



(a société anonyme incorporated in France)

€2,000,000,000

### Euro Medium Term Notes Programme

Under the Euro Medium Term Note Programme (the “**Programme**”) described in this document (the “**Base Prospectus**”), Essilor International (Compagnie Générale d’Optique), (“**Essilor**” or the “**Issuer**”), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Euro Medium Term Notes (the “**Notes**”). The aggregate nominal amount of Notes outstanding will not at any time exceed €2,000,000,000 (or the equivalent in other currencies) and may be denominated in certain currencies. The Notes will be issued in such denomination(s) as may be agreed between the Issuer and the relevant Dealer and as specified in the relevant Final Terms save that the minimum denomination of each Note listed and admitted to trading on a Regulated Market in a Member State of the European Economic Area in circumstances which require the publication of a Base Prospectus under the Prospectus Directive (given that any exemption regime, as set out in the Prospectus Directive, could apply in contemplation of the relevant issue) will be at least €100,000 (or the equivalent amount in any other currency).

Application has been made to the Autorité des marchés financiers (the “**AMF**”) in France for approval of this Base Prospectus, in its capacity as competent authority pursuant to Article 212-2 of its Règlement Général which implements Directive 2003/71/EC of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading. References in this Base Prospectus to the “**Prospectus Directive**” shall include the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in the relevant Member of the European Economic Area (“**EEA**”).

Application may be made to Euronext Paris for the period of 12 months from the date of the approval of this Base Prospectus by the AMF for Notes issued under the Programme to be listed and admitted to trading on Euronext Paris and/or to the competent authority of any other Member State of the EEA for Notes issued under the Programme to be listed and admitted to trading on a Regulated Market (as defined below) in such Member State. Euronext Paris is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EEC, appearing on the list of regulated markets issued by the European Commission and situated in a Member State of the EEA (a “**Regulated Market**”).

However, Notes that are not listed and admitted to trading on a Regulated Market may also be issued pursuant to the Programme.

The relevant final terms (the “**Final Terms**”) (a form of which is contained herein) in respect of the issue of any Notes will specify whether or not such Notes will be listed and admitted to trading and, if so, the relevant Regulated Market in the EEA where the Notes will be listed and admitted to trading and will be published, if relevant, on the website of the Regulated Market where the admission to trading is sought.

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

Dematerialised Notes may, at the option of the Issuer, be (a) in bearer dematerialised form (au porteur) inscribed as from the issue date in the books of Euroclear France (“**Euroclear France**”) (acting as central depository) which shall credit the accounts of Account Holders (as defined in “Terms and Conditions of the Notes - Form, Denomination(s), Title and Redenomination”) including Euroclear Bank S.A./N.V. (“**Euroclear**”) and the depository bank for Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”) or (b) 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 either with the Issuer or with the 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 Account Holders designated by the relevant Noteholders.

Dematerialised Notes will at all times be in book entry form in compliance with Articles L. 211-3 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.

Materialised Notes will be in bearer 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 subsequently be exchanged for definitive Materialised Notes in bearer form with, where applicable, coupons for interest and talons attached on or after a date expected to be on or about the 40th calendar 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-U.S. beneficial ownership as more fully described herein.

Temporary Global Certificates will (a) in the case of a Tranche (as defined below) intended to be cleared through Euroclear and/or Clearstream, Luxembourg, be deposited on the issue date with a common depositary 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 is not rated. Notes to be issued under the Programme may be rated or unrated. The rating, if any, will be specified in the relevant Final Terms. The relevant Final Terms will specify whether or not such credit ratings are issued by a credit rating agency established in the European Union and registered under the Regulation (EC) No 1060/2009 on credit ratings agencies, as amended (the "CRA Regulation") and included in the list of registered credit rating agencies published on the website of the European Securities and Markets Authority ([www.esma.europa.eu/page/List-registered-and-certified-CRAs](http://www.esma.europa.eu/page/List-registered-and-certified-CRAs)). A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

The final terms of the relevant Notes will be determined at the time of the offering of each Tranche based on the then prevailing market conditions and will be set out in the relevant Final Terms.

For as long as the Programme remains in effect or any Notes are outstanding, copies of this Base Prospectus, any document containing information incorporated by reference in this Base Prospectus, any supplement to this Base Prospectus and the Final Terms related to Notes that are listed and admitted to trading on any Regulated Market in the EEA will be available for viewing on the website of the AMF ([www.amf-france.org](http://www.amf-france.org)), on the Issuer's website (<http://www.essilor.com/fr/Investisseurs/InformationReglementee/Pages/InformationReglementee.aspx>) and may be obtained, during normal business hours at the specified offices of the Fiscal Agent and each of the Paying Agents (as defined herein).

**Prospective investors should carefully review and consider the section of this Base Prospectus entitled "Risk Factors" prior to purchasing any Notes.**

**Arranger  
HSBC  
Dealers**

**BNP PARIBAS  
Crédit Agricole CIB  
HSBC  
NATIXIS**

**Citigroup  
CM-CIC  
Mitsubishi UFJ Securities  
Société Générale  
Corporate & Investment Banking**

*This document constitutes a base prospectus for the purpose of Article 5.4 of the Prospectus Directive and for the purpose of giving information with regard to the Issuer, the Issuer and its subsidiaries taken as a whole (the “**Group**”) and the Notes which, according to the particular nature of the Issuer and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.*

*This Base Prospectus should be read and construed in conjunction with any supplement hereto and with any other documents incorporated by reference (see “**Documents Incorporated by Reference**”) and, each of which shall be incorporated in, and form part of this Base Prospectus in relation to any Series (as defined herein) of Notes, should be read and construed together with the Base Prospectus and the Final Terms being together, the “**Prospectus**”.*

*No person has been authorised to give any information or to make any representation other than those contained in this Base Prospectus in connection with the issue or sale of 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 the “**General Description of the Programme**”). Neither the delivery of this Base Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Group since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer or of the Group since the date hereof or the date upon which this Base Prospectus has been most recently amended or 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. No Notes may be offered or sold, directly or indirectly, and none of this Base Prospectus, any Final Terms 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 comes are required by the Issuer, the Dealers and the Arranger to inform themselves about and to observe any such restriction. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the United Kingdom, Japan, France, Hong-Kong, PRC and Singapore. For a description of certain restrictions on offers and sales of Notes and distribution of this Base Prospectus, see “**Subscription and Sale**” below.*

*The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), or with any securities regulatory authority of any state or other jurisdiction of the United States, and the Notes 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 or sold or, in the case of Materialised Notes in bearer form, delivered within the United States or to or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (“**Regulation S**”) or, in the case of Materialised Notes in bearer form, the U.S Internal Revenue Code of 1986, as amended (the “**U.S Internal Revenue Code**”)).*

*This Base Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer, 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. None of the Dealers or the Arranger makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Base Prospectus. Neither this Base Prospectus nor any other information incorporated by reference in this Base Prospectus is intended to provide the basis of any credit or other evaluation and should not 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 information incorporated by reference should*

*purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Base Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. 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.*

***In connection with the issue of any Tranche (as defined in the “General Description of the Programme”), the Dealer or Dealers (if any) named as the stabilising manager(s) (the “Stabilising Manager(s)”) (or any person acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the relevant Tranche is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 calendar days after the issue date of the relevant Tranche and 60 calendar days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.***

*In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to “€”, “Euro”, “EUR” or “euro” are to the single currency of the participating member states of the European Union which was introduced on 1 January 1999, references to “£”, “pounds sterling”, “GBP” and “Sterling” are to the lawful currency of the United Kingdom, references to “\$”, “USD” and “US dollars” are to the lawful currency of the United States of America, references to “¥”, “JPY”, “Japanese yen” and “Yen” are to the lawful currency of Japan and references to “CHF”, “Swiss francs” are to the lawful currency of Switzerland and references to “Renminbi” or “RMB” are to the currency of the People’s Republic of China (“PRC”).*

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## **RISK FACTORS**

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes issued under the Programme. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. The risk factors may relate to the Issuer or any of its subsidiaries.*

*Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. The risks described below are not the only risks the Issuer faces.*

*Additional risks and uncertainties not currently known to the Issuer or that are currently believed to be immaterial could also have a material impact on its business operations. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and in any documents incorporated by reference and reach their own views prior to making any investment decision. In particular, investors should make their own assessment as to the risks associated with the Notes prior to investing in Notes issued under the Programme.*

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

### **RISK FACTORS RELATING TO THE ISSUER**

Please refer to pages 29 to 33 of the 2012 *Document de Référence* which are incorporated by reference in this Base Prospectus.

