



(incorporated as a société anonyme in France)

€5,000,000,000

Euro Medium Term Note Programme

Under the Euro Medium Term Note Programme described in this Base Prospectus (the **Programme**), Kering (**Kering**, or the **Issuer**), subject to compliance with all relevant laws, regulations and directives, may from time to time issue notes (the **Notes**) denominated in any currency agreed between the Issuer and the relevant Dealers (as defined below). The maximum aggregate nominal amount of Notes outstanding will not at any time exceed €5,000,000,000 (or the equivalent in other currencies).

Application has been made to the *Commission de Surveillance du Secteur Financier* (the **CSSF**) in its capacity as competent authority under the Luxembourg Act dated 10 July 2005 on prospectuses for securities (the **Prospectus Act 2005**) to approve this document as a base prospectus. By approving this Base Prospectus, the CSSF assumes no responsibility for the economic and financial soundness of the transactions contemplated by this Base Prospectus or the quality or solvency of the Issuer in accordance with Article 7(7) of the Prospectus Act 2005. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the regulated market of the Luxembourg Stock Exchange and to be listed on the official list of the Luxembourg Stock Exchange.

References in this Base Prospectus to Notes being **listed** (and all related references) shall mean that such Notes have been admitted to trading on the regulated market of the Luxembourg Stock Exchange and have been listed on the official list of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC).

The Notes will be issued in such denomination(s) as may be agreed between the Issuer and the relevant Dealer (specified under "*Overview of the Programme*") save that (i) the minimum denomination of each Note will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency at the issue date) or (ii) such other higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency as set out in the Final Terms.

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

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined under "*Overview of the Programme - Method of Issue*") of Notes will be set out in a final terms (the **Final Terms**) which, with respect to Notes to be offered to the public in Luxembourg and/or admitted to trading on the regulated market of the Luxembourg Stock Exchange and listed on the official list of the Luxembourg Stock Exchange, will be filed with the CSSF. Copies of Final Terms in relation to Notes to be admitted to trading on the regulated market of the Luxembourg Stock Exchange and listed on the official list of the Luxembourg Stock Exchange will also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market. In relation to Notes admitted to trading on the regulated market of the Luxembourg Stock Exchange and listed on the official list of the Luxembourg Stock Exchange, this Base Prospectus is valid for a period of one year from the date hereof.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see "*Risk Factors*" in this Base Prospectus.

Notes may be issued either in dematerialised form (**Dematerialised Notes**) or in materialised form (**Materialised Notes**) as more fully described herein.

Dematerialised Notes will at all times be in book entry form in compliance with Articles L.211-3, L.211-4, L.211-7, L.211-16 and R.211-1 of the French Code *monétaire et financier*. No physical documents of title will be issued in respect of the Dematerialised Notes.

Dematerialised Notes that are cleared through a central depository (*titres financiers admis aux opérations d'un dépositaire central*) may, at the option of the Issuer, be in bearer dematerialised form (*au porteur*) inscribed as from the issue date in the books of Euroclear France, a subsidiary of Euroclear Bank SA/NV (**Euroclear France**) which shall credit the accounts of Euroclear France Account Holders (as defined in "*Terms and Conditions of the Notes - Form, Denomination(s), Title and Redenomination*") including the depository banks for Clearstream Banking, *société anonyme*, Luxembourg (**Clearstream, Luxembourg**) and for Euroclear Bank SA/NV (**Euroclear**) or in registered dematerialised form (*au nominatif*), and, in such latter case, at the option of the relevant Noteholder (as defined in Condition 1(c)(iv)), in either fully registered form (*au nominatif pur*), in which case they will be inscribed in an account maintained by the Issuer or by a registration agent (designated in the relevant Final Terms) for the Issuer, or in administered registered form (*au nominatif administré*), in which case they will be inscribed in the accounts of the Euroclear France Account Holders designated by the relevant Noteholders. Dematerialised Notes that are not cleared through a central depository (*titres financiers qui ne sont pas admis aux opérations d'un dépositaire central*) will be in registered dematerialised form (*au nominatif*) only and, at the option of the relevant Noteholder, in either fully registered form or administered form inscribed as aforesaid.

Materialised Notes will be in bearer materialised form only and may only be issued outside France. A temporary global certificate in bearer form without interest coupons attached (a **Temporary Global Certificate**) will initially be issued in connection with Materialised Notes. Such Temporary Global Certificate will be exchanged for definitive Materialised Notes in bearer form with, where applicable, coupons for interest attached on or after a date expected to be on or about the 40th day after the issue date of the Notes (subject to postponement as described in "*Temporary Global Certificates issued in respect of Materialised Bearer Notes*") upon certification as to non-US beneficial ownership as more fully described herein.

Temporary Global Certificates will (a) in the case of a Tranche intended to be cleared through Euroclear and/or Clearstream, Luxembourg, be deposited on the issue date with a common depository on behalf of Euroclear and/or Clearstream, Luxembourg and (b) in the case of a Tranche intended to be cleared through a

clearing system other than or in addition to Euroclear and/or Clearstream, Luxembourg or delivered outside a clearing system, be deposited as agreed between the Issuer and the relevant Dealer (as defined below).

The long term debt of the Issuer has been rated BBB by Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc (**S&P**). S&P is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). As such S&P is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at <http://esma.europa.eu/page/list-registered-and-certified-CRAs>) in accordance with the CRA Regulation. Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will be disclosed in the Final Terms and will not necessarily be the same as the rating assigned to the long term debt of the Issuer by S&P. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Arranger

Société Générale Corporate & Investment Banking

Dealers

BNP PARIBAS

Crédit Agricole CIB

Deutsche Bank

HSBC

J.P. Morgan

Natixis

The Royal Bank of Scotland

**Société Générale Corporate & Investment
Banking**

UniCredit Bank

IMPORTANT INFORMATION

This Base Prospectus comprises a base prospectus for the purposes of Article 5.4 of the Prospectus Directive. When used in this Base Prospectus, Prospectus Directive means Directive 2003/71/EC as amended, including by Directive 2010/73/EU, and includes any relevant implementing measure in a relevant Member State of the European Economic Area (the Prospectus Directive).

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

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

The Issuer confirms that this Base Prospectus contains all information with respect to the Issuer, the Issuer and its consolidated subsidiaries taken as a whole (the Group) and the Notes that is material in the context of the issue and offering of the Notes; the statements contained in it relating to the Issuer, the Group and the Notes are in every material respect true and accurate and not misleading; the opinions and intentions expressed in this Base Prospectus with regard to the Issuer, the Group and the Notes are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; and, to the best of its knowledge and belief, there are no other facts in relation to the Issuer, the Group or the Notes the omission of which would, in the context of the issue and offering of the Notes, make any statement in this Base Prospectus misleading in any material respect. The Issuer accepts responsibility accordingly.

No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers or the Arranger (each as defined in "*Overview of the Programme*"). Neither the delivery of this Base Prospectus nor any offering or sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs or in the financial position of the Issuer or the Group since the date hereof or the date upon which this Base Prospectus has been most recently supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Base Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus comes are required by the Issuer, the Dealers and the Arranger to inform themselves about and to observe any such restriction.

This Base Prospectus has not been submitted for clearance to the *Autorité des marchés financiers*.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of the Notes constitutes an offer of, or an invitation by or on behalf of the Issuer or the Dealers or the Arranger to subscribe for, or purchase, any Notes.

The Arranger and the Dealers have not separately verified the information contained in this Base Prospectus. Accordingly no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Arranger or the Dealers as to the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by the Issuer in connection with the Programme. Neither the Arranger nor any Dealer accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer in connection with the Programme. Neither this Base Prospectus nor any other financial statements nor any other information supplied in connection with the Programme or any Notes (a) are intended to provide the basis of any credit or other evaluation and (b) should be considered as a recommendation by any of the Issuer, the Arranger or the Dealers that any recipient of this Base Prospectus or any other financial statements or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial conditions and affairs, and its own appraisal of the creditworthiness of the Issuer. None of the Dealers or the Arranger undertakes to review the financial condition or affairs of the Issuer or the Group during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger.

The Final Redemption Amount specified in the Final Terms will be a minimum of 100 per cent. of the nominal value of the Notes.

IMPORTANT INFORMATION RELATING TO THE USE OF THIS BASE PROSPECTUS AND THE OFFER OF NOTES GENERALLY

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

This Base Prospectus has been prepared on a basis that would permit an offer of Notes with a denomination of less than €100,000 (Exempt Notes) (or its equivalent in any other currency) only in circumstances where there is an exemption from the obligation under the Prospectus Directive to publish a prospectus. As a result, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State) must be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of Notes. The CSSF has neither approved nor reviewed information contained in this Base Prospectus in connection with Exempt Notes. Accordingly any person making or intending to make an offer of Notes in that Relevant Member State may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the

Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

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

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

The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. Persons into whose possession this Base Prospectus or any Notes may come are required by the Issuer, the Dealers and the Arranger to inform themselves about, and observe, any such restrictions.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended, (the Securities Act) and may include Materialised Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons. For a description of certain restrictions on the distribution of this Base Prospectus and offers or sales of Notes, see "*Subscription and Sale*".

PRESENTATION OF INFORMATION

In this Base Prospectus, all references, unless otherwise specified or the context otherwise requires, to:

- **€**, **Euro**, **EUR** or euro are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended;
- **£**, **GBP** and **Sterling** are to pounds sterling;
- **\$**, **USD** and **US dollars** are to United States dollars;
- **¥**, **JPY** and **Yen** are to Japanese yen;
- **CHF** are to Swiss francs;
- **Renminbi**, **RMB** or **CNY** are to the lawful currency of the People's Republic of China (the **PRC** or **China**), excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan; and
- codes and decrees are to codes and decrees enacted or issued in France.

FORWARD-LOOKING STATEMENTS

This Base Prospectus contains or incorporates by reference certain statements that are forward-looking including statements with respect to the Issuer's business strategies, expansion and growth of operations, trends in its business, competitive advantage, and technological and regulatory changes and information on exchange rate risk. Forward-looking statements can be identified by the use of forward-looking terminology and include all statements preceded by, followed by or that include the words "believe", "expect", "project", "intend", "anticipate", "seek", "estimate", "should", "could" or similar words or expressions. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward-looking statements as a result of various factors. These factors include those set forth in the section entitled "*Risk Factors*". Such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. The risks described in this Base Prospectus are not the only risks investors should consider. New risk factors emerge from time to time and it is not possible for the Issuer to predict all such risk factors or the extent to which any factor, or a combination of factors, may cause actual results to differ materially from those contained in the forward-looking statements. Given these risks and uncertainties, potential investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this Base Prospectus. The Issuer does not undertake any obligation to update the forward-looking statements contained or incorporated by reference in this Base Prospectus or any other forward-looking statements it may make. All subsequent written and forward-looking statements attributable to the Issuer are expressly qualified in their entirety by such cautionary statements.

THIRD PARTY INFORMATION

The 2014 *Document de Référence* (as defined in the section entitled "*Documents Incorporated By Reference*") contains (in Chapter 2 page 16) information sourced from Bain Luxury Study – Altgamma Worldwide Market Monitor, which can be found in the Market Monitor, October 2014. The Issuer confirms that all such information has been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

STABILISATION

IN CONNECTION WITH THE ISSUE OF ANY TRANCHE OF NOTES, ONE OR MORE RELEVANT DEALERS (THE STABILISING MANAGER(S)) (OR PERSONS ACTING ON BEHALF OF ANY STABILISING MANAGER(S)) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER(S) (OR PERSONS ACTING ON BEHALF OF A STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE RELEVANT TRANCHE OF NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE RELEVANT TRANCHE OF NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE RELEVANT TRANCHE OF NOTES.

ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILISING MANAGER(S) (OR PERSONS ACTING ON BEHALF OF ANY STABILISING MANAGER(S)) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

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RISK FACTORS

In purchasing Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There are a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due in respect of the Notes. It is not possible to identify all such risks or to determine which risks are most likely to occur, as the Issuer may not be aware of all relevant risks and certain risks which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified in its 2014 Document de Référence a number of risk factors which could materially adversely affect its business and ability to make payments due under the Notes; these risk factors are referred to below.

Furthermore, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus (including any document incorporated by reference herein) and reach their own views prior to making any investment decision.

FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER NOTES ISSUED UNDER THE PROGRAMME

Risks relating to the specialised distribution industry and the Issuer

Risks identified in the Issuer's 2014 Document de Référence

The 2014 *Document de Référence* which is incorporated by reference in this Base Prospectus, sets out, under the heading "Gestion des risques" on pages 203-210, under the heading "*Exposition aux risques de marché de taux d'intérêt, de change et aux fluctuations de cours de bourse*" on pages 270-279, and under the heading "*Le développement durable*" on pages 57-130 the risk factors relating to the specialised distribution industry and the Issuer itself which the Issuer deemed to be material as at the date of the 2014 *Document de Référence* and the manner in which the Issuer sought to address these risks as at that date. These risks are not exhaustive and therefore are not the only risks that may occur.

The Issuer has not identified any further material risks since the date of the 2014 *Document de Référence*.

French Insolvency Law

Under French insolvency law, holders of debt securities are automatically grouped into a single assembly of holders (the **Assembly**) in order to defend their common interests if a preservation (*procédure de sauvegarde*), an accelerated preservation procedure (*procédure de sauvegarde accélérée*), an accelerated financial preservation procedure (*procédure de sauvegarde financière accélérée*) or a judicial reorganisation procedure (*procédure de redressement judiciaire*) is opened in France with respect to the Issuer.

The Assembly comprises holders of all debt securities issued by the Issuer (including the Notes), whether or not under a debt issuance programme (such as a euro medium term notes programme) and regardless of their governing law.

The Assembly deliberates on the proposed safeguard plan (*projet de plan de sauvegarde*), draft accelerated financial safeguard plan (*projet de plan de sauvegarde financière accélérée*), draft accelerated safeguard plan (*projet de plan de sauvegarde accélérée*) or judicial reorganisation plan (*projet de plan de redressement*) applicable to the Issuer and may further agree to:

- increase the liabilities (*charges*) of holders of debt securities (including the Noteholders) by rescheduling due payments and/or partially or totally writing-off receivables in the form of debt securities;
- establish an unequal treatment between holders of debt securities (including the Noteholders) as appropriate under the circumstances; and/or
- decide to convert debt securities (including the Notes) into securities that give or may give rights to share capital.

Decisions of the Assembly will be taken by a two-thirds majority (calculated as a proportion of the debt securities held by the holders expressing a vote). No quorum is required to convene the Assembly.

For the avoidance of doubt, the provisions relating to the Meetings of the Noteholders described in the Terms and Conditions of the Notes set out in this Base Prospectus and the Agency Agreement will not be applicable to the extent they are not in compliance with mandatory insolvency law provisions that apply in these circumstances.

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH NOTES ISSUED UNDER THE PROGRAMME

Risks related to the structure of a particular issue of Notes

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

Fixed Rate Notes

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

Floating Rate Notes

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

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Notes.

If the Issuer has the right to redeem any Notes at its option, this may limit the market value and, in certain circumstances, impact the liquidity of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return.

The Final Terms for a particular issue of Notes may provide for early redemption at the option of the Issuer (including the Issuer Clean-up Call Option). Any such optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

In the event that the Make Whole Redemption option is specified as applicable in the relevant Final Terms and the Notes are redeemed in part or the Investor Put or Investor Put (Change of Control) options are specified as applicable in the relevant Final Terms, the liquidity of the Notes may also be adversely affected to the extent that such options are exercised.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Unless in the case of any particular Tranche of Notes the relevant Final Terms specifies otherwise, in the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within France, or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Terms and Conditions.

In particular, with respect to the Issuer Clean-up Call Option, there is no obligation under the Terms and Conditions of the Notes for the Issuer to inform investors if and when the 80 per cent. threshold has been reached or is about to be reached, and the Issuer's right to redeem will exist notwithstanding that immediately prior to the serving of a notice in respect of the exercise of the Issuer Clean-up Call Option, the Notes may have been trading significantly above par, thus potentially resulting in a loss of capital invested.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Risks related to Notes generally

Set out below is a brief description of certain risks relating to the Notes generally, other than with respect to Notes denominated in CNY, which are dealt with in a separate risk factor below:

The conditions of the Notes contain provisions which may permit their modification without the consent of all investors

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

Taxation

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or documentary charges or duties in accordance with the laws and practices of the jurisdiction where the Notes are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for financial instruments such as the Notes. Potential investors are advised not to rely upon the tax summary contained in this Base Prospectus and/or in the Final Terms but to ask for their own tax adviser's advice on their individual taxation with respect to the subscription, acquisition, holding, disposal and redemption of the Notes. Only these advisors are in a position to duly consider the specific situation of the potential investor.

EU Savings Directive

Under Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments (the **Savings Directive**), EU Member States are required to provide to the tax authorities of other EU Member States details of certain payments of interest or similar income paid or secured by a person established in an EU Member State to or for the benefit of an individual resident in another EU Member State or certain limited types of entities established in another EU Member State.

For a transitional period, Austria is instead required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld). The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 10 November 2015, the Council of the European Union adopted a Council Directive repealing the Savings Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other EU Member States (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The new regime under Council Directive 2011/16/EU (as amended) is in accordance with the Global Standard released by the Organisation for Economic Co-operation and Development in July 2014. Council Directive 2011/16/EU (as amended) is generally broader in scope than the Savings Directive, although it does not impose withholding taxes.

If a payment were to be made or collected through an EU Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent (as defined in the Conditions of the Notes) or any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in an EU Member State that is not obliged to withhold or deduct tax pursuant to the Savings Directive.

The proposed financial transactions tax (FTT)

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**).

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of the Notes should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

Under certain circumstances, payments on the Notes may be subject to information reporting and withholding tax under FATCA.

Under the U.S. Foreign Account Tax Compliance Act provisions of the U.S. Internal Revenue Code (**Code**) and related U.S. Treasury guidance (**FATCA**), a withholding tax of 30% will be imposed in certain circumstances on (i) payments of certain U.S. source income (including interest and dividends) and gross proceeds from the sale or other disposition of property that can produce U.S. source interest or dividends (**withholdable payments**) and (ii) payments by certain foreign financial institutions (such as banks, brokers, investment funds or certain holding companies) (**FFIs**) that agree to comply with FATCA (**participating FFIs**) that are attributable to withholdable payments (**foreign passthru payments**). It is uncertain at present when payments will be treated as "attributable" to withholdable payments. FATCA withholding on foreign passthru payments generally will not apply to debt obligations that are issued on or before the date that is six months after the date on which the final U.S. Treasury regulations that define "foreign passthru payments" (**passthru payment regulations**) are filed unless such obligations are materially modified after that date or are treated as equity for U.S. federal income tax purposes.

