our status as a REIT if we fail to satisfy the 25% and 5% asset tests and the 10% value limitation at the end of a later quarter solely by reason of changes in the relative values of our assets. If the failure to satisfy the 25% or 5% asset tests or the 10% value limitation results from an acquisition of securities or other property during a quarter, the failure can be cured by disposition of sufficient non-qualifying assets within 30 days after the close of that quarter. We intend to maintain adequate records of the value of our assets to ensure compliance with the asset tests and to take any available actions within 30 days after the close of any quarter as may be required to cure any noncompliance with the 25% or 5% asset tests or 10% value limitation.

Moreover, if we fail to satisfy any of the asset tests at the end of a calendar quarter during a taxable year and such failure is not cured within 30 days as described above, we will not lose our REIT status if one of the following additional exceptions applies: (A) the failure is due to a violation of the 5% or 10% asset tests and is de minimis (for this purpose, a de minimis failure is one that arises from our ownership of assets the total value of which does not exceed the lesser of 1% of the total value of our assets at the end of the quarter in which the failure occurred and $10 million) and we either dispose of the assets that caused the failure or otherwise satisfy any of the asset tests within 6 months after the last day of the quarter in which our identification of the failure occurred; or (B) the failure is due to a violation of any of the asset tests (other than a de minimis violations of the 5% or 10% asset tests) and all of the following requirements are satisfied: (i) the failure is due to reasonable cause and not willful neglect, (ii) we file a schedule in accordance with Treasury Regulations providing a description of each asset that caused the failure, (iii) we either dispose of the assets that caused the failure or otherwise satisfy the asset tests within 6 months after the last day of the quarter in which our identification of the failure occurred, and (iv) we pay an excise tax equal to the greater of (x) $50,000 and (y) an amount determined by multiplying the net income generated during a specified period by the assets that caused the failure by the highest federal income tax applicable to corporations.

Annual Distribution Requirements Applicable to REITs

To qualify as a REIT, we are required to distribute dividends, other than capital gain dividends, to our stockholders each year in an amount at least equal to (1) the sum of (a) 90% of our REIT taxable income, computed without regard to the dividends paid deduction and our net capital gain, and (b) 90% of the net income, after tax, from foreclosure property, minus (2) the sum of certain specified items of noncash income. In addition, if we recognize any built-in gain, we will be required, under Treasury regulations, to distribute at least 90% of the built-in gain, after tax, recognized on the disposition of the applicable asset. See Taxation of Sun as a REIT for a discussion of the possible recognition of built-in gain. These distributions must be paid either in the taxable year to which they relate, or in the following taxable year if declared before we timely file our tax return for the prior year and if paid with or before the first regular dividend payment date after the declaration is made.

We believe that we have made and intend to continue to make timely distributions sufficient to satisfy the annual distribution requirements.

We anticipate having sufficient cash or liquid assets to enable us to satisfy the 90% distribution requirement. It is possible, however, that we, from time to time, may not have sufficient cash or other liquid assets to meet this distribution requirement or to distribute such greater amount as may be necessary to avoid income and excise taxation, due to timing differences between (a) the actual receipt of income and the actual payment of deductible expenses and (b) the inclusion of such income and the deduction of such expenses in arriving at our taxable income, or as a result of nondeductible expenses such as principal amortization or capital expenditures in excess of noncash deductions. In the event that such timing differences occur, we may find it necessary to arrange for borrowings or, if possible, pay taxable stock dividends in order to meet the dividend requirement.

Under some circumstances, we may be able to rectify a failure to meet the distribution requirement for a year by paying dividends to stockholders in a later year, which may be included in our deduction for dividends paid for the earlier year. We will refer to such dividends as deficiency dividends. Thus, we may be able to avoid being taxed on amounts distributed as deficiency dividends. We will, however, be required to pay interest based upon the amount of any deduction taken for deficiency dividends.

To the extent that we do not distribute all of our net capital gain or distribute at least 90%, but less than 100%, of our REIT taxable income, as adjusted, we are subject to tax on these amounts at regular corporate tax rates.

We will be subject to a 4% excise tax on the excess of the required distribution over the sum of amounts actually distributed and amounts retained for which federal income tax was paid, if we fail to distribute during each calendar year at least the sum of:

(1) 85% of our REIT ordinary income for the year;

(2) 95% of our REIT capital gain net income for the year; and

(3) any undistributed taxable income from prior taxable years.

A REIT may elect to retain rather than distribute all or a portion of its net capital gains and pay the tax on the gains. In that case, a REIT may elect to have its stockholders include their proportionate share of the undistributed net capital gains in income as long-term capital gains and receive a credit for their share of the tax paid by the REIT. For purposes of the 4% excise tax described above, any retained amounts would be treated as having been distributed.

Record-Keeping Requirements

We are required to comply with applicable record-keeping requirements. Failure to comply could result in monetary fines.

Failure of Sun to Qualify as a REIT

If we fail to satisfy any REIT requirements (other than the income test or asset test requirements, to which specific cure provisions apply), we generally will be eligible for relief from REIT disqualification if the failure is due to reasonable cause and not willful neglect and we pay a penalty of $50,000 with respect to such

Table of Contents

failure. It is not possible to state whether in all circumstances we would be entitled to such statutory relief. For example, if we fail to satisfy the gross income tests because non-qualifying income that we intentionally incur exceeds the limit on such income, the Internal Revenue Service could conclude that our failure to satisfy the tests was not due to reasonable cause.

If we fail to qualify for taxation as a REIT in any taxable year and the relief provisions do not apply, we will be subject to tax on our taxable income at regular corporate rates, including any applicable alternative minimum tax. Distributions to stockholders in any year in which we fail to qualify will not be deductible by us nor will they be required to be made. In such event, to the extent of current or accumulated earnings and profits, all distributions to stockholders will be taxable as dividend income. Subject to limitations of the Code, corporate stockholders may be eligible for the dividends-received deduction and non-corporate stockholders may be eligible to treat the dividends received from us as qualified dividend income taxable as net capital gains under the provisions of Section 1(h)(11) of the Code. Unless we are entitled to relief under specific statutory provisions, we also will be disqualified from electing to be taxed as a REIT for the four taxable years following the year during which qualification was lost.

Taxation of U.S. Stockholders

When we refer to a United States stockholder, we mean a beneficial owner of a share of our common stock that is, for United States federal income tax purposes:

(1) a citizen or resident, as defined in Section 7701(b) of the Code, of the United States;

(2) a corporation or partnership, or other entity treated as a corporation or partnership for federal income tax purposes, created or organized under the laws of the United States, any state or the District of Columbia;

(3) an estate the income of which is subject to federal income taxation regardless of its source; or

(4) in general, a trust subject to the primary supervision of a United States court and the control of one or more United States persons.

Generally, in the case of a partnership that holds our common stock, any partner that would be a U.S. stockholder if it held the common stock directly is also a U.S. stockholder. A non-U.S. stockholder is a holder, including any partner in a partnership that holds our common stock, that is not a U.S. stockholder.

Distributions by Sun

So long as we qualify as a REIT, distributions to U.S. stockholders out of our current or accumulated earnings and profits that are not designated as capital gain dividends will be taxable as dividend income and will not be eligible for the dividends received deduction generally available for corporations and generally will not be eligible for treatment as qualified dividend income by non-corporate stockholders. Distributions in excess of our current and accumulated earnings and profits will not be taxable to a U.S. stockholder to the extent that the distributions do not exceed the adjusted tax basis of the stockholder s shares. Rather, such distributions will reduce the adjusted basis of such shares. Distributions in excess of current and accumulated earnings and profits that exceed the U.S. stockholder s adjusted basis in its shares will be treated as gain from the sale or exchange of such shares taxable as capital gains in the amount of such excess if the shares are held as a capital asset. If we declare a dividend in October, November or December of any year with a record date in one of these months and pay the dividend on or before January 31 of the following year, we will be treated as having paid the dividend, and the stockholder will be treated as having received the dividend, on December 31 of the year in which the dividend was declared.

Table of Contents

We may elect to designate distributions of our net capital gain as capital gain dividends. Capital gain dividends are taxed to stockholders as gain from the sale or exchange of a capital asset held for more than one year, without regard to how long the U.S. stockholder has held its shares. If we designate any portion of a dividend as a capital gain dividend, a U.S. stockholder will receive an Internal Revenue Service Form 1099-DIV indicating the amount that will be taxable to the stockholder as capital gain. Corporate stockholders, however, may be required to treat up to 20% of capital gain dividends as ordinary income.

Instead of paying capital gain dividends, we may choose to retain all or part of our net capital gain and designate such amount as undistributed capital gain. We will be subject to tax at regular corporate rates on any undistributed capital gain.

A U.S. stockholder:

(1) will include in its income as long-term capital gains its proportionate share of such undistributed capital gains; and

(2) will be deemed to have paid its proportionate share of the tax paid by us on such undistributed capital gains and receive a credit or a refund to the extent that the tax paid by us exceeds the U.S. stockholder s tax liability on the undistributed capital gain.

A U.S. stockholder will increase the basis in its common stock by the difference between the amount of capital gain included in its income and the amount of tax it is deemed to have paid. Our earnings and profits will be adjusted appropriately.

We will classify portions of any designated capital gain dividend or undistributed capital gain as either:

(1) a 15% rate gain distribution, which would be taxable to non-corporate U.S. stockholders at a maximum rate of 15%; or

(2) an unrecaptured Section 1250 gain distribution, which would be taxable to non-corporate U.S. stockholders at a maximum rate of 25%.

We must determine the maximum amounts that we may designate as 15% and 25% rate capital gain dividends by performing the computation required by the Code as if the REIT were an individual whose ordinary income were subject to a marginal tax rate in excess of 25%.

Distributions made by us and gain arising from the sale or exchange by a U.S. stockholder of shares will not be treated as passive activity income, and as a result, U.S. stockholders generally will not be able to apply any passive losses against this income or gain. In addition, taxable distributions from our company generally will be treated as investment income for purposes of the investment interest limitations. A U.S. stockholder may elect to treat capital gain dividends and capital gains from the disposition of shares as investment income for purposes of the investment interest limitation, in which case the applicable capital gains will be taxed at ordinary income rates. We will notify stockholders regarding the portions of distributions for each year that constitute ordinary income, return of capital and capital gain. U.S. stockholders may not include in their individual income tax returns any net operating losses or capital losses of our company. Our operating or capital losses would be carried over for potential offset against our future income, subject to applicable limitations.

Sales of Shares

Upon any taxable sale or other disposition of shares, a U.S. stockholder will recognize gain or loss for federal income tax purposes in an amount equal to the difference between:

(1) the amount of cash and the fair market value of any property received on the sale or other disposition; and

(2) the holder s adjusted basis in the shares for tax purposes.

This gain or loss will be a capital gain or loss if the shares have been held by the U.S. stockholder as a capital asset. The applicable tax rate will depend on the stockholder s holding period in the asset (generally, if an asset has been held for more than one year it will produce long-term capital gain) and the stockholder s tax bracket. The Internal Revenue Service has the authority to prescribe, but has not yet prescribed, regulations that would apply a capital gain tax rate of 25% (which is generally higher than the long-term capital gain tax rates for noncorporate stockholders) to a portion of capital gain realized by a noncorporate stockholder on the sale of REIT shares that would correspond to the REIT s unrecaptured Section 1250 gain. Stockholders are urged to consult with their own tax advisors with respect to their capital gain tax liability. A corporate U.S. stockholder will be subject to tax at a maximum rate of 35% on capital gain from the sale of our company s shares. In general, any loss recognized by a U.S. stockholder upon the sale or other disposition of shares that have been held for six months or less, after applying the holding period rules, will be treated as a long-term capital loss, to the extent of distributions received by the U.S. stockholder from us that were required to be treated as long-term capital gains. All or a portion of any loss realized upon a taxable disposition of shares may be disallowed if other shares are purchased within 30 days before or after the date of disposition.

Taxation of Tax-Exempt Stockholders

Provided that a tax-exempt stockholder has not held its common stock as debt financed property within the meaning of the Code, the dividend income from our company will not be unrelated business taxable income, referred to as UBTI, to a tax-exempt stockholder. Similarly, gain from the sale of shares will not constitute UBTI unless the tax-exempt stockholder has held its shares as debt financed property within the meaning of the Code or is a dealer in the shares.

However, for tax-exempt stockholders that are social clubs, voluntary employee benefit associations, supplemental unemployment benefit trusts and qualified group legal services plans exempt from federal income taxation under Sections 501(c)(7), (c)(9), (c)(17) and (c)(20) of the Code, respectively, income from an investment in our company will constitute UBTI unless the organization properly sets aside or reserves such amounts for purposes specified in the Code. These tax-exempt stockholders should consult their own tax advisors concerning these set aside and reserve requirements.

Notwithstanding the above, however, a portion of the dividends paid by a pension held REIT are treated as UBTI if received by any trust which is described in Section 401(a) of the Code, is tax-exempt under Section 501(a) of the Code and holds more than 10%, by value, of the interests in the REIT.

Tax-exempt pension funds that are described in Section 401(a) of the Code are referred to below as pension trusts.

A REIT is a pension held REIT if it meets the following two tests:

(1) it qualified as a REIT only by reason of Section 856(h)(3) of the Code, which provides that stock owned by pension trusts will be treated, for purposes of determining if the REIT is closely held, as owned by the beneficiaries of the trust rather than by the trust itself; and

(2) either (a) at least one pension trust holds more than 25% of the value of the REIT s stock, or (b) a group of pension trusts each individually holding more than 10% of the value of the REIT s shares, collectively owns more than 50% of the value of the REIT s shares.

The percentage of any REIT dividend treated as UBTI is equal to the ratio of the UBTI earned by the REIT, treating the REIT as if it were a pension trust and therefore subject to tax on UBTI, to the total gross income of the REIT. An exception applies where the percentage is less than 5% for any taxable year.

Table of Contents

U.S. Taxation of Non-U.S. Stockholders

Distributions by Sun

Distributions by us to a non-U.S. stockholder that are neither attributable to gain from sales or exchanges by us of U.S. real property interests nor designated by us as capital gains dividends will be treated as dividends of ordinary income to the extent that they are made out of our current or accumulated earnings and profits. These distributions ordinarily will be subject to withholding of U.S. federal income tax on a gross basis at a rate of 30%, or a lower rate as permitted under an applicable income tax treaty, unless the dividends are treated as effectively connected with the conduct of a U.S. trade or business. Under some treaties, however, lower withholding rates generally applicable to dividends do not apply to dividends from REITs. Dividends that are effectively connected with a trade or business will be subject to tax on a net basis, that is, after allowance for deductions, at graduated rates, in the same manner as U.S. stockholders are taxed with respect to these dividends, and generally will not be subject to withholding. Applicable certification and disclosure requirements must be satisfied to be exempt from withholding under the effectively connected income exemption. Any dividends received by a corporate non-U.S. stockholder that is engaged in a U.S. trade or business also may be subject to an additional branch profits tax at a 30% rate, or lower applicable treaty rate.

Distributions in excess of our current and accumulated earnings and profits that exceed the non-U.S. stockholder s adjusted tax basis in its common stock will be taxable to a non-U.S. stockholder as gain from the sale of common stock, which is discussed below. Distributions in excess of our current or accumulated earnings and profits that do not exceed the adjusted tax basis of the non-U.S. stockholder in its common stock will reduce the non-U.S. stockholder s adjusted tax basis in its common stock and will not be subject to U.S. federal income tax, but will be subject to U.S. withholding tax as described below.

We expect to withhold U.S. income tax at the rate of 30% on any dividend distributions (including distributions that later may be determined to have been in excess of current and accumulated earnings and profits) made to a non-U.S. stockholder unless:

(1) a lower treaty rate applies and the non-U.S. stockholder files an Internal Revenue Service Form W-8BEN evidencing eligibility for that reduced treaty rate with us; or

(2) the non-U.S. stockholder files an Internal Revenue Service Form W-8ECI with us claiming that the distribution is income effectively connected with the conduct of a trade or business within the U.S.

Under the Foreign Investment in Real Property Tax Act, which is referred to as FIRPTA, we may be required to withhold at least 10% of any distribution in excess of our current and accumulated earnings and profits, even if a lower treaty rate applies and the non-U.S. stockholder is not liable for tax on the receipt of that distribution. However, a non-U.S. stockholder may seek a refund of these amounts from the Internal Revenue Service if the non-U.S. stockholder s U.S. tax liability with respect to the distribution is less than the amount withheld.

Distributions to a non-U.S. stockholder that are designated by us at the time of the distribution as capital gain dividends, other than those arising from the disposition of a U.S. real property interest, generally should not be subject to U.S. federal income taxation unless:

(1) the investment in the common stock is effectively connected with the non-U.S. stockholder s U.S. trade or business, in which case the non-U.S. stockholder will be subject to the same treatment as U.S. stockholders with respect to any gain, except that a stockholder that is a foreign corporation also may be subject to the 30% branch profits tax, as discussed above, or

(2) the non-U.S. stockholder is a nonresident alien individual who is present in the U.S. for 183 days or more during the taxable year, in which case the nonresident alien individual generally will be subject to a 30% tax on the individual s capital gains.

Under FIRPTA, subject to the exception discussed below for 5% or smaller holders of regularly traded classes of stock, distributions to a non-U.S. stockholder that are attributable to gain from sales or exchanges by us of U.S. real property interests, whether or not designated as a capital gain dividend, will cause the non-U.S. stockholder to be treated as recognizing gain that is income effectively connected with a U.S. trade or business. Non-U.S. stockholders will be taxed on this gain at the same rates applicable to U.S. stockholders, subject to a special alternative minimum tax in the case of nonresident alien individuals. Also, this gain may be subject to a 30% branch profits tax in the hands of a non-U.S. stockholder that is a corporation.

We will be required to withhold and remit to the Internal Revenue Service 35% of any distributions to non-U.S. stockholders that are designated as capital gain dividends, or, if greater, 35% of a distribution that could have been designated as a capital gain dividend. Distributions can be designated as capital gains to the extent of our net capital gain for the taxable year of the distribution. The amount withheld is creditable against the non-U.S. stockholder s United States federal income tax liability. A non-U.S. stockholder whose U.S. federal income tax liability under FIRPTA exceeds amounts withheld by us will be required to file a U.S. federal income tax return for the taxable year.

A non-U.S. stockholder that owns no more than 5% of our common stock at all times during the one-year period ending on the date of the distribution will not be subject to federal income tax under FIRPTA with respect to distributions that are attributable to gain from our sale or exchange of U.S. real property interests, provided that our common stock is regularly traded on an established securities market.

Although the law is not clear on the matter, it appears that amounts designated by us as undistributed capital gains in respect of the common stock held by U.S. stockholders generally should be treated with respect to non-U.S. stockholders in the same manner as actual distributions by us of capital gain dividends. Under that approach, the non-U.S. stockholders would be able to offset as a credit against their United States federal income tax liability resulting therefrom an amount equal to their proportionate share of the tax paid by us on the undistributed capital gains, and to receive from the Internal Revenue Service a refund to the extent their proportionate share of this tax paid by our company exceeds their actual United States federal income tax liability.

Sale of Common Stock

Gain recognized by a non-U.S. stockholder upon the sale or exchange of our common stock generally would not be subject to United States taxation unless:

(1) the gain is effectively connected with the conduct of a U.S. trade or business, in which case the non-U.S. stockholder will be subject to the same treatment as domestic stockholders with respect to any gain;

(2) the non-U.S. stockholder is a nonresident alien individual who is present in the United States for 183 days or more during the taxable year, in which case the nonresident alien individual will be subject to a 30% tax on the individual s net capital gains for the taxable year; or

(3) our common stock constitutes a U.S. real property interest within the meaning of FIRPTA, as described below.

Our common stock will not constitute a U.S. real property interest if we are a domestically controlled qualified investment entity. We will be a domestically controlled qualified investment entity if, at all times during a specified testing period, less than 50% in value of our stock is held directly or indirectly by non-U.S. stockholders.

Because our common stock is publicly traded, we cannot guarantee that we are or will continue to be a domestically controlled qualified investment entity.

Table of Contents

Even if we are a domestically controlled qualified investment entity, upon disposition of our stock, a non-U.S. stockholder may be treated as having gain from the sale or exchange of a U.S. real property interest if the non-U.S. stockholder (1) disposes of an interest in our stock during the 30-day period preceding the ex-dividend date of a distribution, any portion of which, but for the disposition, would have been treated as gain from sale or exchange of a U.S. real property interest and (2) acquires, enters into a contract or option to acquire, or is deemed to acquire, other shares of our stock during the 61-day period that begins on the same day as the 30-day period described in clause (1) of this sentence. This rule does not apply if the exception for distributions to 5% or smaller holders of regularly traded classes of stock is satisfied.

Even if we do not qualify as a domestically controlled qualified investment entity at the time a non-U.S. stockholder sells its common stock, our stock sold by such stockholder would not be considered a U.S. real property interest if:

(1) the class or series of stock sold is considered regularly traded under applicable Treasury regulations on an established securities market, such as the New York Stock Exchange; and

(2) the selling non-U.S. stockholder owned, actually or constructively, 5% or less in value of the outstanding class or series of stock being sold throughout the five-year period ending on the date of the sale or exchange.

If gain on the sale or exchange of our common stock were subject to taxation under FIRPTA, the non-U.S. stockholder would be subject to regular U.S. income tax with respect to any gain in the same manner as a taxable U.S. stockholder, subject to any applicable alternative minimum tax and special alternative minimum tax in the case of nonresident alien individuals.

Information Reporting and Backup Withholding Tax Applicable to Stockholders

U.S. Stockholders

In general, information reporting requirements will apply to payments of distributions on our common stock and payments of the proceeds of the sale of our common stock to some stockholders, unless an exception applies. Further, the payer will be required to withhold backup withholding tax at the rate of 28% if:

(1) the payee fails to furnish a taxpayer identification number, or TIN, to the payer or to establish an exemption from backup withholding;

(2) the Internal Revenue Service notifies the payer that the TIN furnished by the payee is incorrect;

(3) the payee fails to certify under the penalty of perjury that the payee is not subject to backup withholding under the Code.

Some stockholders, including corporations, will be exempt from backup withholding. Any amounts withheld under the backup withholding rules from a payment to a stockholder will be allowed as a credit against the stockholder s United States federal income tax and may entitle the stockholder to a refund, provided that the required information is furnished to the Internal Revenue Service.

Non-U.S. Stockholders

Generally, information reporting will apply to payments of distributions on our common stock, and backup withholding at a rate of 28% may apply, unless the payee certifies that it is not a U.S. person or otherwise establishes an exemption.

The payment of the proceeds from the disposition of Sun common stock to or through the U.S. office of a U.S. or foreign broker will be subject to information reporting and, possibly, backup withholding unless the non-U.S. stockholder certifies as to its non-U.S. status or otherwise establishes an exemption, provided that the broker does not have actual knowledge that the stockholder is a U.S. person or that the conditions of any other exemption are not, in fact, satisfied. The proceeds of the disposition by a non-U.S. stockholder of our common stock to or through a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, if the broker is a U.S. person, a controlled foreign corporation for U.S. tax purposes or a foreign person 50% or more of whose gross income from all sources for specified periods is from activities that are effectively connected with a U.S. trade or business, information reporting generally will apply unless the broker has documentary evidence as to the non-U.S. stockholder s foreign status and has no actual knowledge to the contrary.

Applicable Treasury regulations provide presumptions regarding the status of stockholders when payments to the stockholders cannot be reliably associated with appropriate documentation provided to the payer. Because the application of these Treasury regulations varies depending on the stockholder s particular circumstances, you are urged to consult your tax advisor regarding the information reporting requirements applicable to you.

Other Tax Consequences for Sun and Its Stockholders

We and our stockholders may be subject to state and local taxation in various state or local jurisdictions, including those in which we or they transact business or reside. The state and local tax treatment of us and our stockholders may not conform to the federal income tax consequences discussed above. Consequently, prospective investors should consult their own tax advisors regarding the effect of state and local tax laws on an investment in our securities.

To the extent that we and the taxable REIT subsidiaries are required to pay federal, state or local taxes, we will have less cash available for distribution to stockholders.

Legislative or Other Actions Affecting REITs and Stockholders

The present federal income tax treatment of REITs may be modified, possibly with retroactive effect, by legislative, judicial or administrative action at any time. The REIT rules are constantly under review by persons involved in the legislative process and by the Internal Revenue Service and the U.S. Treasury Department, which may result in statutory changes as well as revisions to regulations and interpretations. Recently enacted tax legislation extends the 2001 and 2003 tax rates for taxpayers that are taxable as individuals, trusts and estates through 2012, including the maximum 35% tax rate on ordinary income and the maximum 15% tax rate for long-term capital gains and qualified dividend income. Dividends paid by REITs will generally not constitute qualified dividend income eligible for the 15% tax rate for stockholders that are taxable as individuals, trusts and estates and will generally be taxable at the higher ordinary income tax rates.

Taxation of Holders of Our Debt Securities

The following summary describes the material United States federal income tax consequences of acquiring, owning and disposing of our debt securities. This discussion assumes the debt securities will be issued with no more than a de minimis amount of original issue discount for United States federal income tax purposes. In addition, this discussion is limited to persons purchasing the debt securities for cash at original issue and at their original issue price within the meaning of Section 1273 of the Code (i.e., the first price at which a substantial amount of the debt securities is sold to the public for cash). If we issue any debt securities pursuant to this prospectus, we intend to describe in the related prospectus supplement the material federal income tax considerations relating to the ownership and disposition of such debt securities, including, if applicable, the taxation of any debt securities that will be sold with original issue discount or acquired with market discount or amortizable bond premium.

Table of Contents

Taxable U.S. Holders of Our Debt Securities

Generally, this subsection describes the tax consequences to a U.S. debt security holder. You are a U.S. debt security holder if you are a beneficial owner of a fixed rate debt security to which this section applies and you are:

- a citizen or resident of the United States,
- a domestic corporation,
- an estate whose income is subject to United States Federal income tax regardless of its source, or
- a trust if a United States court can exercise primary supervision over the trust s administration and one or more United States persons are authorized to control all substantial decisions of the trust.

Interest. A U.S. holder generally will be required to recognize and include in gross income any stated interest as ordinary income at the time it is paid or accrued on the debt securities in accordance with such U.S. holder s method of accounting for United States federal income tax purposes.

Sale or Other Taxable Disposition of the Debt Securities. A U.S. holder will recognize gain or loss on the sale, exchange, redemption (including a partial redemption), retirement or other taxable disposition of a debt security equal to the difference between the sum of the cash and the fair market value of any property received in exchange therefor (less a portion allocable to any accrued and unpaid stated interest, which generally will be taxable as ordinary income if not previously included in such U.S. holder s income) and the U.S. holder s adjusted tax basis in the debt security. A U.S. holder s adjusted tax basis in a debt security (or a portion thereof) generally will be the U.S. holder s cost therefor decreased by any payment on the debt security other than a payment of qualified stated interest. This gain or loss generally will be long-term capital gain or loss if the U.S. holder has held the debt securities for more than one year at the time of such disposition. The deductibility of capital losses is subject to limitation.