### **RISK FACTORS RELATING TO THE NOTES**

*The following paragraphs describe some risk factors that the Issuer believes are material to the Notes to be offered and/or listed and admitted to trading in order to assess the market risk associated with these Notes. They do not describe all the risks of an investment in the Notes. Prospective investors should consult their own financial and legal advisers about risks associated with investment in a particular Series of Notes and the suitability of investing in the Notes in light of their particular circumstances.*

#### **1 General Risks Relating to the Notes**

##### **1.1 Independent Review and Advice**

Each prospective investor of Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Notes is fully consistent with its financial needs, objectives and condition, complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it and is a fit, proper and suitable investment for it, notwithstanding the clear and substantial risks inherent in investing in or holding the Notes.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes

which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

A prospective investor may not rely on the Issuer or the Dealer(s) or any of their respective affiliates in connection with its determination as to the legality of its acquisition of the Notes or as to the other matters referred to above.

#### **1.2** *Modification and waivers*

The conditions of the Notes contain provisions for calling General 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 General Meeting and Noteholders who voted in a manner contrary to the majority.

#### **1.3** *No active Secondary/Trading Market for the Notes*

Notes issued under the Programme will be new securities which may not be widely distributed and for which there may be no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single Series with a Tranche of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although in relation to Notes to be listed and admitted to trading on Euronext Paris and/or any other Regulated Market in the EEA, the Final Terms of the Notes will be filed with the AMF in Paris and/or with the competent authority of the Regulated Market of the EEA where the Notes will be listed and admitted to trading, there is no assurance that such filings will be accepted, that any particular Tranche of Notes will be so listed and admitted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes.

#### **1.4** *Provision of Information*

None of the Issuer, the Dealer(s) or any of their respective affiliates makes any representation as to the Inflation Indices (as defined herein). Any of such persons may have acquired, or during the term of the Notes may acquire, non-public information with respect to the Inflation Indices that is or may be material in the context of Inflation Linked Notes. The issue of Inflation Linked Notes will not create any obligation on the part of any such persons to disclose to the Noteholders or any other party such information (whether or not confidential).

#### **1.5** *Potential Conflicts of Interest*

All or some of the Dealers and their affiliates (including their parent companies) have and/or may in the future engage, in investment banking, commercial banking and/or other financial advisory and commercial dealings with the Issuer and its affiliates and in relation to securities issued by any entity of the Group. They have or may, in the ordinary course of their business, (i) engage in investment banking, trading or hedging activities including activities that may include prime brokerage business, financing transactions or entry into derivative transactions, (ii) act as underwriters in connection with offering of shares or other securities issued by any entity of the Group or (iii) act as financial advisers to the Issuer or other companies of the Group. In the context of these transactions, certain of such Dealers have or may hold shares or other securities issued by entities of the Group. Where applicable, they have or will receive customary fees and commissions for these transactions.

Each of the Issuer and the Dealer(s) may from time to time be engaged in transactions involving an index or related derivatives which may affect the market price, liquidity or value of the Notes and which could be deemed to be adverse to the interests of the Noteholders.

Potential conflicts of interest may arise between the calculation agent, if any, for a Tranche of Notes and the Noteholders, including with respect to certain discretionary determinations and judgements that such calculation agent may make pursuant to the Terms and Conditions that may influence the amount receivable upon redemption of the Notes.

#### **1.6** *Exchange Rates*

Prospective investors of the Notes should be aware that an investment in the Notes may involve exchange rate risks. The reference assets or the Notes may be denominated in a currency other than the currency of the purchaser's home jurisdiction; and/or the reference assets or the Notes may be denominated in a currency other than the currency in which a purchaser wishes to receive funds. Exchange rates between currencies are determined by factors of supply and demand in the international currency markets which are influenced by macro-economic factors, speculation and central bank and government intervention (including the imposition of currency controls and restrictions). Fluctuations in exchange rates may affect the value of the Notes or the reference assets.

#### **1.7** *Legality of Purchase*

None of the Issuer, the Dealer(s) or any of their respective affiliates has or assumes responsibility for the lawfulness of the acquisition of the Notes by a prospective investor of the Notes, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective investor with any law, regulation or regulatory policy applicable to it.

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

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed in this section, 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. Any such revision, suspension or withdrawal of any such credit rating could adversely affect the value of the Notes.

#### **1.9** *Taxation*

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country 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 section contained in this Base Prospectus but should ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, holding, sale and redemption of the Notes. Only these advisors are in a position to duly consider the specific situation of the potential investor. This investment consideration has to be read in connection with the taxation sections of this Base Prospectus.

#### **1.10** *EU Savings Directive*

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "**Savings Directive**") Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a paying agent located within its



jurisdiction to, or for the benefit of, an individual resident in that other Member State, except that, for a transitional period (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries), Luxembourg and Austria will instead withhold an amount on interest payments unless the relevant beneficial owner of such payment elects otherwise and authorises the paying agent to disclose the above information (the Luxembourg government has however announced its intention to elect out of the withholding system in favour of an automatic exchange of information with effect from 1 January 2015). A number of non EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland). The rate of this withholding tax is currently 35 per cent. See section entitled “**Taxation - EU Taxation**” in this Base Prospectus.

If a payment were to be made or collected through a 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 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. If a withholding tax is imposed on payments made by a Paying Agent following implementation of the Savings Directive, the Issuer will be required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Savings Directive.

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Savings Directive, which included the Commission’s advice on the need for changes to the Savings Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Savings Directive, which included a number of suggested changes. The European Parliament has adopted an amended version of this proposal on 24 April 2009. If any of those proposed changes are implemented, they should amend or broaden the scope of the requirements described above.

#### **1.11** *Market Value of the Notes*

The market value of the Notes will be affected by the creditworthiness of the Issuer and a number of additional factors, including the value of an index, including, but not limited to, the volatility of an index, market interest and yield rates and the time remaining to the maturity date.

The value of the Notes or the Inflation Indices depends on a number of interrelated factors, including economic, financial and political events in France or elsewhere, including factors affecting capital markets generally and the stock exchanges on which the Notes are traded. The price at which a Noteholder will be able to sell the Notes prior to maturity may be at a discount, which could be substantial, from the issue price or the purchase price paid by such purchaser. The historical level of the Inflation Index should not be taken as an indication of such index’s future performance during the term of any Note.

#### **1.12** *Change of Law*

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 in French law or the official application or interpretation of French law after the date of this Base Prospectus.

#### **1.13** *French Insolvency Law*

Under French insolvency law, holders of debt securities are automatically grouped into a single assembly of holders (the “**Assembly**”) in case of the opening in France of a safeguard procedure (*procédure de sauvegarde*), an accelerated financial safeguard procedure (*procédure de*

*sauvegarde financière accélérée*) or a judicial reorganisation procedure (*procédure de redressement judiciaire*) of the Issuer, in order to defend their common interests.

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

The Assembly deliberates on the draft safeguard (*projet de plan de sauvegarde*), draft accelerated financial safeguard plan (*projet de plan de sauvegarde financière 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 debts;
- 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 right to share capital.

Decisions of the Assembly will be taken by a two-third majority (calculated as a proportion of the debt securities held by the holders attending or represented at the Assembly). No quorum is required on convocation of the Assembly.