It is possible that, in order to comply with FATCA, the Issuer (or if the Notes are held through an FFI, such FFI) may be required, pursuant to an agreement with the United States (an **FFI Agreement**) or under applicable non-U.S. law enacted in connection with an intergovernmental agreement between the United States and another jurisdiction (an **IGA**) to request certain information and documentation from the holders or beneficial owners of the Notes, which may be provided to the U.S. Internal Revenue Service. In addition, (i) if the Notes are treated as debt for U.S. federal income tax purposes and the terms of the Notes are materially modified on a date more than six months after the date on which the passthru payment regulations are filed or (ii) if the Notes are treated as equity for U.S. federal income tax purposes, then it is possible that the Issuer or a financial institution through which the Notes are held may be required to apply the FATCA withholding tax to any payment with respect to the Notes treated as a foreign passthru payment made after the later of (a) 31 December 2018 and (b) the date on which the passthru payment regulations are published if any required information or documentation is not provided or if payments are made to certain FFIs that have not agreed to comply with an FFI Agreement (and are not subject to similar requirements under applicable non-U.S. law enacted in connection with an IGA). Neither the Issuer nor any paying agent nor any other person will have any obligation to gross up or otherwise pay additional amounts for any U.S. withholding or deduction required with respect to payments on the Notes under or in connection with FATCA.

The United States and France have entered into an IGA (the **US-France IGA**). The US-France IGA does not address withholding on foreign passthru payments.

Each non-U.S. person considering an investment in the Notes should consult its own tax advisor regarding the application of FATCA to the Notes.

The value of the Notes could be adversely affected by a change in French law or administrative practice

The Terms and Conditions of the Notes are based on French law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to French law or the official application or interpretation of French law after the date of this Base Prospectus and any such change could materially adversely impact on the value of any Notes affected by it.

Specific Risks related to RMB Notes

RMB is not freely convertible and there are significant restrictions on the remittance of RMB into and outside the People's Republic of China

The RMB is not freely convertible at present. The government of the People's Republic of China (**PRC**) continues to regulate conversion between the RMB and foreign currencies, including the Hong Kong dollar, despite the significant reduction in control by it in recent years over trade transactions involving the import and export of goods and services, as well as other frequent routine foreign exchange transactions. Participating banks in Hong Kong have been permitted to engage in the settlement of current account items in RMB under a pilot scheme introduced in July 2009 which originally applied to approved pilot enterprises in five cities in the PRC. This pilot scheme was extended in August 2011 to cover the whole nation and to make the settlement of current account items in RMB available worldwide.

However, remittance of RMB by foreign investors into the PRC for purposes such as capital contributions known as capital account items, is generally only permitted upon obtaining specific approvals from the relevant authorities on a case-by-case basis and subject to a strict monitoring system. Regulations in the PRC on the remittance of RMB into the PRC for settlement of capital account items is developing gradually.

On 12 October 2011, the Ministry of Commerce of the PRC (**MOFCOM**) promulgated the "Circular on Certain Issues Concerning Direct Investment Involving Cross border Renminbi" (the **MOFCOM Circular**). Pursuant to the MOFCOM Circular, the appropriate office of MOFCOM and/or its local counterparts were authorised to approve RMB foreign direct investments (**FDI**) with certain exceptions based on, amongst others, the size and industry of the investment. The MOFCOM Circular also stipulates that the proceeds of FDI may not be used towards investment in securities, financial derivatives or entrustment loans in the PRC, except for investments in domestic companies listed in the PRC through private placements or share transfers by agreement.

On 13 October 2011, the People's Bank of China (the **PBoC**) promulgated the "Administrative Measures on Renminbi Settlement of Foreign Direct Investment" (the **PBoC FDI Measures**) as part of the implementation of the PBoC's detailed FDI accounts administration system. The system covers almost all aspects in relation to FDI, including capital injections, payments for the acquisition of PRC domestic enterprises, repatriation of dividends and other distributions, as well as RMB denominated cross-border loans. Under the PBoC FDI Measures, special approval for RMB FDI and shareholder loans from the PBoC, which was previously required, is no longer necessary. In some cases, however, post-event filing with the PBoC is still necessary.

As the MOFCOM Circular and the PBoC FDI Measures are relatively new circulars, they will be subject to interpretation and application by the relevant authorities in the PRC.

There is no assurance that the PRC government will continue to gradually liberalise control over cross-border remittance of RMB in the future, that the pilot scheme introduced in July 2009 (as extended) will not be discontinued or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of RMB into or outside the PRC. In the event that funds cannot be repatriated outside the PRC in RMB, this may affect the overall availability of RMB outside the PRC and the ability of the Issuer to source RMB to finance its obligations under Notes denominated in RMB.

There is only limited availability of RMB outside the PRC, which may affect the liquidity of the RMB Notes and the Issuer's ability to source RMB outside the PRC to service RMB Notes

As a result of the restrictions by the PRC government on cross-border RMB fund flows, the availability of RMB outside the PRC is limited. Since February 2004, in accordance with arrangements between the PRC central government and the Hong Kong government, licensed banks in Hong Kong may offer limited RMB-denominated banking services to Hong Kong residents and designated business customers. The PBoC has also established an RMB clearing and settlement mechanism for participating banks in Hong Kong. On 19 July 2010, further amendments were made to the Settlement Agreement on the Clearing of Renminbi Business (the **Settlement Agreement**) between the PBoC and the Bank of China (Hong Kong) Limited as the RMB clearing bank (the **RMB Clearing Bank**) to further expand the scope of RMB business for participating banks in Hong Kong. Pursuant to the revised arrangements, all corporations are allowed to open RMB accounts in Hong Kong, there is no longer any limit on the ability of corporations to convert RMB and there is no longer any restriction on the transfer of RMB funds between different accounts in Hong Kong.

However, the current size of RMB-denominated financial assets outside the PRC is limited. According to statistics published by the Hong Kong Monetary Authority (the **HKMA**), as of 30 April 2012, the total amount of RMB deposits held by institutions authorised to engage in RMB banking business in Hong Kong amounted to approximately RMB 552,372 million. In addition, participating authorised institutions are also required by the HKMA to maintain a total amount of RMB (in the form of cash, its settlement account balance and/or fiduciary account balance with the RMB Clearing Bank) of no less than 25 per cent. of their RMB deposits, which further limits the availability of RMB that participating banks can utilise for conversion services for their customers. RMB business-participating banks do not have direct RMB liquidity support from the PBoC. They are only allowed to square their open positions with the RMB Clearing Bank after consolidating the RMB trade position of banks outside Hong Kong that are in the same bank group of the participating banks concerned with their own trade position, and the RMB Clearing Bank only has access to onshore liquidity support from the PBoC for the purpose of squaring open positions of participating banks for limited types of transactions, including open positions resulting from conversion services for corporations relating to cross-border trade settlement, for individual customers of up to RMB 20,000 per person per day and for the designated business customers relating to the RMB received in providing their services. The RMB Clearing Bank is not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services and the participating banks will need to source RMB from outside the PRC to square such open positions.

Although it is expected that the offshore RMB market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that no new PRC regulations will be promulgated or the Settlement Agreement will not be terminated or amended in the future so as to have the effect of restricting availability of RMB offshore. The limited availability of RMB outside the PRC may affect the liquidity of the Notes. To the extent the Issuer is required to source RMB in the offshore market to service the Notes, there is no assurance that the Issuer will be able to source such RMB on satisfactory terms, if at all.

If the Issuer is unable to source such RMB, the Issuer's obligation to make a payment in RMB under the terms of the Notes may be replaced by an obligation to pay such amount in the Relevant Currency specified in the applicable Final Terms (all as defined, and further described, in Condition 7(i)(i)).

Investment in RMB Notes is subject to exchange rate risks

The value of the RMB against the Hong Kong dollar and other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions, as well as many other factors. The Issuer will make all payments of interest and principal with respect to the Notes in RMB, unless otherwise specified. As a result, the value of these RMB payments may vary with the changes in the prevailing exchange rates in the market place. If the value of RMB depreciates against the Hong Kong

dollar or other foreign currencies, the value of the investment made by a holder of the Notes in Hong Kong dollars or any other foreign currency terms will decline.

Payments for RMB Notes will only be made to investors in the manner specified

All payments to investors in respect of the Notes will be made solely by transfer to a RMB bank account maintained in Hong Kong in accordance with prevailing rules and regulations. The Issuer cannot be required to make payment by any other means (including in any other currency or by transfer to a bank account in the PRC).

Gains on the transfer of the RMB Notes may become subject to income taxes under PRC tax laws

Under the PRC Enterprise Income Tax Law and its implementation rules, which took effect on 1 January 2008, any gain realised on the transfer of RMB Notes by non-resident enterprise holders of the Notes may be subject to enterprise income tax if such gain is regarded as income derived from sources within the PRC. However, there remains uncertainty as to whether the gain realised from the transfer of RMB Notes would be treated as income derived from sources within the PRC and subject to PRC tax. This will depend on how the PRC tax authorities interpret, apply or enforce the PRC Enterprise Income Tax Law and its implementation rules. According to the arrangement between the PRC and Hong Kong, residents of Hong Kong, including enterprise holders and individual holders, will not be subject to PRC tax on any capital gains derived from a sale or exchange of the Notes.

Therefore, if non-resident enterprise holders of the Notes are required to pay PRC income tax on gains on the transfer of RMB Notes (such enterprise income tax is currently levied at the rate of 10 per cent. of the gross proceeds, unless there is an applicable tax treaty between PRC and the jurisdiction in which such non-resident enterprise holders of RMB Notes reside that reduces or exempts the relevant tax), the value of their investment in RMB Notes may be materially and adversely affected.

Remittance of proceeds into or outside of the PRC in Renminbi

In the event that the Issuer decides to remit some or all of the proceeds into the PRC in RMB, its ability to do so will be subject to obtaining all necessary approvals from and registration with the relevant PRC government authorities. However, there is no assurance that the necessary approvals from and registration with the relevant PRC government authorities will be obtained at all or, if obtained, they will not be revoked or amended in the future.

There is no assurance that the PRC government will continue to gradually liberalise the control over cross-border RMB remittances in the future, that the pilot scheme introduced in July 2009 will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of RMB into or outside the PRC. In the event that the Issuer does remit some or all of the proceeds into the PRC in RMB and the Issuer subsequently is not able to repatriate funds outside the PRC in RMB, the Issuer, as the case may be, will need to source RMB offshore to finance its relevant obligations under the RMB Notes, and its ability to do so will be subject to the overall availability of RMB outside the PRC.

Current Account Items

Under PRC foreign exchange control regulations, current account items refer to any transaction for international receipts and payments involving goods, services, earnings and other frequent transfers.

Prior to July 2009, all current account items were required to be settled in foreign currencies. In July 2009, the PRC commenced a pilot scheme pursuant to which RMB may be used for settlement of imports and exports of goods between approved pilot enterprises in five designated cities in the PRC, including Shanghai, Guangzhou, Dongguan, Shenzhen and Zhuhai, and enterprises in designated offshore jurisdictions, including

Hong Kong and Macau. On 17 June 2010, the PRC government promulgated the Circular on Issues concerning the Expansion of the Scope of the Pilot Programme of Renminbi Settlement of Cross Border Trades (Yin Fa (2010) No. 186) (the **Circular**), pursuant to which (i) RMB settlement of imports and exports of goods and of services and other current account items became permissible, (ii) the list of designated pilot districts were expanded to cover 20 provinces and cities, and (iii) the restriction on designated offshore districts has been uplifted. Accordingly, any enterprises in the designated pilot districts and offshore enterprises are entitled to use RMB to settle imports and exports of goods and services and other current account items between them. RMB remittance for exports of goods from the PRC may only be effected by approved pilot enterprises in designated pilot districts in the PRC. In August 2011, the PRC government further expanded RMB cross-border trade settlement nationwide.

As a new regulation, the Circular will be subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices in applying the Circular and impose conditions for settlement of current account items.

Capital Account Items

Under PRC foreign exchange control regulations, capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments are generally subject to approval of the relevant PRC authorities.

Settlements for capital account items are generally required to be made in foreign currencies. For instance, foreign investors (including any Hong Kong investors) are required to make any capital contribution to foreign-invested enterprises in a foreign currency in accordance with the terms set out in the relevant joint-venture contracts and/or articles of association as approved by the relevant authorities. Foreign-invested enterprises or other relevant PRC parties are also generally required to make capital item payments including proceeds from liquidation, transfer of shares, reduction of capital, interest and principal repayment to foreign investors in a foreign currency. That said, the relevant PRC authorities may grant approval for a foreign entity to make a capital contribution or a shareholder's loan to a foreign invested enterprise with RMB lawfully obtained by it outside the PRC and for the foreign invested enterprise to service interest and principal repayment to its foreign investor outside the PRC in RMB on a trial basis. The foreign invested enterprise may be required to complete a registration and verification process with the relevant PRC authorities before such RMB remittances.

On 7 April 2011, the State Administration of Foreign Exchange of the PRC (**SAFE**) promulgated the "Circular on Issues Concerning the Capital Account Items in connection with Cross Border Renminbi" (the **SAFE Circular**), which became effective on 1 May 2011. According to the SAFE Circular, in the event that foreign investors intend to use cross-border RMB (including RMB inside and outside the PRC held in the capital accounts of non-PRC residents) to make a contribution to an onshore enterprise or make a payment for the transfer of an equity interest of an onshore enterprise by a PRC resident, such onshore enterprise shall be required to submit the relevant prior written consent from the MOFCOM to the relevant local branches of SAFE of such onshore enterprise and register for a foreign invested enterprise status. Further, the SAFE Circular clarifies that the foreign debts borrowed, and the external guarantee provided, by an onshore entity (including a financial institution) in RMB shall, in principle, be regulated under the current PRC foreign debt and external guarantee regime.

The SAFE Circular, the MOFCOM Circular and the PBoC FDI Measures, which are new regulations, have been promulgated to control the remittance of RMB for payment of transactions categorised as capital account items and such new regulations will be subject to interpretation and application by the relevant PRC authorities. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of RMB for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules.

Risks related to the market generally

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

An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell its Notes

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

If an investor holds Notes which are not denominated in the investor's home currency, he will be exposed to movements in exchange rates adversely affecting the value of its holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes

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

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

The value of Fixed Rate Notes may be adversely affected by movements in market interest rates

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

Credit ratings assigned to the Issuer or any Notes may not reflect all the risks associated with an investment in those Notes

One or more independent credit rating agencies may assign credit ratings to the Issuer or the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (the **CRA Regulation**) from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings

issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Base Prospectus.

Risks relating to the European and global financial and economic situation

The profitability of the Issuer's operations is affected by several factors, the most important of which are the general economic conditions in Europe and globally, volatility of interest rates, equity prices and exchange rates, and the Issuer's competitive situation. Factors such as investment in public finances, fiscal policy, and the level of general prices, income and employment may affect the volume and performance of the Issuer's business as well as its financial condition.

The very severe dislocation of the financial markets around the world that began in August 2007 has triggered widespread problems at, amongst others, many commercial banks, investment banks, insurance companies, building societies and other financial and related institutions around the world. The dislocation has also severely impacted general levels of liquidity, the availability of credit and the terms on which credit is available and has led certain governments to inject liquidity into the financial system and take other forms of action relating to financial institutions aimed at both supporting the sector and providing confidence to the markets. These market dislocations have been accompanied by recessionary conditions in many economies around the world which have adversely affected, among other things, consumer confidence, levels of unemployment, the state of the housing market, the commercial real estate sector, bond markets, equity markets, counterparty risk, inflation, the availability and cost of credit, transaction volumes, the liquidity of the global financial markets and market interest rates.

Recent developments, particularly in the eurozone, have demonstrated that there continue to be significant risks. From April 2010 to date, financial markets and credit supply have been periodically negatively impacted by ongoing fears surrounding the large sovereign debts and/or fiscal deficits of several countries and the possibility of further downgrading of, or defaults on, sovereign debt as well as concerns about slowdown in growth and/or continuing recessions.

The exact nature of the risks that the Group faces is difficult to predict and guard against in light of (i) the inter-related nature of the risks involved, (ii) difficulties in predicting the outcomes of austerity programmes in Europe and whether economic recovery will occur or be sustainable in some economies and whether others will fall back into recession (iii) the extent to which the slowdown in growth/consumer confidence will impact on the global economy and (iv) the fact that the risks are totally or partially outside of the Group's control. It is not known for how long these risks will continue nor whether they will worsen. It is difficult to predict whether and to what extent the Issuer's business, results of operations and financial condition will be adversely affected.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published and have been filed with the CSSF shall be incorporated by reference in, and form part of, this Base Prospectus. The documents can be found on the Issuer's website (www.kering.com):

- (a) the 2014 *Document de Référence* of the Issuer in French, except the third paragraph of the attestation of the person responsible for the *Document de Référence* (page 343) that refers to the Auditors' *Lettre de fin de travaux*, which does not constitute part of the 2014 *Document de Référence* incorporated in this Base Prospectus (French version) (the **2014 Document de Référence** or the **DR 2014**);
- (b) the 2013 *Document de Référence* of the Issuer in French, except the third paragraph of the attestation of the person responsible for the *Document de Référence* (page 327) that refers to the Auditors' *Lettre de fin de travaux*, which does not constitute part of the 2013 *Document de Référence* incorporated in this Base Prospectus (French version) (the **2013 Document de Référence** or the **DR 2013**);
- (c) the 2015 *Rapport Semestriel* of the Issuer in French (the **RS 2015**);
- (d) the Press Releases issued by the Issuer in French on 21 April 2015 and 22 October 2015;
- (e) the terms and conditions of the Notes contained on pages 10 to 32 of the base prospectus dated 22 July 2004;
- (f) the terms and conditions of the Notes contained on pages 24 to 52 of the base prospectus dated 10 December 2008;
- (g) the terms and conditions of the Notes contained on pages 26 to 54 of the base prospectus dated 30 November 2009;
- (h) the terms and conditions of the Notes contained on pages 26 to 53 of the base prospectus dated 26 November 2010;
- (i) the terms and conditions of the Notes contained on pages 33 to 61 of the base prospectus dated 6 December 2011;
- (j) the terms and conditions of the Notes contained on pages 29 to 59 of the base prospectus dated 11 December 2012;
- (k) the terms and conditions of the Notes contained on pages 32 to 63 of the base prospectus dated 3 December 2013; and
- (l) the terms and conditions of the Notes contained on pages 31 to 63 of the base prospectus dated 4 December 2014.

For the avoidance of doubt, the Issuer's website (www.kering.com) is not incorporated by reference in this Base Prospectus, except for such sections which are expressly referred to above. Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Base Prospectus.

Following the publication of this Base Prospectus, a supplement may be prepared by the Issuer and approved by the CSSF in accordance with Article 16 of the Prospectus Directive. Statements contained in any such

supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable, be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus can be obtained from the registered office of the Issuer, and from the Issuer's website (www.kering.com) and from the specified offices of the Paying Agent for the time being in Paris. This Base Prospectus (together with any Final Terms relating to Notes admitted to trading on the Luxembourg Stock Exchange's regulated market and the documents incorporated by reference herein) will also be published on the Luxembourg Stock Exchange's website (www.bourse.lu).

THE ISSUER WILL, IN THE EVENT OF ANY SIGNIFICANT NEW FACTOR, MATERIAL MISTAKE OR INACCURACY RELATING TO INFORMATION INCLUDED IN THIS BASE PROSPECTUS WHICH IS CAPABLE OF AFFECTING THE ASSESSMENT OF ANY NOTES, PREPARE A SUPPLEMENT TO THIS BASE PROSPECTUS OR PUBLISH A NEW BASE PROSPECTUS FOR USE IN CONNECTION WITH ANY SUBSEQUENT ISSUE OF NOTES.