Backup Withholding and Information Reporting. A U.S. holder may be subject to information reporting and backup withholding when such U.S. holder receives interest and principal payments on the debt securities or proceeds upon the sale or other disposition of such debt securities (including a redemption or retirement of the debt securities). Certain holders (including, among others, corporations and certain tax-exempt organizations) are generally not subject to information reporting or backup withholding. A U.S. holder will be subject to backup withholding if such holder is not otherwise exempt and:

- such U.S. holder fails to furnish its taxpayer identification number, or TIN, which, for an individual is ordinarily his or her social security number;
- the IRS notifies the payor that such holder furnished an incorrect TIN;
- in the case of interest payments, such U.S. holder is notified by the IRS of a failure to properly report payments of interest or dividends; or
- in the case of interest payments, such U.S. holder fails to certify, under penalties of perjury, that such U.S. holder has furnished a correct TIN and that the IRS has not notified such U.S. holder that it is subject to backup withholding.

A U.S. holder should consult its tax advisor regarding its qualification for an exemption from backup withholding and the procedures for obtaining such an exemption, if applicable. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a U.S. holder will be allowed as a credit against the holder s United States federal income tax liability or may be refunded, provided the required information is furnished in a timely manner to the IRS.

Table of Contents

Non-U.S. Holders of Our Debt Securities

This section applies to you if you are a non-U.S. holder of the debt securities. Special rules may apply to certain non-U.S. holders such as controlled foreign corporations and passive foreign investment companies. Such entities are encouraged to consult their tax advisors to determine the United States federal, state, local and other tax consequences that may be relevant to them.

Interest. Interest paid to a non-U.S. holder on its debt securities that is not effectively connected with such non-U.S. holder s conduct of a United States trade or business will not be subject to United States federal withholding tax, provided that:

- such non-U.S. holder does not actually or constructively own a 10% or greater interest in the total combined voting power of all classes of our voting stock;

- such non-U.S. holder is not a controlled foreign corporation with respect to which we are a related person within the meaning of Section 864(d)(4) of the Code;

- such non-U.S. holder is not a bank that received such interest on an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business; and

- the non-U.S. holder certifies in a statement provided to us or our paying agent, under penalties of perjury, that it is not a United States person within the meaning of the Code and provides its name and address, (b) a securities clearing organization, bank or other financial institution that holds customers securities in the ordinary course of its trade or business and holds the debt securities on behalf of the non-U.S. holder certifies to us or our paying agent under penalties of perjury that it, or the financial institution between it and the non-U.S. holder, has received from the non-U.S. holder a statement, under penalties of perjury, that such non-U.S. holder is not a United States person and provides us or our paying agent with a copy of such statement or (c) the non-U.S. holder holds its debt securities directly through a qualified intermediary and certain conditions are satisfied.

A non-U.S. holder generally will also be exempt from withholding tax on interest if such amount is effectively connected with such non-U.S. holder s conduct of a United States trade or business and the non-U.S. holder provides us with appropriate certification (as discussed below under -United States Trade or Business).

If a non-U.S. holder does not satisfy the requirements above, interest paid to such non-U.S. holder generally will be subject to a 30% United States federal withholding tax. Such rate may be reduced or eliminated under a tax treaty between the United States and the non-U.S. holder s country of residence. To claim a reduction or exemption under a tax treaty, a non-U.S. holder must generally complete an IRS Form W-8BEN (or applicable successor form) and claim the reduction or exemption on the form.

Sale or Other Taxable Disposition of the Debt Securities. A non-U.S. holder generally will not be subject to United States federal income tax or withholding tax on gain recognized on the sale, exchange, redemption, retirement or other taxable disposition of a debt security unless (1) the gain is effectively connected with the conduct by the non-U.S. holder of a United States trade or business (and, if a tax treaty applies, the gain is attributable to a United States permanent establishment maintained by such non-U.S. holder) and (2) in the case of a non-U.S. holder who is an individual, such non-U.S. holder is present in the United States for 183 days or more in the taxable year of disposition and certain other requirements are met. Gain described in (1) above will be subject to tax in the manner described below under -United States Trade or Business. A Non-U.S. holder described in (2) above will be subject to a 30% tax on the individual s capital gains (reduced by certain capital losses).

United States Trade or Business. If interest paid on a debt security or gain from a disposition of a debt security is effectively connected with a non-U.S. holder s conduct of a United States trade or business (and, if an income tax treaty applies, the non-U.S. holder maintains a United States permanent establishment to which such amounts are generally attributable), the non-U.S. holder generally will be subject to United States federal income tax on the interest or gain on a net basis in the same manner as if it were a U.S. holder. If a non-U.S. holder is subject to United States federal income tax on the interest on a net basis, the 30% withholding tax described above will not apply (assuming an appropriate certification is provided, generally on IRS Form W-8ECI). A non-U.S. holder that is a corporation may be subject to a branch profits tax equal to 30% of its effectively connected earnings and profits for the taxable year, subject to certain adjustments, unless it qualifies for a lower rate under an applicable income tax treaty. For this purpose, interest on a debt security or gain from a disposition of a debt security will be included in earnings and profits if the interest or gain is effectively connected with the conduct by the corporation of a United States trade or business.

Backup Withholding and Information Reporting. A non-U.S. holder generally will not be subject to backup withholding and information reporting with respect to payments that we make to the non-U.S. holder, provided that we do not have actual knowledge or reason to know that such non-U.S. holder is a United States person, within the meaning of the Code, and the non-U.S. holder has given us the statement described above under -Interest. In addition, a non-U.S. holder will not be subject to backup withholding or information reporting with respect to the proceeds of the sale or other disposition of our debt securities (including a retirement or redemption of such debt securities) within the United States or conducted through certain U.S.-related brokers, if the payor receives the statement described above and does not have actual knowledge or reason to know that such non-U.S. holder is a United States person or the non-U.S. holder otherwise establishes an exemption. However, we may be required to report annually to the IRS and to the non-U.S. holder the amount of, and the tax withheld with respect to, any interest paid to the non-U.S. holder, regardless of whether any tax was actually withheld. Copies of these information returns may also be made available under the provisions of a specific treaty or agreement to the tax authorities of the country in which the non-U.S. holder resides.

A non-U.S. holder generally will be entitled to credit any amounts withheld under the backup withholding rules against the non-U.S. holder s United States federal income tax liability or may claim a refund provided that the required information is furnished to the IRS in a timely manner.

Recent Tax Law Changes

Medicare Tax

For taxable years beginning after December 31, 2012, certain taxable U.S. stockholders who are individuals, estates or trusts will be subject to a 3.8% tax on all or a portion of their net investment income, which may include all or a portion of their dividends on our common stock and net gains from the disposition of our common stock. Taxable U.S. stockholders that are individuals, estates or trusts are urged to consult their tax advisors regarding the applicability of the Medicare tax to any of their income or gains in respect of our common stock.

Reporting and Withholding on Foreign Financial Accounts

On March 18, 2010, the Hiring Incentives to Restore Employment Act was enacted. This law imposes a 30% U.S. federal withholding tax on payments made to a foreign financial institution or non-financial foreign entity consisting of distributions made with respect to our stock after December 31, 2013, and gross proceeds from sales of our stock made after December 31, 2014, unless (i) in the case of a foreign financial institution, such institution enters into an agreement with the U.S. government to withhold on certain payments and to collect and provide to the U.S. tax authorities substantial information regarding U.S. account holders of such institution (which includes certain equity and debt holders of such institution, as well as certain account holders that are foreign entities with U.S. owners) and to withhold on certain payments and (ii) in the case of a non-financial foreign entity, such entity provides the withholding agent with a certification identifying the direct and indirect U.S. owners of the entity. Under certain circumstances, a non-U.S. stockholder might be eligible for refunds or credits of such taxes.

Extension of Reduced Tax Rates

On December 17, 2010, the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, or the Job Creation Act, was enacted. Among other things, the Job Creation Act extended until December 31, 2012 certain reduced tax rates that had been scheduled to expire after December 31, 2010, including the reduced 15% maximum rate of tax on capital gains, the reduced 35% maximum rate of tax on ordinary income, and the application of the capital gains tax rate to certain qualified dividend income. Absent a change in the law, effective for the period beginning January 1, 2013, there will exist no preferential rate for qualified dividend income and the rates on both ordinary income and capital gains will increase from the current 2012 rates.

PLAN OF DISTRIBUTION

We may sell the securities domestically or abroad to one or more underwriters for public offering and sale by them or may sell the securities to investors directly or through dealers or agents, or through a combination of methods. Any underwriter, dealer or agent involved in the offer and sale of the securities, including but not limited to at-the-market equity offerings, will be named in the applicable prospectus supplement.

Underwriters may offer and sell the securities at: (1) a fixed price or prices, which may be changed, (2) market prices prevailing at the time of sale, (3) prices related to the prevailing market prices at the time of sale or (4) negotiated prices. Underwriters could make sales in privately negotiated transactions and/or any other method permitted by law, including sales deemed to be an at the market offering as defined in Rule 415 promulgated under the Securities Act, which includes sales made directly on the New York Stock Exchange, the existing trading market for our common stock, or sales made to or through a market maker other than on an exchange. We also may, from time to time, authorize underwriters acting as their agents to offer and sell the securities upon the terms and conditions as are set forth in the applicable prospectus supplement. In connection with the sale of securities, underwriters may be deemed to have received compensation from us in the form of underwriting discounts or commissions and may also receive commissions from purchasers of securities for whom they may act as agent. Underwriters may sell securities to or through dealers, and the dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agent.

Any underwriting compensation paid by us to underwriters, dealers or agents in connection with the offering of securities, and any discounts, concessions or commissions allowed by underwriters to participating dealers, will be set forth in the applicable prospectus supplement. Dealers and agents participating in the distribution of the securities may be deemed to be underwriters, and any discounts and commissions received by them and any profit realized by them on resale of the securities may be deemed to be underwriting discounts and commissions under the Securities Act. Underwriters, dealers and agents may be entitled, under agreements entered into with us and the Operating Partnership, to indemnification against and contribution toward civil liabilities, including liabilities under the Securities Act. We will describe any indemnification agreement in the applicable prospectus supplement.

Unless we specify otherwise in the applicable prospectus supplement, any series of securities issued hereunder will be a new issue with no established trading market (other than our common stock, which is listed on the New York Stock Exchange). If we sell any shares of our common stock pursuant to a prospectus supplement, such shares will be listed on the New York Stock Exchange, subject to official notice of issuance. We may elect to list any other securities issued hereunder on any exchange, but we are not obligated to do so.

Table of Contents

Any underwriters or agents to or through whom such securities are sold by us or the Operating Partnership for public offering and sale may make a market in such securities, but such underwriters or agents will not be obligated to do so and may discontinue any market making at any time without notice. We cannot assure you as to the liquidity of the trading market for any such securities.

If indicated in the applicable prospectus supplement, we may authorize underwriters or other persons acting as our agents to solicit offers by institutions or other suitable purchasers to purchase the securities from us at the public offering price set forth in the prospectus supplement, pursuant to delayed delivery contracts providing for payment and delivery on the date or dates stated in the prospectus supplement. These purchasers may include, among others, commercial and savings banks, insurance companies, pension funds, investment companies and educational and charitable institutions. Delayed delivery contracts will be subject to the condition that the purchase of the securities covered by the delayed delivery contracts will not at the time of delivery be prohibited under the laws of any jurisdiction in the United States to which the purchaser is subject. The underwriters and agents will not have any responsibility with respect to the validity or performance of these contracts.

To facilitate the offering of the securities, certain persons participating in the offering may engage in transactions that stabilize, maintain, or otherwise affect the price of the securities. This may include over-allotments or short sales of the securities, which involves the sale by persons participating in the offering of more securities than we sold to them. In these circumstances, these persons would cover the over-allotments or short positions by making purchases in the open market or by exercising their over-allotment option. In addition, these persons may stabilize or maintain the price of the securities by bidding for or purchasing securities in the open market or by imposing penalty bids, whereby selling concessions allowed to dealers participating in the offering may be reclaimed if securities sold by them are repurchased in connection with stabilization transactions. The effect of these transactions may be to stabilize or maintain the market price of the securities at a level above that which might otherwise prevail in the open market. These transactions may be discontinued at any time.

The underwriters, dealers and agents and their affiliates may be customers of, engage in transactions with and perform services for us and the Operating Partnership in the ordinary course of business.

LEGAL MATTERS

Certain legal matters will be passed upon for us by Jaffe, Raitt, Heuer & Weiss, Professional Corporation, Southfield, Michigan. Arthur A. Weiss is a member of our board of directors and a shareholder of Jaffe, Raitt, Heuer & Weiss, Professional Corporation. Ober, Kaler, Grimes & Shriver, a Professional Corporation, Baltimore, Maryland, has issued an opinion to us regarding certain matters of Maryland law.

EXPERTS

The audited consolidated financial statements, schedule and management s assessment of the effectiveness of internal control over financial reporting incorporated by reference in this prospectus supplement and elsewhere in the registration statement of which this prospectus supplement is a part have been so incorporated by reference in reliance upon the reports of Grant Thornton LLP, independent registered public accountants, upon the authority of said firm as experts in accounting and auditing.

The consolidated financial statements of Origen Financial, Inc. as of December 31, 2011 and December 31, 2010 incorporated in this prospectus by reference from Exhibit 99.1 to our Annual Report on Form 10-K/A filed with the SEC on March 23, 2012, have been so incorporated in reliance on the report of Baker Tilly Virchow Krause, LLP, an independent registered public accounting firm, given on the authority of said firm as experts in accounting and auditing.

Table of Contents

WHERE YOU CAN FIND MORE INFORMATION

We are subject to the informational requirements of the Exchange Act, and, in accordance therewith, we file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document we file with the SEC at the SEC s Public Reference Room at 100 F Street, N.E., Washington, D.C., 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the Public Reference Room. The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The address of that site is http://www.sec.gov. In addition, our common stock is listed on the New York Stock Exchange and such reports, proxy statements and other information concerning us can be inspected at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005. Additionally, we make these filings available, free of charge, through the Investor Relations section of our website at *www.suncommunities.com* as soon as reasonably practicable after we electronically file such materials with, or furnish them to, the SEC. The information on the website listed above, except as described in the section titled Incorporation of Certain Documents by Reference below, is not, and should not be, considered part of this prospectus and is not incorporated by reference into this document.

We have filed with the SEC a registration statement on Form S-3 under the Securities Act with respect to the securities offered in connection with this prospectus. This prospectus, which is part of the registration statement, does not contain all of the information set forth in the registration statement, certain parts of which are omitted in accordance with the rules and regulations of the SEC. For further information regarding us and the securities, please refer to the registration statement and the documents filed or incorporated by reference as exhibits to the registration statement. Statements contained in this prospectus as to the contents of any contract or other document are not necessarily complete and, in each instance, you should refer to the copy of such contract or document filed as an exhibit to or incorporated by reference in the registration statement. Each statement as to the contents of such contract or document is qualified in all respects by such reference. You may obtain copies of the registration statement and its exhibits from the SEC as indicated above or from us.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows us to incorporate by reference the information we file with them, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus, and information that we file later with the SEC will automatically update and supersede this information. We incorporate by reference the documents listed below and any future filings we will make with the SEC prior to the termination of the offering under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act (solely to the extent that such information set forth in any such document is filed with, as opposed to furnished to, the SEC under the Exchange Act):

Our Annual Report on Form 10-K for the fiscal year ended December 31, 2011, filed on February 23, 2012;

Our Amendment to Annual Report on Form 10-K/A for the fiscal year ended December 31, 2011, filed on March 23, 2012;

Our Quarterly Report on Form 10-Q for the quarter ended March 31, 2012 filed on April 26, 2012;

Our Current Reports on Form 8-K filed on January 6, 2012, January 11, 2012, February 21, 2012, April 2, 2012, and April 27, 2012;

The description of our common stock contained in the Registration Statement on Form 8-A filed November 23, 1993 (File No. 1-12616), including any amendment or report filed to update such description; and

Table of Contents

The description of certain dividend distribution rights associated with our common stock contained in the Registration Statement on Form 8-A filed June 3, 2008 (File No. 001-12616), including any amendment or report filed to update such description.

The reports and other documents that we file after the date of this prospectus pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act and prior to the termination of this offering shall be deemed to be incorporated by reference into this prospectus and will update, supplement and supersede the information in this prospectus. We will provide to each person, including any beneficial owner, to whom this prospectus is delivered, a copy of any or all of the information that has been incorporated by reference in the prospectus but not delivered with this prospectus. We will provide this information upon written or oral request at no cost to the requester. You may request a copy of any of this information by writing us at the following address: Sun Communities, Inc., 27777 Franklin Road, Suite 200, Southfield, Michigan, 48034, Attention: Investor Relations; or by calling our Investor Relations Department at (248) 208-2500.

Table of Contents

5,000,000 Shares

Common Stock

PROSPECTUS SUPPLEMENT

March 12, 2013

BofA Merrill Lynch

Citigroup

BMO Capital Markets

PNC Capital Markets LLC

Raymond James

RBC Capital Markets

Gleacher & Company

Baird

Comerica Securities

Janney Montgomery Scott

2-month average (1)	57.59	50.90	59.49	16.9%
3-month average (1)	56.46	49.44	58.55	18.4%
6-month average (1)	53.99	47.72	56.49	18.4%
9-month average (1)	53.70	47.41	56.25	18.6%
12-month average (1)	52.16	46.08	54.97	19.3%
12-month high (1)	60.40	54.75	61.83	12.9%
12-month low (1)	41.75	38.06	46.29	21.6%

(1) Through January 21, 2004. Averages are calendar, weighted by volumes and calculated based on daily closing prices. (Source: Datastream).

Financial Analyses of the All Cash Election

The offer price for the all cash election of 60.43 euros per Aventis ordinary share was analyzed in the following manner:

Stock market price

The following table summarizes the level of the premiums implied by the offer price under the all cash election, as compared to the closing price of Aventis ordinary shares on January 21, 2004, as well as the average closing prices of Aventis ordinary shares weighted by volumes for the selected periods ended on that date:

	Aventis stock price ( )	**Premium**
As of January 21, 2004	53.80	12.3%
1-month average (1)	52.46	15.2%
2-month average (1)	50.90	18.7%
3-month average (1)	49.44	22.2%
6-month average (1)	47.72	26.6%
9-month average (1)	47.41	27.5%
12-month average (1)	46.08	31.1%
12-month high (1)	54.75	10.4%
12-month low (1)	38.06	58.8%

(1) Through January 21, 2004. Averages are calendar, weighted by volumes and calculated based on daily closing prices. (Source: Datastream).

The offer price under the all cash election represents a premium of between 15.2% and 31.1% compared to the various selected average closing prices weighted by daily volumes over the 12 months prior to January 21, 2004.

Selected listed comparable companies

This analysis consisted of comparing the implied price-to-earnings multiple of Aventis (based on actual net income for 2002 and forecasted net income for 2003 and 2004) under the all cash election to the average and median price-to-earnings multiples of the main publicly listed companies in the pharmaceutical sector (based on actual net income for 2002, actual or forecasted net income for 2003, and forecasted net income for 2004). Price-to-earnings multiples were calculated as the ratio between the market value of the selected companies (as of January 21, 2004) and their 2002, 2003 and 2004 earnings before goodwill amortization and exceptional items. These multiples are presented in the following table:

	Currency	Market capital-ization (1) (bn)	Net income 2002 (2) (bn)	Net income 2003 (2) (bn)	Net income 2004 (3) (bn)	P/E 2002	P/E 2003	P/E 2004
Eli Lilly	USD	78.5	2.8	2.8	3.0	28.4x	28.1x	26.3x
Roche	CHF	111.7	4.3	4.0	4.7	25.9x	28.1x	23.7x
AstraZeneca	USD	81.0	3.2	3.1	3.5	25.0x	26.2x	23.1x
Sanofi-Synthelabo	EUR	40.1	1.8	2.0	2.4	22.8x	19.9x	17.0x
Johnson & Johnson	USD	153.0	6.8	8.1	8.9	22.5x	18.9x	17.2x
Pfizer	USD	270.8	12.1	12.7	15.5	22.3x	21.3x	17.4x
Bristol Myers Squibb	USD	56.6	2.6	3.3	3.1	22.0x	17.3x	18.1x
Abbott	USD	70.7	3.2	3.5	3.9	21.8x	20.3x	18.3x
Wyeth	USD	57.8	3.0	3.3	3.6	19.5x	17.7x	15.9x
Novartis (4)	CHF/	142.0/	7.9			18.1x		
	USD	113.9		5.3	5.7		21.7x	20.0x
Aventis (5)	**EUR**	**40.9**	**2.4**	**2.9**	**3.2**	**17.1x**	**14.1x**	**13.0x**
Merck & Co. (6)	USD/	112.6/	7.1			15.8x		
	USD	103.2		6.8	7.0		15.1x	14.8x
GlaxoSmithKline	GBP	71.3	4.6	5.1	5.0	15.4x	14.1x	14.3x
Schering Plough	USD	26.0	2.1	0.5	0.1	12.3x	ns	ns
Average						**20.6x**	**20.2x**	**18.4x**
Median						**21.9x**	**19.9x**	**17.4x**
Implied multiple of Aventis at 60.43						**19.7x**	**16.2x**	**14.9x**
Premium/(discount) on average						**(4.5%)**	**(19.7%)**	**(18.9%)**
Premium/(discount) on median						**(10.0%)**	**(18.3%)**	**(14.4%)**

(1) Based on the average closing price weighted by daily volumes for the month ended January 21, 2004. (Source: Datastream).

(2) Before amortization of goodwill and exceptional items. Exceptional items include principally capital gains/losses on disposals of assets, asset impairment charges, provisions for restructuring as well as other non-recurring charges/ revenues as reported by companies. Based on reported net income, with the exception of the net income for 2003 of Roche, Sanofi-Synthelabo, Aventis and GlaxoSmithKline (which is based on the consensus of financial analysts derived from between 4 and 8 financial analysts reports, depending on the company, published since November 2003 and sufficiently detailed as to be useful for this purpose).

(3) Before amortization of goodwill and exceptional items. Based on the consensus of financial analysts derived from between 4 and 8 financial analysts reports, depending on the company, published since November 2003 and sufficiently detailed as to be useful for this purpose.

(4) Novartis published its results in Swiss francs until 2002. From and after its 2003 results, the currency used by Novartis in preparing its accounts has been the U.S. dollar. Therefore, the P/E multiple for 2002 was calculated on the basis of reported net income (see note 2) and a market capitalization in Swiss francs; the P/E multiples for 2003 and 2004 have been calculated on the basis of the reported net income for 2003 (see note 2), a consensus forecast for 2004 net income (see note 3) and a market capitalization in U.S. dollars.

(5) The P/E multiple for 2002 was calculated on basis of reported consolidated net income (see note 2); the P/E multiples for 2003 and 2004 have been calculated on the basis of a consensus forecast for net income before amortization of goodwill and exceptional items of the Aventis core business (consensus forecast derived from 7 financial analysts reports published since November 2003 and sufficiently detailed as to be useful for this purpose).

(6) Given that the net income of Merck & Co. for 2002 included its subsidiary Medco Health, which was spun off from Merck & Co. on August 19, 2003, the market capitalization value used to determine the P/E multiple for 2002 for Merck & Co. was calculated as the sum of the market capitalization values of Merck & Co. and Medco Health (112.6 billion). For 2003 and 2004, the net income of Merck excludes Medco Health; the market capitalization used in calculating the P/E multiples for 2003 and 2004 is that of Merck alone (103.2 billion).

It can be seen that the price-to-earnings multiple for Aventis implied by the offer price under the all cash election is between 4.5% and 19.7% below the average and between 10.0% and 18.3% below the median of the price-to-earnings multiples of the selected comparable companies, depending on the year of reference.

Premiums offered in selected precedent transactions in the pharmaceutical industry

This analysis consisted of comparing the premiums implied by the offer price under the all cash election with the premiums over the stock market price of the target companies in selected significant transactions in the pharmaceutical sector since 1998. It should be noted that these selected transactions were effected exclusively through share exchanges. The premiums were calculated based on the closing price or the average closing prices of the common or ordinary shares of the target company during the selected periods of between one day and one year prior to the public announcement of the relevant transaction, except as noted below. The difference between the premiums implied by the offer price under the all cash election and the premiums in the selected transactions was calculated by subtracting the average and median of the premiums in the precedent transactions for each of the selected periods from the premiums implied by the offer price under the all cash election for the corresponding periods.

Announcement date	Reference date (1)	Acquirer	Target	Premium/ (discount) on day before announcement	Premium/ (discount) over 1-month average	Premium/ (discount) over 3-month average	Premium/ (discount) over 12-month average
15-July-02	12-July-02	Pfizer	Pharmacia	52.3%	44.4%	39.8%	52.5%
17-Jan-00	13-Jan-00	GlaxoWelcome	SmithKline Beecham	0.1%	(0.5%)	0.9%	1.3%
20-Dec-99	17-Dec-99	Pharmacia Upjohn	Monsanto	1.1%	5.8%	11.4%	7.9%
04-Nov-99	02-Nov-99	Pfizer	Warner Lambert	33.7%	45.0%	49.8%	55.0%
14-May-99 (2)	13-May-99	Rhone Poulenc	Hoechst	(2.8%)	(12.2%)	(13.1%)	(6.3%)
09-Dec-98	08-Dec-98	Zeneca	Astra	14.1%	13.8%	12.0%	6.8%
02-Dec-98	01-Dec-98	Sanofi	Synthélabo	5.7%	12.9%	6.0%	2.4%
Average (last five years)				**14.9%**	**15.6%**	**15.3%**	**17.1%**
Median (last five years)				**5.7%**	**12.9%**	**11.4%**	**6.8%**
Premium offered in this offer				**12.3%**	**15.2%**	**22.2%**	**31.1%**
Difference between the premium offered in this offer and the average premium of selected transactions				**(2.5%)**	**(0.4%)**	**7.0%**	**14.1%**
Difference between the premium offered in this offer and the median premium of selected transactions				**6.6%**	**2.3%**	**10.8%**	**24.3%**

(1) Reference date: the date used to calculate the premiums may differ from the date of the announcement in order to avoid taking into account speculative movements in share prices.

(2) Transaction was first announced on December 1, 1998.

The premium offered under the all cash election exceeds the average and the median of the premiums calculated in this manner for the selected transactions, except in the case of the average premiums on the day before the announcement and over the 1-month average.

Summary of the financial analyses of the all cash offer

Market Price	**Premium/(discount)**
As of January 21, 2004	12.3%
1-month average (1)	15.2%
2-month average (1)	18.7%

Market Price	Premium/(discount)
3-month average (1)	22.2%
6-month average (1)	26.6%
9-month average (1)	27.5%
12-month average (1)	31.1%
12-month high (1)	10.4%
12-month low (1)	58.8%
Selected Companies	
Average price-to-earnings multiple	(4.5%) to (19.7%)
Median price-to-earnings multiple	(10.0%) to (18.3%)
Selected Transactions (2)	
Premium of Offer minus Premium (mean or median) of Selected Transactions	
Day before announcement - mean	(2.5%)
Day before announcement - median	6.6%
1-month mean	(0.4%)
1-month median	2.3%
3-month mean	7.0%
3-month median	10.8%
12-month mean	14.1%
12-month median	24.3%

(1) Through January 21, 2004. Averages are calendar, weighted by volumes and calculated based on daily closing prices. (Source: Datastream).