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

#### **1.14** *The proposed financial transaction tax ("FTT")*

The European Commission has published a 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 proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are exempt.

Under current proposals 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 and is the subject of legal challenge. 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.

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

The Programme allows for different types of Notes to be issued. Accordingly, each Tranche of Notes may carry varying risks for potential investors depending on the specific features of such Notes such as, inter alia, the provisions for computation of periodic interest payments, if any, redemption and issue price.

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

The Issuer has the option, if so specified in the relevant the Final Terms, to redeem the Notes under a Residual Call Option as provided in Condition 6(c) and a make-whole call option as provided in Condition 6(d).

Furthermore, 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 the country of domicile (or residence for tax purposes) by the Issuer, or on behalf of 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 addition, if in the case of any particular Tranche of Notes, the relevant Final Terms specifies that the Notes are redeemable at the Issuer's option in certain other circumstances set out in the Terms and Conditions of the Notes, the Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. During a period when the Issuer may elect, or has elected, to redeem Notes, such Notes may feature a market value not substantially above the price at which they can be redeemed. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

Finally, if so specified in the relevant Final Terms, in the event that at least 80 per cent. of the initial aggregate principal amount of the Notes has been purchased by the Issuer in accordance with Condition 6(k), the Issuer has the option to redeem all of the remaining Notes without obtaining the prior consent of their holders.

### **2.2 Change of Control**

Exercise of Change of Control Put Option in respect of certain Notes may affect the liquidity of the Notes of the same Series in respect of which such option is not exercised.

Depending on the number of Notes of the same Series in respect of which the Change of Control Put Option provided in the relevant Final Terms is exercised, any trading market in respect of those Notes in respect of which such option is not exercised may become illiquid.

In addition, if further to the exercise of such Change of Control Put Option, 80 per cent. or more of the initial aggregate principal amount of the Notes has been redeemed, the Issuer has the option to redeem all of the remaining Notes without obtaining the prior consent of their holders.

### **2.3 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.

### **2.4 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.

## **2.5** *Fixed to Floating Rate Notes*

Fixed to Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a Fixed Rate to a Floating Rate, or from a Floating Rate to a Fixed Rate. The Issuer's ability to convert the interest rate 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, the spread on the fixed to 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, the Fixed Rate may be lower than then prevailing rates on its Notes.

## **2.6** *Inverse Floating Rate Notes*

Investment in Notes which bear interest at an inverse Floating Rate comprise (i) a fixed base rate minus (ii) a reference rate. The market value of such Notes typically is more volatile than the market value of Floating Rate Notes based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

## **2.7** *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.

## **2.8** *Zero Coupon Notes*

Changes in market interest rates have a substantially stronger impact on the prices of Zero Coupon Notes than on the prices of ordinary Notes because the discounted issue prices are substantially below par. If market interest rates increase, Zero Coupon Notes can suffer higher price losses than other Notes having the same maturity and credit rating. Due to their leverage effect, Zero Coupon Notes are a type of investment associated with a particularly high price risk.

## **2.9** *Inflation-Linked Notes*

Inflation Linked Notes are debt securities which do not provide for predetermined interest payments and/or in respect of which the principal is indexed. Interest amounts and/or principal will be dependent upon the performance of either (i) the consumer price index (excluding tobacco) for all households in metropolitan France (the "CPI"), as calculated and published monthly by the *Institut National de la Statistique et des Etudes Economiques* ("INSEE"), or (ii) the harmonised index of consumer prices excluding tobacco, or the relevant substitute index, measuring the rate of inflation in the European Monetary Union excluding tobacco as calculated and published monthly by Eurostat (the "HICP") (each an "Inflation Index" and together, the "Inflation Indices"). If the value

of the relevant index calculated at anytime prior to the maturity date is lower than the value of the relevant index at the time of the issue of the Notes or at the time of purchase by the Noteholders, then the amount of interest payable by the Issuer and/or the principal of Inflation Linked Notes may vary. Noteholders may receive no interest. However, if the nominal amount to be repaid at maturity is below par, the Inflation Linked Notes will be redeemed at par.

Neither the current nor the historical levels of any of the Inflation Indices should be taken as an indication of future performance of such index during the term of any Inflation Linked Notes.

Inflation Linked Notes are not in any way sponsored, endorsed, sold or promoted by the INSEE or Eurostat, as the case may be, and the INSEE or Eurostat, makes no warranty or representation whatsoever, express or implied, either as to the results to be obtained from the use of any of the Inflation Indices and/or the figure at which such indices stand at any particular time. The Inflation Indices are determined, composed and calculated by the INSEE or Eurostat, as the case may be, without regard to the Issuer or the Notes. The INSEE or Eurostat, as the case may be, is not responsible for or has not participated in the determination of the timing of, prices of, or quantities of the Inflation Linked Notes to be issued or in the determination or calculation of the interest payable under such Notes.

None of the Issuer, the Dealer(s) or any of their respective affiliates makes any representation as to the Inflation Indices. Any of such persons may have acquired, or during the term of the Notes may acquire, non-public information with respect to the Inflation Indices that is or may be material in the context of Inflation Linked Notes. The issue of Inflation Linked Notes will not create any obligation on the part of any such persons to disclose to the Noteholder or any other party such information (whether or not confidential).

#### **2.10** *Risks Relating to Renminbi-denominated Notes*

Notes denominated in RMB ("**RMB Notes**") may be issued under the Programme. RMB Notes contain particular risks for potential investors, including the following:

*Renminbi is not freely convertible; there are significant restrictions on remittance of Renminbi into and outside the PRC.*

Renminbi is not freely convertible at the present. Despite a movement towards liberalisation of cross-border Renminbi remittance in current account activities and the permission for certain participating banks in Hong Kong, Singapore and Taiwan to engage in the settlement of current account trade transactions in Renminbi under certain pilot schemes, there is no assurance that the PRC government will continue to liberalise control over the cross-border Renminbi remittance in the future or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. 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 Renminbi 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.

Holders of Notes denominated in Renminbi may be required to provide certifications and other information (including Renminbi account information) in order to allow such holder to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in Hong Kong, Singapore and Taiwan.

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

As a result of the restrictions by the PRC Government on cross-border Renminbi fund flows, the availability of Renminbi outside of the PRC is limited.

While the People's Bank of China has established Renminbi clearing and settlement mechanisms for participating banks in Hong Kong, Singapore and Taiwan through settlement agreements on the clearing of Renminbi business (the "**Settlement Agreements**") with Bank of China (Hong Kong) Limited in Hong Kong, Industrial and Commercial Bank of China, Singapore Branch in Singapore and Bank of China, Taipei Branch in Taiwan, the People's Bank of China has provided several restrictions over the business scope of offshore participating banks in respect of cross-border Renminbi settlement (e.g. related to direct transactions with PRC enterprises), which further limits the availability of Renminbi that participating banks can utilise for conversion services for their clients.

On 14 June 2012, the Hong Kong Monetary Authority (the "**HKMA**") introduced a facility for providing Renminbi liquidity to authorised institutions participating in Renminbi business (the "**Participating AIs**") in Hong Kong. The facility will make use of the currency swap arrangement between the People's Bank of China and the HKMA. With effect from 15 June 2012, the HKMA will, in response to requests from individual Participating AIs, provide Renminbi term funds to the Participating AIs against eligible collateral acceptable to the HKMA. The facility is intended to address short-term Renminbi liquidity tightness which may arise from time to time, for example due to capital market activities or a sudden need for Renminbi liquidity by the Participating AIs' overseas bank customers.

Although it is expected that the offshore Renminbi 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 and of requirements by the HKMA (such as maintaining no less than 25 per cent. of Renminbi deposits in cash or in the form of settlement account balance with the RMB Clearing Bank). There is no assurance that new PRC regulations will not be promulgated or the Settlement Agreements will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of the RMB Notes. To the extent the Issuer is required to source Renminbi in the offshore market to service its RMB Notes, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all.