CROSS-REFERENCE LIST RELATING TO INFORMATION INCORPORATED BY REFERENCE

I. RISK FACTORS	
Prominent disclosure of risk factors that may affect the Issuer's ability to fulfil its obligations under the securities to investors in a section headed "Risk Factors".	Pages 203-210, 270-279 DR 2014
II. PRINCIPAL ACTIVITIES	
A description of the Issuer's principal activities stating the main categories of products sold and/or services performed.	Pages 15-56 DR 2014 Pages 9-30 RS 2015
The basis for any statements made by the Issuer regarding its competitive position.	Pages 17, 25, 27, 31, 44, 50 DR 2014
III. ORGANISATIONAL STRUCTURE	
If the Issuer is part of a group, a brief description of the group and of the Issuer's position within it.	Pages 8-14 DR 2014
IV. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES	
Audited historical financial information covering the latest two financial years and the audit report in respect of each year.	Pages 195 to 307 DR 2013 Pages 211 to 322 DR 2014 Pages 39 to 71 RS 2015
(a) consolidated statement of financial position;	Page 197 DR 2013 Page 213 DR 2014

	Page 41 RS 2015
(b) consolidated income statement and consolidated statement of comprehensive income;	Pages 195 and 196 DR 2013
	Pages 211 and 212 DR 2014 Page 39 and 40 RS 2015
(c) consolidated statement of changes in equity;	Page 199 DR 2013 Page 215 DR 2014 Page 43 RS 2015
(d) consolidated statement of cash flows;	Page 198 DR 2013 Page 214 DR 2014 Page 42 RS 2015
(e) Notes to the consolidated financial statements.	Pages 200 to 282 DR 2013 Pages 216 to 298 DR 2014 Pages 44 to 70 RS 2015
XI. AUDITING OF HISTORICAL ANNUAL FINANCIAL INFORMATION	
A statement that the historical financial information has been audited. If audit reports on the historical financial information have been refused by the statutory auditors or if they contain qualifications or disclaimers, such refusal or such qualifications or disclaimers must be reproduced in full and the reasons given.	Pages 283, and 303 to 304 DR 2013 Pages 299 and 319 to 320 DR 2014
Statutory auditor's review report on the interim financial information.	Page 71 RS 2015

The information incorporated by reference that is not included in the cross-reference list, is considered as additional information and is not required by the relevant schedules of the Prospectus Directive.

OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms.

This Overview constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No 809/2004 implementing Directive 2003/71/EC (the **Prospectus Regulation**).

Words and expressions defined in "Terms and Conditions of the Notes" shall have the same meanings in this Overview.

Issuer: Kering

Risk Factors: There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. These risk factors include risks relating to the specialised distribution industry and the Issuer itself. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These risk factors are set out under "*Risk Factors*" and include certain risks relating to the structure of particular Series of Notes and certain market risks.

Description: Euro Medium Term Note Programme

Arranger: Société Générale

Dealers: BNP Paribas
Crédit Agricole Corporate and Investment Bank
Deutsche Bank AG, London Branch
HSBC Bank plc
J.P. Morgan Securities plc
Natixis
Société Générale
The Royal Bank of Scotland plc
UniCredit Bank AG

The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Base Prospectus to **Permanent Dealers** are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and to **Dealers** are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.

Certain Restrictions: Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time including the following restrictions

applicable at the date of this Base Prospectus.

Notes having a maturity of less than one year

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

Under Part II of the Luxembourg Act dated 10 July 2005 on prospectuses for securities, which implements Directive 2003/71/EC, prospectuses relating to money market instruments having a maturity at issue of less than 12 months and complying also with the definition of securities are not subject to the approval provisions of Part II of such Act.

Programme Limit: Up to €5,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.

Fiscal Agent and Principal Paying Agent: BNP Paribas Securities Services

Method of Issue: The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a **Series**) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a **Tranche**) on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in a Final Terms to this Base Prospectus (**Final Terms**).

Maturities: Subject to compliance with all relevant laws, regulations and directives, any maturity from one month from the date of original issue.

Currencies: Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealer(s).

Denomination(s): Notes will be in such denominations as may be specified in the relevant Final Terms save that (i) the minimum denomination of each Note (other than an Exempt Note) will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency at the issue date) or (ii) such other higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency.

Dematerialised Notes shall be issued in one denomination only.

- Status of the Notes:** The Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of "*Terms and Conditions of the Notes – Condition 4 (Negative Pledge)*") unsecured obligations of the Issuer and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by applicable law) equally with all other present or future unsecured and unsubordinated obligations of the Issuer from time to time outstanding.
- Negative Pledge:** There will be a negative pledge in respect of the Notes as set out in "*Terms and Conditions of the Notes – Condition 4 (Negative Pledge)*".
- Events of Default:** There will be events of default (including a cross-default) in respect of the Notes as set out in "*Terms and Conditions of the Notes – Condition 9 (Events of Default)*".
- Redemption Amount:** The relevant Final Terms will specify the basis for calculating the redemption amounts payable. The Final Redemption Amount specified in the Final Terms will be a minimum of 100 per cent. of the nominal value of the Notes.
- Optional Redemption:** The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the Noteholders and, if so, the terms applicable to such redemption.
- Issuer Clean-up Call Option:** If so specified in the relevant Final Terms, in respect of any issue of Notes, in the event that at least 80 per cent. (eighty per cent.) of the initial aggregate nominal amount of a particular Series of Notes has been redeemed or purchased and, in each case, cancelled by the Issuer, the Issuer will have the option to redeem all, but not some only, of the remaining Notes of that Series at par together with interest accrued to the date fixed for redemption.
- Early Redemption:** Except as provided in "*Optional Redemption*" and "*Issuer Clean-up Call Option*" above and "*Make-Whole Redemption by the Issuer*" below, Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons. See "*Terms and Conditions of the Notes – Condition 6 (Redemption, Purchase and Options)*".
- Make-Whole Redemption by the Issuer:** If so specified in the relevant Final Terms, in respect of any issue of Notes, the Issuer will have the option to redeem the Notes, in whole or in part, at any time in whole or in part, prior to their Maturity Date at a price including the remaining interest payment.
- Taxation:** All payments of principal, interest and other revenues by or on behalf of the Issuer in respect of any Note or Coupon shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

If French law should require that payments of principal or interest in respect of any Note or Coupon be subject to withholding or deduction in respect of any present or future taxes or duties, assessments or governmental charges of whatever nature, the Issuer will, to the fullest extent then permitted by law, pay such additional amounts as shall result in receipt by the Noteholders or, if applicable, the Couponholders, as the case may be, of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in certain cases more fully described in Condition 8 of the Terms and Conditions of the Notes.

Any investor considering an investment in the Notes should obtain independent tax advice.

Please see the "*Terms and Conditions of the Notes – Condition 8 (Taxation)*" and the section entitled "*Taxation*".

Interest Periods and Interest Rates:

The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. All such information will be set out in the relevant Final Terms.

Fixed Rate Notes:

Interest on Fixed Rate Notes will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.

Floating Rate Notes:

Floating Rate Notes will bear interest determined separately for each Series as follows:

- (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. as amended and updated as at the issue date of the first Tranche of the Notes of the relevant Series, and adjusted for any applicable margin; or
- (b) by reference to LIBOR, LIBID, LIMEAN or EURIBOR (or such other benchmark as may be specified in the relevant Final Terms), in each case as adjusted for any applicable margin.

Interest Periods and if applicable the Maximum Interest Rate and/or Minimum Interest Rate will be specified in the relevant Final Terms.

Zero Coupon Notes:

Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.

Redenomination:

Notes issued in the currency of any Member State of the European Union which participates in the third stage (or any further stage) of European Monetary Union may be redenominated into euro, all as more fully provided in "*Terms and Conditions of the Notes – Condition 1 (Form, Denomination(s), Title and Redenomination)*" below. Any such

redenomination will be set out in the relevant Final Terms.

Consolidation:	Notes of one Series may be consolidated with Notes of another Series as more fully provided in " <i>Terms and Conditions of the Notes - Condition 14 (Further Issues and Consolidation)</i> ".
Form of Notes:	<p>Notes may be issued as either Dematerialised Notes or Materialised Notes.</p> <p>Dematerialised Notes which are dealt in on a regulated market may, at the option of the Issuer, be issued in bearer dematerialised form (<i>au porteur</i>) or in registered dematerialised form (<i>au nominatif</i>) and, in such latter case, at the option of the relevant Noteholder, in either fully registered (<i>au nominatif pur</i>) or administered registered (<i>au nominatif administré</i>) form. No physical documents of title will be issued in respect of Dematerialised Notes. Dematerialised Notes which are not dealt in on a regulated market will be issued in registered dematerialised form only and, at the option of the relevant Noteholder, in either fully registered (<i>au nominatif pur</i>) or administered registered (<i>au nominatif administré</i>) form. See "<i>Terms and Conditions of the Notes – Condition 1 (Form, Denomination(s), Title and Redenomination)</i>".</p> <p>Materialised Notes will be in bearer materialised form (Materialised Bearer Notes) only. A Temporary Global Certificate will be issued initially in respect of each Tranche of Materialised Bearer Notes. Materialised Notes may only be issued outside France.</p>
Governing Law:	French
Clearing Systems:	Euroclear France as central depository in relation to Dematerialised Notes and Clearstream, Luxembourg and Euroclear or any other clearing system that may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer, in relation to Materialised Notes.
Initial Delivery of Dematerialised Notes:	One Paris business day before the issue date of each Tranche of Dematerialised Notes, the <i>Lettre Comptable</i> relating to such Tranche shall be deposited with Euroclear France as central depository.
Initial Delivery of Materialised Notes:	On or before the issue date for each Tranche of Materialised Bearer Notes, the Temporary Global Certificate issued in respect of such Tranche shall be deposited with a common depository for Euroclear and Clearstream, Luxembourg or with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Fiscal Agent and the relevant Dealer or Dealers.
Issue Price:	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount.
Approval, Admission to trading and listing:	Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made for Notes issued under the Programme to be listed on the official list of the Luxembourg Stock Exchange and to be admitted to trading on the Regulated Market of the Luxembourg Stock Exchange.

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

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

Rating:

The long term debt of the Issuer has been rated BBB by S&P.

Notes issued under the Programme may be rated or unrated. Where an issue of Notes is rated, its rating will not necessarily be the same as the rating applicable to the Programme. Where an issue of Notes is rated, its rating will be specified in the applicable Final Terms. A rating is not a recommendation to buy, sell or hold securities and may be subject to supervision, change or withdrawal at any time from the assigning rating agency.

Selling Restrictions:

There are restrictions on the offer, sale and transfer of the Notes and the distribution of offering material notably in the United States, the European Economic Area (including the United Kingdom, France and Italy) and Japan. See "*Subscription and Sale*". In connection with the offering and sale of a particular Tranche, additional selling restrictions may be imposed which will be set out in the relevant Final Terms.

United States Selling Restrictions:

The Issuer is Category 2 for the purposes of Regulation S under the U.S. Securities Act of 1933, as amended.

TEFRA C/ TEFRA D / TEFRA Not Applicable, as specified in the applicable Final Terms.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions that, subject to completion in accordance with the provisions of the relevant Final Terms, shall be applicable to the Notes. In the case of Dematerialised Notes, the text of the terms and conditions will not be endorsed on physical documents of title but will be constituted by the following text as completed by the relevant Final Terms. In the case of Materialised Notes, either (a) the full text of these terms and conditions together with the relevant provisions of the Final Terms or (b) these terms and conditions as so completed (and subject to simplification by the deletion of non-applicable provisions) shall be endorsed on Definitive Materialised Bearer Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Final Terms. References in the Conditions to the "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

An Agency Agreement (as amended or supplemented as at the Issue Date, the **Agency Agreement**) dated 2 December 2015 has been agreed between Kering (the **Issuer**), BNP Paribas Securities Services as fiscal agent and the other agent named in it, in relation to the Notes. The fiscal agent, the paying agents, the registration agent and the calculation agent(s) for the time being (if any) are referred to below respectively as the **Fiscal Agent**, the **Paying Agents** (which expression shall include the Fiscal Agent), the **Registration Agent** and the **Calculation Agent(s)**. The holders of Dematerialised Notes and Materialised Notes (each term as defined below), the holders of the interest coupons (the **Coupons**) relating to interest bearing Materialised Notes and, where applicable in the case of such Notes which, when issued in definitive form, have more than 27 interest payments remaining, talons (the **Talons**) for further Coupons (the **Couponholders**) are deemed to have notice of all of the provisions of the Agency Agreement applicable to them.

References below to "Conditions" are, unless the context requires otherwise, to the numbered paragraphs below.

Copies of the Agency Agreement are available for inspection at the specified offices of each of the Paying Agents. If the Notes are to be admitted to trading on the regulated market of the Luxembourg Stock Exchange, the applicable Final Terms will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

1. FORM, DENOMINATION(S), TITLE AND REDENOMINATION

(a) Form

Notes may be issued either in dematerialised form (**Dematerialised Notes**) or in materialised form (**Materialised Notes**).

- (i) Title to Dematerialised Notes will be evidenced in accordance with Articles L.211-3 *et seq.* and R.211-1 of the French *Code monétaire et financier* by book entries (*inscriptions en compte*). No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the French *Code monétaire et financier*) will be issued in respect of Dematerialised Notes.

Dematerialised Notes that are cleared through a central depository (*titres financiers admis aux opérations d'un dépositaire central*) are issued, at the option of the Issuer, in either bearer dematerialised form (*au porteur*), which will be inscribed in the books of Euroclear France, a subsidiary of Euroclear Bank SA/NV (**Euroclear France**) which shall credit the accounts of Euroclear France Account Holders, or in registered dematerialised form (*au nominatif*) and, in such latter case, at the option of the relevant Noteholder in either administered registered form (*au nominatif administré*) inscribed in the books of a Euroclear

France Account Holder or in fully registered form (*au nominatif pur*) inscribed in an account in the books of Euroclear France maintained by the Issuer or by the registration agent (designated in the relevant Final Terms) acting on behalf of the Issuer (the **Registration Agent**).

Dematerialised Notes that are not cleared through a central depository (*titres financiers qui ne sont pas admis aux opérations d'un dépositaire central*) are issued in registered dematerialised form (*au nominatif*) only and, at the option of the relevant Noteholder, in either administered registered form (*au nominatif administré*) inscribed in the books of a Euroclear France Account Holder or in fully registered form (*au nominatif pur*) inscribed in an account maintained by the Issuer or by the Registration Agent.

Unless this possibility is expressly excluded in the relevant Final Terms and to the extent permitted by applicable law, the Issuer may at any time request from the central depository identification information of the Noteholders such as the name or the company name, nationality, date of birth or year of incorporation and mail address or, as the case may be, e-mail address of holders of Dematerialised Notes in bearer form (*au porteur*).

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

- (ii) Materialised Notes are issued in bearer form (**Materialised Bearer Notes**). Materialised Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable.

In accordance with Article L.211-3 et seq. and R.211-1 of the French Code monétaire et financier, securities (such as the Notes) which are governed by French law and are in materialised form must be issued outside France.

The Notes may be **Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes** or a combination of any of the foregoing, depending on the Interest Basis shown in the relevant Final Terms.

(b) Denomination(s)

Notes shall be issued in the specified denomination(s) as set out in the relevant Final Terms (the **Specified Denomination(s)**), save that the minimum denomination of each Note (other than an Exempt Note) will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency at the issue date) or such other higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency.

Dematerialised Notes shall be issued in one Specified Denomination only.

(c) Title

- (i) Title to Dematerialised Notes in bearer dematerialised form (*au porteur*) and in administered registered form (*au nominatif administré*) shall pass upon, and transfer of such Notes may only be effected through, registration of the transfer in the accounts of Euroclear France Account Holders. Title to Dematerialised Notes in fully registered form (*au nominatif pur*)

shall pass upon, and transfer of such Notes may only be effected through, registration of the transfer in the accounts in the books of Euroclear France maintained by the Issuer or by the Registration Agent.

- (ii) Title to Materialised Bearer Notes in definitive form having, where appropriate, Coupons, and/or a Talon attached thereto on issue (**Definitive Materialised Bearer Notes**), shall pass by delivery.
- (iii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, or an interest in it, any writing on it or its theft or loss and no person shall be liable for so treating the holder.
- (iv) In these Conditions, **Noteholder** means (A) in the case of Dematerialised Notes, the person whose name appears in the account of the relevant Euroclear France Account Holder, the Issuer or the Registration Agent (as the case may be) as being entitled to such Notes and (B) in the case of Materialised Notes, the bearer of any Definitive Materialised Bearer Note and the Coupons, or Talon relating to it, and capitalised terms have the meanings given to them in the relevant Final Terms, the absence of any such meaning indicating that such term is not applicable to the Notes.

(d) Redenomination

- (i) The Issuer may (if so specified in the relevant Final Terms), on any Interest Payment Date, without the consent of the holder of any Note, Coupon or Talon, by giving at least 30 days' notice in accordance with Condition 15 and on or after the date on which the European Member State the national currency of which the Notes are denominated in has become a participating Member State in the third stage (or any further stage) of the European Economic and Monetary Union (as provided in the Treaty on the Functioning of the European Union, as amended from time to time (the **Treaty**)) or events have occurred which have substantially the same effects (in either case, **EMU**), redenominate all, but not some only, of the Notes of any Series into euro and adjust the aggregate principal amount and the Specified Denomination(s) set out in the relevant Final Terms accordingly, as described below. The date on which such redenomination becomes effective shall be referred to in these Conditions as the **Redenomination Date**.
- (ii) Unless otherwise specified in the relevant Final Terms, the redenomination of the Notes pursuant to Condition 1(d)(i) shall be made by converting the principal amount of each Note from the relevant national currency into euro using the fixed relevant national currency euro conversion rate established by the Council of the European Union pursuant to Article 109L (4) of the Treaty and rounding the resultant figure to the nearest euro 0.01 (with euro 0.005 being rounded upwards). If the Issuer so elects, the figure resulting from conversion of the principal amount of each Note using the fixed relevant national currency euro conversion rate shall be rounded down to the nearest euro. The euro denominations of the Notes so determined shall be notified to Noteholders in accordance with Condition 15. Any balance remaining from the redenomination with a denomination higher than euro 0.01 shall be paid by way of cash adjustment rounded to the nearest euro 0.01 (with euro 0.005 being rounded upwards). Such cash adjustment will be payable in euro on the Redenomination Date in the manner notified to Noteholders by the Issuer. For the avoidance of doubt, the minimum denomination of each redenominated Note (other than an Exempt Note) shall not be less than €100,000.