(2) Calculated as the excess of (i) the implied premium of the offer price per Aventis ordinary share relative to the historical market price over (ii) the average or median premium, as applicable, offered in selected transactions relative to the target company s historical market prices for the same trading periods. As an example, for the 3-month average, the premium over the 3-month median in selected transactions is calculated as: 22.2% 11.4% = 10.8%.

Financial Analyses of the All Stock Election

The exchange ratio offered under the all stock election, which is 35 Sanofi-Synthelabo ordinary shares for every 34 Aventis ordinary shares (or 1.0294 Sanofi-Synthelabo ordinary shares for each Aventis ordinary share), was analyzed in the following manner:

Stock market price

The following table summarizes the level of premiums implied by the exchange ratio under the all stock election, as compared to the exchange ratio based on the closing price of Aventis ordinary shares and Sanofi-Synthelabo ordinary shares on January 21, 2004, as well as to the exchange ratios based on the average closing prices weighted by volumes of each company for the selected periods ended on that date:

	Aventis stock price( )	Sanofi-Synthelabo stock price( )	Implied exchange ratio	All stock election exchange ratio	Premium
As of January 21, 2004	53.80	60.00	0.90	1.0294	14.8%
1-month average (1)	52.46	58.72	0.89	1.0294	15.2%
2-month average (1)	50.90	57.59	0.88	1.0294	16.5%
3-month average (1)	49.44	56.46	0.88	1.0294	17.6%
6-month average (1)	47.72	53.99	0.88	1.0294	16.5%

	Aventis stock price( )	Sanofi-Synthelabo stock price( )	Implied exchange ratio	All stock election exchange ratio	Premium
9-month average (1)	47.41	53.70	0.88	1.0294	16.6%
12-month average (1)	46.08	52.16	0.88	1.0294	16.5%
12-month high (1)	54.75	60.40	0.91	1.0294	13.6%
12-month low (1)	38.06	41.75	0.91	1.0294	12.9%

(1) Through January 21, 2004. Averages are calendar, weighted by volumes and calculated based on daily closing prices. (Source: Datastream).

The premium implied by the exchange ratio under the all stock election ranges from 15.2% to 17.6% compared to the implied exchange ratios based on the average closing prices weighted by daily volumes of Aventis and Sanofi-Synthelabo ordinary shares over the 12 months prior to January 21, 2004.

Premiums offered in selected precedent transactions in the pharmaceutical industry

This analysis consisted of comparing the premiums implied by the exchange ratio under the all stock election with the premiums over the stock market price of the target companies in the selected transactions in the pharmaceutical sector since 1998, as discussed above in the section captioned Financial Analyses of the All Cash Election Premiums offered in selected precedent transactions in the pharmaceutical industry .

Announcement date	Reference date (1)	Acquirer	Target	Premium/ (discount) on day before announcement	Premium/ (discount) over 1-month average	Premium/ (discount) over 3-month average	Premium/ (discount) over 12-month average
15-July-02	12-July-02	Pfizer	Pharmacia	52.3%	44.4%	39.8%	52.5%
17-Jan-00	13-Jan-00	GlaxoWelcome	SmithKline Beecham	0.1%	(0.5%)	0.9%	1.3%
20-Dec-99	17-Dec-99	Pharmacia Upjohn	Monsanto	1.1%	5.8%	11.4%	7.9%
04-Nov-99	02-Nov-99	Pfizer	Warner Lambert	33.7%	45.0%	49.8%	55.0%
14-May-99 (2)	13-May-99	Rhone Poulenc	Hoechst	(2.8%)	(12.2%)	(13.1%)	(6.3%)
09-Dec-98	08-Dec-98	Zeneca	Astra	14.1%	13.8%	12.0%	6.8%
02-Dec-98	01-Dec-98	Sanofi	Synthelabo	5.7%	12.9%	6.0%	2.4%
Average (last five years)				**14.9%**	**15.6%**	**15.3%**	**17.1%**
Median (last five years)				**5.7%**	**12.9%**	**11.4%**	**6.8%**
Premium offered in this offer				**14.8%**	**15.2%**	**17.6%**	**16.5%**
Difference between the premium offered in this offer and the average premium of selected transactions				**(0.1%)**	**(0.4%)**	**2.3%**	**(0.5%)**
Difference between the premium offered in this offer and the median premium of selected transactions				**9.1%**	**2.3%**	**6.1%**	**9.7%**

(1) Reference date: the date used to calculate the premiums may differ from the date of the announcement in order to avoid taking into account speculative movements in share prices.

(2) Transaction was first announced on December 1, 1998.

It can be seen that the premiums implied by the offer price under the all stock election are in line with the average and are above the median of the premiums calculated in the selected precedent transactions.

Consolidated net income per share

The following table presents the level of premiums implied by the exchange ratio under the all stock election, as compared to the implied exchange ratios derived from the consolidated net income per share, before amortization of goodwill and exceptional items, of Sanofi-Synthelabo and Aventis for each of the years 2000, 2001 and 2002.

	Sanofi-Synthelabo net income per share ( ) (1)	Aventis net income per share ( ) (1)	Implied exchange ratio	All stock election exchange ratio	Premium/ (discount)
2000	1.31	1.64	1.25	1.0294	(17.7%)
2001	1.88	2.84	1.51	1.0294	(31.9%)
2002	2.42	3.01	1.25	1.0294	(17.5%)

(1) Before amortization of goodwill and exceptional items. Exceptional items include capital gains/ losses on disposals of assets, provisions for restructuring as well as other non-operating expenses/ revenues.

Dividends per share

The following table presents the level of premiums implied by the exchange ratio under the all stock election, as compared to the implied ratios derived from the amount of dividends paid, without dividend tax credit (*avoir fiscal*), by Sanofi-Synthelabo and Aventis in respect of the years 2000, 2001 and 2002.

	Aventis dividends paid ( )	Sanofi-Synthelabo dividends paid ( )	Implied exchange ratio	All stock election exchange ratio	Premium/ (discount)
2000	0.50	0.44	1.14	1.0294	(9.4%)
2001	0.58	0.66	0.88	1.0294	17.1%
2002	0.70	0.84	0.83	1.0294	23.5%

Summary of the financial analyses of the all stock election

	Premium/ (discount)
Market Price	
As of January 21, 2004	14.8%
1-month average (1)	15.2%
2-month average (1)	16.5%
3-month average (1)	17.6%
6-month average (1)	16.5%
9-month average (1)	16.6%
12-month average (1)	16.5%
12-month high (1)	13.6%
12-month low (1)	12.9%

	Premium/ (discount)
Selected Transactions (2)	
Premium of Offer minus Premium (mean or median) of Selected Transactions	
Day before announcement mean	(0.1%)
Day before announcement median	9.1%
1-month mean	(0.4%)
1-month median	2.3%
3-month mean	2.3%
3-month median	6.1%
12-month mean	(0.5%)
12-month median	9.7%
Net income before amortization of goodwill and exceptional items per share	
2000	(17.7%)
2001	(31.9%)
2002	(17.5%)
Dividends per share	
2000	(9.4%)
2001	17.1%
2002	23.5%

(1) Through January 21, 2004. Averages are calendar, weighted by volumes and calculated based on daily closing prices (Source: Datastream).

(2) Calculated as the excess of (i) the implied premium of the actual offer price per Aventis ordinary share relative to the historical market price over (ii) the average or median premium, as applicable, offered in selected transactions relative to the target company s historical market prices for the same trading periods. As an example, for the 3-month average, the premium over the 3-month median in selected transactions is calculated as: 17.6% 11.4% = 6.1%.

Financial Analyses Not Used

Discounted cash flow analysis

Sanofi-Synthelabo has not had access to forecasts prepared by Aventis and has not had any discussions with Aventis s management team regarding forecasts. As a result, no financial analysis of the offers was made on the basis of a comparison of the present value of forecasted future cash flows of the two companies, commonly referred to as the discounted cash flow analysis or DCF .

Book value and fair market value of net assets

These methods of financial analysis have not been used because the values of pharmaceutical companies are not necessarily properly reflected by the historical values of their assets.

Furthermore, Sanofi-Synthelabo and Aventis have had a sufficiently long operating history such that their market values have diverged significantly from their book value.

The method of analyzing net revalued assets has not been used due to the absence of sufficient data.

Selected transaction multiples

Many precedent stock transactions have been effected in a stock market environment where the valuations of companies in the pharmaceutical sector in general were much higher than current stock market valuations in the sector. As a result, the transaction multiples derived from precedent transactions would generally be higher than

56

the corresponding multiples implied in a transaction effected under the current stock market environment and, therefore, Sanofi-Synthelabo believes that a comparison of transaction multiples implied in the offers for Aventis with the corresponding multiples implied for the target companies in these precedent transactions would not be a relevant method of analyzing the financial terms of the offers. For this reason, implied multiples derived from precedent transactions were not used to evaluate the consideration in the offers.

THE U.S. OFFER

The U.S. Offer, the French Offer and the German Offer

For legal reasons in order to satisfy regulatory requirements, Sanofi-Synthelabo is offering to acquire all of the Aventis securities through three separate offers:

a U.S. offer open to all holders of Aventis ordinary shares who are located in the United States and to all holders of Aventis ADSs, wherever located;

a French offer open to all holders of Aventis ordinary shares who are located in France and to holders of Aventis ordinary shares who are located outside of France, Germany and the United States, if, pursuant to the local laws and regulations applicable to such holders, they are permitted to participate in the French offer; and

a German offer open to all holders of Aventis ordinary shares who are located in Germany.

Taken together, the French offer, the German offer and the U.S. offer are for any and all of the outstanding Aventis ordinary shares, including Aventis ordinary shares represented by Aventis ADSs, and all Aventis ordinary shares that are or may become issuable prior to the expiration of the offers due to the exercise of outstanding Aventis stock options or the exercise of outstanding Aventis *BSA*s. According to Aventis s French recommendation statement *(note d information en réponse)*, as of February 12, 2004, there were 802,292,807 Aventis ordinary shares outstanding, 54,637,284 Aventis ordinary shares subject to subscription options and 261,971 Aventis ordinary shares subject to *BSA*s. Of these, based on Aventis s Annual Report on Form 20-F for the year ended December 31, 2003, we estimate that 41,794,491 Aventis ordinary shares are represented by Aventis ADSs and, in addition, based on the best available public information, we estimate that up to approximately 148,205,509 Aventis ordinary shares are held by holders who are located in the United States.

Other than as set forth above, the offers are not made for any other securities of Aventis, including any Aventis *BSA*s, any capital equity notes or any participating shares.

The French offer opened on February 17, 2004. The German offer opened on March 15, 2004 and the U.S. offer opened on [l], 2004. The French offer, the German offer and the U.S. offer are being made on substantially similar terms and completion of the offers is subject to the same conditions. However, holders of Aventis ordinary shares who are located in the United States and all holders of Aventis ADSs, wherever located, do not have the right to tender their Aventis securities in the French offer or the German offer and holders of Aventis ordinary shares who are not located in the United States do not have the right to tender their Aventis ordinary shares in the U.S. offer. This prospectus covers only the U.S. offer for Aventis securities.

In separating our offers into the U.S. offer, the French offer and the German offer and in conducting the U.S. offer on the terms described in this prospectus, we are relying on Rule 14d-1(d) under the Exchange Act which provides exemptive relief from otherwise applicable rules to persons conducting a tender offer under certain conditions. In order to qualify for exemptive relief under Rule 14d-1(d), or Tier II relief, among other conditions, less than 40% of the Aventis ordinary shares, including Aventis ordinary shares represented by Aventis ADSs, must be held by holders who are resident in the United States, or U.S. holders. As we are not making the U.S. offer pursuant to any agreement with Aventis, in determining that the U.S. offer qualifies for Tier II relief, we have presumed, as permitted by Instruction 3 to Rule 14d-1(d), that less than 40% of the Aventis ordinary shares are held by U.S. holders because the aggregate trading volume of Aventis ordinary shares, including Aventis ordinary shares represented by Aventis ADSs, on all national securities exchanges and other trading markets in the United States in the 12-calendar-month period ending 30 days before the commencement of the U.S. offer was less than 40% of the worldwide aggregate trading volume of Aventis securities over the same period; Aventis s most recent annual reports filed with the SEC and with the AMF do not indicate that U.S. holders hold more than 40% of the Aventis securities; and, after reasonable investigation, we have no knowledge and no reason to know that U.S. holders hold more than 40% of the Aventis securities.

The French offer and the German offer are not being made, directly or indirectly, in or into, and may not be accepted in or from, the United States. Copies of the offer documentation being used in the French offer and the

German offer and any related materials are not being and should not be mailed or otherwise distributed or sent in or into the United States.

The distribution of this prospectus and the making of this U.S. offer may, in some jurisdictions, be restricted by law. The U.S. offer is not being made, directly or indirectly, in or into, and may not be accepted from within, any jurisdiction in which the making of the U.S. offer or the acceptance thereof would not be in compliance with the laws of that jurisdiction. Persons who come into possession of this prospectus should inform themselves of and observe any and all of these restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of that jurisdiction. We do not assume any responsibility for any violation by any person of any of these laws or restrictions.

Terms of the U.S. Offer

Upon the terms and subject to the conditions of this U.S. offer, we are offering:

0.8333 of a newly issued Sanofi-Synthelabo ordinary share and 11.50 in cash, without interest, in exchange for each outstanding Aventis ordinary share validly tendered and not withdrawn; and

1.6667 newly issued Sanofi-Synthelabo ADSs (each Sanofi-Synthelabo ADS representing one-half of one Sanofi-Synthelabo ordinary share), and an amount in U.S. dollars equal to 11.50, in cash, without interest, in exchange for each outstanding Aventis ADS (each Aventis ADS representing one Aventis ordinary share) validly tendered and not withdrawn.

We refer to the foregoing mix of consideration as the standard entitlement .

Based on a price of 58.72 per Sanofi-Synthelabo ordinary share, which was the average daily closing price, weighted by volume, for Sanofi-Synthelabo ordinary shares on Euronext Paris during the calendar month ended on January 21, 2004, the terms of the U.S. offer value each Aventis ordinary share at 60.43, representing a premium of 15.2% over the average of the daily closing prices for Aventis ordinary shares on Euronext Paris during the same period, which was 52.46 per Aventis ordinary share. Based on the closing price of 57.75 for Sanofi-Synthelabo ordinary shares on Euronext Paris on January 23, 2004, the last trading day before the public announcement of the U.S. offer, the terms of the U.S. offer value each Aventis ordinary share at 59.63, representing a premium of 3.6% over the closing price of 57.55 for Aventis ordinary shares on Euronext Paris on that date. Based on the closing price of 53.70 for Sanofi-Synthelabo ordinary shares on Euronext Paris on March 26, 2004, the most recent practicable trading day prior to the date of this prospectus, the terms of the U.S. offer value each Aventis ordinary share at 56.25, representing a discount of (9.0)% to the closing price of 61.80 for Aventis ordinary shares on Euronext Paris on that date.

Based on a price of $37.05 per Sanofi-Synthelabo ADS, which was the average daily closing price, weighted by volume, for Sanofi-Synthelabo ADSs on the NYSE during the calendar month ended on January 21, 2004, and the average exchange rate of 1 = $1.2606 during the same period, the terms of the U.S. offer value each Aventis ADS at $76.24, representing a premium of 14.7% over the average of the daily closing prices for Aventis ADSs on the NYSE during the same period, which was $66.50 per Aventis ADS. Based on the closing price of $37.01 for Sanofi-Synthelabo ADSs on the NYSE on January 23, 2004, the last trading day before the public announcement of the U.S. offer, and an exchange rate of 1 = $1.2610, the terms of the U.S. offer value each Aventis ADS at $76.18, representing a premium of 4.4% over the closing price of $73.00 for Aventis ADSs on the NYSE on that date. Based on the closing price of $32.71 for Sanofi-Synthelabo ADSs on the NYSE on March 26, 2004, the most recent practicable trading day prior to the date of this prospectus, and an exchange rate of 1 = $1.2092, the terms of the U.S. offer value each Aventis ADS at $68.42, representing a discount of (8.5)% to the closing price of $74.75 for Aventis ADSs on the NYSE on that date.

The cash consideration paid to tendering holders of Aventis ordinary shares will be paid in euros. The cash consideration paid to tendering holders of Aventis ADSs will be converted into U.S. dollars on the day that it is received by the U.S. ADS exchange agent at the then prevailing spot market rate and distributed, net of any expenses incurred, to the tendering holders of Aventis ADSs. See Risk Factors .

No Fractional Shares

No fractional Sanofi-Synthelabo ordinary shares will be issued in connection with the U.S. offer. In lieu of any fraction of a Sanofi-Synthelabo ordinary share that you would otherwise have been entitled to receive pursuant to the terms of the U.S. offer, you will receive an amount in cash equal to the product of that fraction and the average sale price per Sanofi-Synthelabo ordinary share, net of expenses, realized on Euronext Paris in the sale of all the aggregated fractional Sanofi-Synthelabo ordinary shares that would have otherwise been issued in the offers.

No fractional Sanofi-Synthelabo ADSs will be issued in connection with the U.S. offer. In lieu of any fraction of a Sanofi-Synthelabo ADS that you would otherwise have been entitled to receive pursuant to the terms of the U.S. offer, you will receive an amount in cash equal to the product of that fraction and the average sale price per Sanofi-Synthelabo ADS, net of expenses, realized on the NYSE in the sale by the U.S. ADS exchange agent of all the aggregated fractional Sanofi-Synthelabo ADSs that would have otherwise been issued in the offers.

The sale of the aggregated fractional Sanofi-Synthelabo ordinary shares on Euronext Paris and the sale of the aggregated fractional Sanofi-Synthelabo ADSs on the NYSE will occur no later than six trading days following the settlement of the offers. Payments of cash in lieu of any fractional Sanofi-Synthelabo ordinary share or fractional Sanofi-Synthelabo ADS that you would otherwise have been entitled to receive pursuant to the terms of the U.S. offer will be paid as promptly as practicable.

In no event will interest be paid on the cash to be received in lieu of any fraction of a Sanofi-Synthelabo ordinary share or any fraction of a Sanofi-Synthelabo ADS, regardless of any delay in making the payment.

Mix and Match Election

The U.S. offer, the French offer and the German offer each include a mix and match election feature, whereby tendering holders of Aventis securities may elect to receive the following forms of consideration in lieu of the standard entitlement described above.

All stock election

If you wish to receive only Sanofi-Synthelabo ordinary shares or Sanofi-Synthelabo ADSs, as the case may be, in respect of some or all of the Aventis securities that you tender:

- you may elect to receive 1.0294 newly issued Sanofi-Synthelabo ordinary shares in exchange for each outstanding Aventis ordinary share validly tendered and not withdrawn; or

- you may elect to receive 2.0588 newly issued Sanofi-Synthelabo ADSs (each Sanofi-Synthelabo ADS representing one-half of one Sanofi-Synthelabo ordinary share), in exchange for each outstanding Aventis ADS (each Aventis ADS representing one Aventis ordinary share) validly tendered and not withdrawn.

We refer to each of the above as an all stock election and the consideration received as the stock consideration . We refer to Aventis ordinary shares (including Aventis ordinary shares underlying Aventis ADSs) with respect to which an all stock election is made as stock election shares .

All cash election

If you wish to receive only cash in respect of some or all of the Aventis securities that you tender:

- you may elect to receive 60.43 in cash, without interest, in exchange for each outstanding Aventis ordinary share validly tendered and not withdrawn; or you may elect to receive an amount in U.S. dollars equal to 60.43, in cash, without interest, in exchange for each outstanding Aventis ADS validly tendered and not withdrawn.

We refer to each of the above as an all cash election and the consideration received as the cash consideration . We refer to Aventis ordinary shares (including Aventis ordinary shares underlying Aventis ADSs) with respect to which an all cash election is made as cash election shares .

You are not required to make any election with respect to any of the Aventis securities that you tender. If you do not make any election, you will receive the standard entitlement described above in Terms of the U.S. Offer.

You are not required to make the same election for all of the Aventis ordinary shares or Aventis ADSs that you tender and you may make an all stock election or an all cash election with respect to some or all of the Aventis securities that you tender.

Based on a price of 58.72 per Sanofi-Synthelabo ordinary share, which was the average closing price, weighted by volume, for Sanofi-Synthelabo ordinary shares on Euronext Paris during the calendar month ended on January 21, 2004, the terms of the U.S. offer value each Aventis ordinary share at 60.43, regardless of whether you receive the standard entitlement, the stock consideration or the cash consideration, in each case representing a premium of 15.2% over the closing price of 52.46 for Aventis ordinary shares on Euronext Paris on that date.

Based on the closing price of 57.75 for Sanofi-Synthelabo ordinary shares on Euronext Paris on January 23, 2004, the most recent trading day before the public announcement of the U.S. offer, the terms of the U.S. offer value each Aventis ordinary share at 59.63, if you receive the standard entitlement, 59.45 if you receive the stock consideration and 60.43 if you receive the cash consideration, representing premiums of 3.6%, 3.3% and 5.0%, respectively, over the closing price of 57.55 for Aventis ordinary shares on Euronext Paris on that date.

Based on the closing price of 53.70 for Sanofi-Synthelabo ordinary shares on Euronext Paris on March 26, 2004, the most recent practicable trading day prior to the date of this prospectus, the terms of the U.S. offer value each Aventis ordinary share at 56.25, if you receive the standard entitlement, 55.28 if you receive the stock consideration, and 60.43 if you receive the cash consideration, representing discounts of (9.0)%, (10.6)% and (2.2)%, respectively, to the closing price of 61.80 for Aventis ordinary shares on Euronext Paris on that date.

Based on the closing price of $37.01 for Sanofi-Synthelabo ADSs on the NYSE on January 23, 2004, the last trading day before the public announcement of the U.S. offer, and an exchange rate of 1 = $1.2610, the terms of the U.S. offer value each Aventis ADS at $76.18, if you receive the standard entitlement, $76.20 if you receive the stock consideration and $76.20 if you receive the cash consideration, representing premiums of 4.4%, 4.4% and 4.4%, respectively, over the closing price of $73.00 for Aventis ADSs on the NYSE on that date.

Based on the closing price of $32.71 for Sanofi-Synthelabo ADSs on the NYSE on March 26, 2004, the most recent practicable trading day prior to the date of this prospectus, and an exchange rate of 1 = $1.2092, the terms of the U.S. offer value each Aventis ADS at $68.42 if you receive the standard entitlement, $67.34 if you receive the stock consideration and $73.07 if you receive the cash consideration, representing discounts of (8.5)%, (9.9)% and (2.2)%, respectively, to the closing price of $74.75 for Aventis ADSs on the NYSE on that date.

However, your all cash election or your all stock election will only be satisfied in full to the extent that sufficient off-setting all stock elections or all cash elections, as the case may be, have been made by other tendering holders of Aventis securities in the U.S. offer, the French offer and the German offer. To the extent that elections cannot be satisfied in full as a result of the lack of such off-setting elections, they will be subject to the proration and allocation adjustments described below. **See Risk Factors If you make an all stock or all cash election there can be no assurance that you will receive all your consideration in the form you elected or that your election will result in the same mix of consideration regardless whether you tender your Aventis securities in the initial offer period or in the subsequent offering period, if any; in any event, you**

will not know the exact mix of consideration that you will receive until after the applicable expiration date and you are no longer able to withdraw your tender.

Proration and allocation procedure

If the total number of stock election shares tendered in the U.S. offer, the French offer and the German offer divided by the total number of cash election shares tendered in the U.S. offer, the French offer and the German offer (a ratio that we refer to as the ***tendered ratio***) is not equal to 4.2550 (which is approximately equivalent to 81.0% divided by 19.0%, and which we refer to as the ***election ratio***), then the following proration and allocation adjustments will be applied. The purpose of these adjustments is to ensure that, in the aggregate (and subject to adjustment if Aventis pays any dividend or interim dividend before the final settlement of the offers), 81.0% of the Aventis ordinary shares (including Aventis ordinary shares represented by Aventis ADSs) tendered in the U.S. offer, the French offer and the German offer will be exchanged for Sanofi-Synthelabo ordinary shares (including Sanofi-Synthelabo ordinary shares represented by Sanofi-Synthelabo ADSs) and 19.0% will be exchanged for cash.

In the event that the tendered ratio exceeds the election ratio, then:

- if you made a valid cash election, you will receive the cash consideration in exchange for each cash election share that you tendered; and

- if you made a valid stock election, you will receive the stock consideration in exchange for a reduced whole number of stock election shares that is equal to the total number of stock election shares that you tendered multiplied by the proration factor (as defined below), rounded down to the nearest whole number. You will receive the standard entitlement in exchange for the remainder of the stock election shares that you tendered.

In the event that the tendered ratio is less than the election ratio, then:

- if you made a valid stock election, you will receive the stock consideration in exchange for each stock election share that you tendered; and

- if you made a valid cash election, you will receive the cash consideration in exchange for a reduced whole number of cash election shares that is equal to the total number of cash election shares that you tendered divided by the proration factor, rounded down to the nearest whole number. You will receive the standard entitlement in exchange for the remainder of the cash election shares that you tendered.

In each case, the ***proration factor*** will be calculated by dividing the election ratio by the tendered ratio.

If there is a subsequent offering period, the same proration and allocation procedures will be applied to Aventis securities tendered during the subsequent offering period with respect to which tendering holders have made mix and match elections. See The U.S. Offer Publication of Results; Subsequent Offering Period .

If Aventis pays any dividend or any interim dividend in respect of the Aventis ordinary shares, including Aventis ordinary shares represented by Aventis ADSs, before the settlement of the offers, the election ratio will be adjusted as explained in The U.S. Offer Consideration Offered after Payment of Aventis Dividends Proration and allocation procedure .

Election procedure

Tendering holders of Aventis securities may submit their mix and match elections by completing the appropriate section of the form of acceptance or other transmittal instruction sent to them by their bank, broker or custodian, or the appropriate section of the ADS letter of transmittal, as applicable, and returning it to their bank, broker or custodian or the U.S. ADS exchange agent, as applicable, at any time on or before the expiration date of the U.S. offer, or, if applicable, at any time during the subsequent offering period on or before the expiration date of the subsequent offering period. If you hold your Aventis ADSs in book-entry form you should instruct your bank, broker or custodian to cause your mix and match election to be included in the agent s message sent to the U.S. ADS exchange agent. See Procedures for Tendering Aventis ADSs Aventis ADSs held in book-entry form. Tendering holders of Aventis ordinary shares or Aventis ADSs who have not submitted a mix and match election prior to that time will be deemed to have elected the standard entitlement. You may withdraw or change your mix and match election at any time on or before the expiration date of the U.S. offer or, if applicable, at any time during the subsequent offering period and on or before the expiration date of the subsequent offering period.

We will determine all questions as to the validity of any mix and match election, in our sole discretion, which determination will be final and binding on all parties. We also reserve the absolute right to waive any defect or irregularity in any election, whether or not similar defects or irregularities are waived in the case of other holders of Aventis ordinary shares or Aventis ADSs. No election will be validly made until all defects or irregularities have been cured or waived. Neither we nor the joint dealer-managers, the U.S. ADS exchange agent nor the information agent will have any obligation to notify you of any defects or irregularities in elections or incur any liability for failure to notify you of those defects or irregularities in elections.

Your mix and match election will not be valid unless you validly tender your Aventis securities pursuant to the terms of the U.S. offer and make a valid election as described in the instructions to the form of acceptance or ADS letter of transmittal, as the case may be. Please read the discussion below in the sections captioned Procedures for Tendering Aventis ADSs and Procedures for Tendering Aventis Ordinary Shares .