*RMB Notes issued under the Programme may only be held through an account with Euroclear France or with an Account Holder which itself has an account with Euroclear France*

Noteholders may only hold RMB Notes if they have an account with Euroclear France or maintained with an Account Holder which itself has an account with Euroclear France (which includes Euroclear and Clearstream, Luxembourg).

*Investment in RMB Notes is subject to exchange rate risks*

The value of Renminbi against the Euro, the US dollar and other foreign currencies fluctuates and is affected by changes in the PRC and international political and economic conditions and by many other factors. All payments of interest and principal with respect to RMB Notes will be made in Renminbi. As a result, the value of these Renminbi payments in Euro or US dollar terms may vary with the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against the Euro, the US dollar or other foreign currencies, the value of investment in Euro, US dollar or other applicable foreign currency terms will decline.

*Investment in RMB Notes is also subject to interest rate risks*

The PRC government has gradually liberalised the regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. Notes denominated in RMB will generally carry a fixed interest rate. Consequently, the trading price of such Notes will vary with fluctuations in Renminbi interest rates. If a Noteholder tries to sell such Notes before their maturity, he may receive an offer that is less than his original investment.

*Developments in other markets may adversely affect the market price of any RMB Notes*

The market price of RMB Notes may be adversely affected by declines in the international financial markets and world economic conditions. The market for Chinese securities is, to varying degrees, influenced by economic and market conditions in other markets, especially those in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can affect the securities markets and the securities of issuers in other countries, including the PRC. Since the sub-prime mortgage crisis in 2008, the international financial markets have experienced significant volatility. Should similar developments occur in the international financial markets in the future, the market price of RMB Notes could be adversely affected.

*The Issuer may make payments of interest and principal in US dollar in certain circumstances*

Although the primary obligation of the Issuer is to make all payments of interest and principal with respect to the RMB Notes in Renminbi, in the event access to Renminbi deliverable in Hong Kong becomes restricted by reason of Inconvertibility, Non-transferability or Illiquidity (each as defined the Terms and Conditions of the Notes), the terms of such RMB Notes allow the Issuer to make such payment in US dollar at the prevailing spot rate of exchange, all as provided for in more detail in the Terms and Conditions of the Notes.

## GENERAL DESCRIPTION OF THE PROGRAMME

The following overview is qualified in its entirety by the remainder of this Base Prospectus.

|                     |  |
|---------------------|--|
| <b>Issuer:</b>      | Essilor International (Compagnie Générale d'Optique)<br>("Essilor")  |
| <b>Description:</b> | Euro Medium Term Note Programme for the continuous offer of Notes (the " <b>Programme</b> ").  |
| <b>Arranger:</b>    | HSBC Bank plc  |
| <b>Dealers:</b>     | BNP Paribas<br>Citigroup Global Markets Limited<br>CM-CIC Securities<br>Crédit Agricole Corporate and Investment Bank<br>HSBC Bank plc<br>Mitsubishi UFJ Securities International plc<br>NATIXIS<br>Société Générale |

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.

|                         |   |
|-------------------------|---|
| <b>Programme Limit:</b> | Up to €2,000,000,000 (or the equivalent in other currencies) aggregate nominal amount of Notes outstanding at any one time. |
|-------------------------|---|

The maximum aggregate principal amount of Notes which may be outstanding under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement.

|   |                                  |
|---|----------------------------------|
| <b>Fiscal Agent, Paying Agent, Redenomination Agent, Consolidation Agent and Calculation Agent:</b> | BNP Paribas Securities Services. |
|---|----------------------------------|

|                         |  |
|-------------------------|--|
| <b>Method of Issue:</b> | The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a " <b>Series</b> ") 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 will be set out in the final terms to this Base Prospectus (the “**Final Terms**”).

**Maturities:** Subject to compliance with all relevant laws, regulations and directives, any maturity from seven calendar days from the date of original issue.

**Currencies:** Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in Euro, US dollars, Japanese yen, Swiss francs, Sterling, RMB and in any other currency agreed between the Issuer and the relevant Dealers and specified in the relevant Final Terms.

**Denomination(s):** The Notes will be issued in such denomination(s) as may be agreed between the Issuer and the relevant Dealer and as specified in the relevant Final Terms save that the minimum denomination of each Note listed and admitted to trading on a regulated market in a Member State (a “**Regulated Market**”) of the European Economic Area (“**EEA**”) in circumstances which require the publication of a prospectus under the Prospectus Directive will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).

Notes having a maturity of less than one year will 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.

Dematerialised Notes will be issued in one denomination only.

**Status of the Notes:** The Notes and, where applicable, any relative Receipts and Coupons will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and rank and will at all times rank *pari passu* and without any preference among themselves and (subject to such exceptions as are from time to time mandatory under French law) equally and rateably with all other present or future unsecured and unsubordinated financial 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 Condition 4. See “**Terms and Conditions of the Notes - Negative Pledge**”.

**Events of Default:  
(including cross default)** There will be events of default and a cross-default in respect of the Notes as set out in Condition 9. See “**Terms and Conditions of the Notes - Events of Default**”.

**Redemption:** The relevant Final Terms will specify the basis for calculating the redemption amounts payable. Unless permitted by then current laws and regulations, Notes (including Notes denominated in

sterling) having a maturity of less than one year from the date of issue and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).

**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.

**Redemption by Instalments:**

The Final Terms issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.

**Early Redemption:**

Except as provided in “*Optional Redemption*” 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.

**Redemption at the option of Noteholders following a Change of Control:**

If a Change of Control Put Option is specified in the relevant Final Terms, following the occurrence of a Change of Control, the Noteholders will be entitled to request the Issuer to redeem the Notes, or, at the Issuer’s option, procure the purchase of their Notes. See “*Terms and Conditions of the Notes - 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 or from time to time, prior to their Maturity Date.

**Taxation in respect of the Notes:**

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes will be made free and clear of, and without withholding or deduction for, any taxes or duties of whatever nature imposed, levied or collected by or on behalf of France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

If such a withholding or deduction is required, the Issuer will have to gross-up its payments to the fullest extent then permitted by law and subject to certain exceptions.

See “*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. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information

will be set out in the relevant Final Terms.

**Fixed Rate Notes:**

Fixed interest 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:

- (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency pursuant to the 2007 FBF Master Agreement relating to Transactions on Forward Financial Instruments, published by the *Fédération Bancaire Française* as supplemented by the relevant Technical Schedules; or
- (ii) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc.; or
- (iii) (by reference to LIBOR, EURIBOR or CMS Rate (as specified in the relevant Final Terms), in each case as adjusted for any applicable margin. Interest periods 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.

**Inflation Linked Notes:**

Inflation Linked Notes may be issued by the Issuer where the interest and/or the principal in respect of such Notes will be calculated by reference to an inflation index ratio derived from either:

- (i) the consumer price index (excluding tobacco) for all households in metropolitan France, as calculated and published monthly by the *Institut National de la Statistique et des Etudes Economiques*; or
- (ii) the harmonised index of consumer prices excluding tobacco, or the relevant substitute index, measuring the rate of inflation in the European Monetary Union excluding tobacco as calculated and published monthly by Eurostat.

**Redenomination:**

Notes issued in the currency of any Member State of the EU which will participate in the single currency of the Economic and Monetary Union may be redenominated into Euro, all as more fully provided in "***Terms and Conditions of the Notes - Form, Denomination(s), Title and Redenomination***".

**Consolidation:**

Notes of one Series may be consolidated with Notes of another Series as more fully provided in "***Terms and Conditions of the Notes - Further Issues and Consolidation***".

**Form of Notes:**

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

**Notes”).**

Dematerialised Notes may, at the option of the Issuer be issued in bearer dematerialised form (*au porteur*) or in registered dematerialised form (*au nominatif*) and, in such latter case, at the option of the relevant Noteholder, in either *au nominatif pur* or *au nominatif administré* form.