- (iii) Upon redenomination of the Notes, any reference in the relevant Final Terms to the relevant national currency shall be construed as a reference to euro.
- (iv) Unless otherwise specified in the relevant Final Terms, the Issuer may, with the prior approval of the Fiscal Agent, in connection with any redenomination pursuant to this Condition or any consolidation pursuant to Condition 14, without the consent of the holder of any Note, Coupon or Talon, make any changes or additions to these Conditions or Condition 14 (including, without limitation, any change to any applicable business day definition, business day convention, Principal Financial Centre of the country of the Specified Currency, interest accrual basis or benchmark), taking into account market practice in respect of redenominated euromarket debt obligations and which it believes are not prejudicial to the interests of such holders. Any such changes or additions shall, in the absence of manifest error, be binding on the holder of Notes, Coupons and Talons and shall be notified to Noteholders in accordance with Condition 15 as soon as practicable thereafter.
- (v) Neither the Issuer nor any Paying Agent shall be liable to the holder of any Note, Coupon or Talon or other person for any commissions, costs, losses or expenses in relation to or resulting from the credit or transfer of euro or any currency conversion or rounding effected in connection therewith.

2. CONVERSION AND EXCHANGE OF NOTES

(a) Dematerialised Notes

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

(b) Materialised Notes

Materialised Bearer Notes of one Specified Denomination may not be exchanged for Materialised Bearer Notes of another Specified Denomination.

3. STATUS

The Notes and, where applicable, any relative Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and rank and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by French law) equally with all other present or future unsecured or future unsecured and unsubordinated obligations of the Issuer, from time to time outstanding.

4. **NEGATIVE PLEDGE**

So long as any of the Notes or, if applicable, any Coupons relating to them, remain outstanding (as defined in the Agency Agreement), the Issuer will not create any mortgage, lien, pledge, charge or other form of encumbrance or security interest (*sûreté réelle*) upon any of its assets or revenues, present or future, to secure any Relevant Indebtedness (as defined below) or any guarantee or indemnity in respect of any Relevant Indebtedness unless, at the same time or prior thereto, the Issuer's obligations under the Notes are equally and rateably secured therewith. For the purposes of this Condition, **Relevant Indebtedness** means any present or future indebtedness for borrowed money in the form of, or represented by, bonds, notes or debentures (*obligations*) which are for the time being, or capable of being, quoted, listed, or ordinarily dealt in on any regulated stock exchange.

5. **INTEREST AND OTHER CALCULATIONS**

(a) **Definitions**

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

Benchmark means the reference rate as set out in the applicable Final Terms;

Business Day means:

- (i) in the case of euro, a day on which the Trans European Automated Real Time Gross Settlement Express Transfer (TARGET2) System or any successor thereto (the **TARGET2 System**) is operating (a **TARGET Business Day**); and/or
- (ii) in the case of a Specified Currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the Principal Financial Centre (as defined in sub-paragraph (c)(iii)(B)(III)below) for that currency; and/or
- (iii) in the case of a Specified Currency and/or one or more Additional Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Additional Business Centre(s) or, if no currency is indicated, generally in each of the Additional Business Centres so specified;

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 5:

- (i) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if "Actual/Actual-ICMA" is specified in the applicable Final Terms
 - (A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

- (B) if the Calculation Period is longer than one Determination Period, the sum of:
- (I) the number of days in such Calculation Period falling in the Determination Period in which the Calculation Period begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any calendar year; and
 - (II) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any calendar year,

where

"Calculation Period" means the relevant period for which interest is to be calculated (from and including the first such day to but excluding the last);

"Determination Period" means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

"Determination Date" means the date as specified as such in the Final Terms or, if none is specified, the Interest Payment Date;

- (iii) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iv) if "Actual/365 (Sterling)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (v) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (vi) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Interest Period falls:

"Y₂" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D₁" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (vii) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Interest Period falls:

"Y₂" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D₁" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D₂ will be 30;

- (viii) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Interest Period falls:

"Y₂" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D₁" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31 and in which case D₂ will be 30;

Effective Date means, with respect to any Floating Rate to be determined on an Interest Determination Date, the date specified as such in the relevant Final Terms or, if none is so specified, the first day of the Interest Accrual Period to which such Interest Determination Date relates;

Euro-zone means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community as amended by the Treaty on the Functioning of the European Union;

Fixed Rate Notes means Notes bearing interest at a fixed rate;

Floating Rate Notes means Notes bearing interest at a floating rate;

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

Interest Amount means the amount of interest payable for an Interest Period, and in the case of Fixed Rate Notes, means the Fixed Coupon Amount or the Broken Amount, as the case may be;

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

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

Interest Payment Date means the date(s) specified in the relevant Final Terms;

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

Interest Period Date means each Interest Payment Date or such other date specified as such in the relevant Final Terms;

ISDA Definitions means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes, unless otherwise specified in the relevant Final Terms;

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

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

Reference Banks means the institutions specified as such in the relevant Final Terms or, if none, four major banks selected by the Calculation Agent in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the Benchmark (which, if EURIBOR is the relevant Benchmark, shall be the Euro-zone);

Relevant Date means, in respect of any Note or Coupon, the date on which payment in respect of it first became due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (in the case of Materialised Notes if earlier) the date seven days after that on which notice is duly given to the holders of such Materialised Notes that, upon further presentation of the Materialised Note or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation;

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

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

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

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

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

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

Zero Coupon Notes means Notes which are offered and sold at a discount to their nominal amount and do not bear interest.

(b) Interest on Fixed Rate Notes (other than Fixed Rate Notes which are RMB Notes)

Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date in each year up to and including the Maturity Date.

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

(c) Interest on Fixed Rate Notes which are RMB Notes

Notwithstanding the other provisions in this Condition 5, each RMB Note which is a Fixed Rate Note bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest. For the purposes of calculating the amount of interest, if any Interest Payment Date would otherwise fall on a day which is not a Business Day, it shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month in which case it shall be brought forward to the immediately preceding Business Day. Interest will be payable in arrear on each Interest Payment Date.

The Calculation Agent will, as soon as practicable after 11.00 a.m. (Hong Kong time) on each Interest Determination Date, calculate the amount of interest payable per Calculation Amount for the relevant Interest Period. The determination of the amount of interest payable per Calculation Amount by the Calculation Agent shall (in the absence of manifest error and after confirmation by the Issuer) be final and binding upon all parties.

The Calculation Agent will cause the amount of interest payable per Calculation Amount for each Interest Period and the relevant Interest Payment Date to be notified to each of the Paying Agents and to be notified to Noteholders as soon as possible after their determination but in no event later than the fourth Business Day thereafter. The amount of interest payable per Calculation Amount and Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 9, the accrued interest per Calculation Amount shall nevertheless continue to be calculated as previously by the Calculation Agent in accordance with this provision but no publication of the amount of interest payable per Calculation Amount so calculated need be made.

Interest shall be calculated in respect of any period by applying the Rate of Interest to the Calculation Amount, multiplying such product by the actual number of calendar days in the relevant Interest Period or, as applicable, other period concerned and dividing it by 365, and rounding the resultant figure to the nearest Renminbi sub-unit, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

(d) Interest on Floating Rate Notes

(i) *Interest Payment Dates:* Each Floating Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each

Interest Payment Date. Such Interest Payment Date(s) is/are either shown in the relevant Final Terms as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown in the relevant Final Terms, Interest Payment Date shall mean each date which falls the number of months or other period shown in the relevant Final Terms as the Specified Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

- (ii) *Business Day Convention*: If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.
- (iii) *Rate of Interest for Floating Rate Notes*: The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified in the relevant Final Terms and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified in the relevant Final Terms.

(A) ISDA Determination for Floating Rate Notes

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

- (I) the Floating Rate Option is as specified in the relevant Final Terms;
- (II) the Designated Maturity is a period specified in the relevant Final Terms;
and
- (III) the relevant Reset Date is the day specified in the relevant Final Terms.

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

(B) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for

each Interest Accrual Period shall be determined by the Calculation Agent at or about the Relevant Time on the Interest Determination Date in respect of such Interest Accrual Period in accordance with the following:

- (I) if the Primary Source for Floating Rate is a Page, subject as provided below, the Rate of Interest shall be:
 - (x) the Relevant Rate (where such Relevant Rate on such Page is a composite quotation or is customarily supplied by one entity); or
 - (y) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the Relevant Rates of the persons whose Relevant Rates appear on that Page,

in each case appearing on such Page at the Relevant Time on the Interest Determination Date plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Calculation Agent. If five or more of such offered quotations are available on the Page, the highest (or if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of the Relevant Rates;

- (II) if the Primary Source for the Floating Rate is Reference Banks or if sub-paragraph (I) above applies and no Relevant Rate appears on the Page at the Relevant Time on the Interest Determination Date or if sub-paragraph (I)(y) above applies and fewer than three Relevant Rates appear on the Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Calculation Agent shall request each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Relevant Rate at approximately the Relevant Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Calculation Agent; and
- (III) if paragraph (II) above applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, subject as provided below, the Rate of Interest shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the rates per annum that the Calculation Agent determines to be the rates (being the nearest equivalent to the Benchmark) in respect of a Representative Amount of the Specified Currency that at least two out of five leading banks selected by the Calculation Agent in the principal financial centre of the country of the Specified Currency or, if the Specified Currency is euro, in the Euro-zone as selected by the Calculation Agent (the **Principal Financial Centre**) are quoting at or about the Relevant Time on the date on which such banks would customarily quote such rates for a period commencing on the Effective Date for a period equivalent to the Specified Duration (x) to leading banks carrying on business in Europe, or (if the Calculation Agent determines that fewer than two of such banks are

so quoting to leading banks in Europe) (y) to leading banks carrying on business in the Principal Financial Centre; except that, if fewer than two of such banks are so quoting to leading banks in the Principal Financial Centre, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date (after readjustment for any difference between any Margin, Rate Multiplier or Maximum or Minimum Rate of Interest applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period) provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

(e) Zero Coupon Notes

Where a Zero Coupon Note is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date, unless otherwise provided in the relevant Final Terms, shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(g)(i)).

(f) Accrual of Interest

Interest shall cease to accrue on each Note on the due date for redemption unless (i) in the case of Dematerialised Notes, on such due date or (ii) in the case of Materialised Notes, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date.

(g) Margin, Maximum/Minimum Rates of Interest and Redemption Amounts, Rate Multipliers and Rounding

- (i) If any Margin or Rate Multiplier is specified in the relevant Final Terms (either (A) generally, or (B) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (A), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (B), calculated in accordance with paragraph (d) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin or multiplying by such Rate Multiplier, subject always to the next paragraph.
- (ii) If any Maximum or Minimum Rate of Interest Redemption Amount is specified in the relevant Final Terms then any Rate of Interest or Redemption Amount shall be subject to such maximum or minimum, as the case may be. Unless otherwise stated in the relevant Final Terms, the Minimum Rate of Interest shall be deemed to be zero.
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (A) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (B) all figures shall be rounded to seven significant figures (with halves being rounded up) and (C) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which

shall be rounded down to the nearest yen. For these purposes **unit** means the lowest amount of such currency that is available as legal tender in the country(ies) of such currency.

(h) Calculations

The amount of interest payable in respect of any Note for any period shall be calculated by multiplying the product of the Rate of Interest and the outstanding nominal amount of such Note by the Day Count Fraction, unless an Interest Amount is specified in respect of such period, in which case the amount of interest payable in respect of such Note for such period shall equal such Interest Amount. Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period shall be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.

(i) Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Optional Redemption Amounts and Early Redemption Amounts

As soon as practicable after the relevant time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, it shall determine such rate and calculate the Interest Amounts in respect of each Specified Denomination of the Notes for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Optional Redemption Amount or Early Redemption Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Optional Redemption Amount or Early Redemption Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on the official list of a stock exchange and the rules of such exchange so require, such exchange as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(d)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(j) Linear Interpolation

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

Designated Maturity means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

(k) Calculation Agent

The Issuer shall procure that, if provision is made for them in the relevant Final Terms and for so long as any Note is outstanding (as defined in the Agency Agreement), there shall be one or more Calculation Agents. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Period or Interest Accrual Period or to calculate any Interest Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

(l) Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5, whether by the Fiscal Agent or, if applicable, the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Fiscal Agent, the Calculation Agent (if applicable), the other Paying Agents and all Noteholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Fiscal Agent or the Calculation Agent (if applicable) in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

6. REDEMPTION, PURCHASE AND OPTIONS

(a) Final Redemption

Unless previously redeemed, purchased and cancelled as provided below or its maturity is extended pursuant to any option provided by the relevant Final Terms including any Issuer's option in accordance with Conditions 6(b), 6(c) and 6(d) or any Noteholders' option in accordance with Condition 6(e), each Note shall be finally redeemed on the Maturity Date specified in the relevant Final Terms at its Final Redemption Amount which shall be a minimum of 100 per cent. of the nominal amount of the Notes.

(b) Make-Whole Redemption by the Issuer

If so specified in the relevant Final Terms, in respect of any issue of Notes, the Issuer may, subject to compliance by the Issuer with all relevant laws, regulations and directives and on giving not less than 15 nor more than 30 days' irrevocable notice in accordance with Condition 15 to the Noteholders (or such other notice period as may be specified in the relevant Final Terms) redeem the Notes, in whole or in part, at any time or from time to time, prior to their Maturity Date (the **Make-Whole Redemption Date**). The Optional Redemption Amount will be calculated by the Calculation Agent and will be the greater of (x) 100 per cent. of the nominal amount of the Notes so redeemed and, (y) the sum of the then present values of the remaining scheduled payments of principal and interest on such Notes (not including any interest accrued on the Notes to, but excluding, the relevant Make-Whole Redemption Date) discounted to the relevant Make-Whole Redemption Date on an annual basis at the Make-Whole Redemption Rate (as specified in the relevant Final Terms) plus a

Make-Whole Redemption Margin (as specified in the relevant Final Terms), plus in each case (x) or (y) above, any interest accrued on the Notes to, but excluding, the Make-Whole Redemption Date.

The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

(c) Residual Call Option

If a Residual Call Option is specified in the relevant Final Terms, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice in accordance with Condition 15 to the Noteholders (or such other notice period as may be specified in the relevant Final Terms) redeem, at any time or from time to time, as from the Call Option Date (as specified in the relevant Final Terms) which shall be no earlier than 90 calendar days before the Maturity Date, until but excluding the Maturity Date, the Notes, in whole or in part, at par together with interest accrued to, but excluding, the date fixed for redemption (including, where applicable, any arrears of interest).

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 6.

In the case of a partial redemption in respect of Materialised Notes, the notice to holders of such Materialised Notes shall also contain the number of the Definitive Materialised Bearer Notes to be redeemed which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and Regulated Market or other stock exchange requirements.

In the case of a partial redemption of Dematerialised Notes, the redemption may be effected, at the option of the Issuer, either (i) by reducing the nominal amount of all such Dematerialised Notes in a Series in proportion to the aggregate nominal amount redeemed or (ii) by redeeming in full some only of such Dematerialised Notes and, in such latter case, the choice between those Dematerialised Notes that will be fully redeemed and those Dematerialised Notes of any Series that will not be redeemed shall be made in accordance with Article R.213-16 of the French *Code monétaire et financier* and the provisions of the relevant Final Terms, subject to compliance with any other applicable laws and stock exchange requirements.

So long as the Notes are admitted to trading on the regulated market of the Luxembourg Stock Exchange and listed on the official list of the Luxembourg Stock Exchange and the rules of that Stock Exchange so require, the Issuer shall, once in each year in which there has been a partial redemption of the Notes, cause to be published in a leading newspaper of general circulation in Luxembourg a notice specifying the aggregate nominal amount of Notes outstanding and, in the case of Materialised Notes a list of any Definitive Materialised Bearer Notes drawn for redemption but not surrendered.

(d) Redemption at the Option of the Issuer and Partial Redemption

If an Issuer Call is specified as being applicable in the relevant Final Terms, the Issuer may, on giving not less than 15 nor more than 30 days' of irrevocable notice or such other notice period as may be specified in the applicable Final Terms to the Noteholders in accordance with Condition 15, redeem all or some of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption, if any. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the minimum nominal amount to be redeemed as specified in the relevant Final Terms and no greater than the maximum nominal amount to be redeemed as specified in the relevant Final Terms.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 6.

In the case of a partial redemption in respect of Materialised Notes, the notice to holders of such Materialised Notes shall also contain the serial numbers of the Definitive Materialised Bearer Notes to be redeemed which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange requirements.

In the case of a partial redemption of Dematerialised Notes, the redemption may be effected, at the option of the Issuer, either (i) by reducing the nominal amount of all such Dematerialised Notes in a Series in proportion to the aggregate nominal amount redeemed or (ii) by redeeming in full some only of such Dematerialised Notes and, in such latter case, the choice between those Dematerialised Notes that will be fully redeemed and those Dematerialised Notes of any Series that will not be redeemed shall be made in accordance with Article R.213-16 of the French *Code monétaire et financier* and the provisions of the relevant Final Terms, subject to compliance with any other applicable laws and stock exchange requirements.

So long as the Notes are admitted to trading on the regulated market of the Luxembourg Stock Exchange and listed on the official list of the Luxembourg Stock Exchange and the rules of that Stock Exchange so require, the Issuer shall, once in each year in which there has been a partial redemption of the Notes, cause to be published in a leading newspaper of general circulation in Luxembourg a notice specifying the aggregate nominal amount of Notes outstanding and, in the case of Materialised Notes a list of any Definitive Materialised Bearer Notes drawn for redemption but not surrendered.

(e) Redemption at the Option of Noteholders

If an Investor Put is specified as being applicable in the relevant Final Terms, the Issuer shall, at the option of the Noteholder, upon the Noteholder giving not less than 15 nor more than 30 days' of notice (or such other notice period as may be specified in the applicable Final Terms) to the Issuer redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option (which must be exercised on an Option Exercise Date) the Noteholder must, if this Note is a Materialised Bearer Note or a Dematerialised Note and is held outside Euroclear and Clearstream, Luxembourg, deposit with any Paying Agent at its specified office a duly completed option exercise notice (the **Exercise Notice**) in the form obtained from any Paying Agent or the Registration Agent, as the case may be, within the notice period. In the case of Materialised Bearer Notes, the Exercise Notice shall have attached to it such Note(s) (together with all unmatured Coupons and unexchanged Talons). In the case of Dematerialised Notes, the Noteholder shall transfer, or cause to be transferred, the Dematerialised Notes to be redeemed to the account of the Paying Agent specified in the Exercise Notice.

If this Note is a Materialised Bearer Note and is held through Euroclear or Clearstream, Luxembourg, to exercise such option (which must be exercised on an Option Exercise Date) the holder of this Note must, within the notice period, give notice to the Fiscal Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary for them to the Fiscal Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and, if this Note is represented by a temporary global certificate (as prescribed in the Agency Agreement), at the same time present or procure the presentation of such temporary global certificate to the Fiscal Agent for notation accordingly.

No option so exercised and, where applicable, no Note so deposited or transferred may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(f) Redemption at the option of the Noteholders (Change of Control)

If an Investor Put (Change of Control) is specified as being applicable in the relevant Final Terms, the following provisions shall apply.