Illustrative examples of proration and allocation procedure

Example A All Stock Election Oversubscribed. The following example illustrates how the proration and allocation procedure would work in the event that the all stock election is oversubscribed (*i.e.*, the tendered ratio exceeds the election ratio). For purposes of this example, we assume the following:

The conditions, including the minimum tender condition, to the U.S. offer, the French offer and the German offer are all satisfied.

Aventis has not paid any dividend or interim dividend before the expiration date of the offers.

At the expiration time, in aggregate, 500,000,000 Aventis ordinary shares (including Aventis ordinary shares represented by Aventis ADSs) have been validly tendered into the U.S. offer, the French offer and the German offer, pursuant to the following elections:

85,000,000 Aventis ordinary shares (including Aventis ordinary shares represented by Aventis ADSs) have been tendered pursuant to valid all stock elections;

15,000,000 Aventis ordinary shares (including Aventis ordinary shares represented by Aventis ADSs) have been tendered pursuant to valid all cash elections; and

400,000,000 Aventis ordinary shares (including Aventis ordinary shares represented by Aventis ADSs) have been tendered without making any election, and are therefore entitled to receive the standard entitlement.

Shareholder A tendered 1,000 Aventis ordinary shares pursuant to a valid all stock election.

Shareholder B tendered 1,000 Aventis ordinary shares pursuant to a valid all cash election.

Shareholder C tendered 1,000 Aventis ADSs pursuant to a valid all stock election.

Shareholder D tendered 1,000 Aventis ADSs pursuant to a valid all cash election.

At the settlement date, the applicable exchange rate is 1 = $1.25 U.S. dollars, the trading price of Sanofi-Synthelabo ordinary shares on Euronext Paris is 55.65, and the trading price of Sanofi-Synthelabo ADSs on the NYSE is 34.09.

In this example the ***tendered ratio*** is 85,000,000 *divided by* 15,000,000 or 5.6667. Accordingly, the ***proration factor*** is 4.2550 *divided by* 5.6667 or 0.7509. After applying the proration and allocation procedures, the four shareholders A, B, C, and D would receive the following consideration:

Shareholder A. Of the 1,000 Aventis ordinary shares Shareholder A tendered, 750 (which is 1,000 *multiplied by* 0.7509 and rounded down to the nearest whole number) would be exchanged for the stock consideration and 250 would be exchanged for the standard entitlement. Therefore, pursuant to the prorated stock election, Shareholder A would be entitled to receive 772.05 (which is 750 *multiplied by* 1.0294) Sanofi-Synthelabo ordinary shares, of which 772 whole shares would be delivered. Pursuant to the standard entitlement, Shareholder A would be entitled to receive 208.33 (which is 250 *multiplied by* 0.8333) Sanofi-Synthelabo ordinary shares, of which 208 whole shares would be delivered, and 2,875 (which is 250 *multiplied by* 11.50) in cash. In lieu of the aggregate 0.38 (which is 0.05 *plus* 0.33) of a Sanofi-Synthelabo ordinary share Shareholder A would otherwise be entitled to receive, Shareholder A would receive 21.15 (which is 0.38 *multiplied by* 55.65, the assumed share price on Euronext Paris), net of any sales expenses. See The U.S. Offer No Fractional Shares .

Therefore, in aggregate, Shareholder A would receive **980** (which is 772 *plus* 208) Sanofi-Synthelabo ordinary shares and **2,896.15** (which is 2,875 *plus* 21.15) in cash.

Shareholder C. Of the 1,000 Aventis ADSs Shareholder C tendered, 750 (which is 1,000 *multiplied by* 0.7509 and rounded down to the nearest whole number) would be exchanged for the stock consideration and 250 would be exchanged for the standard entitlement. Therefore, pursuant to the prorated stock election, Shareholder C would be entitled to receive 1,544.10 (which is 750 *multiplied by* 2.0588) Sanofi-Synthelabo ADSs, of which 1,544 whole ADSs would be delivered. Pursuant to the standard entitlement, Shareholder C would be entitled to receive 416.67 (which is 250 *multiplied by* 1.6667) Sanofi-Synthelabo ADSs, of which 416 whole ADSs would be delivered, and $3,593.75 (which is 250 *multiplied by* 11.50 converted at the exchange rate of 1 = 1.25) in cash. In lieu of the aggregate 0.77 (which is 0.10 *plus* 0.67) of a Sanofi-Synthelabo ADS Shareholder C would otherwise be entitled to receive, Shareholder C would receive 26.25 (which is 0.77 *multiplied by* $34.09, the assumed ADS price on the NYSE), net of any sales expenses. See The U.S. Offer No Fractional Shares .

Therefore, in aggregate, Shareholder C would receive **1,960** (which is 1,544 *plus* 416) Sanofi-Synthelabo ordinary shares and **$3,620** (which is $3,593.75 *plus* $26.25) in cash.

Shareholder B and Shareholder D. Because the tendered ratio exceeds the election ratio, no proration or adjustment would apply to any all cash election and Shareholder B and Shareholder D would each receive the cash consideration in exchange for all the Aventis securities they tendered.

Therefore, in exchange for the 1,000 Aventis ordinary shares tendered, Shareholder B would receive **60,430** (which is 1,000 *multiplied by* 60.43) in cash.

Therefore, in exchange for the 1,000 Aventis ADSs tendered, Shareholder D would receive **$75,537.50** (which is 1,000 *multiplied by* 60.43 converted at the exchange rate of 1 = 1.25) in cash.

Example B All Cash Election Oversubscribed. The following example illustrates how the proration and allocation procedure would work in the event that the all cash election is oversubscribed (*i.e.*, the tendered ratio is less than the election ratio). For purposes of this example, we use the same assumptions as set forth above under *Example A All Stock Election Oversubscribed* , except that we assume, at the expiration time, in aggregate, in the U.S. offer, the French offer and the German offer:

15,000,000 Aventis ordinary shares (including Aventis ordinary shares represented by Aventis ADSs) have been tendered pursuant to valid all stock elections; and

85,000,000 Aventis ordinary shares (including Aventis ordinary shares represented by Aventis ADSs) have been tendered pursuant to valid all cash elections.

In this example the ***tendered ratio*** is 15,000,000 *divided by* 85,000,000 or 0.1765. Accordingly, the ***proration factor*** is 4.2550 *divided by* 0.1765 or 24.1117. After applying the proration and allocation procedures, the four shareholders A, B, C, and D would receive the following consideration:

Shareholder A and Shareholder C. Because the tendered ratio is less than the election ratio, no proration or adjustment would apply to any all stock election and Shareholder A and Shareholder C would each receive the stock consideration in exchange for all the Aventis securities they tendered.

In exchange for the 1,000 Aventis ordinary shares tendered, Shareholder A would be entitled to receive 1,029.4 (which is 1,000 *multiplied by* 1.0294) Sanofi-Synthelabo ordinary shares, of which **1,029** whole shares would be delivered. In lieu of the 0.4 of a Sanofi-Synthelabo ordinary share Shareholder A would otherwise be entitled to receive, Shareholder A would receive **22.26** (which is 0.4 *multiplied by* 55.65, the assumed share price on Euronext Paris), in cash, net of any sales expenses. See The U.S. Offer No Fractional Shares .

In exchange for the 1,000 Aventis ADSs tendered, Shareholder C would be entitled to receive 2,058.8 (which is 1,000 *multiplied by* 2.0588) Sanofi-Synthelabo ADSs, of which **2,058** whole ADSs would be delivered. In lieu of the aggregate 0.8 of a Sanofi-Synthelabo ADS Shareholder C would otherwise be entitled to receive, Shareholder C would receive **27.27** (which is 0.8 *multiplied by* $34.09, the assumed ADS price on the NYSE), in cash, net of any sales expenses. See The U.S. Offer No Fractional Shares .

Shareholder B. Of the 1,000 Aventis ordinary shares Shareholder B tendered, 41 (which is 1,000 *divided by* 24.1117 and rounded down to the nearest whole number) would be exchanged for the cash consideration and 959 would be exchanged for the standard entitlement. Therefore, pursuant to the prorated cash election, Shareholder B would be entitled to receive 2,477.63 (which is 41 *multiplied by* 60.43) in cash. Pursuant to the standard entitlement, Shareholder B would be entitled to receive 799.16 (which is 959 *multiplied by* 0.8333) Sanofi-Synthelabo ordinary shares, of which 799 whole shares would be delivered, and 11,028.50 (which is 959 *multiplied by* 11.50) in cash. In lieu of the 0.16 of a Sanofi-Synthelabo ordinary share Shareholder B would otherwise be entitled to receive, Shareholder B would receive 8.90 (which is 0.16 *multiplied by* 55.65, the assumed share price on Euronext Paris), net of any sales expenses. See The U.S. Offer No Fractional Shares .

Therefore, in aggregate, Shareholder B would receive **799** Sanofi-Synthelabo ordinary shares and **13,515.03** (which is 2,477.63 *plus* 11,028.50 *plus* 8.90) in cash.

Shareholder D. Of the 1,000 Aventis ADSs Shareholder D tendered, 41 (which is 1,000 *divided by* 24.1117 and rounded down to the nearest whole number) would be exchanged for the cash consideration and 959 would be exchanged for the standard entitlement. Therefore, pursuant to the prorated cash election, Shareholder D would be entitled to receive $3,097.04 (which is 41 *multiplied by* 60.43 *converted* at an exchange rate of 1 = 1.25) in cash. Pursuant to the standard entitlement, Shareholder D would be entitled to receive 1,598.36 (which is 959 *multiplied by* 1.6667) Sanofi-Synthelabo ADSs, of which 1,598 whole ADSs would be delivered, and $13,785.63 (which is 969 *multiplied by* 11.50 converted at the exchange rate of 1 = 1.25) in cash. In lieu of the 0.36 of a Sanofi-Synthelabo ADS Shareholder D would otherwise be entitled to receive, Shareholder D would receive 26.25 (which is 0.77 *multiplied by* $34.09, the assumed ADS price on the NYSE), net of any sales expenses. See The U.S. Offer No Fractional Shares .

Therefore, in aggregate, Shareholder D would receive **1,598** Sanofi-Synthelabo ADSs and **$16,275.53** (which is $3,097.04 *plus* $3,097.04 *plus* $26.25) in cash.

Consideration Offered after Payment of Aventis Dividends

If Aventis pays any dividend or any interim dividend (in cash or in shares) in respect of the Aventis ordinary shares, including Aventis ordinary shares represented by Aventis ADSs, before the settlement of the offers, the consideration offered in exchange for each Aventis ordinary share and each Aventis ADS will be reduced by an amount equal to the net value of the dividend paid in the manner set forth below.

Standard entitlement

The standard entitlement will be reduced as follows:

For each Aventis ordinary share validly tendered and not withdrawn, you will receive:

- an amount in cash, without interest, that is equal to 11.50 *less* the amount in euros of the net dividend or interim dividend paid per Aventis ordinary share; and
- 0.8333 of a Sanofi-Synthelabo ordinary share.

For each Aventis ADS validly tendered and not withdrawn, you will receive:

- an amount in U.S. dollars in cash, without interest, that is equal to 11.50 *less* the amount in euros of the net dividend or interim dividend paid per Aventis ordinary share; and
- 1.6667 Sanofi-Synthelabo ADSs.

All stock election

The stock consideration that you will be entitled to receive pursuant to an all stock election will be reduced as follows:

For each Aventis ordinary share validly tendered and not withdrawn, you will receive that number of Sanofi-Synthelabo ordinary shares that is equal to the reduced exchange ratio (as defined below).

For each Aventis ADS validly tendered and not withdrawn, you will receive that number of Sanofi-Synthelabo ADSs that is equal to 2 multiplied by the reduced exchange ratio.

In each case, the ***reduced exchange ratio*** will be calculated as a quotient, (1) the numerator of which is 60.45 (which is the implied value of the stock consideration based on the average closing price, weighted by volume, for Sanofi-Synthelabo ordinary shares on Euronext Paris during the calendar month ended on January 21, 2004) *less* the amount in euros of the net dividend or interim dividend paid per Aventis ordinary share and (2) the denominator of which is 58.72, which was the average closing price, weighted by volume, for Sanofi-Synthelabo ordinary shares on Euronext Paris during the calendar month ended on January 21, 2004.

All cash election

The cash consideration that you will be entitled to receive pursuant to an all cash election will be reduced as follows:

For each Aventis ordinary share validly tendered and not withdrawn you will receive an amount in cash, without interest, that is equal to 60.43 *less* the amount in euros of the net dividend or interim dividend paid per Aventis ordinary share; and

For each Aventis ADS validly tendered and not withdrawn you will receive an amount in U.S. dollars in cash, without interest, that is equal to 60.43 *less* the amount in euros of the net dividend or interim dividend paid per Aventis ordinary share.

In each case set forth above, the amount of the net dividend or interim dividend paid per Aventis ordinary share shall not include any *avoir fiscal* or reimbursement of the *précompte* and shall be before any tax withheld at source but shall be increased by the amount of the *précompte* per Aventis ordinary share paid by Aventis as a result of the distribution.

If holders of Aventis securities have the right to elect to receive any Aventis dividend in securities, the consideration offered in exchange for each Aventis ordinary share and each Aventis ADS tendered by such holders will be reduced by the net cash dividend in the manner described above.

Proration and allocation procedure

If Aventis pays any dividend or any interim dividend in respect of the Aventis ordinary shares, including Aventis ordinary shares represented by Aventis ADSs, before the settlement of the offers, the same proration and allocation procedures set forth in Mix and Match Election Proration and allocation procedure will be applied, except that the election ratio (initially calculated as 4.2550) will be recalculated as the ratio between:

an amount equal to 48.93, the implied value, based on the closing price of 60.43, which was the average closing price, weighted by volume, for Sanofi-Synthelabo ordinary shares on Euronext Paris during the calendar month ended on January 21, 2004, of the 0.8333 of a Sanofi-Synthelabo ordinary share to be received in exchange for each Aventis ordinary share tendered pursuant to the standard entitlement; and

an amount equal to 11.50 *less* the amount in euros of the net dividend or interim dividend paid per Aventis ordinary share, which is the amount in cash to be received in exchange for each Aventis ordinary share tendered pursuant to the standard entitlement after giving effect to the reduction described above under Standard entitlement .

Announcement of reduction

As soon as Aventis announces that it intends to pay any dividend or any interim dividend that will have a payment date before the expected settlement date, we will issue a press release setting forth the revised terms of the standard entitlement, the stock consideration and the cash consideration, giving effect to the reductions described above. In any event, the U.S. offer shall not expire until at least 10 business days after we issue this press release setting forth the reduced offer consideration.

Entitlement to Sanofi-Synthelabo Dividends

In respect of the Sanofi-Synthelabo ordinary shares, including Sanofi-Synthelabo ordinary shares represented by Sanofi-Synthelabo ADSs, issued in exchange or part exchange for your tendered Aventis securities, you will be entitled to receive:

any annual dividend that is approved to be paid on the Sanofi-Synthelabo ordinary shares with respect to Sanofi-Synthelabo s 2003 results; and

any other dividend that is paid after the settlement of this exchange offer.

You will receive the annual dividend declared with respect to Sanofi-Synthelabo s 2003 results on the later to occur of (1) the date of the settlement of the offer (or the subsequent offering period, if any) and (2) the normal payment date for the dividend (expected to be at the beginning of June 2004). Your entitlement to receive these dividends, if any, in respect of the Sanofi-Synthelabo ordinary shares, including Sanofi-Synthelabo ordinary shares represented by Sanofi-Synthelabo ADSs, that you receive in the U.S. offer is in addition to the consideration described above. Sanofi-Synthelabo reserves the right to pay an interim dividend with respect to Sanofi-Synthelabo s 2003 results.

Ownership of Sanofi-Synthelabo after Completion of the Offers

If all of the Aventis securities are validly tendered and exchanged pursuant to the terms of the U.S. offer, the French offer and the German offer, the former holders, other than Aventis, of Aventis securities and the current holders of Sanofi-Synthelabo securities, other than Sanofi-Synthelabo, will hold the following percentages of

Sanofi-Synthelabo s outstanding share capital (other than share capital held by Sanofi-Synthelabo) and voting rights immediately after the exchange:

	Owned by Current Holders of Sanofi-Synthelabo Securities	Owned by Former Holders of Aventis Securities
Number of outstanding Sanofi-Synthelabo ordinary shares (including Sanofi-Synthelabo ordinary shares represented by Sanofi-Synthelabo ADSs) held after completion of the offers (a):	690,097,458	661,949,024
Percentage of share capital of Sanofi-Synthelabo:	51%	49%
Percentage of total voting rights in Sanofi-Synthelabo:	61%	39%

(a) On a diluted basis taking into account all in-the-money options and *BSA*s that are exercisable as of the expected closing date.

Conditions to the U.S. Offer

Minimum tender condition

Sanofi-Synthelabo will not be obligated to purchase any tendered Aventis securities pursuant to the U.S. offer unless Aventis ordinary shares (including Aventis ordinary shares represented by Aventis ADSs) representing at least 50% of the total share capital and voting rights in Aventis, calculated on a fully diluted basis, plus one Aventis ordinary share are validly tendered and not withdrawn in the U.S. offer, the French offer and the German offer, on a combined basis. We refer to this condition as the minimum tender condition .

For purposes of determining whether the minimum tender condition has been satisfied, the numerator will include all Aventis ordinary shares, including all Aventis ordinary shares represented by Aventis ADSs, validly tendered and not withdrawn, in the U.S. offer, the French offer and the German offer, on a combined basis at the expiration time of the offers, and the denominator will be Aventis s fully diluted share capital, including all:

issued and outstanding Aventis ordinary shares, including all Aventis ordinary shares represented by Aventis ADSs and all Aventis ordinary shares held as treasury stock by Aventis;

Aventis ordinary shares subject to any outstanding Aventis subscription stock options (whether or not exercisable during the offer period) but not including any Aventis ordinary shares subject to any outstanding Aventis purchase stock options; and

Aventis ordinary shares subject to any outstanding Aventis *BSA*s (whether or not exercisable during the offer period).

We may waive the minimum tender condition at any time on or prior to the date that is five French trading days prior to the expiration date of the offer. Under French law and regulations, a waiver of the minimum tender condition is deemed to be an improved offer and may cause the AMF to extend the offer period; the AMF may also declare your tenders null and void, in which case in order to tender your Aventis securities in the U.S. offer, you will be required to re-tender your Aventis securities. Unless we have waived the minimum tender condition, if the minimum tender condition is not satisfied, the offers will not be completed and no Aventis securities will be exchanged or purchased. Neither Sanofi-Synthelabo nor holders of Aventis securities will know whether the minimum tender condition has been satisfied until the results of the offers are published by the AMF following the expiration date of the offer.

Antitrust condition

Sanofi-Synthelabo s obligation to complete the offers is subject to the conditions that the applicable waiting period under the U.S. Hart-Scott-Rodino Act of 1976 has expired or been terminated and no order has been entered prohibiting the transaction. We refer to this condition as the antitrust condition . For further discussion of the competition and antitrust review and approvals to which the offers are subject, please see Regulatory Matters .

Share issuance condition

In addition, Sanofi-Synthelabo s obligation to complete the U.S. offer is subject to the condition that the issuance of additional Sanofi-Synthelabo ordinary shares to be issued on completion of the U.S. offer, the French offer and the German offer has been duly approved by the shareholders of Sanofi-Synthelabo at an extraordinary meeting of shareholders to be held for this purpose. We refer to this condition as the share issuance condition . The date of the extraordinary general meeting of shareholders has not yet been set but it will take place before the closing date of the offers. As of December 31, 2003, Total and L Oréal, our two principal shareholders, held 178,476,513 and 143,041,202 Sanofi-Synthelabo ordinary shares, respectively, representing an aggregate 47.1% of our outstanding share capital (other than share capital held by Sanofi-Synthelabo) and 63.1% of our voting rights. At the meeting of the board of directors of Sanofi-Synthelabo on January 25, 2004, the representatives of Total and L Oréal confirmed their full support of the offers. Total and L Oréal have also expressed that they will approve the increase in share capital that will be submitted to the extraordinary meeting of shareholders. See Background and Reasons for the Offers Background of the Offers .

Offers unsuccessful

If the minimum tender condition, the antitrust condition or the share issuance condition is not satisfied, the offers will not be completed and no Aventis securities will be exchanged or purchased. In addition, because the offers are subject to the antitrust condition, under applicable French regulations, the French offer will lapse (*est caduque* , meaning it is null and void) as soon as the U.S. Federal Trade Commission issues a second request for information before the expiration of the HSR waiting period. If the French offer lapses for this reason, we will withdraw the U.S. offer and the German offer.

If the offers are not completed because a condition is not satisfied, or the French offer lapses and we withdraw the U.S. offer and the German offer, Sanofi-Synthelabo reserves the right to commence a new offer or not, in its sole discretion, and to make that offer available in the United States or not, in its sole discretion. If the offers are not successful, or the French offer lapses and we withdraw the U.S. offer and the German offer, the Aventis securities that you tendered in the U.S. offer will be returned to you without interest or any other payment being due. This should occur within one or two French trading days following the announcement of the lapse, withdrawal or failure of the offers.

Grounds for Withdrawing the Offers; Return of Tendered Aventis Securities

In accordance with French law and regulations, Sanofi-Synthelabo reserves the right to withdraw the offers:

- within five French trading days following the date of the publication by the AMF of the timetable for a competing or an improved offer for Aventis by a competing bidder; or

- with the prior approval of the AMF if, prior to the publication by the AMF of the definitive results of the offers, Aventis adopts definitive measures that modify Aventis s substance (*modifiant sa consistance*) or if the offers become irrelevant (*sans objet*) under French law.

The terms *modifiant sa consistance* and *sans objet* are subject to interpretation by the AMF. Sanofi-Synthelabo believes that the term *modifiant sa consistance* is generally understood to refer to measures taken by a target company following a launch of a tender offer for its securities, such as the sale of material business segments, which result in a significant change in the target company s business operations. Sanofi-Synthelabo believes that the term *sans objet* is generally understood to refer to an offer that becomes irrelevant and loses its purpose when, for example, an offeror launches a separate, revised offer for the target company.

Under French law, if, during the period of these offers, another offer for Aventis is approved by the AMF, your tenders of Aventis securities will be declared null and void by the AMF. In addition, if an improved offer by a competing bidder is approved by the AMF, your tenders of Aventis securities may also be declared null and void by the AMF. In each of these events, in order to tender your Aventis securities in the U.S. offer, if the U.S. offer remains outstanding, you will be required to re-tender your Aventis securities.

If the offers are withdrawn, the Aventis securities that you tendered in the U.S. offer will be returned to you without interest or any other payment being due. This should occur within one or two French trading days following the announcement of the withdrawal.

Expiration Date; Extension of the Offer

The U.S. offer will expire at [l] p.m., New York City time on [l], 2004, unless:

the AMF sets a later expiration date for the tender period of the French offer;

the AMF has not at that time set an expiration date for the tender period of the French offer;

the AMF subsequently extends the tender period of the French offer; or

the offers lapse or are withdrawn prior to that time.

We intend that the U.S. offer, the French offer and the German offer will all expire simultaneously. In its clearance decision, dated February 3, 2004, the AMF confirmed that it had agreed to set the expiration date for the French offer such that the French offer, the German offer and the U.S. offer would expire at the same time.

Under French tender offer rules, it is the AMF that sets the expiration date for the French offer. The AMF also has the sole authority to determine whether or not to subsequently extend the French tender period. Sanofi-Synthelabo may not itself extend the tender period for the French offer.

In connection with the appeals by Aventis of the AMF s clearance decision (*avis de recevabilité*) and its decision to grant a *visa* for Sanofi-Synthelabo s French offer prospectus, the AMF has undertaken to set the expiration date of the French offer to be at least eight days after the Court of Appeals of Paris announces its decision on the appeals by Aventis. In any event, under its regulations, the AMF will announce the expiration date of the French offer only after the AMF has received evidence that the FTC has approved the acquisition of the Aventis ordinary shares pursuant to the offers.

If the AMF sets the initial expiration date of the tender period in the French offer on a date that is later than [l], 2004, we will, on the same day as the AMF s decision, issue a press release announcing the AMF s decision and announcing a corresponding extension of the U.S. offer. Our press release will set forth the expiration date and time of the extended U.S. offer and inform holders of Aventis securities that they may tender, or withdraw their tendered, Aventis securities at any time until the expiration of the extended offer period. In addition, if on [l], 2004, the AMF has not yet set the initial expiration date of the tender period in the French offer, we will extend the expiration date of the U.S. offer and follow the procedures described above to announce the extended expiration date.

The AMF may extend the tender period in the French offer under certain circumstances, including in the event of the initiation of a competing offer or of an improved offer by a competing bidder. If the AMF extends the initial French offer period, we will, on the same day, issue a press release announcing the AMF s decision and a corresponding extension of the U.S. offer. Our press release will set forth the expiration date and time of the extended U.S. offer and inform holders of Aventis securities that they may tender, or withdraw their tendered, Aventis securities at any time until the expiration of the extended offer period.

Publication of Results; Subsequent Offering Period

We expect the AMF to publish the definitive results of the offers not later than nine French trading days following the expiration date of the offer period. However, upon determination that the minimum tender condition has been met, the AMF will publish provisional results prior to its publication of the definitive results. The AMF s publication of the definitive results of the offers will disclose the total number of Aventis ordinary shares, including Aventis ordinary shares represented by Aventis ADSs, and the corresponding percentage of total capital and voting rights of Aventis that have been validly tendered.

If, as a result of the U.S. offer, the French offer and the German offer, we acquire in aggregate between two-thirds and 95% of Aventis s total share capital and voting rights, or more than 50% if there has been a concurrent competing offer for Aventis securities, we intend to provide a subsequent offering period of at least 10 French

trading days as permitted under the rules governing the French offer. If we have met the conditions for a subsequent offering period, we will announce our intention to provide a subsequent offering period at the same time that we announce the results of the offers, which we will do by issuing a press release as soon as practicable (but in no event later than 10 French trading days) after the AMF publishes definitive results of the offers. The AMF will then establish and publish the timetable for the subsequent offering period, which would ordinarily begin within a few days following the AMF s publication of the timetable. In the event of a subsequent offering period, we will offer the same consideration that was offered during the initial offering period.

If we provide a subsequent offering period in the French offer, we will provide a subsequent offering period in the U.S. offer and the German offer. Sanofi-Synthelabo will issue a press release announcing the AMF s decision to permit a subsequent offering period, announcing the effects of such AMF decision on the U.S. offer and advising the then-remaining holders of Aventis securities eligible to participate in the U.S. offer that they may tender their Aventis securities at any time until the expiration of the subsequent offering period. We will also announce that any Aventis securities tendered during the subsequent offering period may be withdrawn at any time until the expiration of the subsequent offering period.

Sanofi-Synthelabo will accept any and all Aventis securities tendered during the subsequent offering period and not validly withdrawn prior to the expiration of the subsequent offering period. Delivery of the Sanofi-Synthelabo ordinary shares or Sanofi-Synthelabo ADSs, as applicable, and the cash to be paid to tendering holders of Aventis securities in exchange for the Aventis securities tendered in the subsequent offering period will occur following the expiration of the subsequent offering period. See Delivery of Sanofi-Synthelabo Ordinary Shares, Sanofi-Synthelabo ADSs and Cash; Settlement Date below. You will be entitled to make a mix and match election when tendering your Aventis securities in the subsequent offering period, as described under Mix and Match Election .