In the case of Dematerialised Notes issued in both bearer and registered form the Noteholders will have the option to convert from bearer to registered (in such latter case in both *nominatif pur* and *nominatif administré* form) and *vice versa*. No physical documents of title will be issued in respect of Dematerialised Notes. See “**Terms and Conditions of the Notes - Form, Denomination(s), Title and Redenomination**”.

The relevant Final Terms will specify whether Dematerialised Notes are to be issued in bearer form only, in registered (including both *nominatif pur* and *nominatif administré*) form only or in both bearer and registered form.

Materialised Notes will be in bearer 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.

**Governing Law:**

French law.

**Central Depository:**

Euroclear France in relation to Dematerialised Notes.

**Clearing Systems:**

Clearstream, Luxembourg, Euroclear or any other clearing system (provided proper clearing and settlement procedures have previously been put in place) 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 *Lettre Comptable* 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.

**Issue Price:**

Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. The Issue Price of the Notes will be specified in the relevant Final Terms.

**Listing and Admission to Trading:**

Euronext Paris or as otherwise specified in the relevant Final Terms. A Series of Notes may or may not be listed and admitted to trading.

**Method of Publication of this Base Prospectus and the Final Terms:**

This Base Prospectus, any supplement to this Base Prospectus and the Final Terms related to the Notes listed and admitted to trading on any Regulated Market in the EEA will be published on the websites of the Issuer (<http://www.essilor.com/fr/Investisseurs/InformationReglementee/Pages/InformationReglementee.aspx>) and of the AMF ([www.amf-france.org](http://www.amf-france.org)). The Final Terms will indicate where the Base Prospectus may be obtained.

**Selling Restrictions:**

There are restrictions on the sale of Notes and the distribution of offering material in various jurisdictions. See “**Subscription and Sale**”.

The Notes to be issued qualify under Category 2 for the purposes of Regulation S under the Securities Act.

Materialised Notes will be issued in compliance with US Treas. Reg. §1.163-5(c)(2)(i)(D) (the “**D Rules**”) unless the relevant Final Terms states that such Materialised Notes are issued in compliance with US Treas. Reg. §1.163-5(c)(2)(i)(C) (the “**C Rules**”), or (ii) such Materialised Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“**TEFRA**”), which circumstance will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.

The TEFRA rules do not apply to any Dematerialised Notes.

**Rating:**

The long-term debt of the Issuer is not rated. Notes to be issued under the Programme may or may not be rated. The rating, if any, will be specified in the relevant Final Terms. Where an issue of Notes is rated, its rating will not necessarily be the same as the rating assigned to the Issuer. The relevant Final Terms will specify whether or not such credit ratings are issued by a credit rating agency established in the European Union and registered under the Regulation (EC) No 1060/2009 on credit ratings agencies, as amended (the “**CRA Regulation**”) and included in the list of registered credit rating agencies published on the website of the European Securities and Markets Authority ([www.esma.europa.eu/page/List-registered-and-certified-CRAs](http://www.esma.europa.eu/page/List-registered-and-certified-CRAs)). Credit ratings are subject to revision, suspension or withdrawal at any time by the relevant rating organisation. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

## DOCUMENTS INCORPORATED BY REFERENCE

This Base Prospectus should be read and construed in conjunction with the following pages identified in the cross-reference table below of the following documents which have been previously filed with the *Autorité des marchés financiers* ("**AMF**") as competent authority in France for the purposes of the Prospectus Directive.

- (A) the pages referred to in the table below which are included in the Issuer's 2012 *Document de Référence* in French language, filed with the AMF under no. D.13-0252 on 2 April 2013 (the "**2012 Reference Document**"), which includes the audited consolidated financial statements of the Issuer as at 31 December 2012 prepared in accordance with IFRS as adopted by the European Union;
- (B) the pages referred to in the table below which are included in the Issuer's 2011 *Document de Référence* in French language, filed with the AMF under no. D.12-0227 on 28 March 2012 (the "**2011 Reference Document**"), which includes the audited consolidated financial statements of the Issuer as at 31 December 2011 prepared in accordance with IFRS as adopted by the European Union; and
- (C) the pages referred to in the table below which are included in the Issuer's interim financial report in French language, for the six-month period ended 30 June 2013 (the "**2013 Half-Year Financial Report**").

Such pages shall be incorporated in, and shall be deemed to form part of, this Base Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

For as long as any Notes are outstanding, all documents incorporated by reference into this Base Prospectus will be available on the website of the Issuer ([www.essilor.com](http://www.essilor.com)) or, during usual business hours on any weekday, from the specified offices of the Paying Agents. The 2012 Reference Document and the 2011 Reference Document are available on the website of the AMF ([www.amf-france.org](http://www.amf-france.org)).

The English translation of the 2013 Half-year financial report, the 2012 Reference Document and the 2011 Reference Document are available on the website of the Issuer (<http://www.essilor.com/fr/Investisseurs/InformationReglementee/Pages/InformationReglementee.aspx>). Such English translations are available for information purposes only and are not incorporated by reference in this Base Prospectus and may not be relied upon.

| Prospectus Regulation – Annex IX of the Regulation | 2013 Half-Year Financial Report (Unaudited)  | 2012 Reference Document | 2011 Reference Document |
|--|--|-------------------------|-------------------------|
| A9.3   | <b>RISK FACTORS</b>  |                         |                         |
| A9.3.1   | 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 29 - 33           |
| A9.4   | <b>INFORMATION ABOUT THE ISSUER</b>  |                         |                         |
| A9.4.1   | <b><u>History and development of the Issuer</u></b>  |                         |                         |
| A9.4.1.1   | the legal and commercial name of the Issuer;   |                         | Page 226                |
| A9.4.1.2   | the place of registration of the Issuer and its registration number;   |                         | Page 226                |
| A9.4.1.3   | the date of incorporation and the length of life of the Issuer, except where indefinite; and   |                         | Page 226                |
| A9.4.1.4   | the domicile and legal form of the issuer, the legislation under which the issuer operates, its country of incorporation, and the address and telephone number of its registered office (or principal place of business if different from its registered office. |                         | Page 226                |
| A9.5   | <b>BUSINESS OVERVIEW</b>   |                         |                         |
| A9.5.1   | <b><u>Principal activities:</u></b>  |                         |                         |
| A9.5.1.1   | A brief description of the issuer's principal activities stating the main categories of products sold and/or services performed; and   |                         | Pages 10 - 23           |
| A9.5.1.2   | The basis for any statements in the registration document made by the issuer regarding its competitive position.   |                         | Page 11                 |
| A9.6   | <b>ORGANISATIONAL STRUCTURE</b>  |                         |                         |
| A9.6.1   | If the issuer is part of a group, a brief description of the group and of the issuer's position within it.   |                         | Page 7 to 28            |

| Prospectus Regulation – Annex IX of the Regulation   | 2013 Half-Year Financial Report (Unaudited) | 2012 Reference Document                            | 2011 Reference Document |
|--|---|--|-------------------------|
| If the issuer is dependent upon other entities within the group, this must be clearly stated together with an explanation of this dependence.  | Not applicable                              | Not applicable                                     |                         |
| <b>A9.7 TREND INFORMATION</b>  |   |  |                         |
| <p>A9.7.1 Include a statement that there has been no material adverse change in the prospects of the issuer since the date of its last published audited financial statements.</p> <p>In the event that the issuer is unable to make such a statement, provide details of this material adverse change.</p>  | Not applicable                              | Not applicable                                     |                         |
| <p>A9.7.2 Information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects for at least the current financial year.</p>   | Not applicable                              | Not applicable                                     |                         |
| <b>A9.9 ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES</b>   |   |  |                         |
| <p>A9.9.1 Names, business addresses and functions in the issuer of the following persons, and an indication of the principal activities performed by them outside the issuer where these are significant with respect to that issuer:</p> <p>(a) members of the administrative, management or supervisory bodies;</p> <p>(b) partners with unlimited liability, in the case of a limited partnership with a share capital.</p> |   | <p>(a) Pages 37 - 50</p> <p>(b) Not applicable</p> |                         |
| <p>A9.9.2 <b><u>Administrative, Management, and Supervisory bodies conflicts of interests</u></b></p> <p>Potential conflicts of interests between any duties to the</p>  |   | Page 55  |                         |