If at any time while this Note remains outstanding there occurs (i) a Change of Control or (ii) a Potential Change of Control and, in either case, (a) within the Change of Control Period a Rating Downgrade occurs and (b) the Rating Downgrade results from that Change of Control or Potential Change of Control (in either case, a **Put Event**), the holder of this Note will have the option (the **Put Option**) (unless, prior to the giving of the Put Event Notice the Issuer gives notice of its intention to redeem the Notes under paragraph (d) above or paragraph (h) below to require the Issuer to redeem, or at the Issuer's option to procure the purchase of, the Note on the Optional Redemption Date at its nominal amount together with (or, where purchased, together with an amount equal to) accrued interest up to but excluding the Optional Redemption Date (the **Put Amount**).

If 80 per cent. or more in nominal amount of the Notes then outstanding have been redeemed by the Noteholders pursuant to this Condition 6(f), the Issuer may, upon not less than 30 or more than 60 days' notice to the Noteholders given within 30 days following the Put Date, redeem, at its option, all (but not some only) of the remaining outstanding Notes at the Put Amount per Note.

A **Change of Control** will be deemed to have occurred each time a person or persons acting in concert (*agissant de concert*, as defined in Article L.233-10 of the French *Code de commerce*), other than a Permitted Holding Company, come(s) to own or acquire(s) (directly or indirectly) such number of shares in the capital of the Issuer as carry more than 50 per cent. of the voting rights normally exercisable at a general meeting of the Issuer.

Change of Control Period means:

- (i) for the purposes of a Change of Control, the period commencing on the date of the first public announcement of the Change of Control and ending on the date which is 90 days thereafter (inclusive); and
- (ii) for the purposes of a Potential Change of Control, the period commencing 120 days prior to the date of the first public announcement of the relevant Change of Control and ending on the date of such announcement (inclusive).

Investment Grade Rating means a rating of BBB- in the case of S&P (as defined below) or its equivalent for the time being in the case of another Rating Agency or better and **Non-investment Grade Rating** means a rating of BB+ in the case of S&P or its equivalent in the case of another Rating Agency for the time being or worse.

Permitted Holding Company means Artemis S.A. and each and any company or other legal entity whose share capital (or equivalent) and associated voting rights are directly or indirectly controlled (within the meaning of Article L.233-3 of the French *Code de commerce*) by Artemis S.A. or by any company or other legal entity controlling (within such meaning) the share capital (or equivalent) and associated voting rights of Artemis S.A.

Potential Change of Control means any public announcement or statement by the Issuer, or any actual or potential bidder relating to any potential Change of Control.

Rating Agency means Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc (**S&P**), or any rating agency of equivalent international standing, in each case requested from time to time by the Issuer to grant a rating to the Issuer and, in each case, their respective successors or affiliates. S&P is established in the European Union and is registered under Regulation (EU) No 1060/2009 (as amended from time to time) (the **CRA Regulation**). S&P is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such CRA Regulation.

A **Rating Downgrade** will be deemed to have occurred in respect of a Change of Control (i) if within the Change of Control Period the rating previously assigned to the Issuer by any Rating Agency is (a) withdrawn or (b) changed from an Investment Grade Rating to a Non-investment Grade Rating and, in each case, is not within the Change of Control Period subsequently (x) reinstated (in the case of a withdrawal) or (y) upgraded (in the case of a downgrade) or (c) if the rating previously assigned to the Issuer by any Rating Agency was below an Investment Grade Rating, is (aa) lowered by one or more full rating notch(es) (*for example, from BB+ to BB if S&P or its respective equivalent*) or (bb) withdrawn and is not within the Change of Control Period subsequently (xx) upgraded (in the case of a downgrade) or (yy) reinstated (in the case of a withdrawal) to its earlier credit rating or better by such Rating Agency, or (ii) if at the time of the Change of Control there is no rating assigned to the Issuer and no Rating Agency assigns during the Change of Control Period an Investment Grade Rating to the Issuer (unless the Issuer is unable to obtain such a rating within such period having used all reasonable endeavours to do so and such failure is unconnected with the occurrence of the Change of Control) provided, in each case, that (i) a Rating Downgrade otherwise arising by virtue of a change in rating or withdrawal of rating shall be deemed not to have occurred in respect of a particular Change of Control if the Rating Agency making the change in rating or refusing a rating does not publicly announce or publicly confirm that the reduction or refusal resulted, in whole or to a significant degree, from the Change of Control and (ii) any Rating Downgrade has to be confirmed in a letter, or other form of written communication, sent to the Issuer and the Fiscal Agent and publicly disclosed.

Promptly upon the Issuer becoming aware that a Put Event has occurred, the Issuer shall give notice (a **Put Event Notice**) to the Noteholders in accordance with Condition 15 specifying the nature of the Put Event and the circumstances giving rise to it and the procedure for exercising the Put Option contained in this Condition 6(f).

To exercise the Put Option to require redemption or, as the case may be, purchase of a Note under this Condition 6(f), the holder shall (i) where this Note is a Dematerialised Note transfer or cause to be transferred by its Euroclear France Account Holder its Notes to be so redeemed or purchased or (ii) where this Note is a Materialised Bearer Note deliver its Notes to be so redeemed or purchased to the account of the Fiscal Agent specified in the Put Option Notice for the account of the Issuer within the period (the **Put Period**) of 45 days after the Put Event Notice is given together with a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent or the Registration Agent (as the case may be) (a **Put Option Notice**) and in which the holder shall specify a bank account complying with the requirements of Condition 7 to which payment is to be made under this Condition 6(f) on the fifth Business Day following the end of the Put Period (the **Optional Redemption Date**). If this Note is a Materialised Bearer Note it shall be delivered together with all Coupons and (where applicable) unexchanged Talons appertaining thereto maturing after the Optional Redemption Date, failing which, with respect to any such Coupon and if this Note is a Fixed Rate Note only, the Paying Agent will require payment of an amount equal to the face value of any such missing Coupon. Any amount so paid will be reimbursed in the manner provided in this Condition 6(f) against presentation and surrender of the relevant missing Coupon (or any replacement of it issued pursuant to Condition 13) any time after such payment, but before the expiry of the period of five years from the Relevant Date in respect of that Coupon. The Paying Agent to which such Note is transferred/delivered and to which the Put

Notice is delivered will issue to the Noteholder or its Euroclear France Account Holder a non-transferable receipt in respect of the Note so transferred/delivered. A Put Option Notice once given shall be irrevocable.

The Issuer shall redeem or, at the option of the Issuer procure the purchase of, Notes if (i) the Put Option has been validly exercised and (ii) the Notes have been transferred/delivered to the account of the Fiscal Agent for the account of the Issuer all as described above on the Optional Redemption Date. Payment of the Put Amount in respect of any Note will be made to the holder on the Optional Redemption Date to the bank account specified in the Put Option Notice, in accordance with Condition 7.

The Issuer shall have no responsibility for any costs or loss of whatever kind which the Noteholder may incur as a result of or in connection with its exercise or purported exercise of, or otherwise in connection with, any Put Option, whether on the purchase or redemption of any Note or otherwise.

(g) Early Redemption

(i) Zero Coupon Notes

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

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

(ii) Other Notes

The Early Redemption Amount payable in respect of any Note (other than Notes described in paragraph (i) above), upon redemption of such Note pursuant to this Condition 6(g) or

Condition 6(h), or upon it becoming due and payable as provided in Condition 9 shall be the Final Redemption Amount together with interest accrued to the date fixed for redemption unless otherwise specified in the relevant Final Terms.

(h) Redemption for Taxation Reasons

(i) If, by reason of any change in French law or any change in the official application or interpretation of such law, becoming effective after the Issue Date, the Issuer would, on the occasion of the next payment of principal or interest due in respect of the Notes or Coupons, not be able to make such payment without having to pay additional amounts as specified under Condition 8 and such obligation to pay additional amounts cannot be avoided by the Issuer taking reasonable measures available to it, the Issuer may, at its option, on any Interest Payment Date or, if so specified in the relevant Final Terms, at any time, on giving not more than 45 nor less than 30 days' notice to the Noteholders (which notice shall be irrevocable) in accordance with Condition 15, redeem all, but not some only, of the Notes at their Early Redemption Amount together with any interest accrued to the date set for redemption provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make payment of principal and interest without withholding or deduction for French taxes.

(ii) Subject to Condition 6(g), the Notes shall be redeemed by the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than 30 nor more than 45 days' notice to the Fiscal Agent and, in accordance with Condition 15, the Noteholders (which notice shall be irrevocable), if:

(A) on the occasion of the next payment of interest or principal due under the Notes or Coupons, the Issuer would be prevented by French law from making payment to the Noteholders of the full amount then due and payable, notwithstanding the undertaking to pay additional amounts as provided or referred to in Condition 8; and

(B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Notes redeemed pursuant to this Condition 6(h) will be redeemed at their Early Redemption Amount referred to in Condition 6(g) above together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(i) Issuer Clean-up Call Option by the Issuer

If an Issuer Clean-up Call is specified as being applicable in the relevant Final Terms, the Issuer may, on giving not less than 15 nor more than 30 days' of irrevocable notice or such other notice period as may be specified in the relevant Final Terms to the Noteholders in accordance with Condition 15, in the event that at least 80 per cent. (eighty per cent.) of the initial aggregate nominal amount of a particular Series of Notes has been redeemed or purchased and, in each case, cancelled at the time of such election by the Issuer, redeem all, but not some only, of the remaining Notes of that Series at par together with interest accrued to the date fixed for redemption.

(j) Purchases

The Issuer shall have the right at all times to purchase Notes (provided that, in the case of Materialised Notes, all unmatured Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price subject to the applicable laws and/or regulations.

Unless the possibility of holding and reselling is expressly excluded in the relevant Final Terms, all Notes so purchased by the Issuer may be held and resold in accordance with Article L.213-1 A and D.213-1 A of the French *Code monétaire et financier* for the purpose of enhancing the liquidity of the Notes

(k) Cancellation

All Notes purchased by or on behalf of the Issuer and not held and/or resold by or on behalf of the Issuer shall be cancelled, in the case of Dematerialised Notes, by transfer to an account in accordance with the rules and procedures of Euroclear France and, in the case of Materialised Bearer Notes, by surrendering the Temporary Global Certificate and the Definitive Materialised Bearer Notes in question together with all unmatured Coupons and all unexchanged Talons to the Fiscal Agent and, in each case, if so transferred or surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with, in the case of Dematerialised Notes, all rights relating to payment of interest and other amounts relating to such Dematerialised Notes and, in the case of Materialised Notes, all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so cancelled or, where applicable, transferred or surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

(l) Illegality

If, by reason of any change in French law, or any change in the official application of such law, becoming effective after the Issue Date, it will become unlawful for the Issuer to perform or comply with one or more of its obligations under the Notes, the Issuer will, subject to having given not more than 45 nor less than 30 days' notice to the Noteholders (which notice shall be irrevocable), in accordance with Condition 15, redeem all, but not some only, of the Notes at their Early Redemption Amount together with any interest accrued to the date set for redemption.

7. PAYMENTS AND TALONS

(a) Dematerialised Notes

Payments of principal and interest in respect of Dematerialised Notes shall (in the case of Dematerialised Notes in bearer dematerialised form or administered registered form) be made by transfer to the account (denominated in the relevant currency) of the relevant Euroclear France Account Holders for the benefit of the Noteholders and (in the case of Dematerialised Notes in fully registered form) to accounts (denominated in the relevant currency) with a Bank designated by the Noteholders. All payments validly made to such accounts of such Euroclear France Account Holders or Noteholders will be an effective discharge of the Issuer in respect of such payments.

(b) Materialised Bearer Notes

(i) Method of payment

Subject as provided below:

- (A) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency (which, in the case of a payment in

Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the Principal Financial Centre of the country of such Specified Currency; and

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

(ii) *Presentation of Definitive Materialised Bearer Notes and Coupons*

Payments of principal in respect of Definitive Materialised Bearer Notes will (subject as provided below) be made in the manner provided in Condition 7(a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of such Notes, and payments of interest in respect of Definitive Materialised Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

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

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

Upon the date on which any Floating Rate Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.

Upon the date on which any Fixed Rate Note which is a RMB Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.

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

(c) **Payments in the United States**

Notwithstanding the foregoing, if any Materialised Bearer Notes are denominated in US dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(d) Payments Subject to Fiscal Laws

All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives in the place of payment but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to (x) an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or (y) Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) Appointment of Agents

The Fiscal Agent, the Paying Agents and the Calculation Agent, initially appointed by the Issuer and their respective specified offices are listed below. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agent will be specified in Part B of the applicable Final Terms. The Fiscal Agent, the Paying Agents, and the Registration Agent act solely as agents of the Issuer and the Calculation Agent(s) act(s) as independent expert(s) and, in each such case, do not assume any obligation or relationship of agency for any Noteholder or Couponholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, and the Registration Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) one or more Calculation Agent(s) where the Conditions so require, (iii) a Paying Agent, (iv) in the case of Dematerialised Notes in fully registered form, a Registration Agent, (v) such other agents as may be required by the rules of any other stock exchange on which the Notes may be listed, and (vi) a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive .

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Materialised Bearer Notes denominated in US dollars in the circumstances described in Condition 7(c) above.

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

(f) Talons

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Materialised Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent or any of the Paying Agents in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 10).

(g) Business Days for Payment

If any date for payment in respect of any Note or Coupon is not a business day, the Noteholder shall not be entitled to payment until the next following business day and shall not be entitled to any interest or other sum in respect of such postponed payment. In this paragraph, **business day** means a day (other than a Saturday or a Sunday) (A) (i) in the case of Dematerialised Notes, on which Euroclear France is open for business, or (ii) in the case of Materialised Notes, on which banks and foreign exchange markets are open for business in the relevant place of presentation, (B) in such jurisdictions as shall be specified as "Additional Financial Centres" in the relevant Final Terms and (C) (i) in the case of a payment in a currency other than euro, where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the Principal Financial Centre of the country of such currency or (ii) in the case of a payment in euro, which is a TARGET Business Day.

(h) Bank

For the purpose of this Condition 7, **Bank** means a bank in the Principal Financial Centre of the relevant currency or, in the case of euro, in a city in which banks have access to the TARGET System.

(i) Payments in RMB

(i) RMB Currency Event

In the case of Notes denominated in RMB, if RMB Currency Event is specified as being applicable in the applicable Final Terms and a RMB Currency Event, as determined by the Issuer acting in good faith, exists on a date for payment of any amount in respect of any Note or Coupon, the Issuer's obligation to make a payment in RMB under the terms of the Notes may be replaced by an obligation to pay such amount in US Dollars or another Relevant Currency as specified in the applicable Final Terms, in each case converted using the Spot Rate for the relevant Rate Calculation Date.

Upon the occurrence of a RMB Currency Event, the Issuer shall give notice as soon as practicable to the Noteholders in accordance with Condition 15 stating the occurrence of the RMB Currency Event, giving details thereof and the action proposed to be taken in relation thereto.

In such event, payments of the US Dollar Equivalent of the relevant principal or interest in respect of the Notes shall be made by transfer to the US dollar account of the relevant Account Holders for the benefit of the Noteholders. For the avoidance of doubt, no such payment of the US Dollar Equivalent shall by itself constitute a default in payment within the meaning of Condition 9.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 7(i) by the RMB Rate Calculation Agent, will (in the absence of manifest error) be binding on the Issuer, the Agents and all Noteholders.

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

For the purpose of this Condition:

Governmental Authority means any *de facto* or *de jure* government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of Hong Kong;

RMB Currency Events means any one of RMB Illiquidity, RMB Non-Transferability and RMB Inconvertibility;

Relevant Currency means the currency (if not US Dollars) into which the RMB Notes will be converted on the occurrence of a RMB Currency Event, as specified in the Final Terms;

RMB Dealer means an independent foreign exchange dealer of international repute active in the Renminbi exchange market in Hong Kong reasonably selected by the Issuer;

RMB Illiquidity means that the general RMB exchange market in Hong Kong becomes illiquid other than as a result of an event of RMB Inconvertibility or RMB Non-Transferability, as determined by the Issuer in good faith and in a commercially reasonable manner following consultation with two RMB Dealers;

RMB Inconvertibility means the occurrence of any event that makes it impossible for the Issuer to convert any amount due in respect of RMB Notes in the general Renminbi exchange market in Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the relevant Series and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

RMB Non-Transferability means the occurrence of any event that makes it impossible for the Issuer to deliver Renminbi between accounts inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the relevant Series and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

RMB Note means a Note denominated in RMB;

RMB Rate Calculation Agent means the agent appointed from time to time by the Issuer for the determination of the RMB Spot Rate or identified as such in the relevant Final Terms;

RMB Rate Calculation Business Day means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in Hong Kong and in New York City;

RMB Rate Calculation Date means the day which is two RMB Rate Calculation Business Days before the due date for payment of the relevant RMB amount under the Conditions;

RMB Spot Rate means for a RMB Rate Calculation Date the spot CNY/ US dollar or Relevant Currency exchange rate for the purchase of US dollars or Relevant Currency with CNY in the over-the-counter CNY exchange market in Hong Kong for settlement on the relevant due date for payment, as determined by the RMB Rate Calculation Agent at or around 11 a.m. (Hong Kong time) on the Rate Calculation Date, on a deliverable basis by reference Reuters Screen Page TRADNDF. If such rate is not available, the RMB Rate Calculation Agent will determine the RMB Spot Rate at or around 11 a.m. (Hong Kong time) on the RMB Rate Calculation Date as the most recently available CNY/U.S. dollar or Relevant Currency official fixing rate for settlement on the relevant due date for payment reported by The State Administration of Foreign Exchange of the PRC, which is reported on the Reuters Screen Page CNY. Reference to a page on the Reuters Screen means the display

page so designated on the Reuter Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate; and

US Dollar or Relevant Currency Equivalent means the relevant RMB amount converted into US dollars or Relevant Currency using the RMB Spot Rate for the relevant RMB Rate Calculation Date, as calculated by the RMB Rate Calculation Agent.

(ii) *RMB account*

All payments in respect of any Note or Coupon in Renminbi will be made solely by credit to a Renminbi account maintained by the payee at a bank in Hong Kong in accordance with applicable laws, rules, regulations and guidelines issued from time to time (including all applicable laws and regulations with respect to the settlement of Renminbi in Hong Kong).

8. TAXATION

All payments of principal, interest and other revenues by or on behalf of the Issuer in respect of any Note or Coupon shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

If French law should require that payments of principal or interest in respect of any Note or Coupon be subject to withholding or deduction in respect of any present or future taxes, duties, assessments or governmental charges of whatever nature, the Issuer will, to the fullest extent then permitted by law, pay such additional amounts as shall result in receipt by the Noteholders or, if applicable, the Couponholders, as the case may be, of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note or Coupon, as the case may be:

- (i) Other connection: to, or to a third party on behalf of, a Noteholder or, if applicable, a Couponholder, as the case may be, who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of his having some connection with the Republic of France other than the mere holding of the Note or Coupon; or
- (ii) More than 30 days after the Relevant Date: in the case of Materialised Notes, presented for payment more than 30 days after the Relevant Date except to the extent that the Noteholder or, if applicable, the Couponholders, as the case may be, would have been entitled to such additional amounts on presenting it for payment on the thirtieth such day; or
- (iii) EU Savings tax: where such withholding or deduction is required to be made pursuant to Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (iv) FATCA: where such withholding or deduction is required pursuant to the Agreement between the Government of the United States of America and the Government of the French Republic to Improve International Tax Compliance and to Implement FATCA (or any equivalent or successor agreement between the United States and France to enforce Sections 1471 to 1474 of the Code) (the **US-French IGA**), any official interpretations thereof or any law implementing the US-French IGA; or

- (v) Presentation in another EU Member State: in respect of Definitive Materialised Bearer Notes, presented for payment by or on behalf of a Noteholder or Couponholder, as the case may be, who would be able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union.