Procedures for Tendering Aventis ADSs

Aventis American depositary receipts

If you hold certificates, commonly known as American depositary receipts, or ADRs, evidencing your Aventis ADSs, you may tender your Aventis ADSs by delivering the following materials to the U.S. ADS exchange agent prior to the expiration date at one of its addresses set forth on the back cover of this prospectus:

- your Aventis ADRs;
- a properly completed and duly executed ADS letter of transmittal, or a facsimile copy with an original manual signature, with any required signature guarantees; and
- any other documents required by the ADS letter of transmittal.

If an Aventis ADR is registered in the name of a person other than the signatory of the ADS letter of transmittal, the Aventis ADR must be endorsed or accompanied by the appropriate stock powers. The stock powers must be signed exactly as the name or names of the registered owner or owners appear on the Aventis ADR, with the signature(s) on the certificates or stock powers guaranteed as described below. See ADS letter of transmittal Signature Guarantees .

Aventis ADSs held in book-entry form.

If you hold your Aventis ADSs in book-entry form, you may tender your Aventis ADSs by taking, or causing to be taken, the following actions prior to the expiration date:

- a book-entry transfer of your Aventis ADSs into the account of the U.S. ADS exchange agent at the Depository Trust Company, or DTC, pursuant to the procedures described below;
- the delivery to the U.S. ADS exchange agent at one of its addresses set forth on the back cover of this prospectus of either:
  - a properly completed and duly executed ADS letter of transmittal, or a facsimile copy with an original manual signature, with any required signature guarantees, or

- an agent s message (as defined below); and

- delivery to the U.S. ADS exchange agent at one of its addresses set forth on the back cover of this prospectus of any other documents required by the ADS letter of transmittal.

Within two business days after the date of this prospectus, the U.S. ADS exchange agent will establish an account at DTC with respect to Aventis ADSs for purposes of the U.S. offer. Any financial institution that is a participant in DTC s systems may make book-entry delivery of Aventis ADSs by causing DTC to transfer such Aventis ADSs into the account of the U.S. ADS exchange agent in accordance with DTC s procedure for the transfer. An agent s message delivered in lieu of the ADS letter of transmittal is a message transmitted by DTC to, and received by, the U.S. ADS exchange agent as part of a confirmation of a book-entry transfer. The message states that DTC has received an express acknowledgment from the DTC participant tendering the Aventis ADSs that such participant has received and agrees to be bound by the terms of the ADS letter of transmittal and that we may enforce such agreement against such participant.

Aventis ADSs held in street name

If you are not the registered holder of your Aventis ADSs but hold your Aventis ADSs in street name through a broker, bank or custodian, you should contact your broker, bank or custodian to discuss the appropriate procedures for tendering.

ADS letter of transmittal

Signature Guarantees. In general, signatures on letters of transmittal must be guaranteed by a firm that is a member of the Medallion Signature Guarantee Program, or by any other eligible guarantor institution, as such term is defined in Rule 17Ad-15 under the Exchange Act, each of which we refer to as an eligible institution . However, signature guarantees are not required in cases where Aventis ADSs are tendered:

- by a registered holder of Aventis ADSs who has not completed either the box entitled Special Issuance Instructions or the box entitled Special Delivery Instructions on the ADS letter of transmittal; or

- for the account of an eligible institution.

Partial Tenders. If you wish to tender fewer than all of the Aventis ADSs evidenced by any ADRs delivered to the U.S. ADS exchange agent, you must indicate this in the ADS letter of transmittal by completing the box entitled Number of Aventis ADSs Tendered .

Treatment of Tendered Aventis ADSs. The ADS letter of transmittal authorizes the U.S. ADS exchange agent, as agent and attorney-in-fact for tendering holders of Aventis ADSs, among other things, to surrender tendered Aventis ADSs to the Aventis ADS depositary and instruct the Aventis ADS depositary to deliver the underlying Aventis ordinary shares even before Sanofi-Synthelabo accepts the tendered Aventis ADSs for exchange. Sanofi-Synthelabo intends to instruct the U.S. ADS exchange agent to take these actions promptly after the expiration of these offers so that the Aventis ordinary shares underlying the Aventis ADSs will be tendered as part of the French centralizing procedures within five business days after the expiration date. Sanofi-Synthelabo will agree under the ADS letter of transmittal that if it does not accept the tendered Aventis ADSs for exchange, it will cause the Aventis ordinary shares underlying those Aventis ADSs to be re-deposited under the deposit agreement and Aventis ADSs representing those Aventis ordinary shares to be delivered to the U.S. ADS exchange agent. The U.S. ADS exchange agent will then return the Aventis ADSs to you. You will retain beneficial ownership of tendered Aventis ADSs unless and until Sanofi-Synthelabo accepts the tendered Aventis ADSs for exchange. After acceptance, you will only have a right to receive the exchange consideration from Sanofi-Synthelabo in accordance with the U.S. offer.

Guaranteed delivery

If you wish to tender Aventis ADSs pursuant to this U.S. offer and your Aventis ADRs are not immediately available or you cannot deliver such Aventis ADRs and all other required documents to the U.S. ADS exchange agent prior to the expiration date, or you cannot complete the procedure for book-entry transfer on a timely basis, you may nevertheless tender such Aventis ADSs provided that all of the following conditions are satisfied:

- the tender is made by or through an eligible institution;
- a properly completed and duly executed notice of guaranteed delivery, substantially in the form made available by us, is received by the U.S. ADS exchange agent as provided below on or prior to the expiration date; and
- within three NYSE trading days after the date of execution of such notice of guaranteed delivery, you deliver to the U.S. ADS exchange agent, either:
  - your Aventis ADRs, in proper form for transfer, together with a properly completed and duly executed ADS letter of transmittal or a manually executed facsimile copy, with any required signature guarantee, or
  - a confirmation of a book-entry transfer of your Aventis ADSs into the account of the U.S. ADS exchange agent at DTC as described above, together with a properly completed and duly executed ADS letter of transmittal or a manually executed facsimile copy, with any required signature guarantee or an agent s message.

The notice of guaranteed delivery may be delivered by hand or transmitted by facsimile transmission or mailed to the U.S. ADS exchange agent. The notice of guaranteed delivery must in all cases include a guarantee by an eligible institution in the form set forth in such notice. Delivery of documents to DTC in accordance with its procedures does not constitute delivery to the U.S. ADS exchange agent.

Procedures for Tendering Aventis Ordinary Shares

Aventis ordinary shares held through French financial intermediaries

If you hold your Aventis ordinary shares through a French financial intermediary, you should not complete the ADS letter of transmittal. Instead, your French financial intermediary should send you transmittal materials and instructions for participating in the U.S. offer. If you have not yet received instructions from your French financial intermediary, please contact your French financial intermediary directly.

Aventis ordinary shares held through U.S. custodians

If you hold your Aventis ordinary shares through a U.S. custodian, you should not complete an ADS letter of transmittal. Instead, your U.S. custodian should either forward you the transmittal materials and instructions sent by the French financial intermediary that holds the Aventis ordinary shares on behalf of your U.S. custodian as record owner or send a separate form prepared by your U.S. custodian. If you have not yet received instructions from your U.S. custodian, please contact your U.S. custodian directly.

If you hold Aventis ordinary shares in pure registered (*nominatif pur*) form, you cannot tender them unless you first request that they be converted to administered registered (*nominatif administré*) form or to bearer form (*au porteur*). Aventis ordinary shares held in pure registered form (*nominatif pur*) are registered in the books of Aventis and are held in an account maintained by Société Générale, the shareholder services provider that Aventis has appointed. Aventis ordinary shares held in administered registered form (*nominatif administré*) are also registered in the books of Aventis but are held in an account maintained by an authorized financial intermediary (*intermediaire financier habilité*) of your own choice. Aventis ordinary shares held in bearer form (*au porteur*) are not registered in the books of the company and are held in an account maintained by an authorized financial intermediary of your own choice. If you wish to tender Aventis ordinary shares that you hold in pure registered form, you must arrange with your French financial intermediary or U.S. custodian, as applicable, to open an account in which your Aventis ordinary shares will be held. This process may involve the execution of a *mandat d administration* , in the case of a request to convert your Aventis ordinary shares into administered registered form, or the execution of a *convention de service et d ouverture de compte* , in the case of a request to convert your Aventis ordinary shares into bearer form, the content of both contracts being prescribed by the AMF. You should then send Société Générale, in its capacity as Aventis s shareholder services provider, an instruction to convert your Aventis ordinary shares to administered registered form or bearer form, as applicable, and the identification of the account to which your Aventis ordinary shares should be transferred. (Your authorized French financial intermediary or U.S. custodian will provide you with the appropriate instruction form). Société Générale will then take the necessary steps to deliver your Aventis ordinary shares to the account identified in the instruction, in the case of conversion to administered registered form (*nominatif administré*), or to instruct the central depositary system (Euroclear France) to proceed with the conversion of your Aventis ordinary shares to bearer form and to deliver them to the identified account. The conversion takes approximately one to five French business days, and you will be responsible for any related fees, commissions and expenses.

Effects of Tender

By tendering your Aventis securities, you represent and warrant that you have the power and authority to tender, exchange, assign and transfer the Aventis securities tendered and to acquire the Sanofi-Synthelabo ordinary shares or Sanofi-Synthelabo ADSs, as applicable, and/or cash issuable or payable upon the exchange of your tendered Aventis securities, and that, when and if the Aventis securities are accepted for exchange, Sanofi-Synthelabo will acquire good, marketable and unencumbered title to the tendered Aventis securities, free and clear of all liens, restrictions, charges and encumbrances, and not subject to any adverse claim or right. You also warrant that you will, upon request, execute and deliver any additional documents deemed by Sanofi-Synthelabo or its agents to be necessary or desirable to complete the exchange, sale, assignment and transfer of the tendered Aventis securities.

By executing an ADS letter of transmittal or form of acceptance, you will irrevocably appoint us or our designees as your attorneys-in-fact and proxies. Our appointment, or that of our designees, will be to the full extent of your rights with respect to the Aventis securities tendered by you and accepted for exchange by Sanofi-Synthelabo or its designees. The appointment will be effective, and your voting rights will be affected, only when we accept for exchange your tendered Aventis securities in accordance with the terms of this U.S. offer. Once we accept for exchange your tendered Aventis securities, the appointment will be irrevocable. Upon the effectiveness of the appointment, all prior proxies given by you will be revoked without further action, and you will not be able to give powers of attorney, proxies or written consents with respect to the Aventis securities tendered by you and accepted by us. Our designees will have the authority to exercise all of your voting and other rights at any meeting of Sanofi-Synthelabo s shareholders, by written consent in lieu of any such meeting or otherwise. Sanofi-Synthelabo reserves the right to require that, in order for your Aventis securities to be deemed validly tendered, immediately upon Sanofi-Synthelabo s acceptance of such Aventis securities for exchange, Sanofi-Synthelabo must be able to exercise all rights of ownership, including full voting and disposition rights, with respect to such Aventis securities.

Other Requirements

If the ADS letter of transmittal, form of acceptance, notice of guaranteed delivery or any certificates or stock powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or other persons acting in a fiduciary or representative capacity, such persons should so indicate when signing. Proper evidence of authority to act must be submitted by such persons, although we may waive this requirement.

If any Aventis ADR or Aventis ordinary share or other evidence of ownership has been mutilated, destroyed, lost or stolen, you must:

- furnish to your French financial intermediary or U.S. custodian satisfactory evidence of ownership and of the destruction, loss or theft or such document;

- indemnify your French financial intermediary or U.S. custodian against loss; and

- comply with any other reasonable requirements.

If any Aventis ADR has been mutilated, destroyed, lost or stolen, you must contact the Aventis ADS depositary and comply with the requirements under the deposit agreement to obtain a replacement Aventis ADR before you will be able to tender those Aventis ADSs in this U.S. offer.

Your tender of Aventis ADSs or Aventis ordinary shares pursuant to any of the procedures described above in Procedures for Tendering Aventis ADSs and Procedures for Tendering Aventis Ordinary Shares will constitute your binding agreement with us to the terms and conditions of this U.S. offer.

Determination of Validity

We will determine, in our sole discretion, all questions as to the validity, form and eligibility for exchange of any tendered Aventis securities, as well as all questions as to the validity and form of any mix and match election. Our determination will be final and binding on the holders of Aventis securities. We reserve the absolute right to reject any and all tenders that we determine are not in proper form. We also reserve the right to disregard any attempted mix and match election that we determine is not in proper form and the right to waive any defect or irregularity in the tender of any Aventis securities of any particular holder, whether or not similar defects or irregularities are waived in the case of other securityholders. Unless otherwise waived by us, your tender of securities will not be valid until all defects or irregularities have been cured or waived. None of Sanofi-Synthelabo, the U.S. ADS exchange agent, the information agent, the dealer-managers or any other person will be under any duty to give notification of any defects or irregularities in the tender of any Aventis securities, or incur any liability for failure to give any such notification. Our interpretation of the terms and conditions of the U.S. offer will be final and binding on the holders of Aventis securities.

In addition, in tendering Aventis securities, you will represent and warrant that you have full power and authority to tender, sell, assign and transfer your Aventis securities (and any distributions) and, when the same are accepted for exchange by Sanofi-Synthelabo, Sanofi-Synthelabo will acquire good, marketable and unencumbered title thereto, free and clear of all liens, restrictions, charges and encumbrances, and the same will not be subject to any adverse claim. Sanofi-Synthelabo reserves the right to reject any Aventis securities that it determines do not satisfy these conditions.

Withdrawal Rights

You may withdraw Aventis securities tendered to us pursuant to the U.S. offer at any time prior to its expiration. If a subsequent offering period is provided, you may withdraw any Aventis securities tendered during that subsequent period at any time prior to its expiration.

For a withdrawal to be effective, the French financial intermediary, the U.S. custodian or the U.S. ADS exchange agent, as applicable, must receive in a timely manner the written or facsimile transmission notice of withdrawal. Any such notice must specify the name of the person who tendered the Aventis securities being withdrawn, the number of Aventis securities being withdrawn and the name of the registered holder, if different from that of the person who tendered such Aventis securities.

If Aventis ADRs being withdrawn have been delivered or otherwise identified to the U.S. ADS exchange agent, then, prior to the physical release of such ADRs, (1) the U.S. ADS exchange agent also must receive the name of the registered holder and the serial numbers of the particular Aventis ADRs and (2) the signature(s) on the notice of withdrawal must be guaranteed by an eligible institution unless such Aventis ADSs have been tendered for the account of an eligible institution. If Aventis ADSs have been tendered pursuant to the procedure for book-entry transfer, any notice of withdrawal must specify the name and number of the account at DTC to be credited with the withdrawal of Aventis ADSs. If you have tendered Aventis ordinary shares, the notice of withdrawal must specify the name and number of the Euroclear France account to be credited with the withdrawn Aventis securities.

Under French law, if, during the period of these offers, another offer for Aventis is approved by the AMF, your tenders of Aventis securities will be declared null and void by the AMF. In addition, if an improved offer by a competing bidder is approved by the AMF, your tenders of Aventis securities may also be declared null and void by the AMF. In each of these events, in order to tender your Aventis securities in the U.S. offer, if the U.S. offer remains outstanding, you will be required to re-tender your Aventis securities.

We will determine, in our sole discretion, all questions as to the form and validity (including time of receipt) of any notice of withdrawal. Our determination shall be final and binding on the holders of the Aventis securities.

None of Sanofi-Synthelabo, the U.S. ADS exchange agent, the information agent, the dealer-managers or any other person will be under any duty to give notification of any defects or irregularities in any notice of withdrawal or incur any liability for failure to give any such notification. Any Aventis securities properly withdrawn will be deemed not to have been validly tendered for purposes of the U.S. offer (or any subsequent offering period, as the case may be). However, withdrawn Aventis securities may be re-tendered at any time prior to the expiration date by following the procedures described above under Procedures for Tendering Aventis ADSs or Procedures for Tendering Aventis Ordinary Shares , as applicable.

Acceptance and Return of Aventis Securities

Subject to the terms and conditions of the U.S. offer, we will exchange any and all Aventis securities validly tendered and not properly withdrawn for Sanofi-Synthelabo ordinary shares or Sanofi-Synthelabo ADSs, as applicable, and cash, or return such Aventis securities as promptly as practicable under French tender offer practice after the expiration date. As permitted by the applicable rules of the SEC, we will accept for exchange and exchange, or return, as applicable, all Aventis securities in accordance with applicable French law and tender offer practice.

Acceptance of tendered Aventis securities

If the offers are successful, we will be deemed to have accepted for exchange all Aventis securities validly tendered and not properly withdrawn on the expiration date, as set forth in the final results of the offers (*avis de résultat définitif*) published in France by the AMF. Subject to the terms and conditions of the offers, the newly issued Sanofi-Synthelabo ordinary shares will be transferred to the account of the financial intermediary who tendered the Aventis securities.

Under no circumstances will interest be paid on the exchange of Aventis securities and/or cash for Sanofi-Synthelabo ordinary shares or Sanofi-Synthelabo ADSs, as applicable, regardless of any delay in making the exchange.

Return of tendered Aventis securities

In case any Aventis securities tendered in accordance with the instructions set forth in the offer materials are not accepted for exchange pursuant to the terms and conditions of this U.S. offer, we will cause these Aventis securities to be returned within one to two French trading days following the announcement of the lapse or withdrawal of the offers or the publication by the AMF of the results of the offers, as the case may be.

Miscellaneous

If we increase the consideration offered to any holder of Aventis securities prior to the expiration date, we will pay the increased consideration to all holders of Aventis securities that are exchanged in the U.S. offer, whether or not such Aventis securities were tendered prior to the announcement of such increase. In such circumstances, the AMF may require an extension of the offer period and may declare prior tenders invalid from the opening of the increased offer and require re-tenders of Aventis securities. In any event, the U.S. offer shall not expire until at least 10 business days after we increase the offer consideration. No such increase is currently expected.

Delivery of Sanofi-Synthelabo Ordinary Shares, Sanofi-Synthelabo ADSs and Cash; Settlement Date

In the event that the offers are successful, Sanofi-Synthelabo ordinary shares or Sanofi-Synthelabo ADSs, as applicable, and cash will be delivered to the tendering holders of Aventis securities following the publication by the AMF of the final results of the offers for Aventis securities. If the offers are consummated, the final settlement date for the offers is currently expected to be within approximately 12 to 18 French trading days following the expiration date of the offers. Similarly, in the event of a subsequent offering period, if any, settlement is expected to occur within 12 to 18 French trading days following the expiration of that subsequent offer period. With respect to the tendered Aventis ADSs only, the cash consideration payable in the U.S. offer will be paid in U.S. dollars calculated by converting the applicable amount in euros into U.S. dollars using a current spot exchange rate, less expenses. If your Sanofi-Synthelabo ADSs will be evidenced by ADRs registered in your name, you may not receive these certificates until approximately two weeks after the settlement date.

Fees and Expenses

Except as set forth below, we will not pay any fees or commissions to any broker or other person soliciting tenders of Aventis securities pursuant to the U.S. offer, the French offer or the German offer.

Sanofi-Synthelabo will pay any stamp duty (*impôt de bourse*) provided by article 978 of the French tax code (*Code général des impôts*) with respect to Aventis ordinary shares tendered pursuant to an all cash election. Sanofi-Synthelabo will pay or cause to be paid any transfer taxes with respect to the exchange of Aventis ADSs not based on income.

Sanofi-Synthelabo will pay the brokerage fees, if any, and related value added taxes incurred by holders of Aventis securities tendering into the U.S. offer, up to a limit of 0.3% of the value of each Aventis security tendered, and subject to a maximum amount of 45 per account, including all taxes. Holders of Aventis securities will not be reimbursed for any brokerage fees in any event that the U.S. offer is withdrawn or is not completed. Financial intermediaries will be paid a fee, net of tax, of 0.20 per Aventis ordinary share, with a maximum fee of 45 per account. This fee will not be paid in the event that the U.S. offer is withdrawn or is not completed and will not be paid in any event with respect to tendered Aventis securities owned by such financial intermediaries.

Sanofi-Synthelabo will pay the fees charged by the ADS depositary for Aventis ADSs tendered into the offer, including any fees charged by the ADS depositary to redeposit Aventis ordinary shares underlying tendered Aventis ADSs that have been previously withdrawn from deposit with the ADS depositary in the event that the offers are not consummated.

Merrill Lynch Pierce, Fenner & Smith Incorporated, referred to as Merrill Lynch & Co., and BNP Paribas Securities Corp. are acting as joint dealer-managers in the United States in connection with the U.S. offer and they or certain of their affiliates have provided financial advisory services to Sanofi-Synthelabo in connection with the contemplated acquisition of Aventis. Each of Merrill Lynch (France) and BNP Paribas will receive reasonable and customary compensation for its services in connection with the offers. Merrill Lynch & Co. and BNP Paribas Securities Corp. will not receive any specific fee as dealer-managers. We also will reimburse the financial advisors and dealer-managers for their expenses and indemnify them against specified liabilities and expenses in connection with the U.S. offer, the French offer and the German offer, including liabilities under the U.S. federal securities laws. Two directors of BNP Paribas are also directors of Total, which controls Elf Aquitaine, one of Sanofi-Synthelabo s principal shareholders. In addition, one of Sanofi-Synthelabo s directors, who is also a director of L Oréal, is also a director of BNP Paribas. For further information, please refer to Annex A. BNP Paribas and an affiliate of Merrill Lynch & Co. are lenders under Sanofi-Synthelabo s credit facility and will receive customary compensation for such services. Subject to applicable laws and regulations, in the ordinary course of business, Merrill Lynch & Co., BNP Paribas and their respective affiliates may actively trade or hold the securities of Sanofi-Synthelabo and Aventis for their own accounts and for the accounts of customers and, accordingly, may at any time hold a long or short position in those securities.

We have also retained MacKenzie Partners, Inc. to act as information agent in connection with this U.S. offer. The information agent may contact holders of Aventis securities by mail, telephone, telex, fax, e-mail and personal interview and may request brokers, dealers and other nominee shareholders to forward these offer materials to owners of Aventis securities. The information agent will receive reasonable and customary fees for these services, plus reimbursement of its out-of-pocket expenses.

We have retained The Bank of New York to act as U.S. ADS exchange agent in connection with the U.S. offer. We will pay the U.S. ADS exchange agent reasonable and customary compensation for its services in connection with the U.S. offer, plus reimbursement of its out-of-pocket expenses. We will also reimburse brokers, dealers, commercial banks and trust companies for customary mailing and handling expenses incurred by them in forwarding material to their customers.

We will indemnify the information agent and the U.S. ADS exchange agent against specified liabilities and expenses in connection with the U.S. offer, including liabilities under the U.S. federal securities laws.

Indemnification for liabilities under the U.S. federal securities laws may be unenforceable as against public policy.

The cash expenses to be incurred in connection with the U.S. offer, the French offer and the German offer will be paid by Sanofi-Synthelabo and are estimated in the aggregate to be approximately 150 million. Such expenses include registration fees, the fees and expenses of the financial advisors and dealer-managers, U.S. ADS exchange agent and information agent, accounting and legal fees and printing costs and expenses related to the financing of the offer consideration, among others. These costs are divided into the costs that are directly attributable to the decision to acquire Aventis (approximately 100 million) and the costs attributable to the financing of the transaction through the issuance of shares or through incurring indebtedness (approximately 50 million).

Listing of Sanofi-Synthelabo Ordinary Shares and Sanofi-Synthelabo ADSs

Sanofi-Synthelabo ordinary shares are listed on Euronext Paris and trade under the symbol SAN . Sanofi-Synthelabo ordinary shares and Sanofi-Synthelabo ADSs are listed on the NYSE and Sanofi-Synthelabo ADSs trade under the symbol SNY . Sanofi-Synthelabo will apply for the supplemental listing on Euronext Paris of the Sanofi-Synthelabo ordinary shares to be issued in these offers. Sanofi-Synthelabo will apply for the supplemental listing on the NYSE of the Sanofi-Synthelabo ADSs to be issued in the U.S. offer and, for listing purposes only and not for trading purposes, will apply for the supplemental listing of the Sanofi-Synthelabo ordinary shares that are represented by such newly issued Sanofi-Synthelabo ADSs. Sanofi-Synthelabo will comply with all of the usual requirements of these exchanges within the time periods specified by these exchanges.

Treatment of Aventis Stock Purchase Options, Aventis Stock Subscription Options and Aventis *BSA*s

If you are the holder of exercisable Aventis stock purchase options or Aventis stock subscription options and you would like to tender the underlying Aventis ordinary shares into the U.S. offer, you must first exercise the options and then tender the underlying Aventis ordinary shares on or prior to the expiration date of the U.S. offer according to the instructions given in this document.

Sanofi-Synthelabo has not had access to, and does not know, important information relating to Aventis s stock option plans, including the terms of these plans. If these offers are completed, Sanofi-Synthelabo intends to propose to holders of Aventis stock purchase options and Aventis stock subscription options that were not exercised during the offer period to either, at the option of the holders:

- at the termination of any retention period or transfer restriction period, to exchange each Aventis ordinary share received as a result of exercising the Aventis options for 1.0294 Sanofi-Synthelabo ordinary shares, which is the same number of Sanofi-Synthelabo ordinary shares that a tendering holder would have been entitled to receive in the offers pursuant to an all stock election under the mix and match election, assuming no proration and assuming no adjustment in respect of any dividend paid by Aventis; or

- receive Sanofi-Synthelabo stock options in exchange for the cancellation of existing Aventis stock purchase options or Aventis stock subscription options, with such conversion being based on a ratio that values each Aventis ordinary share subject to option at 60.43, which is the implied value of the offer based on the average daily closing price, weighted by volume, of 58.72 for Sanofi-Synthelabo ordinary shares on Euronext Paris during the calendar month ended on January 21, 2004, and values each Sanofi-Synthelabo ordinary share at that same price.

Sanofi-Synthelabo will determine the manner of implementing these two alternatives once it has had an opportunity to review Aventis s stock option plans.

If you are the holder of exercisable Aventis *BSA*s and you would like to tender the underlying Aventis ordinary shares into the U.S. offer, you must first exercise the Aventis *BSA*s and then tender the underlying Aventis ordinary shares on or prior to the expiration date of the U.S. offer according to the instructions given in this document.

Sanofi-Synthelabo has not had access to, and does not know, important information relating to the terms of the Aventis *BSA*s. If these offers are completed, Sanofi-Synthelabo intends that it will propose to holders of Aventis *BSA*s that were not exercised during the offer period to exchange each Aventis ordinary share they receive as a result of the exercise of their Aventis *BSA*s on terms similar to the terms described under the first bullet above and offered to holders of Aventis stock purchase options and Aventis stock subscription options.