| Prospectus Regulation – Annex IX of the Regulation   | 2013 Half-Year Financial Report (Unaudited) | 2012 Reference Document      | 2011 Reference Document |
|--|---|------------------------------|-------------------------|
| issuing entity of the persons referred to in item 10.1 and their private interests and or other duties must be clearly stated. In the event that there are no such conflicts, make a statement to that effect.   |   |                              |                         |
| <b>A9.10 MAJOR SHAREHOLDERS</b>  |   |                              |                         |
| A9.10.1 To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled and by whom and describe the nature of such control, and describe the measures in place to ensure that such control is not abused.   |   | 229                          |                         |
| A9.10.2 A description of any arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer.   |   | Not applicable               |                         |
| <b>A9.11 FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES</b>   |   |                              |                         |
| A9.11.1 <b><u>Historical Financial Information</u></b><br>Audited historical financial information covering the latest 2 financial years (or such shorter period that the issuer has been in operation), and the audit report in respect of each year. | Pages 17 - 40                               | Pages 90 – 151 and 154 - 183 | Pages 91- 175           |
| (a) balance sheet;   | Pages 19 - 20                               | Pages 92 - 93                | Pages 93 - 94           |
| (b) income statement;  | Page 17                                     | Pages 90 - 91                | Pages 91 - 92           |
| (c) cash flow statement; and   | Page 21                                     | Page 96                      | Page 96                 |
| (d) accounting policies and explanatory notes  | Pages 24 - 40                               | Pages 98 - 151               | Pages 97-147            |
| <b>A9.11.3 <u>Auditing of historical annual financial information</u></b>  |   |                              |                         |
| A9.11.3.1 A statement that the historical financial information has been audited. If audit reports on the historical financial information   | Pages 41 - 42                               | Page 152                     | Pages 176 - 177         |

| Prospectus Regulation – Annex IX of the Regulation   | 2013 Half-Year Financial Report (Unaudited)   | 2012 Reference Document   | 2011 Reference Document |
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| 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. |   |                           |                         |
| A9.11.3.2  | An indication of other information in the registration document which has been audited by the auditors.   | Not applicable            | Not applicable          |
| A9.11.3.3  | Where financial data in the registration document is not extracted from the issuer's audited financial statements, state the source of the data and state that the data is unaudited.   | Not applicable            | Not applicable          |
| A9.11.5  | <b><u>Legal and arbitration proceedings</u></b>   | Page 31 and pages 141-142 |                         |
| A9.12  | <b>MATERIAL CONTRACTS</b>   |                           |                         |
| A9.12  | A brief summary of all material contracts that are not entered into in the ordinary course of the issuer's business, which could result in any group member being under an obligation or entitlement that is material to the issuer's ability to meet its obligation to security holders in respect of the securities being issued. | Page 23                   |                         |

## **SUPPLEMENT TO THE BASE PROSPECTUS**

If at any time the Issuer is required to prepare a prospectus supplement pursuant to provisions of Article 212-25 of the *Règlement Général* of the AMF implementing Article 16 of the Prospectus Directive, the Issuer will prepare and make available an appropriate supplement to this Base Prospectus or a further Base Prospectus which, in respect of any subsequent issue of Notes to be listed and admitted to trading on Euronext Paris or on a Regulated Market for a Member State of the EEA, shall constitute a prospectus supplement as required by Article 16 of the Prospectus Directive.

The Issuer has given an undertaking to the Dealers that if at any time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy relating to information contained in this Base Prospectus which is capable of affecting the assessment of any Notes and whose inclusion in or removal from this Base Prospectus is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, and the rights attaching to the Notes, the Issuer shall prepare a supplement to this Base Prospectus or publish a replacement Base Prospectus for use in connection with any subsequent offering of the Notes and shall supply to each Dealer such number of copies of such supplement hereto as such Dealer may reasonably request.

## 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 (i) the full text of these terms and conditions together with the relevant provisions of the Final Terms or (ii) 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 “Notes” are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

An agency agreement dated 12 December 2013 (the “Agency Agreement”) has been agreed between Essilor International (Compagnie Générale d’Optique) (“Essilor” or the “Issuer”), BNP Paribas Securities Services as fiscal agent and the other agents named in it. The fiscal agent, the paying agents, the redenomination agent, the consolidation 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 “Redenomination Agent”, the “Consolidation Agent” and the “Calculation Agent(s)”. The holders of Dematerialised Notes and Materialised Notes, the holders of the interest coupons (the “Coupons”) relating to interest bearing Materialised Notes and, where applicable in the case of such Notes, talons (the “Talons”) for further Coupons (the “Couponholders”) and the holders of the receipts (the “Receipts”) for the payment of instalments of principal (the “Receiptholders”) relating to Materialised Notes of which the principal is payable in instalments 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.

For the purpose of these Terms and Conditions, “Regulated Market” means any regulated market situated in a Member State of the European Economic Area (“EEA”) as defined in the Markets in Financial Instruments Directive 2004/39/EC, as amended from time to time.

### 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”).

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

Dematerialised Notes are issued, at the option of the Issuer and as specified in the relevant Final Terms (the “Final Terms”), in either bearer dematerialised form (*au porteur*), in which case they are inscribed in the books of Euroclear France S.A. (acting as central depository) (“Euroclear France”) which shall credit the accounts of 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 an 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 the registration agent (designated in the relevant Final Terms) acting on behalf of the Issuer (the “Registration Agent”).

For the purpose of these Conditions, “**Account Holder**” means any financial intermediary institution entitled directly or indirectly to hold accounts on behalf of its customers with Euroclear France, and includes the depository bank for Clearstream Banking, *société anonyme* (“**Clearstream, Luxembourg**”) and Euroclear Bank S.A./N.V. (“**Euroclear**”).

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. Instalment Notes are issued with one or more Receipts attached.

*In accordance with Articles L. 211-3 and R.211-1 of the Code, securities (such as Notes) which are governed by French law and are in materialised form must be issued outside the French territory.*

(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 listed and admitted to trading on a Regulated Market in a Member State of the EEA in circumstances which require the publication of a Base Prospectus under the Prospectus Directive will be at least €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 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 of the Issuer or of the Registration Agent.
- (ii) Title to Materialised Bearer Notes in definitive form having, where appropriate, Coupons, Receipt(s) 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 (as defined below) of any Note, Receipt, 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, “**holder of Notes**”, “**holder of any Note**” or “**Noteholder**” means (i) in the case of Dematerialised Notes, the person whose name appears in the account of the relevant Account Holder or the Issuer or the Registration Agent (as the case may be) as being entitled to such Notes and (ii) in the case of Materialised Notes, the bearer of any Definitive Materialised Bearer Note and the Receipts, 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 holders of any Note, Receipt, Coupon or Talon, by giving at least 30 calendar days' notice in accordance with Condition 15 and on or after the date on which the European Member State in whose national currency the Notes are denominated has become a participating Member State in the single currency 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, redenominate all, but not some only, of the Notes of any Series (as defined below) 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) The redenomination of the Notes pursuant to Condition 1d(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 applicable regulations of the Treaty and rounding the resultant figure to the nearest €0.01 (with €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 €0.01 shall be paid by way of cash adjustment rounded to the nearest €0.01 (with €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.
- (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) In connection with any redenomination pursuant to this Condition or any consolidation pursuant to Condition 14, the Issuer may without the consent of the holder of any Note, Receipt, Coupon or Talon but with the prior approval of the Redenomination Agent and the Consolidation Agent, 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 holders of Notes, Receipts, 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 holders of any Note, Receipt, 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 Exchanges 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 Code. 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 of the Notes

The Notes and, where applicable, any relative Receipts and Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and rank and will at all times rank *pari passu* and without any preference among themselves and (subject to such exceptions as are from time to time mandatory under French law) equally and rateably with all other present 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 Receipts or Coupons relating to them, remain outstanding, the Issuer will not, and will ensure that none of its Principal Subsidiaries (as defined below) will, create or permit to subsist any Security, other than a Permitted Security, upon any of its undertakings, assets or revenues, present or future, to secure any Relevant Indebtedness 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, Receipts and Coupons (a) are equally and rateably secured therewith or (b) have the benefit of any other security or other arrangement as shall be approved by the Masse (as defined in Condition 11) pursuant to Condition 11<sup>1</sup>.