References in these Conditions to (A) "principal" shall be deemed to include any premium payable in respect of the Notes, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Nominal Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (B) "interest" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (C) "principal" and/or "interest" shall be deemed to include any additional amounts that may be payable under this Condition.

9. EVENTS OF DEFAULT

The Representative (as defined under Condition 11), as agent and upon request of any Noteholder, may, upon written notice to the Fiscal Agent (with copy to the Issuer) given before all defaults shall have been cured, cause the principal amount of all Notes held by such Noteholder to become due and payable, together with accrued interest thereon, as of the date on which such notice for payment is received by the Fiscal Agent:

- (a) if the Issuer defaults in any payment in the Specified Currency when due of principal or interest on any Note and such default continues for a period of more than seven Business Days (as defined in Condition 5(a)) from such due date; or
- (b) if there is a default by the Issuer in the due performance of any other provision of the Notes, and such default shall not have been cured within 14 Business Days (as defined in Condition 5(a)) after receipt by the Fiscal Agent of written notice (and by the Issuer of a copy) of default given by the Representative upon request of the Noteholder; or
- (c) if any other present or future indebtedness of the Issuer for borrowed monies in excess of €50,000,000 (or its equivalent in any other currency), whether individually or collectively, becomes due and payable prior to its stated maturity as a result of a default thereunder, or any such indebtedness shall not be paid when due or, as the case may be, within any originally applicable grace period therefor or any steps shall be taken to enforce any security in respect of any such indebtedness or any guarantee or indemnity in excess of such aforesaid amount given by the Issuer for, or in respect of, any such indebtedness of others shall not be honoured when due and called upon; or
- (d) if the Issuer makes any proposal for a general moratorium in relation to its debt or enters into an amicable settlement (*accord amiable*) with its creditors or a judgment is issued for the judicial liquidation (*liquidation judiciaire*) or for a judicial transfer of the whole of the business (*cession totale de l'entreprise*) of the Issuer or, to the extent permitted by applicable law, the Issuer is subject to any other insolvency or bankruptcy proceedings or the Issuer makes any judicial conveyance, assignment or other judicial arrangement for the benefit of its creditors or enters into a composition (*accord amiable*) with its creditors.

10. PRESCRIPTION

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

11. REPRESENTATION OF NOTEHOLDERS

In respect of the representation of the Noteholders the following shall apply:

- (a) If the relevant Final Terms specify “Full Masse”, the Noteholders will, in respect of all Tranches in any Series, be grouped automatically for the defence of their common interests in a Masse and the provisions of the French *Code de commerce* relating to the Masse shall apply subject to the below provisions of this Condition 11(a).

The names and addresses of the initial Representative of the Masse and its alternate will be set out in the relevant Final Terms. The Representative appointed in respect of the first Tranche of any Series of Notes will be the representative of the single Masse of all Tranches in such Series.

The Representative will be entitled to such remuneration in connection with its functions or duties as set out in the relevant Final Terms.

In the event of death, retirement or revocation of appointment of the Representative, such Representative will be replaced by another Representative. In the event of the death, retirement or revocation of appointment of the alternate Representative, an alternate will be elected by the general meeting of the Noteholders (the **General Meeting**).

In accordance with Article R.228-71 of the French *Code de commerce*, the right of each Noteholder to participate in General Meetings will be evidenced by the entries in the books of the relevant Account Holder of the name of such Noteholder as of 0:00, Paris time, on the third business day in Paris preceding the date set for the meeting of the relevant General Meeting.

The place where of a General Meeting shall be held will be set out in the notice convening such General Meeting; or

- (b) If the relevant Final Terms specify “Contractual Masse”, the Noteholders will, in respect of all Tranches in any Series, be grouped automatically for the defence of their common interests in a Masse which will be subject to the below provisions of this Condition 11(b).

The Masse will be governed by provisions of the French *Code de commerce* with the exception of Articles L.228-48, L.228-59, R.228-63, R.228-67 and R.228-69 of the French *Code de commerce*, subject to the following provisions:

- (i) Legal Personality

The Masse will be a separate legal entity and will act in part through a representative (the **Representative**) and in part through a general meeting of the Noteholders (the **General Meeting**).

The Masse alone, to the exclusion of all individual Noteholders, shall exercise the common rights, actions and benefits which now or in the future may accrue respectively with respect to the Notes.

- (ii) Representative

The office of Representative may be conferred on a person of any nationality. However, the following persons may not be chosen as Representatives:

- (A) the Issuer, the members of its Board of Directors (*Conseil d'Administration*), its general managers (*directeurs généraux*), its statutory auditors, or its employees as well as their ascendants, descendants and spouse; or
- (B) companies guaranteeing all or part of the obligations of the Issuer, their respective managers (*gérants*), general managers, members of their Board of Directors, Management Board (*Directoire*), or Supervisory Board (*Conseil de Surveillance*), their statutory auditors, or employees as well as their ascendants, descendants and spouse; or
- (C) companies holding 10 per cent. or more of the share capital of the Issuer or companies having 10 per cent. or more of their share capital held by the Issuer; or
- (D) persons to whom the practice of banker is forbidden or who have been deprived of the right of directing, administering or managing an enterprise in whatever capacity.

The names and addresses of the initial Representative of the Masse and its alternate will be set out in the relevant Final Terms. The Representative appointed in respect of the first Tranche of any Series of Notes will be the Representative of the single Masse of all Tranches in such Series.

The Representative will be entitled to such remuneration in connection with its functions or duties as set out in the relevant Final Terms.

In the event of death, retirement or revocation of appointment of the Representative, such Representative will be replaced by another Representative. In the event of the death, retirement or revocation of appointment of the alternate Representative, an alternate will be elected by the General Meeting.

All interested parties will at all times have the right to obtain the name and address of the Representative and the alternate Representative at the head office of the Issuer and the specified offices of any of the Paying Agents.

(iii) Powers of Representative

The Representative shall have the power to take all acts of management necessary in order to defend the common interests of the Noteholders.

All legal proceedings against the Noteholders or initiated by them must be brought by or against the Representative.

The Representative may not be involved in the management of the affairs of the Issuer.

(iv) General Meeting

A General Meeting may be held at any time, on convocation either by the Issuer or by the Representative. One or more Noteholders, holding together at least one-thirtieth of the principal amount of the Notes outstanding, may address to the Issuer and the Representative a demand for convocation of the General Meeting. If such General Meeting has not been convened within two months after such demand, the

Noteholders may commission one of their members to petition a competent court in Paris to appoint an agent (*mandataire*) who will call the General Meeting.

Notice of the date, hour, place and agenda of any General Meeting will be published as provided under Condition 15.

Each Noteholder has the right to participate in a General Meeting in person or by proxy. Each Note carries the right to one vote or, in the case of Notes issued with more than one Specified Denomination, one vote in respect of each multiple of the lowest Specified Denomination comprised in the principal amount of the Specified Denomination of such Note.

(v) Powers of the General Meetings

The General Meeting is empowered to deliberate on the dismissal and replacement of the Representative and the alternate Representative and to act with respect to any other matter that relates to the common rights, actions and benefits which now or in the future may accrue with respect to the Notes, including authorising the Representative to act at law as plaintiff or defendant.

The General Meeting may further deliberate on any proposal relating to the modification of the Conditions including any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions, it being specified, however, that the General Meeting may not increase the liabilities (*charges*) of holders of Notes, nor authorise or accept a postponement of the date of payment of interest on or a modification of the terms of repayment of or the rate of interest on the Notes, nor establish any unequal treatment between the Noteholders.

General Meetings may deliberate validly on first convocation only if Noteholders present or represented hold at least a fifth of the principal amount of the Notes then outstanding. On second convocation, no quorum shall be required. Decisions at meetings shall be taken by a simple majority of votes cast by Noteholders attending such General Meetings or represented thereat.

In accordance with Article R.228-71 of the French *Code de commerce*, the rights of each Noteholder to participate in General Meetings will be evidenced by the entries in the books of the relevant Euroclear France Account Holder of the name of such Noteholder on the third business day in Paris preceding the date set for the meeting of the relevant General Meeting at zero hours, Paris time.

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

(vi) Information to Noteholders

Each Noteholder or Representative thereof will have the right, during the 15-day period preceding the holding of each General Meeting, to consult or make a copy of the text of the resolutions which will be proposed and of the reports which will be presented at the General Meeting, all of which will be available for inspection by the relevant Noteholders at the registered office of the Issuer, at the specified offices of any of the Paying Agents and at any other place specified in the notice of the General Meeting.

(vii) Expenses

The Issuer will pay all expenses relating to the operation of the Masse, including expenses relating to the calling and holding of General Meetings and, more generally, all administrative expenses resolved upon by the General Meeting, it being expressly stipulated that no expenses may be imputed against interest payable under the Notes.

(viii) Single Masse

The holders of Notes of the same Series, and the holders of Notes of any other Series which have been assimilated with the Notes of such first mentioned Series in accordance with Condition 14, shall, for the defence of their respective common interests, be grouped in a single Masse. The Representative appointed in respect of the first Series of Notes issued will be the Representative of the single Masse of all such Series.

For the avoidance of doubt, in this Condition 11, the term "outstanding" (as described above) shall not include those Notes that are held by the Issuer and not cancelled, in accordance with Condition 6(i) above.

12. MODIFICATIONS

The Agency Agreement will be capable of amendment or waiver by the parties thereto, without the consent of Noteholders or Couponholders, for the purpose of curing any ambiguity or of curing, correcting, or supplementing any defective provision contained therein or in any manner which the parties to the Agency Agreement mutually deem necessary or desirable and which does not, in the reasonable opinion of such parties, adversely affect the interests of the Noteholders or Couponholders.

13. REPLACEMENT OF DEFINITIVE NOTES, COUPONS AND TALONS

If, in the case of any Materialised Bearer Notes, a Definitive Materialised Bearer Note, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange regulations at the specified office of the Fiscal Agent or such other Paying Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Definitive Materialised Bearer Note, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Definitive Materialised Bearer Notes, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Definitive Materialised Bearer Notes, Coupons or Talons must be surrendered before replacements will be issued.

14. FURTHER ISSUES AND CONSOLIDATION

(a) Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes to be assimilated (*assimilées*) with the Notes provided such Notes and the further notes carry rights identical in all respects (or in all respects save for the principal amount thereof and the first payment of interest) and that the terms of such notes provide for such assimilation and references in these Conditions to "Notes" shall be construed accordingly.

(b) Consolidation

Unless otherwise specified in the relevant Final Terms, the Issuer may, with the prior approval of the Fiscal Agent, from time to time on any Interest Payment Date occurring on or after the Redenomination Date on giving not less than 30 days' prior notice to the Noteholders in accordance with Condition 15, without the consent of the Noteholders or Couponholders, consolidate the Notes of one Series with the Notes of one or more other Series issued by it, whether or not originally issued in one of the European national currencies or in euro, provided such other Notes have been redenominated in euro (if not originally denominated in euro) and which otherwise have, in respect of all periods subsequent to such consolidation, the same terms and conditions as the Notes.

15. NOTICES

- (a) Subject as provided in Condition 15(c) below, notices to the holders of Dematerialised Notes in registered form (*au nominatif*) shall be valid if either, (i) they are mailed to them at their respective addresses, in which case they will be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the mailing, or, (ii) at the option of the Issuer, they are published in a leading daily newspaper of general circulation in Europe (which is expected to be the *Financial Times*).
- (b) Subject as provided in Condition 15(c) below, notices to the holders of Materialised Bearer Notes and Dematerialised Notes in bearer form shall be valid if published in a daily leading newspaper of general circulation in Europe (which is expected to be the *Financial Times*) and so long as such Notes are listed on the official list of any stock exchange, in a leading daily newspaper with general circulation in city/ies where the stock exchange(s) on which such Notes is/are listed which, in the case of the Luxembourg Stock Exchange, is expected to be the *Luxemburger Wort* or on the internet site of the Luxembourg Stock Exchange (www.bourse.lu). If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper of general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Materialised Bearer Notes in accordance with this Condition.
- (c) Notices required to be given to the holders of Dematerialised Notes (whether in registered or in bearer form) pursuant to these Conditions may be given by delivery of the relevant notice to the Euroclear France, Euroclear, Clearstream, Luxembourg and any other clearing system through which the Notes are for the time being cleared in substitution for the mailing and publication as required by Conditions 15(a) and (b) above; except that (i) so long as the Notes are admitted to trading on the regulated market of the Luxembourg Stock Exchange and listed on the official list of the Luxembourg Stock Exchange and its rules so require, notices shall also be published in a leading daily newspaper of general circulation in Luxembourg, and (ii) notices relating to the convocation and decision(s) of the General Meetings pursuant to Condition 11 shall also be published in a leading daily newspaper of general circulation in Europe.

16. GOVERNING LAW AND JURISDICTION

(a) Governing Law

The Notes and, where applicable, the Coupons and the Talons and the Agency Agreement and any non-contractual obligations arising out of or in connection with the Notes, the Coupons and the Talons and the Agency Agreement, are governed by, and shall be construed in accordance with, French law.

(b) Jurisdiction

Any claim against the Issuer in connection with any Notes, Coupons or Talons and the Agency Agreement (including a claim relating to non-contractual obligations arising out of or in connection with any Notes, Coupons or Talons and the Agency Agreement) may exclusively be brought before any competent court in Paris.

TEMPORARY GLOBAL CERTIFICATES ISSUED IN RESPECT OF MATERIALISED BEARER NOTES

Temporary Global Certificates

A Temporary Global Certificate, without interest Coupons, will initially be issued in connection with Materialised Bearer Notes. Upon the initial deposit of such Temporary Global Certificate with a common depository for Euroclear and Clearstream, Luxembourg (the **Common Depository**), Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

The Common Depository may also credit with a nominal amount of Notes the accounts of subscribers with (if indicated in the relevant Final Terms) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, a nominal amount of Notes that is initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

Exchange

Each Temporary Global Certificate issued in respect of Notes will be exchangeable, free of charge to the holder, on or after its Exchange Date (as defined below) in whole but not in part upon certification as to non-US beneficial ownership.

Delivery of Definitive Materialised Bearer Notes

On or after its Exchange Date, the holder of a Temporary Global Certificate may surrender such Temporary Global Certificate to or to the order of the Fiscal Agent. In exchange for any Temporary Global Certificate, the Issuer will deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Materialised Bearer Notes. In this Base Prospectus, Definitive Materialised Bearer Notes means, in relation to any Temporary Global Certificate, the Definitive Materialised Bearer Notes for which such Temporary Global Certificate may be exchanged (if appropriate, having attached to them all Coupons in respect of interest that has not already been paid on the Temporary Global Certificate and a Talon). Definitive Materialised Bearer Notes will be security printed at the expense of the Issuer in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Agency Agreement.

Exchange Date

Exchange Date means, in relation to a Temporary Global Certificate, the day falling after the expiry of 40 days after its issue date, provided that, in the event any further Materialised Notes of the relevant Series are issued prior to such day pursuant to Condition 14(a), the Exchange Date for such Temporary Global Certificate shall be postponed to the day falling after the expiry of 40 days after the issue of the Temporary Global Certificate in respect of further Materialised Notes.

USE OF PROCEEDS

The net proceeds of the issue of the Notes will be used for the Issuer's general corporate purposes, which include making a profit.

DESCRIPTION OF KERING

Detailed information in relation to **Kering** is contained in the documents referred to in "Documents incorporated by reference" on page 23 of this Base Prospectus.

In this section **Kering** will be referred to as the **Company** or the **Issuer**. The Issuer is not dependent on other entities within the Group.

INTRODUCTION

Kering is a *société anonyme* (a form of limited liability company) established under French law and is registered with the *Registre du Commerce et des Sociétés de Paris* under reference number 552 075 020. Its registered office is at 10 avenue Hoche, 75008, Paris, France. The telephone number of its registered office is (+33) (0)1 45 64 61 00.

Kering was established under French law on 24 June 1881, for an initial term of 99 years. This period was extended to 26 May 2066 by an Extraordinary General Shareholders' Meeting held on 26 May 1967. On 18 June 2013, the Issuer's corporate name (formerly PPR) became Kering, as approved by the Issuer's Annual General Meeting held on the same date.

Kering is one of Europe's leading companies in specialised distribution and one of the largest luxury goods groups in the world. Starting in 2002, the Group's strategy has been to concentrate its business on a single customer base, the individual consumer. This strategy was initially pursued through its Retail and Luxury Goods divisions. Kering continues to refocus and transform itself into one of the leading worldwide Apparel and Accessories purveyors in the Sports & Lifestyle and Luxury segments.

SHAREHOLDERS

As of 15 November 2015:

- Groupe Artémis, a company wholly owned by Financière Pinault, itself controlled by the Pinault family, held 42.87% of Kering's share capital and 58.91% of Kering's voting rights;
- The public held 56.70% of Kering's share capital and 40.58% of Kering's voting rights;
- Kering's employees held 0.43% of Kering's share capital and 0.51% of Kering's voting rights.

CORPORATE GOVERNANCE AND SHARE CAPITAL

Kering bases its corporate governance policy on the AFEP-MEDEF Corporate Governance Code for listed companies.