Treatment of Aventis s Employee Savings Plans and Employee Share Purchase Plans

Sanofi-Synthelabo has not had access to important information relating to Aventis s employee savings plans and employee shareholder plans. According to the Annual Reports on Form 11-K for the fiscal year ended December 31, 2002 filed with the SEC by Aventis Pharmaceuticals Inc. Savings Plan and Aventis Pharmaceuticals Puerto Rico Inc. Savings Plan, there exists a funding vehicle known as Aventis Pharmaceuticals Inc. Master Trust, that holds certain commingled assets on behalf of these two defined contribution 401(k) savings plans. As of December 31, 2002, the Master Trust held Aventis ordinary shares valued at over $79 million. According to the Annual Reports on Form 11-K for the fiscal year ended December 31, 2002 filed with the SEC by Aventis Behring L.L.C. Employee Savings Plan and Aventis Bio-Services Inc. Employee Savings Plan, there exists a mutual fund known as Aventis S.A. Stock Fund, which invests primarily in Aventis ordinary shares. As of December 31, 2002, participants in Aventis Behring L.L.C. Employee Savings Plan and Aventis Bio-Services Inc. Employee Savings Plan held aggregate investments in the Aventis S.A. Stock Fund valued at over $1 million. According to Aventis s Annual Report on Form 20-F for the year ended December 31, 2001, in September 2000 Aventis launched a global employee stock purchase plan, called Horizon , through which employees subscribed for a total of 4.94 million newly issued Aventis ordinary shares, primarily through a company stock mutual fund (*Fonds Communs de Placement Entreprise*). According to Aventis s Annual Report on Form 20-F for the year ended December 31, 2002, during 2002, employees subscribed for another 2.3 million newly issued Aventis ordinary shares through an employee stock purchase plan known as Horizon 2002 . In addition, according to the registration statement on Form S-8 (file number 333-109076), dated September 24, 2003, filed by a U.S. affiliate of Aventis with the SEC with respect to the Aventis HORIZON 2003 Stock Purchase Plan, 6,500,000 Aventis ordinary shares were offered for subscription to employees of Aventis between September 27, 2003 and October 26, 2003, with up to 3,200,000 of such Aventis ordinary shares being offered through a leverage plan. According to the prospectus included as part of that registration statement, in general, all Aventis ordinary shares subscribed under the HORIZON 2003 plan have to be held by employees until April 1, 2008, except in the case of death, disability, retirement or termination of employment. In particular, in the event of a tender offer only the financial institution that holds a security interest on the Aventis ordinary shares purchased under the leveraged plan may tender those shares. According to Aventis s Annual Report on Form 20-F for the year ended December 31, 2003, it appears that approximately 2.5 million newly issued Aventis ordinary shares were subscribed under the Horizon 2003 plan.

In the event that any of the Master Trust, the Aventis S.A. Stock Fund or any other mutual fund through which participants invest under any of the foregoing employee savings plans and share purchase plans, or any other similar plans, is not able to tender any Aventis securities (including due to contractual, regulatory, tax or labor restrictions) into the U.S. offer, the French offer or the German offer prior to their expiration, or, if applicable, prior to the expiration of any subsequent offering period, and if the offers are successful, Sanofi-Synthelabo intends to consider on a case-by-case basis proposing alternatives to participants in these plans that will allow them to exchange their interests in Aventis securities for interests in Sanofi-Synthelabo ordinary shares on terms and conditions substantially similar to those proposed to holders of unexercised Aventis stock options.

In the event that an Aventis employee holds his or her Aventis securities under the employee savings plan or employee share purchase plan directly and is restricted from tendering any of those Aventis securities into these offers prior to their expiration, or, if applicable, prior to the expiration of any subsequent offer period (including due to contractual, regulatory, tax or labor restrictions), and if the offers are successful, Sanofi-Synthelabo intends to consider on a case-by-case basis proposing alternatives to participants in these plans that will allow them to exchange their interests in Aventis securities for interests in Sanofi-Synthelabo ordinary shares on terms and conditions substantially similar to those proposed to holders of unexercised Aventis stock options.

Regulatory Approvals

Under Council Regulation (EEC) No. 4064/89, the European Commission and any member state of the European Union that has successfully sought jurisdiction to review the offers under its national competition law must approve our acquisition of Aventis. However, we may complete the offers before this approval is received and completion of the offers is not conditioned on the approval of any European competition regulator. Our acquisition of Aventis must also be reviewed by the U.S. Federal Trade Commission and completion of the offers is conditioned on the termination or expiration of the applicable waiting period under the Hart-Scott-Rodino Act of 1976. For further information, see Regulatory Matters Competition and Antitrust .

Accounting Treatment

The acquisition of the Aventis securities will be accounted for using the purchase method under both French and U.S. GAAP. Under the purchase method, the cost of the purchase will be based on the amount of cash paid to holders of Aventis securities, the market value of Sanofi-Synthelabo ordinary shares (including Sanofi-Synthelabo ordinary shares represented by Sanofi-Synthelabo ADSs) issued to holders of Aventis securities, and the direct transaction costs of the offers. Under French GAAP, the market value of the Sanofi-Synthelabo ordinary shares to be issued will be based on the price of Sanofi-Synthelabo ordinary shares as of the closing date. Under U.S. GAAP, the market value of the Sanofi-Synthelabo ordinary shares to be issued will be based on the average price of Sanofi-Synthelabo ordinary shares for the period beginning two days before and ending two days after the announcement of the offers. In Sanofi-Synthelabo s consolidated financial statements, the cost of the purchase will be allocated to the Aventis assets acquired and liabilities assumed, based on their estimated fair values at the acquisition date, with any excess of the cost over the amounts allocated being recognized as goodwill. In-process research and development costs will be expensed immediately. This method may result in the carrying value of assets, including goodwill, acquired from Aventis being substantially different from the former carrying values of those assets.

Effect of the Offers on the Market for Aventis Securities

For the reasons discussed below, if the offers for Aventis securities are completed, depending on the number of Aventis securities tendered, there may no longer be an active trading market for the Aventis securities, and their liquidity could be materially adversely affected.

Delisting of Aventis securities

Aventis ADSs are listed and traded on the NYSE. Aventis ordinary shares are listed and traded on Euronext Paris and the Frankfurt Stock Exchange. Depending upon the number of Aventis securities acquired pursuant to the U.S. offer, the French offer and the German offer, following the completion of the offers, Aventis ADSs may no longer meet the listing requirements of the NYSE and the Aventis ordinary shares may no longer meet the listing requirements of Euronext Paris and/or the Frankfurt Stock Exchange. To the extent permitted under applicable law and stock exchange regulations, Sanofi-Synthelabo may seek to cause the delisting of Aventis ADSs and the Aventis ordinary shares on these exchanges. Further, subject to applicable law and the NYSE rules, Sanofi-Synthelabo may cause Aventis to terminate its deposit agreement, and petition, or cause Aventis to petition, the NYSE to delist the Aventis ADSs. If the deposit agreement for the Aventis ADSs is terminated, holders of Aventis ADSs will only have the right to receive the Aventis ordinary shares underlying the Aventis ADSs upon surrender of any ADR representing the Aventis ADSs and payment of applicable fees to the Aventis ADS depositary. There is no U.S. public trading market for the Aventis ordinary shares. Any petition for delisting Aventis securities on Euronext Paris is subject to the prior approval of the AMF, Euronext Paris having to consider whether the market for the Aventis securities has been materially adversely affected and whether delisting of the Aventis securities is in the best interests of the market.

If one or more of the NYSE, Euronext Paris and the Frankfurt Exchange were to delist the Aventis ADSs or Aventis ordinary shares, the market for Aventis ordinary shares and/or Aventis ADSs could be adversely affected. Although it is possible that the Aventis ordinary shares (and the Aventis ADSs, if we do not cause the deposit agreement to be terminated) would be traded on other securities exchanges or in the over-the-counter market, and the price quotations would be reported by such exchanges, or other quotation systems or by other sources, there can be no assurance that any such trading quotations will occur. The extent of the public market for the Aventis ordinary shares and Aventis ADSs and the availability of such quotations would depend upon the number of holders and/or the aggregate market value of the public float of Aventis ordinary shares and Aventis ADSs remaining at such time and the interest in maintaining a market in such securities on the part of securities firms.

To the extent the availability of such listings or quotations depends on steps taken by Sanofi-Synthelabo, Sanofi-Synthelabo may or may not take such steps. Therefore, you should not rely on any such listing or quotation being available following the successful completion of the offers.

Margin regulations

Because they are listed on the NYSE, Aventis ordinary shares and Aventis ADSs (together with a guarantee of a certain series of cumulative preference shares of a subsidiary) currently are required to be registered under Section 12(b) of the Exchange Act. A further security of Aventis currently is required to be registered under Section 12(g) of the Exchange Act because it is held by more than 300 holders. Registration of these securities may be terminated by Aventis upon application to the SEC if they are no longer listed on a national securities exchange and if there are fewer than 300 holders. Termination of the registration of the Aventis securities under the Exchange Act would substantially reduce the information required to be furnished by Aventis to their holders and to the SEC and would make certain provisions of the Exchange Act no longer applicable to these securities.

To the extent the registration of Aventis ordinary shares and Aventis ADSs under the Exchange Act depends on steps taken by Sanofi-Synthelabo, Sanofi-Synthelabo may or may not take such steps. Therefore, you should not rely on the continued registration of any Aventis securities under the Exchange Act.

Deregistration under the Exchange Act

Aventis ADSs are currently margin securities , as defined under the rules of the Board of Governors of the Federal Reserve System, which has the effect, among other things, of allowing brokers to extend credit on the collateral of the Aventis ADSs. If Aventis ADSs were deregistered under the Exchange Act and/or delisted from the NYSE, they would cease to qualify as margin securities which would likely have an adverse impact on their value.

Appraisal Rights

Neither holders of Aventis ordinary shares nor holders of Aventis ADSs are entitled to appraisal rights with respect to the U.S. offer, the French offer or the German offer as a matter of French law. There are no appraisal rights under French company law. Under applicable French stock market regulations, the AMF is responsible for determining the acceptability of the French offer by analyzing the value of the consideration offered in reference to customary valuation criteria. The notice of approval (*avis de recevabilité*) issued by the AMF could be challenged in court by any interested party within 10 days following its publication in BALO, the French legal gazette.

MATERIAL FRENCH TAX AND U.S. FEDERAL INCOME TAX CONSEQUENCES

Scope and Definitions

This section summarizes the material French tax and United States federal income tax consequences of exchanging your Aventis securities pursuant to the U.S. offer for cash, Sanofi-Synthelabo ordinary shares or Sanofi-Synthelabo ADSs, as the case may be, or for a combination of cash and Sanofi-Synthelabo ordinary shares or Sanofi-Synthelabo ADSs. It applies to you only if you hold your Aventis securities, and will hold your Sanofi-Synthelabo securities, as a capital asset for United States federal income tax purposes. This section does not apply to you if you are a resident of France for French tax purposes, or a member of a special class of holders subject to special rules, including:

a dealer in securities or currencies;

a trader in securities that elects to use a mark-to-market method of accounting for securities holdings;

a tax-exempt organization;

a life insurance company, bank or financial institution;

a person liable for alternative minimum tax;

a person that acquired Aventis ordinary shares or Aventis ADSs by exercising employee stock options or otherwise as compensation;

a person that actually or constructively owns 10% or more of Aventis voting stock or Sanofi-Synthelabo voting stock;

a partnership, S corporation or other pass-through entity;

with respect to French taxation, a person that together with his or her spouse, if any, and their ascendants and descendants, directly or indirectly, hold or have held more than 25% of the rights to Aventis earnings (*droits aux bénéfices sociaux*) at any time during the five years preceding the exchange;

a person that holds Aventis securities, or, after the exchange, will hold Sanofi-Synthelabo ordinary shares or Sanofi-Synthelabo ADSs, as part of a straddle or a hedging or conversion transaction; and

a U.S. holder (as defined below) whose functional currency is not the U.S. dollar.

This section does not purport to be a complete analysis of all potential tax effects that may apply to you. This section does not constitute legal or tax advice. This section is based on the United States Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations, published rulings and court decisions, and the French tax laws, as well as on the income tax convention between the United States of America and the Republic of France (the French Treaty), all as currently in effect. These authorities are subject to change, possibly on a retroactive basis.

You are a non-resident of France for French tax purposes if you are a beneficial owner of Aventis securities that exchanges your Aventis securities pursuant to the U.S. offer, and, for French income tax purposes, you are not:

an individual (1) whose principal residence is located in France, (2) who maintains his or her household in France, (3) who carries out his or her professional activity in France, or (4) whose principal center of economic interests is located in France; or

an enterprise with its registered office located in France or operating a business in France.

You are a U.S. holder if you are a beneficial owner of Aventis securities that exchanges your Aventis securities pursuant to the U.S. offer, and you are for United States federal income tax purposes:

- a citizen or resident of the United States;
- a corporation created or organized in the United States or under the laws of the United States or of any State;
- an estate whose income is subject to United States federal income tax regardless of its source; or
- a trust if a United States court can exercise primary supervision over the trust s administration and one or more United States persons are authorized to control all substantial decisions of the trust.

You are a non-U.S. holder if you are a beneficial owner of Aventis securities that exchanges Aventis securities pursuant to the U.S. offer, and you are not a U.S. holder.

You should consult your own tax advisor regarding the United States federal, State and local, and the French and other tax consequences of exchanging your Aventis securities and of owning and disposing of Sanofi-Synthelabo ordinary shares or Sanofi-Synthelabo ADSs in your particular circumstances. In particular, you should confirm whether you are eligible for the benefits of the French Treaty with your advisor and should discuss any possible consequences of failing to be so eligible. Holders of Aventis securities who currently own, directly, indirectly, or constructively, Sanofi-Synthelabo ordinary shares, Sanofi-Synthelabo ADSs, or any other Sanofi-Synthelabo securities treated as stock for U.S. federal income tax purposes should consult their own tax advisors about special U.S. federal income tax rules which may apply to them. You should also consult your tax advisor in the event that you become entitled to receive any annual dividend that is approved to be paid with respect to Sanofi-Synthelabo s 2003 results.

Tax Consequences of Exchanging Aventis Securities

French taxation

Subject to the limitations and qualifications set forth under Scope and Definitions and Tax Consequences of Exchanging Aventis Securities , the discussion in this section entitled Tax Consequences of Exchanging Aventis Securities French Taxation , insofar as it summarizes French tax law, represents the opinion of Linklaters, special counsel to Sanofi-Synthelabo, as to the material French tax consequences of exchanging Aventis securities pursuant to the U.S. offer for cash, Sanofi-Synthelabo ordinary shares or Sanofi-Synthelabo ADSs, as the case may be, or for a combination of cash, Sanofi-Synthelabo ordinary shares or Sanofi-Synthelabo ADSs.

For French income tax purposes, if you are a French non-resident, you will not be subject to French tax on any capital gain or loss recognized upon exchanging your Aventis securities pursuant to the U.S. offer unless you have a permanent establishment or fixed base in France and the Aventis securities exchanged are part of the business property of that permanent establishment or fixed base. In that case, the gain or loss, if any, generally will equal the difference between:

- the sum of the value of the Sanofi-Synthelabo ordinary shares or Sanofi-Synthelabo ADSs and the amount of the cash payment received; and
- your adjusted tax basis in your Aventis securities exchanged.

Such gain or loss would be recognized upon the exchange and subject to French income tax under the ordinary rules.

United States federal income taxation

Subject to the limitations and qualifications set forth under Scope and Definitions and Tax Consequences of Exchanging Aventis Securities , the discussion in this section entitled Tax Consequences of Exchanging Aventis Securities United States federal income taxation , insofar as it summarizes United States federal income tax law, represents the opinion of Wachtell, Lipton, Rosen & Katz, special United States counsel to Sanofi-Synthelabo, as to the material United States federal income tax consequences of exchanging Aventis securities pursuant to the U.S. offer for cash, Sanofi-Synthelabo ordinary shares or Sanofi-Synthelabo ADSs, as the case may be, or for a combination of cash, Sanofi-Synthelabo ordinary shares or Sanofi-Synthelabo ADSs.

U.S. Holders. If you are a U.S. holder, you will generally recognize capital gain or loss, if any, as a result of exchanging Aventis ordinary shares or Aventis ADSs for cash, Sanofi-Synthelabo ordinary shares or Sanofi-Synthelabo ADSs, as the case may be, or a combination of cash and Sanofi-Synthelabo ordinary shares or Sanofi-Synthelabo ADSs. Such capital gain or loss will be equal to the difference between:

- the sum of the value of the Sanofi-Synthelabo ordinary shares or Sanofi-Synthelabo ADSs, determined in U.S. dollars, and the amount of the cash payment you receive in the exchange (referred to as the amount realized); and

- your tax basis, determined in U.S. dollars, in the Aventis ordinary shares or Aventis ADSs that you exchange.

For this purpose, the value of the Sanofi-Synthelabo ordinary shares or Sanofi-Synthelabo ADSs received will equal the fair market value of such shares on the date of the exchange, determined in U.S. dollars. Fair market value is the price at which property would change hands between a willing buyer and a willing seller, neither being under compulsion to buy or to sell and both having reasonable knowledge of the relevant facts. Thus, one approach to determining the fair market value of the Sanofi-Synthelabo ordinary shares or Sanofi-Synthelabo ADSs may be to treat the mean between the highest and lowest selling prices of Sanofi-Synthelabo ordinary shares or Sanofi-Synthelabo ADSs on the date of exchange as fair market value.

If you receive any Sanofi-Synthelabo ordinary shares or Sanofi-Synthelabo ADSs pursuant to the U.S. offer, your tax basis in each such share or ADS, as applicable, immediately after the exchange will equal its fair market value, as taken into account in determining the amount realized, and your holding period in each such share will begin on the day after the exchange date.

Special rules may apply to disallow or defer a loss recognized by a U.S. holder. In addition, special rules may apply in the event that the direct, indirect and constructive holders of Aventis securities owned, directly, indirectly or constructively, at least 50 percent of the Sanofi-Synthelabo ordinary shares or Sanofi-Synthelabo ADSs (by vote or value) after the U.S. offer. Holders of Aventis securities who expect to recognize a loss or who currently own directly, indirectly or constructively, Sanofi-Synthelabo ordinary shares or Sanofi-Synthelabo ADSs should consult their tax advisors regarding the amount and character of income, gain or loss to them on the exchange.

For foreign tax credit purposes, gain or loss that you recognize upon an exchange of Aventis securities pursuant to the U.S. offer generally will be income or loss from sources within the United States if such gain or loss is capital gain or loss. Any gain or loss that you recognize upon an exchange of Aventis securities pursuant to the U.S. offer will generally be treated as passive income, which is treated separately from other types of income for foreign tax credit limitation purposes.

If you are a non-corporate U.S. holder, capital gain will be taxable at a maximum rate of 15% if your holding period in the Aventis security that you exchange exceeds one year on the date of exchange. The deductibility of capital losses is subject to limitations.

Non-U.S. Holders. You will generally not be subject to United States federal income tax on any gain or loss recognized as a result of exchanging your Aventis ADSs pursuant to the U.S. offer unless:

- the gain or loss is effectively connected with your conduct of a trade or business in the United States, and the gain is attributable to a permanent establishment that you maintain in the United States if that is required by an applicable income tax treaty as a condition for subjecting you to United States taxation on a net income basis; or

- you are an individual who is present in the United States for at least 183 days in the taxable year of the sale, and certain other requirements are met.

If you are a corporate non-U.S. holder that under the rules described above is subject to United States federal income tax on the exchange of your Aventis securities, you may also, under certain circumstances, be subject to an additional branch profits tax at a 30% rate or at a lower rate if you are eligible for the benefits of an income tax treaty that provides for a lower rate.

Passive foreign investment company status

A non-U.S. corporation will be classified as a passive foreign investment company (a PFIC) for any taxable year if at least 75 percent of its gross income consists of passive income (such as dividends, interest, rents, royalties or gains on the disposition of certain minority interests), or at least 50 percent of the average value of its assets consists of assets that produce, or are held for the production of, passive income. If either Aventis or Sanofi-Synthelabo were characterized as a PFIC, U.S. holders would suffer adverse tax consequences, and U.S. federal income tax consequences different from those described above may apply. These consequences may include having gains realized on the disposition of ordinary shares or ADSs treated as ordinary income rather than capital gain and being subject to punitive interest charges on certain dividends and on the proceeds of the sale or other disposition of ordinary shares or ADSs. U.S. holders should consult their own tax advisors regarding the potential application of the PFIC rules to their exchange of Aventis securities pursuant to the U.S. offer and their ownership of Sanofi-Synthelabo ordinary shares or Sanofi-Synthelabo ADSs acquired pursuant to the U.S. offer.

Information Reporting and Backup Withholding

Proceeds from the exchange of Aventis securities pursuant to the U.S. offer that are paid to a U.S. holder (other than certain exempt recipients, such as corporations) generally are subject to information reporting and, if the U.S. holder fails to provide a valid taxpayer identification number to the paying agent and comply with certain certification procedures or otherwise establish an exemption, to backup withholding at the applicable rate (currently 28%). A non-U.S. holder may also be subject to information reporting and backup withholding at the applicable rate with respect to proceeds from the exchange of Aventis securities pursuant to the U.S. offer.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be refunded or credited against the holder s U.S. federal income tax liability if certain required information is furnished to the IRS in a timely manner. Holders are urged to consult their own tax advisors regarding the application of backup withholding in their particular circumstances and the availability of and procedure for obtaining an exemption from backup withholding under current treasury regulations.

Tax Consequences of Holding Sanofi-Synthelabo Shares and ADSs

Except as set forth below with respect to the material French tax consequences of the purchase, ownership and disposition of our shares or ADSs, for information regarding the tax consequences of owning and disposing of Sanofi-Synthelabo ordinary shares and Sanofi-Synthelabo ADSs, see Item 10.E. Taxation in Sanofi-Synthelabo s Annual Report on Form 20-F for the year ended December 31, 2002, which is incorporated in this prospectus by reference.

French taxation

The following is a summary of the material French tax consequences of the purchase, ownership and disposition of our shares or ADSs if you are a holder that is a resident of the United States for purposes of, and is fully eligible for benefits under, the income tax convention between the United States and France. You generally will be entitled to French Treaty benefits in respect of our shares or ADSs if you are:

- the beneficial owner of the shares or ADSs (and the dividends paid with respect thereto);

- an individual resident of the United States, a U.S. corporation, or a partnership, estate or trust to the extent its income is subject to taxation in the United States in its hands or in the hands of its partners or beneficiaries;

- not also a resident of France for French tax purposes; and
- not subject to an anti-treaty shopping article that applies in limited circumstances.

This summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to any particular investor, and does not discuss tax considerations that arise from rules of general application or that are generally assumed to be known by investors. The summary is based on laws, treaties, regulatory interpretations and judicial decisions in effect on the date hereof, all of which are subject to change.

This summary does not discuss the treatment of shares or ADSs that are held in connection with a permanent establishment or fixed base through which a holder carries on business or performs personal services in France.

The following summary does not address the treatment of shares that are held by a resident of France (except for purposes of describing related tax consequences for other holders) or in connection with a permanent establishment or fixed base through which a holder carries on business or performs personal services in France, or by a person that owns, directly or indirectly, 5% or more of the stock of our company.

There are currently no procedures available for holders that are not U.S. residents to claim tax treaty benefits in respect of dividends received on ADSs or shares registered in the name of a nominee. Such holders should consult their own tax advisor about the consequences of owning and disposing of ADSs.

You should consult your own tax advisor regarding the tax consequences of the purchase, ownership and disposition of shares or ADSs in light of your particular circumstances, including the effect of any state, local or other national laws.

Dividends

Taxation of Dividends Withholding Tax

Dividends paid to non-residents normally are subject to a 25% French withholding tax and are not eligible for the benefit of the *avoir* fiscal.

However, under the French Treaty, you can claim the benefit of a reduced dividend withholding tax rate of 15%.

French tax will be withheld at the 15% French Treaty rate if you have established before the date of payment that you are a resident of the United States under the French Treaty and, if you are not an individual, that you are the owner of all the rights relating to the full ownership of the shares or ADSs (including, but not limited to, dividend rights).

Taxation of Dividends Avoir fiscal

Pursuant to the Finance Act for 2004 (*loi de finances pour 2004*):

- French individual residents are entitled to a tax credit, known as the *avoir fiscal,* equal to 50% of the dividend paid by French companies before January 1, 2005, but distributions made as from that date shall carry no *avoir fiscal;*
- other French residents are entitled to an *avoir fiscal* equal to 10% of the dividend (plus an additional payment equal to 80% of any précompte actually paid in cash by the distributing corporation), but will not be able to credit any such *avoir fiscal* against their French income or corporation tax liability or to obtain any refund thereof as from January 1, 2005.

For the purposes of this sub-section, the *précompte* means an equalization tax payable by a French corporation where dividends are paid out of profits that have not been taxed at the ordinary French corporate tax rate, or were earned and taxed more than five years before the distribution. The *précompte* generally is equal to one-half of the amount of the dividend paid to the shareholder prior to deduction of any withholding tax. However, the Finance Act for 2004 (*loi de finances pour 2004*) provides for the repeal of the *précompte* mechanism in respect of dividends paid as from January 1, 2005: therefore, dividend distributions made as from this date will not trigger the payment of any *précompte,* and accordingly shall give rise to no refund thereof.

If you are an individual, you will also be entitled under the French Treaty to a payment from the French tax authorities equal to the *avoir fiscal* (less a 15% withholding tax) that is attached to dividends we may pay before January 1, 2005. However, you will not be entitled to any such payment in respect of dividends we may pay after that date.

In order to benefit from this payment, you must be subject to U.S. federal income tax on the *avoir fiscal* payment and the dividend to which it relates. The refund of the *avoir fiscal* will not be paid before January 15 following the end of the calendar year in which the dividend is paid.

If you are not an individual, you should not be entitled to the refund of the *avoir fiscal* in respect of dividends we may pay in 2004, since, under French administrative practices, the *avoir fiscal* refund would not be payable before January 15, 2005 and the Finance Act for 2004 (*loi de finances pour 2004*) terminates any payment of *avoir fiscal* to persons other than individuals after January 1, 2005.

Pension funds and certain other tax-exempt U.S. holders are generally entitled under the French Treaty to a reduced withholding tax rate of 15%, but should not be entitled to the refund of the *avoir fiscal* in respect of dividends we may pay to those holders in 2004, since, under French administrative practices, the *avoir fiscal* refund would not be payable before January 15, 2005 and the Finance Act for 2004 (*loi de finances pour 2004*) terminates any payment of *avoir fiscal* to persons other than individuals after January 1, 2005.

Partnerships, trusts and estates should consult their usual tax advisers to determine whether they, or their partners, beneficiaries or grantors, are entitled to the refund of the *avoir fiscal* in relation to dividends we may pay before January 1, 2005.

If you are not entitled to a refund of the *avoir fiscal,* you generally may obtain from the French tax authorities a refund of the entire *précompte* we may actually pay in cash (less a 15% French withholding tax) in respect of dividend distributions made before January 1, 2005. Since no *précompte* should apply to distributions made after that date, you will not be able to receive any such additional payment in respect of dividend distributions made as from January 1, 2005. Pension funds and certain other tax-exempt U.S. holders are also entitled to certain refunds in respect of the *précompte* we actually pay in cash. Such holders should consult their own tax advisers in respect of *précompte* refunds.

Procedures for Claiming French Treaty Benefits

In order to claim French Treaty benefits, you must complete and deliver to the French tax authorities either:

- the simplified certificate described below; or
- an application for refund on French Treasury Form RF 1A EU-No. 5052.