For the purposes of this Condition:

**"Relevant Indebtedness"** means any present or future indebtedness for borrowed money in the form of, or represented or evidenced by bonds or notes (*obligations*) issued by the Issuer or any of its Principal Subsidiaries, which are for the time being, or are intended to be or capable of being, quoted, admitted to trading, listed or ordinarily dealt in on any stock exchange or on any other securities market.

**"Permitted Security"** means any Security over:

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<sup>1</sup> For the avoidance of doubt, this undertaking by the Issuer relates exclusively to the Relevant Indebtedness and shall in no way affect the ability of the Issuer, under any other circumstances, to dispose any of its assets or to otherwise grant any Security over any of its assets or any guarantee.

- (i) any office buildings or production facilities (or any equipment located therein) of the Issuer or a Principal Subsidiary in each case acquired or constructed after the Issue Date by the Issuer or a Principal Subsidiary in the ordinary course of their respective business for the sole purpose of financing or re-financing such acquisition or construction and securing a principal, capital or nominal amount not exceeding 100 per cent. of the cost of that acquisition or construction and provided that such Security shall not encumber any other assets or property of the Issuer; and
- (ii) any shares or stock acquired by the Issuer or a Principal Subsidiary after the Issue Date for the sole purpose of financing or re-financing such acquisition and securing a principal, capital or nominal amount not exceeding 100 per cent. of the cost of such acquisition.

For the purposes of this Condition 4:

**“Group”** means, at any particular time, the Issuer and all its Subsidiaries;

**“Principal Subsidiary”** means, at any particular time, a member of the Group (other than the Issuer) whose turnover represents at least 10 per cent. of the consolidated turnover of the Group. For this purpose:

- (a) in the case of a member of the Group which itself has Subsidiaries, the calculation shall be made by comparing the consolidated turnover of it and its Subsidiaries to those of the Group;
- (b) revenues which arise from transactions between members of the Group and which would be eliminated in the consolidated accounts of the Group shall be excluded;
- (c) the turnover of a member of the Group shall be calculated by reference to:
- (d) the financial statements of that member of the Group (or, as the case may be, a consolidation of the financial statements of it and its Subsidiaries (if any)) used for the purpose of the then latest audited consolidated financial statements of the Group;
- (e) if the person became a member of the Group after the end of the financial period to which those consolidated financial statements relate, the then latest audited financial statements of that member of the Group (or, as the case may be, a consolidation of the then latest audited financial statements of it and its Subsidiaries (if any));
- (f) the turnover of the Group shall be calculated by reference to the then latest audited consolidated financial statements of the Group, adjusted as appropriate to reflect the turnover of any person which has become or ceased to be a member of the Group after the end of the financial period to which those financial statements relate;
- (g) a member of the Group shall (if not already a Principal Subsidiary) become a Principal Subsidiary on completion of any other intra-Group transfer or reorganisation if it would fulfil the test in the first paragraph of this definition, were all relevant financial statements to be prepared as at the completion of that transfer or reorganisation on the basis of the then latest audited consolidated financial statements of the Group, adjusted as appropriate to reflect the matters referred to in (d) above and to reflect all such transfers or reorganisations after the date of those then latest audited consolidated financial statements of the Group; or
- (h) once a person has become a Principal Subsidiary, it shall remain one until it has ceased to fulfil the requirements of this definition.

**“Subsidiary”** means, in relation to a person, an entity from time to time of which that person has direct or indirect control (in the case of a company, within the meaning of article L. 233-3 I.1 and I.2 of the French



*Code de commerce* (as the same is in force on the date of this Agreement)) or an entity, more than 50 per cent. of the voting rights in, or share capital of, which are owned by that person.

**“outstanding”** means, in relation to the Notes of any Series, all the Notes issued other than (a) those that have been redeemed in accordance with these Conditions, (b) those in respect of which the date for redemption has occurred and the redemption moneys (including all interest accrued on such Notes to the date for such redemption and any interest payable after such date) have been duly paid (i) in the case of Dematerialised Notes in bearer form and in administered registered form, to the relevant Account Holders on behalf of the Noteholder as provided in Condition 6(a), (ii) in the case of Dematerialised Notes in fully registered form, to the account of the Noteholder as provided in Condition 6(a) and (iii) in the case of Materialised Notes, to the Fiscal Agent and remain available for payment against presentation and surrender of Materialised Bearer Notes, Receipts and/or Coupons, as the case may be, (c) those which have become void or in respect of which claims have become prescribed, (d) those which have been purchased and cancelled as provided in these Conditions, (e) in the case of Materialised Notes (i) those mutilated or defaced Materialised Bearer Notes that have been surrendered in exchange for replacement Materialised Bearer Notes, (ii) (for the purpose only of determining how many such Materialised Bearer Notes are outstanding and without prejudice to their status for any other purpose) those Materialised Bearer Notes alleged to have been lost, stolen or destroyed and in respect of which replacement Materialised Bearer Notes have been issued and (iii) any Temporary Global Certificate to the extent that it shall have been exchanged for one or more Definitive Materialised Bearer Notes, pursuant to its provisions.

**“Security”** means any mortgage, charge, pledge, lien or other form of encumbrance or security interest which would constitute a *sûreté réelle* or its equivalent under any applicable legislation.

## 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:

**“Business Day”** means:

- (i) in the case of euro, a day on which the Trans European Automated Real Time Gross Settlement Express Transfer system (known as TARGET 2 system) or any successor thereto (the **“TARGET System”**) is operating (a **“TARGET Business Day”**); and/or
- (ii) in relation to any sum payable in Renminbi, a day on which commercial banks and foreign exchange markets settle payments in Renminbi in Hong Kong and in the relevant Business Centre(s) (if any); and/or
- (iii) in the case of a Specified Currency other than euro and Renminbi, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (iv) in the case of a Specified Currency and/or one or more business centres specified in the relevant Final Terms (the **“Business Centre(s)”**), a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres so specified.

**“Day Count Fraction”** means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or Interest Accrual Period, the **“Calculation Period”**):

- (i) if “**Actual/Actual**” or “**Actual/Actual - ISDA**” or “**Act/Act**” or “**Act/Act (ISDA)**” is specified in the relevant Final Terms, the actual number of calendar days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of calendar days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of calendar days in that portion of the Calculation Period falling in a non-leap year divided by 365).
- (ii) if “**Actual/365 - FBF**” is specified in the relevant Final Terms, the fraction whose numerator is the actual number of calendar days elapsed during the Calculation Period and whose denominator is 365. If part of that Calculation Period falls in a leap year, Actual/365 - FBF shall mean the sum of (i) the fraction whose numerator is the actual number of calendar days elapsed during the non-leap year and whose denominator is 365 and (ii) the fraction whose numerator is the number of actual calendar days elapsed during the leap year and whose denominator is 366.
- (iii) if “**Actual/Actual - FBF**” is specified in the relevant Final Terms in respect of each calculation, the fraction whose numerator is the actual number of calendar days elapsed during such period and whose denominator is 365 (or 366 if 29 February falls within the Calculation Period).
- (iv) if “**Actual/Actual - ICMA**” is specified in the relevant Final Terms:
  - (A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of calendar days in the Calculation Period divided by the product of (x) the number of calendar 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:
    - the number of calendar days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of calendar days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
    - the number of calendar days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of calendar days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

in each case where:

“**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 specified as such in the relevant Final Terms or, if none is specified, the Interest Payment Date.