At the date of this document, the Board of Directors is comprised of the following members:

Name, surname, professional address and age	Title / Principal activities performed outside the Issuer	Date of appointment and date of expiry of term of office
François-Henri Pinault 10, avenue Hoche 75008 Paris 53 years old	Chairman of the Board of directors and Chief Executive Officer	From 18 June 2013, Until the shareholders' meeting deciding on the accounts for the financial year ending 31 December 2016
Patricia Barbizet Artemis 12, rue François 1 ^{er} 75008 Paris	Vice-Chairman of the Board of directors	From 18 June 2013, Until the shareholders' meeting deciding on the accounts for the financial year ending 31 December 2016

Name, surname, professional address and age	Title / Principal activities performed outside the Issuer	Date of appointment and date of expiry of term of office
60 years old		
Jean-François Palus 10, avenue Hoche, 75008 Paris 54 years old	Member of the Board of directors, Group Managing Director	From 18 June 2013, Until the shareholders' meeting deciding on the accounts for the financial year ending 31 December 2016
Luca Cordero di Montezemolo Ferrari Via Abetone Inferiore4, 41053 Maranello Modena, Italy 68 years old	Member of the Board of directors Chairman, Ferrari SpA	From 27 April 2012, Until the shareholders' meeting deciding on the accounts for the financial year ending 31 December 2015
Yseulys Costes 1000mercis 28, rue Châteaudun 75009 Paris 42 years old	Member of the Board of directors CEO, 1000mercis SA	From 6 May 2014 Until the shareholders' meeting deciding on the accounts for the financial year ending 31 December 2017
Jean-Pierre Denis Groupe ARKEA 29808 Brest Cedex 09 55 years old	Member of the Board of directors Chairman, Credit Mutuel de Bretagne and Credit Mutuel Arkea	From 27 April 2012, Until the shareholders' meeting deciding on the accounts for the financial year ending 31 December 2015
Philippe Lagayette Fondation de France, 40 Avenue Hoche, 75008 Paris 72 years old	Member of the Board of directors Chairman, Fondation de France Senior Advisor for France, Barclays Capital Investment Banking	From 27 April 2012, Until the shareholders' meeting deciding on the accounts for the financial year ending 31 December 2015
Baudouin Prot BNP Paribas, 3, rue d'Antin, 75002 Paris 64 years old	Member of the Board of directors Chairman of the Board of Directors, BNP Paribas	From 18 June 2013, Until the shareholders' meeting deciding on the accounts for the financial year ending 31 December 2016
Daniela Ricardi Baccarat 11, Place des Etats-Unis, 75116 Paris 55 years old	Member of the Board of directors Chief Executive Officer of Baccarat	From 6 May 2014 Until the shareholders' meeting deciding on the accounts for the financial year ending 31 December 2017
Jochen Zeitz 6 ruelle du Four, 1147 Montriches Switzerland 51 years old	Member of the Board of directors Former CEO of Kering's Sport & Lifestyle Division	From 27 April 2012, Until the shareholders' meeting deciding on the accounts for the financial year ending 31 December 2015
Sophie Bouchillou 10, avenue Hoche 75008 Paris 52 years old	Member of the Board of directors (representing employees)	From 10 July 2014 Appointed by works counsel for duration of 4 years

Four of the eleven directors qualify as independent according to the criteria of the AFEP-MEDEF Corporate Governance Code on Corporate Governance.

Mr. François Pinault, founder of the Group, also serves as Honorary Chairman of the Board.

Specialised Committees of the Board of Directors; Members of the Audit Committee; Audit Committee Internal Rules

There are five specialised committees of the Board (Audit, Remuneration, Appointments, Strategy and Development and Sustainability Committees).

The following directors serve on the Audit Committee: Jean-Pierre Denis (Chairman), Patricia Barbizet and Yseulys Costes.

The Audit Committee's activity is exercised under the responsibility of the Board of Directors. The Committee's scope of activity may not have as its purpose or effect to delegate the rights and obligations of the Board of Directors, its Chairman, the CEO or Deputy CEOs as provided for by law or the articles of association (*statuts*) of the Issuer.

The Board of Directors has also adopted a *règlement intérieur* (operating rules) for each Committee, which defines each Committee's mission and operational modalities.

Compliance with AFEP-MEDEF recommendations on corporate governance

The Company bases its corporate governance policy on the AFEP-MEDEF Corporate Governance Code for listed companies.

The Company complies with the recommendations of the AFEP-MEDEF Corporate Governance Code, among others, concerning the length of the directors' terms of office, the existence and missions of its specialised committees and the percentage of independent directors serving on the Board of Directors and on the Audit Committee.

The Issuer's Share Capital

As of 15 November 2015, the Issuer's issued share capital was €505,117,288 divided into 126,279,322 ordinary shares of par value €4 each.

SUBSCRIPTION AND SALE

Summary of Programme Agreement

Subject to the terms and on the conditions contained in a Programme Agreement dated 2 December 2015 (such Programme Agreement as modified and/or supplemented and/or restated from time to time (the **Programme Agreement**) between the Issuer, the Permanent Dealers and the Arranger, the Notes will be offered on a continuous basis by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Programme Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Issuer will, unless otherwise agreed, pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer has agreed to reimburse the Arranger for its expenses incurred in connection with the establishment of the Programme and the Dealers for certain of their activities in connection with the Programme. The commissions in respect of an issue of Notes on a syndicated basis will be stated in the relevant Final Terms.

The Programme Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

Selling Restrictions

France

Each of the Dealers and the Issuer has represented and agreed (and each further Dealer appointed under the Programme will be required to represent and agree) that it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Base Prospectus, the relevant Final Terms or any other offering material relating to the Notes, and that such offers, sales and distributions have been and will be made in France only to (A) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (B) qualified investors (*investisseurs qualifiés*) other than individuals, investing for their own account, all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier* and Article 211-2-1 of the *Règlement général* of the AMF.

United States

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each Dealer has agreed and represented that, except as permitted by the Programme Agreement, it will not offer, sell or deliver the Notes within the United States or to, or for the account or benefit of any US person, (a) as part of their distribution at any time or (b) otherwise until 40 days after completion of the distribution of all the Notes of the Tranche of which such Notes are a part, as determined, and certified to the Issuer, only in accordance with Regulation S under the Securities Act. Each Dealer who has purchased Notes of a Tranche hereunder (or in the case of a sale of a Tranche of Notes issued to or through more than one Dealer, each of such Dealers as to the Notes of such Tranche purchased by or through it or, in the case of a

syndicated issue, the relevant Lead Manager) shall determine and certify to the Issuer the completion of the distribution of the Notes of such Tranche. Each Dealer also agrees that, during the 40 days after completion of the distribution of all the Notes of the Tranche, at or prior to confirmation of the sale of the Notes, it shall send to each distributor, dealer or person receiving a selling concession, fee or other remuneration from it, a confirmation or other notice to substantially the following effect.

"The Securities covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of a Dealer's distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Securities as determined and certified by the relevant Dealer, in the case of a non-syndicated issue, or the Lead Manager, in the case of a syndicated issue, and except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S."

Materialised Bearer Notes having a maturity of more than one year are subject to US tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and the regulations promulgated thereunder. The applicable Final Terms will identify whether the provisions of the U.S. Treasury Regulation section 1.163-5(c)(2)(i)(C) (**TEFRA C**) or the provisions of U.S. Treasury Regulation section 1.163-5(c)(2)(i)(D) (**TEFRA D**) apply or whether TEFRA is not applicable.

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Notes which are offered as contemplated in this Base Prospectus to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

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

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

For the purposes of this provision:

- the expression an **offer of Notes to the public** in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State; and

- the expression **Prospectus Directive** means Directive 2003/71/EC (as amended including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

United Kingdom

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

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

Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Base Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (i) to qualified investors (*investitori qualificati*); as defined in Article 100 of Legislative Decree n°. 58 of 24 February 1998, as amended (the **Financial Services Act**) and Article 34-*ter*, first paragraph, letter (b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time (Regulation No. 11971); or
- (ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-*ter* of Regulation No. 11971.

Any offer, sale or delivery of the Notes or distribution of copies of the Base Prospectus or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree n°. 385 of 1 September 1993, as amended (the **Banking Act**); and
- (b) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and
- (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other Italian authority.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the **FIEA**) and each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to or for the benefit of others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

The PRC

Each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (excluding the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan), except as permitted by the securities laws of the PRC.

Hong Kong

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

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes, other than (i) to “professional investors” as defined in the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a “Prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong (the **Companies Ordinance**) or which do not constitute an offer to the public within the meaning of the Companies Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents or which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

Singapore

This Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore, and the Notes will be offered pursuant to exemptions under the Securities and Futures Act, Chapter 289 of Singapore (the **Securities and Futures Act**). Accordingly, the Notes may not be offered or sold or made the subject of an invitation for subscription or purchase nor may this Base Prospectus or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Notes be circulated or distributed, whether directly or indirectly, to any person in Singapore other than:

- (i) to an institutional investor pursuant to Section 274 of the Securities and Futures Act;
- (ii) to a relevant person under Section 275(1) of the Securities and Futures Act or to any person pursuant to Section 275(1A) of the Securities and Futures Act and in accordance with the conditions specified in Section 275 of the Securities and Futures Act; or

- (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Where the Notes are subscribed or purchased under Section 275 of the Securities and Futures Act by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Sections 4A of the Securities and Futures Act)) the sole business of which is to hold investments and the entire share capital of which is owned by one of more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the Securities and Futures Act) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the Notes pursuant to an offer under Section 275 of the Securities and Futures Act except:

- (i) to an institutional investor or to a relevant person defined in Sections 275(2) of the Securities and Futures Act or to any person arising from an offer referred to in Section 275(1A) or Sections 276(4)(i)(B) of the Securities and Futures Act; or
- (ii) where no consideration is or will be given for the transfer; or
- (iii) where the transfer is by operation of law;
- (iv) or pursuant to Sections 276(7) of the Securities and Futures Act.

General

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

Neither the Issuer nor any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

TAXATION

The following is a general description of certain tax considerations relating to the holding of the Notes in the European Union, France and Luxembourg. It does not purport to be a complete analysis of all tax considerations relating to the Notes in the European Union, France or Luxembourg. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to subscribing, acquiring, holding, disposing of and redeeming the Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. Prospective purchasers of RMB Notes are advised to consult their own tax advisers concerning the tax consequences of the acquisition, holding and disposing of RMB Notes, in particular with regard to the tax laws and regulations of Hong Kong and PRC.

This taxation summary is based upon the law in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.

The EU Savings Directive

Under Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments (the **Savings Directive**), EU Member States are required to provide to the tax authorities of other EU Member States details of certain payments of interest or similar income paid or secured by a person established in an EU Member State to or for the benefit of an individual resident in another EU Member State or to certain limited types of entities established in that other Member State.

For a transitional period, Austria is instead required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld). The end of the transitional period is dependent on the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 10 November 2015, the Council of the European Union adopted a Council Directive repealing the Savings Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other EU Member States (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The new regime under Council Directive 2011/16/EU (as amended) is in accordance with the Global Standard released by the Organisation for Economic Co-operation and Development in July 2014. Council Directive 2011/16/EU (as amended) is generally broader in scope than the Savings Directive, although it does not impose withholding taxes.

If a payment were to be made or collected through an EU Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent (as defined in the Conditions of the Notes) nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in an EU Member State that is not obliged to withhold or deduct tax pursuant to the Savings Directive.

France

Implementation of the Savings Directive in France

The Savings Directive has been implemented into French law under Article 242 ter of the *Code général des impôts* and Articles 49 I *ter* to 49 I *sexies* of the Schedule III to the *Code général des impôts*, which impose on paying agents based in France an obligation to report to the French tax authorities certain information with respect to interest payments made to beneficial owners resident in another Member State, including, among other things, the identity and address of the beneficial owner and a detailed list of different categories of interest paid to the beneficial owner.

Withholding Tax

The following overview does not address specific issues which may be relevant to holders of Notes who concurrently hold shares of the Issuer.

Notes which are not assimilated (assimilables) with Notes issued before 1 March 2010

Payments of interest and other revenues made by the Issuer with respect to Notes (other than Notes (described below) which are assimilated (*assimilables*) with Notes issued prior to 1 March 2010 with the benefit of Article 131 *quater* of the *Code général des impôts*) will not be subject to the withholding tax set out under Article 125 A III of the *Code général des impôts* unless such payments are made outside France in a non-cooperative State or territory (*Etat ou territoire non coopératif*) within the meaning of Article 238-0 A of the *Code général des impôts* (a **Non-Cooperative State**). If such payments under the Notes are made in a Non-Cooperative State, a 75 per cent. withholding tax will be applicable by virtue of Article 125 A III of the *Code général des impôts*, subject to certain exceptions and to the more favourable provisions of an applicable double tax treaty.

Furthermore, according to Article 238 A of the *Code général des impôts*, interest and other revenues on such Notes are not deductible from the Issuer's taxable income if they are paid or accrued to persons domiciled or established in a Non-Cooperative State or paid in such a Non-Cooperative State (the **Deductibility Exclusion**). Under certain conditions, any such non-deductible interest and other revenues may be recharacterised as constructive dividends pursuant to Articles 109 *et seq.* of the *Code général des impôts*, in which case such non-deductible interest and other revenues may be subject to the withholding tax set out under Article 119 *bis* of the *Code général des impôts*, at a rate of 30 per cent. or 75 per cent., subject to the more favourable provisions of an applicable double tax treaty.

Notwithstanding the foregoing, neither the 75 per cent. withholding tax set out under Article 125 A III of the *Code général des impôts* nor the Deductibility Exclusion will apply in respect of a particular issue of Notes if the Issuer can prove that the principal purpose and effect of such issue of Notes was not that of allowing the payments of interest or other revenues to be made in a Non-Cooperative State (the **Exception**). Pursuant to the *Bulletin Officiel des Finances Publiques-Impôts* BOI-INT-DG-20-50-20140211 n°550 and 990, BOI-RPPM-RCM-30-10-20-40-20140211 n°70 and n°80 and BOI-IR-DOMIC-10-20-20-60-20150320 n°10, an issue of Notes will benefit from the Exception without the Issuer having to provide any proof of the purpose and effect of such issue of Notes, if such Notes are:

- (i) offered by means of a public offer within the meaning of Article L.411.1 of the French *Code monétaire et financier* or pursuant to an equivalent offer in a State other than a Non-Cooperative State. For this purpose, an **equivalent offer** means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority; or
- (ii) admitted to trading on a regulated market or on a French or foreign multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider, or

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

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

Notes which are assimilated (assimilables) with Notes issued before 1 March 2010

Payments of interest and other revenues with respect to Notes issued from 1 March 2010 which are assimilated (*assimilables*) with Notes issued before 1 March 2010 with the benefit of Article 131 *quater* of the *Code général des impôts*, will be exempted from the withholding tax set out under Article 125 A III of the *Code général des impôts*.

Notes issued before 1 March 2010, whether denominated in Euro or in any other currency, and constituting *obligations* under French law, or *titres de créances négociables* within the meaning of the *Bulletin Officiel des Finances Publiques-Impôts* BOI-RPPM-RCM-30-10-30-30-20140211, or other debt securities issued under French or foreign law and considered by the French tax authorities as falling into similar categories, are deemed to be issued outside the Republic of France for the purpose of Article 131 *quater* of the *Code général des impôts*, in accordance with the aforementioned *Bulletin Officiel des Finances Publiques-Impôts*.

In addition, interest and other revenues paid by the Issuer on Notes which are to be assimilated (*assimilables*) with Notes issued before 1 March 2010 will not be subject to the Deductibility Exclusion, and hence will not be subject to the withholding tax set out under Article 119 *bis* of the *Code général des impôts* solely on account of their being paid in a Non-Cooperative State or accrued or paid to persons established or domiciled in a Non-Cooperative State.

Interest paid to individuals who are fiscally domiciled in France

Pursuant to Article 125 A of the *Code général des impôts*, where the paying agent (*établissement payeur*) is established in France and subject to certain limited exceptions, interest and similar revenues received by individuals who are fiscally domiciled (*domiciliés fiscalement*) in France are subject to a 24 per cent. withholding tax, which is deductible from their personal income tax liability in respect of the year in which the payment has been made. Social contributions (CSG, CRDS and other related contributions) are also levied by way of withholding tax at an aggregate rate of 15.5 per cent. on interest and other similar revenues paid to individuals who are fiscally domiciled (*domiciliés fiscalement*) in France.

Luxembourg

The following information is of a general nature and is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. The information contained within this section is limited to Luxembourg withholding tax issues and prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

The residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a withholding tax or a tax of a similar nature, or to any other concepts, refers to Luxembourg tax law and/or concepts only.

Withholding Tax

(a) Non-resident holders of Notes

Under Luxembourg general tax laws currently in force there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

(b) Resident holders of Notes

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005, as amended (the **Relibi Law**) mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Relibi Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to an individual beneficial owner who is a resident of Luxembourg or to a residual entity (within the meaning of the laws of 21 June 2005 implementing Council Directive 2003/48/EC of 3 June 2003 on the taxation of savings income and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the **Territories**)) established in an EU Member State (other than Luxembourg) or one of the Territories and securing such payments for the benefit of such individual beneficial owner will be subject to a withholding tax of 10 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Law would be subject to withholding tax of 10 per cent.

FORM OF FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes which have a denomination of €100,000 (or its equivalent in any other currency) or more issued under the Programme.

[Date]

Kering

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the €5,000,000,000
Euro Medium Term Note Programme**

PART A - CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 2 December 2015 [and the supplement[s] to it dated [●] [and [●]] which [together] constitute[s]] a base prospectus for the purposes of Directive 2003/71/EC as amended (the **Prospectus Directive**) (the **Base Prospectus**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus has been published on the Issuer's website at www.kering.com and the Luxembourg Stock Exchange's website www.bourse.lu.

[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular or Base Prospectus with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Base Prospectus dated [22 July 2004 / 10 December 2008 / 30 November 2009 / 26 November 2010 / 6 December 2011/11 December 2012 / 3 December 2013 / 4 December 2014] which are incorporated by reference in the Base Prospectus dated 2 December 2015. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of Directive 2003/71/EC as amended (the **Prospectus Directive**) and must be read in conjunction with the Base Prospectus dated 2 December 2015 [and the supplement[s] to it dated [●] [and [●]] which [together] constitute[s]] a base prospectus for the purposes of the Prospectus Directive (the **Base Prospectus**), including the Conditions incorporated by reference in the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus dated 2 December 2015. The Base Prospectus has been published on the Issuer's website at www.kering.com and the Luxembourg Stock Exchange's website (www.bourse.lu).

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote directions for completing the Final Terms.]

1. (a) Series Number: [●]
- (b) Tranche Number: [●]

- (c) Date on which the Notes will be consolidated and form a single Series: [The Notes will be consolidated and form a single Series with [provide issue amount/ISIN/maturity date/issue date of earlier Tranches] on or about [date which is 40 days after the Issue Date]] [Not Applicable]
2. Specified Currency or Currencies: [●]
3. Aggregate Nominal Amount:
- (a) Series: [●]
- (b) Tranche: [●]
4. Issue Price: [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)]
5. (a) Specified Denomination(s): [●] (one denomination only for Dematerialised Notes)
- (b) Calculation Amount: []
- (If only one Specified Denomination, insert the Specified Denomination.*
- If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
6. (a) Issue Date: [●]
- (b) Interest Commencement Date (if different from the Issue Date): [specify/Issue Date/Not Applicable]
- (N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*
7. Maturity Date: [Specify date or for Floating rate notes - Interest Payment Date falling in or nearest to [specify month and year]
8. Interest Basis: [[●] per cent. Fixed Rate]
[[LIBOR/EURIBOR/specify reference rate]
+/- [●] per cent. Floating Rate]
[Zero Coupon]
- (further particulars specified below)
9. Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [100 per cent. of their nominal

amount] *[insert in the case of Notes other than Zero Coupon Notes]*[[] per cent. of their nominal amount] *[insert percentage in the case of Zero Coupon Notes to be redeemed at a percentage other than 100 per cent.]*.

(NB: The Final Redemption Amount specified in respect of any Notes shall be a minimum of 100 per cent. of the nominal value of the Notes.)