A simplified certificate must state that:

- you are a U.S. resident within the meaning of the French Treaty;
- you do not maintain a permanent establishment or fixed base in France with which the holding giving rise to the dividend is effectively connected;
- you own all the rights attached to the full ownership of the shares (including dividend rights); and
- you meet all the requirements of the French Treaty for obtaining the benefit of the reduced rate of withholding tax and the refund of the *avoir fiscal*.

If a holder that is not an individual submits an application for refund on Form RF 1A EU-No. 5052, the application must be accompanied by an affidavit attesting that the holder is the owner of all the rights attached to the full ownership of the shares (including dividend rights).

For partnerships or trusts, claims for French Treaty benefits and related attestations are made by the partners, beneficiaries or grantors who also have to supply certain additional documentation.

To be eligible for French Treaty benefits, pension funds and certain other tax-exempt U.S. holders have to comply with the filing requirements described above, except that they may have to supply additional documentation evidencing their entitlement to those benefits.

Copies of the simplified certificate and the application for refund are available from the U.S. Internal Revenue Service.

If the certificate or application is not filed prior to a dividend payment, then holders may claim withholding tax and *avoir fiscal* refunds by filing an application for refund at the latest by December 31 of the second year following the year in which the withholding tax is paid.

The *avoir fiscal* or partial *avoir fiscal* and any French withholding tax refund will not be paid before January 15 following the end of the calendar year in which the dividend is paid.

If you are not entitled to a refund of the *avoir fiscal* but are entitled to a full refund of the *précompte,* or if you are a U.S. pension fund or other tax-exempt U.S. holder that is entitled to a partial refund of the *précompte,* you must apply for such a refund by filing French Treasury Form RF 1B EU-No. 5053 before the end of the year following the year in which the dividend was paid. This form, together with instructions, is available from the U.S. Internal Revenue Service or at the *Centre des Impôts des Non-Résidents* (9, rue d Uzès, 75094 Paris Cedex 2, France).

Taxation on sale or disposition of shares or ADSs

Holders that are not residents of France for tax purposes, do not hold shares or ADSs in connection with the conduct of a business or profession in France, and have held not more than 25% of our dividend rights (*droits aux bénéfices sociaux*), directly or indirectly, at any time during the preceding five years, are not subject to any French income tax or capital gains tax on the sale or disposition of shares or ADSs.

Under the French Treaty, you will not be subject to French tax on any gain derived from the sale or exchange of shares or ADSs, unless the gain is effectively connected with a permanent establishment or fixed base maintained by you in France.

A 1% registration duty (subject to a maximum of 3,049 per transfer) applies to certain transfers of shares or ADSs in French companies. The duty does not apply to transfers of shares or ADSs in listed companies that are not evidenced by a written agreement, or if any such agreement is executed outside France.

French estate and gift tax

Under the estate and gift tax convention between the United States and France, a transfer of shares or ADSs by gift or by reason of the death of a U.S. holder entitled to benefits under that convention will not be subject to French gift or inheritance tax, so long as the donor or decedent was not domiciled in France at the time of the transfer, and the shares or ADSs were not used or held for use in the conduct of a business or profession through a permanent establishment or fixed base in France.

PLANS FOR AVENTIS AFTER THE COMPLETION OF THIS OFFER,

THE FRENCH OFFER AND THE GERMAN OFFER

Current Plans

The purpose of the U.S. offer, the French offer and the German offer is to acquire control of Aventis. It is the present intention of Sanofi-Synthelabo, as soon as practicable after the consummation of the offers, to seek maximum representation on the supervisory board (*conseil de surveillance*) of Aventis and, if necessary, to cause the supervisory board to appoint a new management board (*directoire*). Pursuant to Article L. 225-103, II, 4 of the French Commercial Code, after Sanofi-Synthelabo gains control of a majority of the share capital or voting rights in Aventis in the offers, Sanofi-Synthelabo may request the management board (*directoire*) of Aventis to convene a meeting of shareholders (or, if the management board fails to convene such a meeting, Sanofi-Synthelabo may itself convene this meeting of shareholders) with an agenda which, among other things, may provide for the election of a new supervisory board (*conseil de surveillance*) and, if necessary, the dismissal of the existing management board (*directoire*) of Aventis. At this meeting, or at subsequent meetings, if we have acquired the necessary voting rights in the offers, we also currently intend to amend the corporate bylaws (*statuts*) of Aventis in order to modify the governance structure of Aventis by replacing its two-tiered supervisory board (*conseil de surveillance*) and management board (*directoire*) with a single board of directors (*conseil d administration*).

The U.S. offer, the French offer and the German offer are not being made pursuant to any agreement with Aventis, and we have not had access to any information other than publicly available information. See Risk Factors We have not been given the opportunity to conduct a due diligence review of the non-public records of Aventis. Therefore, we may be subject to unknown liabilities of Aventis which may have an adverse effect on our profitability and results of operations . During the U.S. offer, the French offer and the German offer, we will continue to review, on the basis of publicly available information, the business and operations of Aventis and evaluate various business strategies and operational initiatives that we may implement in the event that we acquire control of Aventis and to the extent we believe them appropriate. In addition, if and to the extent that we acquire control of Aventis, or otherwise obtain access to the books and records, management, employees and other resources of Aventis, we intend to conduct a detailed review of Aventis, its business, operations, assets, financial projections, budgets, strategic and business plans, corporate, legal and governance structures, properties, dividend policy, capitalization, capital structure, management and personnel and consider and determine what, if any, future actions would be desirable in light of the circumstances that then exist. For example, we may, among other things, make changes in Aventis s business, facility locations, corporate structure, capital structure, boards of directors and/or management, marketing strategies or dividend policy. It is Sanofi-Synthelabo s present intention that after the acquisition of Aventis pursuant to the offers, the corporate headquarters and principal executive offices of the enlarged Sanofi-Synthelabo group would continue to be located in Paris. It is Sanofi-Synthelabo s present intention to retain major operations centers in the United States and Germany and a direct presence in Japan. If Sanofi-Synthelabo acquires the necessary voting rights and if such action is desirable in light of the circumstances that then exist, Sanofi-Synthelabo also reserves the right to merge Aventis into Sanofi-Synthelabo.

It is Sanofi-Synthelabo s present intention to continue the program of divestitures of Aventis s non-core assets and business. For more detail on Aventis s non-core businesses and divestiture plans, please see Item 4. Information on the Company Non-Core Businesses in Aventis s Annual Report on Form 20-F for the year ended December 31, 2003.

It is also Sanofi-Synthelabo s present intention that, after the acquisition of Aventis pursuant to the offers, its *statuts* shall continue to provide that any fully paid-up Sanofi-Synthelabo ordinary shares that have been held in registered form under the name of the same shareholder for at least two years shall acquire double voting rights.

Sanofi-Synthelabo s position regarding employment

Under French law and regulations, the French information memorandum (*note d information*) relating to the French offer must include a statement regarding Sanofi-Synthelabo s intention with respect to employees. The following six paragraphs are a translation from the French of the disclosure in the French information memorandum, except that cross-references have been conformed.

In compliance with article L.432-1 of the French Labor Code (*Code du travail*), a copy of the French *note d information* has been forwarded to the bodies representing the employees of Aventis.

Sanofi-Synthelabo will make itself available to the bodies representing the employees of Aventis who would like to listen to Sanofi-Synthelabo regarding the study and analysis of the present offers.

Sanofi-Synthelabo has not had access to the necessary information to be able to set forth in a precise manner its intentions regarding Aventis s workforce and, in particular, has not had access to precise information regarding the reorganizations considered by Aventis.

Within the framework of implementing the industrial project described under Background and Reasons for the Offers Reasons for the Offers , Sanofi-Synthelabo may be led to implement reorganizations of the following functions: research, production, marketing and services; together with combining the existing entities of Sanofi-Synthelabo and Aventis, country by country.

These operations will be implemented after phases of information, dialogue and consultation with the workers representative bodies of the affected entities. Sanofi-Synthelabo will implement and support programs, adapted to the circumstances created by these combinations, always taking into consideration and respecting the concerns of all employees and leaving nobody to face an employment question alone.

In connection with the sales process commenced by Sanofi-Synthelabo to divest its interests in Arixtra® and Fraxiparine®, the facility at Notre-Dame de Bondeville, which employs 650 employees, could also be sold.

Subsequent Transactions; Compulsory Acquisition; Delisting

Sanofi-Synthelabo has not determined whether or when it would seek to acquire any Aventis securities not tendered into the U.S. offer, the French offer or the German offer. Sanofi-Synthelabo expects to make these determinations based on the facts and circumstances existing at the appropriate time. Such facts and circumstances could include, among others:

- the anticipated cost of acquiring the remaining Aventis securities;
- the proportion of the share capital and voting rights of Aventis that Sanofi-Synthelabo then owns;
- tax considerations; and
- the costs of maintaining a minority interest in Aventis.

The Sanofi-Synthelabo board of directors will decide, after weighing all the relevant circumstances, whether the acquisition of any Aventis securities not tendered into the U.S. offer, the French offer or the German offer would be in the best interests of the combined entity and its shareholders.

The method or methods selected by Sanofi-Synthelabo to implement any acquisition of remaining Aventis securities will be determined after evaluating all relevant factors at the time, but will primarily be influenced by considerations of cost and likelihood of success. The following discussion summarizes the principal types of transactions that Sanofi-Synthelabo could undertake.

If Sanofi-Synthelabo acquires Aventis securities representing at least 95% of the total voting rights of Aventis, Sanofi-Synthelabo may (but will not be obligated to) make an *offre publique de retrait*, or minority buy-out offer, for the remaining Aventis ordinary shares (including Aventis ordinary shares represented by Aventis ADSs). Alternatively, a holder of Aventis securities could request the AMF to require us to make a minority buy-out offer. Any minority buy-out offer could be made only with the approval of the AMF, which will make its decision on whether to require or permit a minority buy-out offer on the basis of the liquidity of the market for Aventis securities and on any other reasons cited by the requesting holders of Aventis securities (including Sanofi-Synthelabo) in their application for AMF approval. The AMF will also establish the offer timetable. In any minority buy-out offer, the purchase price offered by us to the remaining holders of Aventis securities could be in the form of either cash or Sanofi-Synthelabo ordinary shares and could differ from the consideration offered in the U.S. offer. Any minority buy-out offer to holders of Aventis ordinary shares located in the United States and to holders of Aventis ADSs would be made in accordance with applicable U.S. federal securities laws.

If, following a minority buy-out offer, we hold Aventis shares representing more than 95% of both the share capital and voting rights of Aventis, we will have the right, but not the obligation, to make a *retrait obligatoire*, or a compulsory acquisition, in which the remaining holders of Aventis securities would receive cash consideration for their Aventis securities. Under French regulations, we would be required to state in our minority buy-out offer whether that offer will be followed immediately by a compulsory acquisition, or whether we were only reserving the right to proceed with a compulsory acquisition. If we reserve the right to proceed with a compulsory acquisition, we must decide within 10 French trading days following the close of the minority buy-out offer whether we will proceed with the compulsory acquisition. The terms of any compulsory acquisition must be approved by the AMF, which would also establish the offer timetable. We could pay only cash consideration in a compulsory acquisition, in an amount not less than the purchase price paid in the preceding minority buy-out offer and approved by the AMF, which will evaluate its fairness based on several factors, including a multi-criteria valuation analysis prepared by an independent appraiser approved by the AMF. Any compulsory acquisition of holders of Aventis ordinary shares located in the United States and to holders of Aventis ADSs would be made in accordance with applicable U.S. federal securities laws.

If any minority buy-out offer or compulsory acquisition constitutes a tender offer for U.S. securities law purposes, it may be made to U.S. holders of Aventis securities in reliance on the Tier I exemption from the U.S. tender offer rules pursuant to Regulation 14D under the Exchange Act. As a result, the minority buy-out offer or compulsory acquisition could be conducted in accordance with French law only. In addition, any Sanofi-Synthelabo ordinary shares (including Sanofi-Synthelabo ordinary shares represented by Sanofi-Synthelabo ADSs) offered in a minority buy-out offer would be exempt from the registration requirements of the Securities Act. Sanofi-Synthelabo has not determined whether any minority buy-out offer or compulsory acquisition will be made to U.S. holders of Aventis securities, and expects to make such a determination based on, among other factors, the then number of U.S. holders and the availability of Tier I exemptive relief.

Finally, subject to applicable law, we reserve the right to acquire, following the completion or termination of the U.S. offer, the French offer and the German offer, additional Aventis ordinary shares or Aventis ADSs through open market purchases, privately negotiated transactions, a subsequent tender offer or exchange offer, or otherwise, upon the terms and at the prices as we determine, which may be more or less favorable than those of the U.S. offer. We also reserve the right to dispose of any and all Aventis ordinary shares or Aventis ADSs acquired by us pursuant to the U.S. offer, the French offer, the German offer or otherwise, upon the terms and at the prices we may determine.

If Sanofi-Synthelabo were to launch a minority buy-out, it may then petition Euronext Paris to cause the delisting of the Aventis ordinary shares. After any compulsory acquisition, Euronext Paris would automatically delist the Aventis ordinary shares. In Germany, the Frankfurt stock exchange may delist the Aventis ordinary shares if orderly trading in Aventis ordinary shares is no longer assured. Furthermore, subject to applicable law and the NYSE rules, Sanofi-Synthelabo may cause Aventis to terminate its deposit agreement, and to petition, or cause Aventis to petition, the NYSE to delist the Aventis ADSs. If the deposit agreement for the Aventis ADSs is terminated, holders of Aventis ADSs will only have the right to receive the Aventis ordinary shares underlying the Aventis ADSs upon surrender of any ADR representing the Aventis ADSs and payment of applicable fees to the Aventis ADS depositary. There is no U.S. public trading market for the Aventis ordinary shares. See also The U.S. Offer Effect of the Offers on the Market for Aventis Securities .

Under the German Securities Acquisition and Corporate Takeover Act *(Wertpapiererwerbs- und Übernakmegesetz)*, because Hoechst AG is a company listed in Germany on the official market of the Frankfurt stock exchange, on acquiring control of Aventis, and indirect control of Hoechst, Sanofi-Synthelabo will be required to launch a public offer for all the ordinary shares of Hoechst not held by Aventis or its subsidiaries. The consideration offered may be in the form of cash or listed securities. Sanofi-Synthelabo may choose to launch a public offer before acquiring indirect control in order to pre-empt the mandatory public offer. To the knowledge of Sanofi-Synthelabo, based on the Annual Report on Form 20-F of Aventis for the year ended December 31, 2003, as of December 31, 2003, the ordinary shares of Hoechst AG not held by Aventis or its subsidiaries represented 1.9% of the share capital of Hoechst AG. According to the 2002 Annual Report of Hoechst AG, the share capital of Hoechst AG was comprised of 559,153,690 shares. By way of indication, the average share price of Hoechst AG, weighted by volume, over the three months ended January 29, 2004 was 41.06. However, as of the date of this prospectus, neither the timing of a public offer for the ordinary shares of Hoechst not held by Aventis or its subsidiaries, nor the form or amount of the consideration to be offered, is certain.

Future Dividend Policy of Aventis

Sanofi-Synthelabo is not in a position at this date to state what the dividend policy will be in respect of Aventis securities after completion of the U.S. offer, the French offer and the German offer, but it is likely that such policy will be determined in the context of Aventis s integration into the combined group. This integration may result in a large reduction in the level of dividends paid by Aventis.

Future Dividend Policy of Sanofi-Synthelabo

It is Sanofi-Synthelabo s present intention to continue its current dividend policy. On February 16, 2004, Sanofi-Synthelabo announced that the general meeting of shareholders would be asked to approve a dividend of 1.02 per share in respect of Sanofi-Synthelabo s 2003 results. If approved, this dividend will be paid on June 3, 2004. However, if we have reason to believe that the offers may not close by that date, the Sanofi-Synthelabo board of directors will arrange for an interim dividend of 0.97 euro per share to be paid, with the balance to be paid after the offers close. For details of your entitlement to receive dividends in respect of the Sanofi-Synthelabo ordinary shares, including Sanofi-Synthelabo ordinary shares represented by Sanofi-Synthelabo ADSs, that you receive in exchange for the Aventis securities that you tender into the U.S. offer, please refer to The U.S. Offer Entitlement to Sanofi-Synthelabo Dividends .

SOURCE AND AMOUNT OF FUNDS

Assuming all of the outstanding Aventis ordinary shares (including Aventis ordinary shares represented by Aventis ADSs), on a diluted basis taking into account all in-the-money options and *BSA*s that are exercisable as of the expected closing date, are tendered into the U.S. offer, the French offer or the German offer pursuant to the terms of the offers, we would be obligated to issue 661,949,024 Sanofi-Synthelabo ordinary shares (including Sanofi-Synthelabo ordinary shares represented by Sanofi-Synthelabo ADSs). The issuance of these new Sanofi-Synthelabo ordinary shares must be approved by the affirmative vote of two-thirds of the voting power present at an extraordinary meeting of shareholders. The date of the extraordinary general meeting of shareholders has not yet been set but it will take place before the closing date of the offers. As of December 31, 2003, Total and L Oréal, our two principal shareholders, held 178,476,513 and 143,041,202 Sanofi-Synthelabo ordinary shares, respectively, representing in aggregate 47.1% of our outstanding share capital (other than share capital held by Sanofi-Synthelabo) and 63.1% of our voting rights. At the meeting of the board of directors of Sanofi-Synthelabo on January 25, 2004, the representatives of Total and L Oréal confirmed their full support of the offers. Total and L Oréal have also expressed that they will approve the increase in share capital that will be submitted to the extraordinary meeting of shareholders. See Background and Reasons for the Offers Background of the Offers .

Assuming all of the outstanding Aventis securities, on a diluted basis taking into account all in-the-money options that are exercisable as of the expected closing date, are tendered into the U.S. offer, the French offer or the German offer, we would be obligated to pay an aggregate amount of 9,168 million in cash to the holders of those Aventis securities. This amount will be lower if less than 100% of the currently outstanding Aventis securities are tendered into the offers. The amount may also vary depending on the number of Aventis securities outstanding at the time of the closing of the offers.

In connection with this transaction, we have entered into a credit facility agreement dated January 25, 2004 permitting borrowing in the amount of up to 12,000 million, which will be used mainly to finance the cash consideration to be paid to holders of Aventis securities pursuant to the offers and refinance certain debt of Aventis and its subsidiaries. This facility has been, subject to certain conditions, entirely underwritten by BNP Paribas and an affiliate of Merrill Lynch & Co. We may only borrow amounts under this credit facility if the offers are completed. However, subject to the delivery of customary certificates and other documents generally evidencing the success of the offers, the success of the offers is the only material condition to our ability to borrow amounts under this credit facility to finance the cash component of the offer consideration. Accordingly, we have not put in place any alternative financing arrangements.

The credit facility agreement provides that the credit facility will be divided into a 364-day 4,000 million term loan facility (Tranche A), a three-year 4,000 million term loan facility (Tranche B) and a five-year 4,000 million revolving loan facility (Tranche C).

Each Tranche is required to be repaid in its entirety on its final maturity date except that we have an option to extend the final maturity date of Tranche A until a date falling two years following the date of the credit facility agreement.

Amounts borrowed under Tranche A and Tranche B may only be used to finance part of the cash consideration to be paid to holders of Aventis securities pursuant to the offers. Amounts borrowed under Tranche C may be used for various purposes, including to pay fees, costs and expenses incurred in connection with the offers and to refinance certain indebtedness of Aventis and its subsidiaries.

Upon delivery of customary certificates and other documents generally evidencing the success of the offers, borrowings under the credit facility will be made available immediately upon all of the conditions to the offers having been satisfied and when the cash consideration is required to be paid to holders of Aventis securities who have validly tendered such securities into the offers. Borrowings under Tranche A and Tranche B will be made available in euros only whereas borrowings under Tranche C will be made available in euros and, as the case may be, in U.S. dollars, pounds sterling and Japanese yen.

The credit facility is subject to terms and conditions customary for facilities of this type, including mandatory prepayment provisions (for example, in the event of certain asset disposals or a change of control of Sanofi-Synthelabo), events of default (for example, in the event of cross-default or insolvency), representations and warranties (such as in relation to status, power and authority and financial statements), covenants (such as information undertakings, negative pledge and financial ratio), indemnities, provisions to protect the margin due to the lenders and commitment fee arrangements. In particular, under the financial covenants our consolidated net debt (generally defined as our total financial borrowings less our total cash, cash equivalents and marketable securities) may not exceed 2.5 times our consolidated EBITDA (generally defined as our operating profit plus (1) any amortization and depreciation charges, (2) any purchase-accounting charge in respect of in-process research and development or a write-up of inventory to fair value that we are required to take as a result of the acquisition of Aventis, and (3) any restructuring charge of up to 1 billion per year incurred in 2004 or 2005 that is incurred directly in connection with the acquisition of Aventis). Also, in general, the total financial borrowings of our subsidiaries on a consolidated basis (excluding any borrowings under the credit facility) may not exceed our consolidated EBITDA. There are also customary restrictions on our ability, in general, to create any security interest in our assets, to sell, lease, transfer or dispose of our assets (unless the net proceeds are applied to prepaying borrowings under the credit facility), to make acquisitions or investments outside the ordinary course of business in an aggregate amount in excess of 10 billion, or to enter into a merger or amalgamation (other than with a subsidiary).

The applicable margin for each Tranche under the credit facility varies according to the credit ratings that will be assigned to us at the relevant time. The margin under Tranche A will be initially 0.40% per annum and may range from 0.35% per annum to 0.525% per annum, the margin under Tranche B will be initially 0.45% per annum and may range from 0.40% per annum to 0.575% per annum and the margin under Tranche C will be initially 0.50% per annum and may range from 0.45% per annum to 0.625% per annum. The margins determined above will be decreased by five basis points once more than 50% of the credit facility has been repaid and cancelled. Interest on Euro-based borrowings shall accrue at the applicable margin plus EURIBOR, and interest on U.S. dollars, pounds sterling or Japanese yen shall accrue at the applicable margin plus LIBOR.

Sanofi-Synthelabo reasonably expects that it will be able to repay the amounts borrowed under the credit facility within five years out of internal cash flow. Sanofi-Synthelabo currently has no plans to refinance the credit facility.

On March 18, 2004, Sanofi-Synthelabo announced the successful completion of the first round of syndication of the credit facility. See Sanofi-Synthelabo s Report on Form 6-K, dated March 19, 2004, which is incorporated in this prospectus by reference.

INFORMATION ABOUT SANOFI-SYNTHELABO

The legal and commercial name of our company is Sanofi-Synthelabo. We are a French *société anonyme*, a form of limited liability stock company, formed in 1994 pursuant to the French Commercial Code for a term of 99 years. Our registered office is located at 174 avenue de France, 75013 Paris, France. Our telephone number is: +33(0) 1 53 77 40 00.

Business Description

Sanofi-Synthelabo is an international pharmaceutical group engaged in the research, development, manufacture and marketing of pharmaceutical products for sale principally in the prescription market. In 2003, our consolidated net sales were 8,048 million ($10,138 million), our net income was 2,076 million ($2,615 million), we invested 1,316 million in research and development and employed over 33,000 people worldwide. On the basis of sales for the last twelve months ended September 30, 2003, Sanofi-Synthelabo is the second largest pharmaceutical group in France, the eighth largest pharmaceutical group in Western Europe and among the twenty largest pharmaceutical groups in the world (based on data from IMS Health).

In our prescription business, we specialize in four therapeutic areas:

Cardiovascular/Thrombosis. Our Cardiovascular/ Thrombosis products include two of the fastest-growing products on the Cardiovascular/ Thrombosis market today: the blood pressure medication Aprovel®/ Avapro® and the anti-clotting agent Plavix®.

Central Nervous System, or CNS. Our CNS medicines include Stilnox®/ Ambien®, the world s leading prescription insomnia medication, and Depakine®, one of the leading treatments for epilepsy.

Internal Medicine. Our Internal Medicine products include Xatral®, a leading treatment for benign prostatic hypertrophy. In November, 2003, we launched a once-a-day formulation in the United States under the brand name, Uroxatral®.

Oncology. Our lead product in this strategic market is the cancer drug Eloxatin®, which is Eloxatin® is marketed in Europe and the United States as a first- and second-line treatment against colorectal cancer in combination with 5-FU/LV.

Our five strategic products are Aprovel®/Avapro®, Eloxatin®, Plavix®, Stilnox®/Ambien® and Xatral® which together accounted for 54.7% of our total consolidated net sales, or 4,399 million, in 2003.

We have a strong commitment to research and development. We have 14 research centers and have over 6,800 employees devoted to research and development. At February 16, 2004, we had 56 compounds in development in the four therapeutic areas, 25 of which were in Phase II or Phase III clinical trials.

History

Our company is the result of the 1999 merger of Sanofi and Synthelabo, two major French pharmaceutical companies. Since the merger, we have combined the resources of the two companies to expand our global presence, particularly in the United States, and to increase our focus on research and development for products with strong future potential. Last year we celebrated the thirtieth anniversary of our group worldwide.

Sanofi was founded in 1973 by Elf Aquitaine, a French oil company, when it took control of the Labaz Group (a pharmaceutical company) for diversification purposes. Sanofi launched its first major product on the market, Ticlid®, in 1978. At the time of the merger in 1999, Sanofi was the second largest pharmaceutical group in France in terms of sales. A majority of its share capital was owned by Elf Aquitaine, which was subsequently acquired by Total. Sanofi made a significant venture into the United States market in 1994, when it acquired the prescription pharmaceuticals business of Sterling Winthorp, an affiliate of Eastman Kodak. Sanofi launched its first major product on the U.S. market, Aprovel®, in 1997, followed by Plavix® in 1998.

Synthelabo was founded in 1970 through the merger of two French pharmaceutical laboratories, Laboratoires Dausse (founded in 1834) and Laboratoires Robert & Carrière (founded in 1899). In 1973, L Oréal acquired the majority of its share capital and in 1988, Synthelabo launched two major products on the French market: Stilnox® and Xatral®. At the time of the merger, Synthelabo was the third largest pharmaceutical group in France in terms of sales. A majority of its share capital was still owned by the French cosmetics group L Oréal. In 1993, Synthelabo launched Stilnox® in the United States under the brand name Ambien®. By 1994, Stilnox® had become the leading insomnia prescription medication worldwide according to data from IMS Health.

Sanofi and Synthelabo agreed to merge at the end of 1998, and the merger became effective in the second quarter of 1999. Following the merger, Elf Aquitaine and L Oréal were the largest shareholders of the new group, although neither held a majority of the share capital. The two principal shareholders entered into a shareholders agreement that lasts until 2004. The terms of the shareholders agreement are described under Item 7.A Major Shareholders and Related Party Transactions Major Shareholders Shareholders Agreement of our Annual Report on Form 20-F for the year ended December 31, 2002, which is incorporated by reference into this prospectus. See Additional Information for Securityholders . On November 24, 2003, Total and L Oréal amended the shareholders agreement, as further described under Recent Developments . A copy of the shareholders agreement and a copy of the amendment (in English translation for information purposes only) are filed as an exhibit to our registration statement on Form F-4 of which this prospectus forms a part.