10. Change of Interest Basis: *[Specify the date where any fixed to floating rate change occurs or cross ref to paragraphs 12 and 13 below and identify there]* [Not Applicable]
11. Put/Call Options: [Not Applicable]
[Issuer Call]
[Investor Put (Change of Control)]
[Investor Put]
[Make-Whole Redemption by the Issuer]
[Residual Call Option]
[Issuer Clean-up Call Option]
[(further particulars specified below)]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

12. Fixed Rate Note Provisions [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Rate[(s)] of Interest: [●] per cent. per annum payable in arrear on each Interest Payment Date
- (b) Interest Payment Date(s): [●] in each year
- (Amend appropriately in the case of irregular coupons)*
- (c) Fixed Coupon Amount[(s)]: [[●] per Calculation Amount/Not Applicable]
- (In the case of RMB Notes, this item will always be specified as not applicable)*
- (d) Broken Amounts: [] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [] [Not Applicable]
- (e) Day Count Fraction (Condition 5(a)): [30/360] [Actual/Actual ICMA]
[Actual/Actual (ISDA)] [Actual/Actual]
[Actual/365 (Fixed)]
[Actual/365 (Sterling)]
[Actual/360]
[30/360] [360/360]
[30E/360]

- [30E/360 (ISDA)]
 [Not Applicable] (*specify not applicable in the case of RMB Notes*)
- (f) Determination Date(s)
 (Condition 5(a)):
- [*Insert day(s) and month(s) on which interest is normally paid (if more than one, then insert such dates in the alternative) in each year*]
13. Floating Rate Provisions
- [Applicable/Not Applicable]
- (*If not applicable, delete the remaining subparagraphs of this paragraph. Also consider whether EURO BBA LIBOR or EURIBOR is the appropriate reference rate for Notes denominated in euro*)
- (a) Specified Period(s)/Specified Interest Payment Dates: [●]
- (b) Business Day Convention:
- [Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)][Not Applicable]
- (c) Additional Business Centre(s)
 (Condition 5(a)): [●]
- (d) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/ICMA Determination]
- (e) Interest Period Date(s): [Not Applicable/●]
- (f) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent): [●]
- (g) Screen Rate Determination (Condition 5(d)(iii)(B)):
- Reference Rate and Relevant Financial Centre: [●] month
 (*LIBOR/EURIBOR/specify other Reference Rate*)
- Relevant Financial Centre: [London / Brussels / *specify other Relevant Financial Centre*]
- Relevant Time: [●]
- Interest Determination Date(s): [[●] [*TARGET*] *Business Days in [specify city] for [specify currency] prior to [the first day in each Interest Accrual Period/each Interest Payment Date]*]

- Relevant Screen Page: *[Specify relevant screen page or "Reference Banks"]*

(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)
 - Reference Banks (if Primary Source is **Reference Banks**): *[Specify four]*
 - Relevant Financial Centre: *[The financial centre most closely connected to the Benchmark — specify if not London]*
 - Benchmark: *[LIBOR, LIBID, LIMEAN, EURIBOR or other benchmark]*
 - Representative Amount: *[Specify if screen or Reference Bank quotations are to be given in respect of a transaction of a specified notional amount]*
 - Effective Date: *[Specify if quotations are not to be obtained with effect from commencement of Interest Accrual Period]*
 - Specified Duration: *[Specify period for quotation if not duration of Interest Accrual Period]*
- (h) ISDA Determination 5(c)(iii)(a):
- Floating Rate Option:
 - Designated Maturity:
 - Reset Date:

(In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period).
 - ISDA Definitions: (if different from those set out in the Conditions):
- (i) Linear Interpolation: *[Not Applicable/Applicable - the Rate of interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (specify for each short or long interest period)]*
- (j) Margin(s): *[+/-][●] per cent. per annum*
- (k) Minimum Rate of Interest: *[●] per cent. per annum*
- (l) Maximum Rate of Interest: *[●] per cent. per annum*

- (m) Day Count Fraction (Condition 5(a)): [Actual/Actual (ISDA)]
 [Actual/Actual (ICMA)]
 [Actual/365 (Fixed)]
 [Actual/365 (Sterling)]
 [Actual/360]
 [30/360]
 [Bond Basis]
- (n) Rate Multiplier: [●]
14. Zero Coupon Note Provisions [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Amortisation Yield (Condition 6(g)(i)): [●] per cent. per annum
- (b) Reference Price: [●]
- (c) Day Count Fraction in relation to Early Redemption Amounts (Condition 5(a)): [30/360]
 [Actual/360]
 [Actual/365]

PROVISIONS RELATING TO REDEMPTION

15. Issuer Call [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Optional Redemption Date(s): [●]
- (b) Optional Redemption Amount [] per Calculation Amount
- (c) If redeemable in part: [●]
- (i) Minimum Redemption Amount: [●]
- (ii) Maximum Redemption Amount: [●]
- (d) Description of any other Issuer's option: [●]
- (e) Notice period (if other than as set out in the Conditions): []
- (N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a*

minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent.)

16. Issuer Clean-up Call Option [Applicable/Not Applicable]

Notice period (if other than as set out in the Conditions): []

(N.B. If setting notice periods which are different to those provided in Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent.)

17. Investor Put [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

(a) Optional Redemption Date(s): [●]

(b) Optional Redemption Amount: [] per Calculation Amount

(c) [Option Exercise Date(s): [●]]

(d) Description of any other Noteholders' option: [●]

(e) Notice period (if other than as set out in the Conditions): []

(N.B. If setting notice periods which are different to those provided in Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent.)

18. Investor Put (Change of Control) [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

(a) Optional Redemption Date(s): [●]

(b) Optional Redemption Amount: [] per Calculation Amount

(c) Notice period (if other than as set out in the Conditions): []

(N.B. If setting notice periods which are different to those provided in Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing systems business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent.)

19. Final Redemption Amount [●] per Calculation Amount

20. Make-Whole Redemption by the Issuer [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

(a) Notice period (if other than as set out in the Conditions): [●]

(N.B. If setting notice periods which are different to those provided in Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing systems business days' notice for a call) and custodians, as well as any other notice requirements which may apply for example, as between the Issuer and its fiscal agent.)

(b) Redemption Rate [●]

(c) Redemption Margin [●]

(d) Party, if any, responsible for calculating the principal and/or interest due (if not the Calculation Agent): [●]

21. Residual Call Option [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

(a) Call Option Date: []

(b) Notice period: []

(N.B. If setting notice periods which are different to those provided in Conditions, the Issuer is advised to consider the practicalities of

distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing systems business days' notice for a call) and custodians, as well as any other notice requirements which may apply for example, as between the Issuer and its fiscal agent.)

22. Early Redemption Amount

- (a) Early Redemption Amount(s) payable on redemption for taxation reasons (Condition 6(h)), for illegality (Condition 6(l)) or an Event of Default (Condition 9): [●] per Calculation Amount
(N.B. If the Final Redemption Amount is 100 per cent. of the nominal value (i.e. par), the Early Redemption Amount is likely to be par (but consider). If, however, the Final Redemption Amount is other than 100 per cent. of the nominal value, consideration should be given as to what the Early Redemption Amount should be.)
- (b) Redemption for taxation reasons permitted on days other than Interest Payment Dates (Condition 6(h)): [Yes/No]
- (c) Unmatured Coupons to become void upon early redemption (Materialised Bearer Notes only) (Condition 7(b)): [Yes/No/Not applicable]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

23. Forms of Notes: [Dematerialised Notes/Materialised Notes]
(Materialised Notes are only in bearer form)
 [Delete as appropriate]
- (a) Form of Dematerialised Notes: [Not Applicable/if Applicable specify whether]
 [Bearer dematerialised form (*au porteur*)/Registered dematerialised form (*au nominatif*)]
(Note that where there is no central depository, Notes must be in registered dematerialised form)
- (b) Registration Agent: [Not Applicable/if Applicable give name and address] *(Note that a Registration Agent must be appointed in relation to Registered Dematerialised Notes only)*
- (c) Temporary Global Certificate: [Not Applicable/Temporary Global Certificate exchangeable for Definitive Materialised Bearer Notes on [●] (the **Exchange Date**), being 40 days after the Issue Date subject to postponement as provided in the Temporary Global Certificate]

24. Additional Financial Centre(s) [Not Applicable/*Give details*].
(Condition 7(g)):
(Note that this paragraph relates to the date of payment, and not end dates of interest periods for the purposes of calculating the amount of interest,, to which sub-paragraphs 14(c) relates)
25. Talons for future Coupons to be attached to Definitive Notes: [Yes as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made / No /Not Applicable.
(Only applicable to Materialised Notes)
26. Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions [in Condition 1(d)] apply]
27. Consolidation provisions: [Not Applicable/The provisions [in Condition 14(b)] apply]
28. Purchase in accordance with Article L.213-1 A and D.213-1 A of the French *Code monétaire et financier*: [Applicable / Not Applicable]
29. Exclusion of the possibility to request identification information of the Noteholders as provided by Condition 1(a)(i): [Applicable] (*Specify “Applicable” only if the possibility to request identification information of the Noteholders as provided by Condition 1(a)(i) is not contemplated*)[Not Applicable]
30. *Masse* (Condition 11): [[Full Masse]/[Contractual Masse] shall apply]
(Note that: (i) in respect of any Tranche of Notes issued outside France, Condition 11(a) (Contractual Masse) may be elected by the Issuer, and (ii) in respect of any Tranche of Notes issued inside France, Condition 11(b) (Full Masse) shall apply.)
Insert below details of Representative and alternate Representative and remuneration, if any:
[Name and address of the Representative: [●]]
Name and address of the alternate Representative: [●]]
[The Representative will receive no remuneration/The Representative will receive a remuneration of [●]]
31. RMB Provisions:
- (a) RMB Currency Event: [Applicable / Not Applicable]
(As referred to under Condition 7(i))

- (b) Relevant Currency for Condition 7(i): / [Not Applicable]
- (c) Relevant Spot Rate Screen Pages for Condition 7(i): *(For U.S. dollars, use Reuters Screen Page TRADCNY and Reuters Screen Page TRADNDF, respectively.)*
 - (i) Relevant Spot Rate Screen Page (Deliverable Basis): [Not Applicable]
 - (ii) Relevant Spot Rate Screen Page (Non-deliverable Basis): [Not Applicable]
- (d) Party responsible for calculating the Spot Rate for Condition 7(i): *[give name (the **Calculation Agent**)]* [Not Applicable]

[THIRD PARTY INFORMATION]

[Relevant third party information] has been extracted from *[specify source]*. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by *[specify source]*, no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By:

Duly authorised

PART B - OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (a) Listing: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to listing on [the official list of the Luxembourg Stock Exchange] with effect from [●].] [Not Applicable]
- (b) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [the Regulated Market of the Luxembourg Stock Exchange] with effect from [●].] [Not Applicable]
[Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [the Regulated Market of the Luxembourg Stock Exchange]] with effect from [●].] [Not Applicable.]
- (c) Estimate of total expenses related to admission to trading: [●]

2. RATINGS

Ratings: [Not Applicable][The Notes to be issued [[have been]/[are expected to be]] rated] / [The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]: [insert details] by [insert the legal name of the relevant credit rating agency entity(ies)] and associated defined terms]. [Each of [defined terms] is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**).]

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.

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

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business – Amend as appropriate if there are other interests]

4. YIELD(Fixed Rate Notes only)

Indication of yield: [●]

5. HISTORIC INTEREST RATES(Floating Rate Notes only)

Details of historic [LIBOR/EURIBOR/replicate other as specified in the Conditions] rates can be obtained from [Reuters].

6. OPERATIONAL INFORMATION

(a) ISIN: [●]

(b) Common Code: [●]

(c) Depositories:

(i) Euroclear France to act as Central Depository [Yes/No]

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

(d) Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]

(e) Delivery: Delivery [against/free of] payment

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

7. DISTRIBUTION

(a) If syndicated, names of Managers: [Not Applicable/give names]

(b) Date of [Subscription] Agreement: [Not Applicable/give date]

(c) Stabilising Manager (if any): [Not Applicable/give name]

(d) If non-syndicated, name of relevant Dealer: [Not Applicable/name]

(e) U.S. Selling Restrictions: The Issuer is Category 2 for the purposes of Regulation S under the United States Securities Act of 1933, as amended.

[TEFRA C/TEFRA D/TEFRA Not Applicable]

(Note that TEFRA rules do not apply to Notes issued

in registered form (as defined by US tax law) which would include French law Dematerialised Notes.)

GENERAL INFORMATION

Approval, listing and admission to trading

Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made for Notes issued under the Programme to be admitted to trading on the regulated market of the Luxembourg Stock Exchange and to be listed on the official list of the Luxembourg Stock Exchange. The regulated market of the Luxembourg Stock Exchange is a regulated market for the purposes of the Markets in Financial Instruments Directive, as amended (Directive 2004/39/EC).

Authorisation

The Issuer has obtained all necessary corporate and other consents, approvals and authorisations in the Republic of France in connection with the establishment of the Programme.

With respect to the issuance of Notes under the Programme which constitute *obligations* (a) pursuant to Article L.228-40 of the French *Code de commerce*, the *Conseil d'administration* (Board of Directors) of a *société anonyme* is authorised to decide on the issuance of *obligations* (non-convertible bonds) save if the *statuts* (articles of incorporation) reserve such authority to the general shareholders meeting or if the general shareholders meeting has decided otherwise, (b) the *statuts* of the Issuer contain no restrictions on the authority of the *Conseil d'administration* to issue *obligations* and the Issuer's General Shareholders Meeting has not decided otherwise, and (c) by a resolution passed on 16 February 2015 the *Conseil d'administration* (Board of Directors) delegated the authority to either the *Directeur Général* (CEO) or the *Directeur Général Délégué* (Deputy CEO) in their capacity as *Directeur Général* and *Directeur Général Délégué* respectively of the Issuer, to negotiate the updating of the Programme and to decide on the issue of any non-convertible notes (*obligations*) pursuant to the Programme or on a stand-alone basis up to an amount of Euro 1,600,000,000 for a period of one year from the date of the resolution. The Board of Directors also granted either the *Directeur Général* or the *Directeur Général Délégué* the power to delegate such authority.

Significant or Material Change

There has been no significant change in the financial or trading position of the Issuer or the Group since the date of the last financial statements as at 30 June 2015 as filed with the AMF, transmitted by a primary information provider and published on the Issuer's website (www.kering.com) on 27 July 2015. There has been no material adverse change in the prospects of the Issuer since the date of its last financial statements as at 31 December 2014.

Litigation

Neither the Issuer nor any member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), during a period covering the previous 12 months which may have, or have had in the recent past, significant effects on the Issuer and/or the Group's financial position or profitability.

Outstanding Notes

As of 30 November 2015 the total principal amount of outstanding bonds under the Programme is €3,672,000,000. Information relating to outstanding Series of Notes issued by Kering appears under the section « Debt Financing » on the Issuer's website (www.kering.com).

US

Each Materialised Bearer Note having an original maturity of more than 1 year other than Temporary Global Certificates and any Coupon and Talon appertaining thereto will bear the following legend, unless the relevant Final Terms specify that TEFRA C applies or that TEFRA does not apply:

"Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".

Clearing Systems

Notes have been accepted for clearance through the Euroclear, Clearstream, Luxembourg and Euroclear France systems. The Common Code, the International Securities Identification Number (ISIN) or the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms.

If the Notes are to clear through an additional or alternative clearing system, the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 boulevard du Roi Albert II, B-1210 Brussels, and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg and the address of Euroclear France is 66 rue de la Victoire, 75008 Paris, France.

Auditors

The consolidated financial statements of the Issuer as of 31 December 2013 and 2014 and for the two years then ended, incorporated by reference in this Base Prospectus, have been audited by Deloitte & Associés and KPMG Audit department of KPMG S.A., independent public registered accounting firms, as stated in their reports incorporated by reference herein.

The condensed interim consolidated financial statements of the Issuer for the period ended 30 June 2015, incorporated by reference in this Base Prospectus, have been reviewed by Deloitte & Associés and KPMG Audit department of KPMG S.A., independent public registered accounting firms, as stated in their reports incorporated by reference herein.

Deloitte & Associés are registered with the *Compagnie Régionale des Commissaires aux Comptes de Versailles*, and KPMG Audit department of KPMG S.A. are registered with the *Compagnie Régionale des Commissaires aux Comptes de Versailles*, which are supervised by the *Compagnie Nationale des Commissaires aux Comptes*.

The auditors of the Issuer have no material interest in the Issuer.

Documents available

For a period of 12 months following the date of this Base Prospectus, the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at, or in the case of the documents referred to at (d) below they may be obtained from, the office of the Fiscal Agent or of each of the Paying Agents:

- (a) the Agency Agreement (which includes the form of the *Lettre Comptable*, the Temporary Global Certificates, the Definitive Materialised Bearer Notes, the Coupons and the Talons);
- (b) the *statuts* of the Issuer;

- (c) each Final Terms for Notes that are admitted to trading on the regulated market of the Luxembourg Stock Exchange and listed on the official list of the Luxembourg Stock Exchange or any other stock exchange;
- (d) a copy of this Base Prospectus together with any Supplement to this Base Prospectus or further Base Prospectus;
- (e) the consolidated audited financial statements of the Issuer in respect of the financial years ended 2013 and 2014, in each case together with the audit reports prepared in connection therewith;
- (f) the 2015 Rapport Semestriel of the Issuer in French; and
- (g) the most recently published audited annual financial statements of the Issuer and the most recently published unaudited interim financial statements (if any) of the Issuer, in each case together with any audit or review reports prepared in connection therewith.

Constitutive documents, historical financial information of Kering and press releases are available on the Issuer's website (www.kering.com).

The Issuer publishes, within the time frames required under French law, annual audited accounts as at 31 December in each year and semi-annual unaudited accounts as at 30 June in each year.

Conditions for determining price

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

Yield of Fixed Rate Notes

In relation to any Tranche of Notes, an indication of yield in respect of such Notes will be specified in the applicable Final Terms. The yield is calculated at the Issue Date of the Notes on the basis of the relevant Issue Price. The yield indicated will be calculated as the yield to maturity as at the Issue Date of the Notes and will not be an indication of future yield.

Conflicts of interest

There is no conflict of interests between the duties to the Issuer of the members of the Board of Directors and their private interests and/or other duties.

Dealers transacting with the Issuer

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

ISSUER

Kering
10, avenue Hoche
75008 Paris
France

ARRANGER

Société Générale
29 boulevard Haussmann
75009 Paris
France

DEALERS

BNP Paribas
10 Harewood Avenue
London NW1 6AA
United Kingdom

Crédit Agricole Corporate and Investment Bank
9 quai du Président Paul Doumer
92920 Paris La Défense Cedex
France

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

HSBC Bank plc
8 Canada Square
London E14 5HQ
United Kingdom

J.P. Morgan Securities plc
25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

Natixis
30 avenue Pierre Mendès France
75013 Paris
France

Société Générale
29 boulevard Haussmann
75009 Paris
France

The Royal Bank of Scotland plc
135 Bishopsgate
London EC2M 3UR
United Kingdom

UniCredit Bank AG
Arabellastrasse 12
D-81925 Munich
Germany

FISCAL AGENT AND PRINCIPAL PAYING AGENT

BNP Paribas Securities Services
Les Grands Moulins de Pantin
9, rue du Débarcadère
93500 Pantin
France

LISTING AGENT

BNP Paribas Securities Services
until 31 December 2015
33, rue de Gasperich, Howald - Hesperange
L – 2085 Luxembourg

from 1 January 2016
60, avenue J.F. Kennedy, Luxembourg
L – 2085 Luxembourg

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