Part of our strategy following the merger was to concentrate on our core prescription pharmaceuticals business. To implement this strategy, we divested non-core businesses, including:

- in 1999, Sanofi s beauty business, our diagnostics business, our animal health and nutrition business and an equity affiliate in the cheese business; and

- in 2001, our custom chemicals business and two medical equipment businesses, as well as our direct shareholding in *Laboratoires de Biologie Végétale Yves Rocher*.

For a description of our principal capital expenditures and divestitures since 1999, our expectations as to future capital expenditures and divestitures and the impact of the merger and these divestitures on our results of operations and financial condition, see Item 5 Operating and Financial Review and Prospects in our Annual Report on Form 20-F for the year ended December 31, 2002, which is incorporated by reference into this prospectus. We currently have no material capital expenditures or divestitures in progress.

For more information on Sanofi-Synthelabo and its business, please see Additional Information for Securityholders .

Plavix® Litigation

In February 2002, Sanofi-Synthelabo learned that Apotex, a generic drug manufacturer, filed an Abbreviated New Drug Application, or ANDA, with the Food and Drug Administration (or FDA) challenging two of the U.S. patents relating to Plavix®. In April 2002, Sanofi-Synthelabo learned that Dr. Reddy s Laboratories, a generic drug manufacturer, filed an ANDA with the FDA challenging the three U.S. patents relating to Plavix®. An ANDA is an application by a drug manufacturer to receive authority to market a generic version of an approved product, by demonstrating that it has the same properties as the original approved product. For more information on ANDAs, see Item 4 Information on the Company Business Overview Regulation in Sanofi-Synthelabo s Annual Report on Form 20-F for the year ended December 31, 2002, which is incorporated in this prospectus by reference. In general, an ANDA may not be filed until the expiration of the five-year market exclusivity period that applies to the original product following its initial market authorization. If the product is protected by a patent owned by or licensed to the manufacturer of the original version, however, the ANDA cannot be approved until the patent expires unless the ANDA applicant challenges the patent. In that case, the ANDA may be filed four years following the initial market authorization of the original product.

On March 21, 2002, Sanofi-Synthelabo and Bristol-Myers Squibb Sanofi-Synthelabo Pharmaceuticals Holding Partnership (or Sanofi-Synthelabo BMS Holding, Sanofi-Synthelabo s joint venture with Bristol-Myers Squibb) filed suit in the United States District Court for the Southern District of New York against Apotex for infringement of two of the U.S. patents relating to Plavix®. The lawsuit is captioned *Sanofi-Synthelabo, Sanofi-Synthelabo Inc., and Bristol-Myers Squibb Sanofi-Synthelabo Pharmaceuticals Holding Partnership* v. *Apotex Inc. and Apotex Corp.*, 02-CV-2255 (RWS). The first patent, U.S. Patent No. 4,847,265, which expires in

2011, discloses and claims the compound clopidogrel, the active ingredient in Plavix®. The second patent, U.S. Patent No. 5,576,328, which expires in 2014, discloses and claims, among other things, the use of clopidogrel in the treatment of patients to prevent a secondary ischemic event. On May 14, 2002, Sanofi-Synthelabo and Sanofi-Synthelabo BMS Holding filed suit in the United States District Court for the Southern District of New York against Dr. Reddy s Laboratories for infringement of these same two patents. That lawsuit is captioned *Sanofi-Synthelabo, Sanofi-Synthelabo Inc. and Bristol-Myers Squibb Sanofi-Synthelabo Pharmaceuticals Holding Partnership* v. *Dr. Reddy s Laboratories, LTD, and Dr. Reddy s Laboratories, Inc.*, 02-CV-3672 (RWS).

On June 20, 2003, Sanofi-Synthelabo announced that U.S. Patent No. 5,576,328 has been withdrawn from the patent infringement lawsuits discussed above and Sanofi-Synthelabo is seeking to have it delisted from the FDA s list of Approved Drug Products with Therapeutic Equivalence Evaluations, also known as the FDA s Orange Book . The withdrawal of this method patent from the lawsuit has no effect on U.S. Patent No. 4,847,265, which Sanofi-Synthelabo is vigorously defending (together with its alliance partner, Bristol-Myers Squibb, or BMS). As regards the proceedings, fact discovery was essentially completed on October 15, 2003 and the claim construction hearing is currently scheduled for March, 2004. The trial itself may reasonably be expected to take place before year-end at a date to be fixed by the court. However, on February 25, 2004, both the patent litigation cases were reassigned to a new judge. The possible impact of this reassignment on the timetable of the litigation may only be assessed after the new judge has had an opportunity to review the case.

If either of the challenges to U.S. Patent No. 4,847,265 is successful, the prevailing party would have the right to produce a generic version of Plavix® and market it in the United States in competition with Sanofi-Synthelabo and its alliance partner, BMS. Under U.S. law, the FDA will not be able to approve the ANDAs filed by Apotex or Dr. Reddy s Laboratories until the earlier of May 17, 2005 (*i.e.*, five years plus thirty months after the approval date of our Plavix® NDA) or the issuance of a court decision that is adverse to Sanofi-Synthelabo s U.S. Patent No. 4,847,265. However, Sanofi-Synthelabo believes that Plavix® will continue to benefit from its patent protection in the United States. Sanofi-Synthelabo intends to defend its interests in this matter vigorously.

In September 2002 and in January 2003, Sanofi-Synthelabo obtained two additional U.S. patents related to Plavix®. At the present time, Sanofi-Synthelabo does not believe that it has a basis to assert these patents against Apotex or Dr. Reddy s Laboratories.

In March 2003, Sanofi-Synthelabo learned that Apotex filed an application with the Canadian authorities for a marketing authorization for a generic version of Plavix®, challenging the Canadian patent for clopidogrel. Sanofi-Synthelabo believes that its Canadian patent, which protects Plavix® in Canada until August 2012, is valid and is defending its interests in this matter vigorously.

The Plavix® patent rights are material to Sanofi-Synthelabo s business, and if Sanofi-Synthelabo were unsuccessful in asserting them or they were deemed invalid, any resulting introduction of a generic prescription version of Plavix® in the United States would reduce the price that Sanofi-Synthelabo receives for this product and the volume of the product that Sanofi-Synthelabo would be able to sell. See Item 3 Key Information Risk Factors Risks Related to Our Industry If we are unable to protect our proprietary rights, we may not compete effectively or operate profitably in Sanofi-Synthelabo s Annual Report on Form 20-F for the year ended December 31, 2002, which is incorporated in this prospectus by reference.

As a reference, and as previously disclosed, the developed sales of Plavix® in 2003 in the United States amounted to 1,817 billion out of total worldwide developed sales of Sanofi-Synthelabo of 10,560 billion. See Sanofi-Synthelabo s Report on Form 6-K, dated January 22, 2003, which is incorporated in this prospectus by reference. As previously disclosed, in 2003, Sanofi-Synthelabo s share of profits generated by Plavix® and Avapro® in North America, a territory managed by BMS under the alliance agreements, amounted to 436 million, versus 348 million in 2002. See Sanofi-Synthelabo s Report on Form 6-K, dated February 17, 2004, which is incorporated in this prospectus by reference. In the first six months of 2003, Sanofi-Synthelabo s share of profits generated by Plavix® and Avapro® in North America amounted to 153 million, versus 171 million in the first six months of 2002. See Sanofi-Synthelabo s Report on Form 6-K, dated January 29, 2004, which is incorporated in this prospectus by reference. The alliances with BMS are further explained in Item 4 Information on the Company B. Business Overview Marketing and Distribution Alliances and

Item 5 Operating and Financial Review and Prospects Overview Financial Presentation of Alliances in Sanofi-Synthelabo s Annual Report on Form 20-F for the year ended December 31, 2002 and in Note B to the consolidated financial statements as of, and for the six-month-period ended, June 30, 2003 included in Sanofi-Synthelabo s Report on Form 6-K dated January 29, 2004, each of which is incorporated in this prospectus by reference.

INFORMATION ABOUT AVENTIS

Aventis is a stock corporation (*société anonyme*) organized under the French Commercial Code. According to Aventis s bylaws, its corporate existence shall run through July 17, 2030 except in the event of earlier dissolution or extension by its shareholders. Aventis was formed in December 1999 through the business combination of former pharmaceutical-chemical conglomerates Hoechst of Germany and Rhône-Poulenc of France.

Aventis s registered office is 67917 Strasbourg, France, cedex 9, its telephone number is +33 3 88 99 11 00. Aventis s principal U.S. office is Aventis Pharmaceuticals Inc., 300 Somerset Corporate Boulevard, Bridgewater, NJ 08807-2854.

Business Description

According to its Annual Report on Form 20-F for the year ended December 31, 2003, Aventis is a global pharmaceutical company that discovers, develops, manufactures and markets branded prescription drugs and human vaccines to protect and improve the health of patients around the world. Aventis claims its therapeutic innovations rank among the leading treatments for lung and breast cancer, thrombosis, seasonal allergies, diabetes and hypertension.

According to Aventis s published reports, in 2003, in its core business Aventis generated sales of 16,791 million, net income of 2,444 million, invested 2,863 million in research and development and employed approximately 69,000 people worldwide.

Aventis s core business comprises its activities in branded prescription drugs and human vaccines as well as its 50% interest in the animal health joint venture Merial with Merck & Co., and corporate activities. Aventis does not consolidate sales of Merial; however, Aventis s 50% interest in Merial s earnings is included under the equity method of accounting.

As of 2002, Aventis s therapeutic proteins business, Aventis Behring, was no longer considered a core business as Aventis intends to exit from this business. Other non-core businesses, *i.e.*, those that Aventis expects to divest in the near future, include Rhodia, Wacker and Dystar. The divestments of two former non-core businesses, Aventis Animal Nutrition and Aventis CropScience, closed in April and June of 2002, respectively. On December 8, 2003, Aventis announced that it had entered an agreement to sell Aventis Behring to CSL Limited. The transaction, which is subject to approval by antitrust authorities, is expected to close during the first half of 2004.

Aventis aspires to be recognized as a pharmaceutical industry leader valued by patients and healthcare providers, sought after as an employer, and respected by the scientific community and by its competitors.

The strategy that Aventis is pursuing to realize this vision and create sustainable value for patients, healthcare professionals, shareholders and employees centers around its products. Aventis wants to rapidly develop, launch and market innovative prescription drugs and human vaccines that not only satisfy unmet medical needs in large patient populations, but also help lower the overall cost of healthcare.

Aventis s strategic priorities have evolved from managing and effecting a successful integration to strengthening and focusing on the core pharmaceutical business and establishing a track record of achievability. Aventis s strategic goal is to maintain this successful track record by delivering sustainable growth in a changing environment. In order to remain one of the fastest-growing multinational pharmaceutical companies, Aventis s strategic imperative is product leadership by discovering, developing and supplying those products that offer the greatest therapeutic benefit to patients.

Aventis s strategy to achieve its goal of product leadership includes:

- Focusing discovery efforts and development resources on core disease areas to introduce a steady stream of innovative and value-adding prescription drugs and vaccines;

- Aggressively deploying a targeted in-licensing and alliance strategy to supplement organic growth and enhance its vigorous in-house R&D efforts with high-value, late-stage products;

Maximizing the value of existing and recently launched global brands through commercial investments and by continually expanding their utility through proactive life-cycle management;

Working to increase its share of sales in the United States and for key strategic brands;

Building an industry-leading position in the application of cutting-edge scientific tools; and

Recruiting and retaining the best scientists with passion to discover and develop innovative therapies.

For more information on Aventis and its business, please see Additional Information for Securityholders .

Allegra® and Lovenox® Litigation

The disclosure in the following fourteen paragraphs is taken from Item 3 Key Information Risk Factors Risks Related to Our Business , Item 4 Information on the Company Markets Intellectual Property and Item 8 Financial Information Information on Legal or Arbitration Proceedings Allegra Litigation in Aventis s Annual Report on Form 20-F for the year ended December 31, 2003 and from Aventis s Reports on Form 6-K, dated March 10, 2004, October 30, 2003, August 4, 2003 and August 5, 2003. Sanofi-Synthelabo has not had an opportunity to verify this disclosure. See Presentation of Certain Financial and Other Information Aventis Information . References to our in the following disclosure refer to Aventis.

In June 2001, Aventis Pharmaceuticals Inc., the U.S. pharmaceutical business of Aventis, was notified that Barr Laboratories Inc. or Barr, had filed an Abbreviated New Drug Application, or ANDA, with the FDA seeking approval to market a generic version of Allegra® (fexofenadine HCl) 60 mg capsules in the United States and challenging certain of Aventis s patents. In August 2001, Aventis Pharmaceuticals Inc. filed a patent infringement lawsuit against Barr in U.S. federal district court claiming that the marketing of Allegra® by Barr prior to the expiration of certain Aventis patents would constitute infringement of those patents. Aventis Pharmaceuticals Inc. subsequently received similar ANDA notifications from Barr and four additional generic companies (Impax Laboratories, Teva Pharmaceuticals, Mylan Pharmaceuticals and Dr. Reddy s Laboratories) relating variously to Allegra® 30 mg, 60 mg and 180 mg tablets and Allegra-D® (fexofenadine HCl 60 mg/ pseudoephedrine HCl 120 mg). In each case, Aventis Pharmaceuticals Inc. has filed additional patent infringement lawsuits against the generic companies. All of these Allegra® patent infringement suits are pending in the U.S. District Court for New Jersey.

In the United States, Aventis holds multiple methods of use, formulation, process and composition patents with respect to Allegra®. Under applicable federal law, marketing of FDA-approved generic fexofenadine HCl capsules or tablets or Allegra-D may not commence unless and until a decision favorable to a generic challenger is rendered in the patent litigation or until 30 months have elapsed, whichever comes first. Regulatory exclusivity for tablet formulations of Allegra® expired in the third quarter of 2003.

In September 2003, Aventis Pharmaceuticals Inc. received notice that Dr. Reddy s Laboratories had filed a Section 505(b)(2) application with the FDA seeking to market a version of Allegra® 30 mg, 60 mg and 180 mg tablets. A Section 505(b)(2) application is a type of New Drug Application (NDA) in which the full reports of investigations showing safety and efficacy that are required for approval are supplied through reference to clinical studies that the applicant did not conduct and for which the applicant has not obtained a right of reference or use. This type of application is not used to seek approval of traditional, generically substitutable versions of brand-name drugs. The notice Aventis received regarding Dr. Reddy s application did not reveal how this filing differs from Dr. Reddy s previous ANDA filings. However, a Section 505(b)(2) application may be used to seek approval for, among other things, combination products, products that do not demonstrate bioequivalence to a listed drug, or over-the-counter (OTC) versions of prescription drugs.

In October 2003, Aventis Pharmaceuticals Inc. filed a patent infringement lawsuit in the U.S. District Court for New Jersey against Dr. Reddy s Laboratories in response to its Section 505(b)(2) application. Under applicable federal law, the FDA is now prevented from approving the 505(b)(2) application of Dr. Reddy s Laboratories for 30 months or until an earlier court decision adverse to Aventis Pharmaceuticals Inc. in the patent litigation lawsuit. In October 2003, Dr. Reddy s Laboratories filed an ANDA with the FDA relating to Allegra-D®. Aventis Pharmaceuticals Inc. is currently examining the legal issues relating to this latest filing.

On March 10, 2004, Aventis announced that, along with AMR Technology, Inc. a wholly owned subsidiary of Albany Molecular Research, Inc. it had filed additional patent infringement lawsuits against the five generic companies set forth above. The lawsuits were filed in the U.S. District Court for New Jersey and are based on U.S. Patent Nos. 5,581,011 and 5,750,703, which are owned by AMR Technology, Inc. and exclusively licensed to Aventis. These patents, which expire in the late 2013-2015 timeframe, claim fexofenadine intermediates and processes for making fexofenadine. Aventis has requested that these newly-filed lawsuits be consolidated with the patent infringement lawsuits already pending in the U.S. District Court for New Jersey.

In a conference on March 8, 2004, the U.S. District Court for New Jersey set April 15, 2005 as the end date for the discovery phase of these lawsuits. A previously-set trial date of September 2004 for the previously-filed lawsuits is no longer in effect, and no new trial date has been scheduled.

Allegra® was Aventis s biggest-selling product in 2003 accounting for approximately 10% of net sales of Aventis. OTC and generic drugs generally are priced significantly lower than brand-name prescription drugs. If Allegra® or any of its principal competitors were to be sold as generic products or switched to OTC status, Allegra® could face substantial additional competitive pressures, which could have a substantial, and possibly rapid, negative effect on Aventis s operating results. The U.S. patent covering the active ingredient in Allegra® has expired. U.S. regulatory exclusivity for Allegra® tablet formulations expired in the third quarter of 2003.

Aventis has two patents related to Lovenox® (enoxaparin sodium) listed in the FDA s Orange Book . These two patents are U.S. Patent No. 4,692,435 (the 435 patent), which expires December 24, 2004, and U.S. Patent No. 5,389,618 (the 618 patent), which expires February 14, 2012. In May 2003, an application for reissue was filed with the U.S. Patent & Trademark Office on the 618 patent seeking modifications in the granted patent. The 618 patent will remain in force during the reissue proceeding. If the patent is approved, Aventis believes that the 618 patent could be reissued in an amended version prior to year-end 2004.

In June 2003, API received notice that both Amphastar Pharmaceuticals and Teva Pharmaceuticals had filed ANDAs with the FDA seeking approval to produce and market generic versions of Lovenox® and challenging the 618 patent as invalid or unenforceable. In July 2003, Amphastar also challenged the 435 patent as invalid or unenforceable. In August 2003, Aventis Pharmaceuticals Inc. brought a patent infringement suit with respect to the 618 patent against both Amphastar and Teva in the U.S. District Court for the Central District of California. Under applicable federal law, the FDA is now prevented from approving the ANDAs of Amphastar Pharmaceuticals and Teva Pharmaceuticals until 30 months after the receipt of the ANDA notice or until an earlier court decision adverse to Aventis Pharmaceuticals Inc. A trial date has been set for April 2005. The patent infringement lawsuit does not claim infringement of the 435 patent, and, in August 2003, Aventis announced that it was continuing to consider its legal options with respect to that patent.

Aventis has disclosed that it believes that generic competition for Lovenox is neither certain nor imminent, for a number of reasons, including:

A generic product can be approved and launched prior to the expiration of the contested patents only if the generic filer has met all FDA requirements for approval.

According to a Federal Trade Commission report entitled Generic Drug Entry Prior to Patent Expiration: AN FTC Study published in July 2002, in cases where the challenged patent is not asserted in litigation, it takes the FDA on average approximately 25 months to approve an ANDA with a Paragraph IV certification.

Prior to marketing a generic product, the generic filer would also have to consider any potential patent enforcement actions by the patent holder.

Enoxaparin sodium is a highly complex mixture of macromolecules derived from heparin that is used to treat a number of life-threatening conditions. Due to limitations in technology, the larger macromolecules cannot be completely characterized. Aventis employs a sophisticated process for manufacturing enoxaparin sodium, which Aventis believes is essential for the therapeutic effectiveness of the product. Some products claiming to be enoxaparin sodium have been removed from the market by regulatory authorities in some countries due to lack of equivalency.

Sales and profitability of Aventis s patented products may be adversely affected if any claims of a relevant patent are determined to be invalid, unassertable, or unenforceable, or if competing products are introduced that are therapeutically similar but do not infringe Aventis s products patents. If any such situation affected one of Aventis s best-selling products, it could have a substantial negative effect on Aventis s operating results, financial position and cash flows. Patent litigation is subject to substantial uncertainty and there is no assurance that any of the patents relating to Aventis s products, if challenged, will be found valid and unenforceable in any or all respects. Loss of effective patent protection on one or more of Aventis s products could lead to significant losses of sales and negatively affect Aventis s future operating results. For further information on the patent-related risks of holding Aventis ordinary shares, see Item 3 Key Information Risk Factors Risks related to our Business Patent protection may prove ineffective. Loss of effective patent protection on one or more products could result in lost sales to competing products and negatively affect our sales and operating results and Changes in marketing status or competitive environment of *Allegra*® or other strategic brands could adversely affect our operating results in Aventis s Annual Report on Form 20-F for the year ended December 31, 2003, which is incorporated into this document by reference.

For more information on ANDAs, see Item 4 Information on the Company Business Overview Regulation in Sanofi-Synthelabo s Annual Report on Form 20-F for the year ended December 31, 2002, which is incorporated in this prospectus by reference.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS OF

SANOFI-SYNTHELABO AND AVENTIS

The following unaudited pro forma condensed combined balance sheet and unaudited pro forma condensed combined statement of income, which give effect to the offers, are presented in euros and reflect the combination of Sanofi-Synthelabo and Aventis using the purchase method under French GAAP. The pro forma adjustments are based upon available information and certain assumptions that Sanofi-Synthelabo believes are reasonable, including the assumptions that pursuant to the offers:

all of the outstanding Aventis securities are exchanged for cash and Sanofi-Synthelabo securities, with a cash component of 11.50 and a share component valued at 0.8333 of a newly issued Sanofi-Synthelabo ordinary share for each Aventis security;

all of the outstanding Aventis stock options remain outstanding and, at the termination of any transfer restriction period, each holder of an Aventis stock option will be able to exchange each Aventis ordinary share that is received as a result of the exercise of the option for 1.0294 Sanofi-Synthelabo ordinary shares, the same number of Sanofi-Synthelabo ordinary shares that a tendering holder would have been entitled to receive in the offers pursuant to an all stock election (assuming no proration and no reduction in respect of any dividend paid by Aventis); and

the cash consideration paid in the offers is financed by 8,964 million of new Sanofi-Synthelabo debt at an interest rate of 3.5%.

The unaudited pro forma condensed combined balance sheet and unaudited pro forma condensed combined statement of income are presented for illustrative purposes only and are not necessarily indicative of the operating results or financial condition of the combined entities that would have been achieved had the U.S. offer, the French offer and the German offer been completed during the periods presented, nor are the unaudited pro forma condensed combined balance sheet and unaudited pro forma condensed combined statement of income necessarily indicative of the future operating results or financial position of the combined entities. The unaudited pro forma condensed combined balance sheet and unaudited pro forma condensed combined statement of income do not reflect any cost savings or other synergies which may result from the combination or the effect of asset dispositions, if any, that may be required by regulatory authorities. The unaudited pro forma financial information does not reflect any special items such as payments pursuant to change of control provisions or restructuring and integration costs which may be incurred as a result of the acquisition. In addition, the financial effects of any actions described in the section Background and Reasons for the Offers Reasons for the Offers , such as costs of rationalization or synergies, cannot currently be determined and are therefore not reflected in the unaudited pro forma condensed combined financial statements. Because Sanofi-Synthelabo has access only to publicly available financial information about Aventis s accounting policies, there can be no assurance that the accounting policies of Aventis conform to those of Sanofi-Synthelabo.

The unaudited pro forma condensed combined balance sheet and unaudited pro forma condensed combined statement of income have been derived from and should be read in conjunction with the respective consolidated financial information of Sanofi-Synthelabo and Aventis as of and for the year ended December 31, 2003, which are incorporated by reference into this prospectus. All amounts are stated in euros. This pro forma information is subject to risks and uncertainties, including those discussed under Risk Factors We have not been given the opportunity to conduct a due diligence review of the non-public records of Aventis. Therefore, we may be subject to unknown liabilities of Aventis which may have an adverse effect on our profitability and results of operations and Risk Factors We have not verified the reliability of the Aventis information included in, or incorporated by reference into, this prospectus and as a result, our estimates of the impact of consummation of the offers on the pro forma financial information in this prospectus may be incorrect.

The pro forma financial information is based on preliminary estimates and assumptions, which Sanofi-Synthelabo believes to be reasonable. The pro forma adjustments and allocation of purchase price are preliminary. Due to the limited financial and other information related to Aventis available to Sanofi-Synthelabo s management, the excess of purchase price over the book value of the assets to be acquired has been allocated according to a preliminary analysis by Sanofi-Synthelabo s management based on available public information. The final allocation of the purchase price will be completed after the asset and liability valuations are finalized by Sanofi-Synthelabo s management. There can be no assurance that the final allocation of the purchase price will not differ from the preliminary allocation.

SANOFI-SYNTHELABO AND AVENTIS

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET

AS OF DECEMBER 31, 2003

	Historical Sanofi-Synthelabo French GAAP (Audited)	Historical Aventis French GAAP (Audited)	Pro forma Adjustments French GAAP (Unaudited) (Note 5)	Combined Pro Forma French GAAP (Unaudited)
		(In millions of euros)		
ASSETS				
Goodwill and other intangible assets	1,021	9,608	42,667 (a)(b)	53,296
Property, plant and equipment	1,449	4,130		5,579
Investments in/advances to equity investees and non-consolidated companies and other long-term investments	242	4,763		5,005
Deferred income taxes	472	(1)		472
Inventories	799	1,976	2,100 (b)	4,875
Accounts receivable	1,491	2,354		3,845
Assets held for sale		1,182		1,182
Other current assets	897	3,139		4,036
Cash, marketable securities and short-term deposits	3,378	1,125		4,503
Total assets	9,749	28,277	44,767	82,793
LIABILITIES AND SHAREHOLDERS EQUITY				
Shareholders equity	6,323	10,434	23,222 (g)	39,979
Amortizable preferred securities				
Minority interests	18	167		185
Mandatorily redeemable partnership interest		198		198
Long-term debt	53	3,158	8,964 (h)	12,175
Provision and other long-term liabilities	754	4,078	1,222 (b)	6,054
Deferred income taxes	9	1,085	11,294 (b)(i)	12,388
Accounts payable	657	1,322		1,979
Liabilities related to operations held for sale		391		391
Other current liabilities	1,620	5,517	65 (b)	7,202
Short-term debt and current portion of long-term debt	315	1,927		2,242
Total liabilities and shareholders equity	9,749	28,277	44,767	82,793

(1) Information not available (deferred tax asset, if any, is presented in another line of the balance sheet).

The accompanying notes are an integral part of the unaudited pro forma condensed combined financial statements.

SANOFI-SYNTHELABO AND AVENTIS

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2003

	Historical Sanofi-Synthelabo French GAAP (Audited)	Historical Aventis French GAAP (Audited)	Pro forma Adjustments French GAAP (Unaudited) (Note 5)	Combined Pro Forma French GAAP (Unaudited)
	(In millions of euros, except per share data)			
Net sales	8,048	17,815		25,863
Cost of goods sold	(1,428)	(5,377)	(2,100) (b)	(8,905)
Gross profit	6,620	12,438	(2,100)	16,958
Research and development expenses	(1,316)	(2,924)	(4,000) (b)	(8,240)
Selling and general expenses	(2,477)	(6,449)	61 (e)	(8,865)
Other operating income/ (expenses), net	248	1,085		1,333
Operating profit	3,075	4,150	(6,039)	1,186
Intangible Amortization and impairment (1)	(129)		(2,928) (a)(c)	(3,057)
Financial income (expense), net	155	(151)	(314) (f)	(310)
Exceptional items	24			24
Other income/ (expense)		(501)		(501)
Income taxes	(1,058)	(929)	1,871 (i)	(116)
Income from equity investees, net	20	(107)		(87)
Goodwill amortization	(8)	(480) (2)	(218) (a)(d)	(706)
Minority interests	(3)	(29)		(32)
Preferred remuneration		(52)		(52)
Net income/(loss)	2,076	1,901	(7,628)	(3,651)
Less:		&		