- (v) if “**Actual/365 (Fixed)**” is specified in the relevant Final Terms, the actual number of calendar days in the Calculation Period divided by 365.
- (vi) if “**Actual/360**” is specified in the relevant Final Terms, the actual number of calendar days in the Calculation Period divided by 360.

- (vii) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified in the relevant Final Terms, the number of calendar days in the Calculation 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 Calculation Period falls;

“**Y2**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M1**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M2**” is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

“**D1**” is the first calendar day, expressed as a number, of the Calculation 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 Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30; and

- (vii) if “**30/360-FBF**” or “**Actual 30A/360 (American Bond Basis)**” is specified in the relevant Final Terms, in respect of each Calculation Period, the fraction whose denominator is three hundred and sixty (360) and whose numerator is the number of calendar days calculated as for 30E/360-FBF, subject to the following exception:

where the last day of the Calculation Period is the thirty-first (31<sup>st</sup>) and the first (1<sup>st</sup>) day is neither the thirtieth (30<sup>th</sup>) nor the thirty-first (31<sup>st</sup>), the last month of the Calculation Period shall be deemed to be a month of thirty-one (31) days,

using the same abbreviations as for 30E/360-FBF, the fraction is:

If dd2 = 31 and dd1 ≠ (30, 31)

then:

$$\frac{1}{360} \times [(yy2 - yy1) \times 360 + (mm2 - mm1) \times 30 + (dd2 - dd1)]$$

or

$$\frac{1}{360} \times [(yy2 - yy1) \times 360 + (mm2 - mm1) \times 30 + \text{Min}(dd2, 30) - \text{Min}(dd1, 30)];$$

- (viii) if “**30E/360**” or “**Eurobond Basis**” is specified in the relevant Final Terms, the number of days in the Calculation 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 Calculation Period falls;

“**Y2**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M1**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M2**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D1**” is the first calendar day, expressed as a number, of the Calculation 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 Calculation Period, unless such number would be 31, in which case D2 will be 30.

- (ix) if “**30E/360 (ISDA)**” is specified in the relevant Final Terms, the number of days in the Calculation 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 Calculation Period falls;

“**Y2**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M1**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M2**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D1**” is the first calendar day, expressed as a number, of the Calculation 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 Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30.

- (x) if “**30E/360-FBF**” is specified in the relevant Final Terms, in respect of each Calculation Period, the fraction whose denominator is three hundred and sixty (360) and whose numerator is the number of calendar days elapsed during such period, calculated on the basis of a year comprising twelve (12) months of thirty (30) days, subject to the following the exception:

if the last day of the Calculation Period is the last day of the month of February, the number of days elapsed during such month shall be the actual number of days,

where:

D1 (dd1, mm1, yy1) is the date of the beginning of the period

D2 (dd2, mm2, yy2) is the date of the end of the period

the fraction is:

$$\frac{1}{360} \times [(yy2 - yy1) \times 360 + (mm2 - mm1) \times 30 + \text{Min}(dd2, 30) - \text{Min}(dd1, 30)].$$

“**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 from time to time.

“**FBF**” means the *Fédération Bancaire Française*.

“**FBF Definitions**” means the definitions set out in the 2007 FBF Master Agreement relating to Transactions on Forward Financial Instruments as supplemented by the Technical Schedules (*Additifs Techniques*) published from time to time by the *Fédération Bancaire Française* (the “**FBF**”) (together the “**FBF Master Agreement**”), as may be supplemented or amended as at the Issue Date.

“**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, and in the case of Fixed Rate Notes, means the Fixed Coupon Amount or 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 or the interest amount in relation to RMB Notes, 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(s) specified in the relevant Final Terms.

“**ISDA Definitions**” means the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc., as may be supplemented or amended as at the Issue Date.

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

“**Reference Banks**” means, in the case of a determination of LIBOR, the principal London office of five major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of five major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent or as specified in the relevant Final Terms.

“**Reference Rate**” means the rate specified as such in the relevant Final Terms which shall be LIBOR, EURIBOR or CMS Rate (or any successor or replacement rate).

**“Relevant Screen Page”** means such page, section, caption, column or other part of a particular information service as may be specified in the relevant Final Terms (or any successor or replacement page, section, caption, column or other part of a particular information service).

**“RMB Note”** means a Note denominated in Renminbi.

**“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.

- (b) **Interest on Fixed Rate 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. The amount of interest payable shall be determined in accordance with Condition 5(h).

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 Floating Rate Notes and Inflation Linked Notes:**

(i) *Interest Payment Dates:* Each Floating Rate Note and Inflation Linked 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 Interest 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. Notwithstanding the foregoing, where the applicable Final Terms specifies that the relevant Business Day Convention is to be applied on an “unadjusted” basis, the Interest Amount payable on any date shall not be affected by the application of the Business Day Convention.

(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 FBF Determination or ISDA

Determination or Screen Rate Determination shall apply, depending upon which is specified in the relevant Final Terms.

(A) *FBF Determination for Floating Rate Notes:*

Where FBF 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 FBF Rate. For the purposes of this sub-paragraph (A), “**FBF Rate**” for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent for a Transaction under the terms of an agreement incorporating the FBF Definitions and under which:

- (a) the Floating Rate is as specified in the relevant Final Terms; and
- (b) the relevant Floating Rate Determination Date is the first calendar day of that Interest Accrual Period or such other date specified in the relevant Final Terms.

For the purposes of this sub-paragraph (A), “**Floating Rate**” (*Taux Variable*), “**Floating Rate Determination Date**” (*Date de Détermination du Taux Variable*) and “**Transaction**” (*Transaction*) have the meanings given to those terms in the FBF Definitions.

(B) *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. For the purposes of this sub-paragraph (B), “**ISDA Rate**” for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent for a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (a) the Floating Rate Option is as specified in the relevant Final Terms;
- (b) the Designated Maturity is a period specified in the relevant Final Terms; and
- (c) the relevant Reset Date is the first day of that Interest Accrual Period or such other date specified in the relevant Final Terms.

For the purposes of this sub-paragraph (B), “**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.

(C) *Screen Rate Determination for Floating Rate Notes:*

(a) 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 will, subject as provided below, be either:

- (i) the offered quotation or
- (ii) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case

of EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the relevant Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the relevant Final Terms.

- (b) If the Relevant Screen Page is not available or if sub-paragraph (a)(i) applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (a)(ii) applies and fewer than three such offered quotations appear on the Relevant Screen Page, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and
- (c) If paragraph (b) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro zone inter-bank market, as the case may be,



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 or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

- (d) Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined and the Reference Rate in respect of the Floating Rate Notes is specified as being CMS Rate, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be determined by the Calculation Agent by reference to the following formula:

CMS Rate + Margin

If the Relevant Screen Page is not available at the Specified Time on the relevant Interest Determination Date: (i) the Calculation Agent shall request each of the CMS Reference Banks to provide the Calculation Agent with its quotation for the Relevant Swap Rate at approximately the Specified Time on the relevant Interest Determination Date; (ii) if at least five of the CMS Reference Banks provide the Calculation Agent with such quotations, the CMS Rate for such Interest Accrual Period shall be the arithmetic mean of such quotations, eliminating the highest quotation (or, in the event of equality, one of the highest quotations) and the lowest quotation (or, in the event of equality, one of the lowest quotations) and (iii) if on any Interest Determination Date less than three or none of the CMS Reference Banks provides the Calculation Agent with such quotations as provided in the preceding paragraph, the CMS Rate shall be determined by the Calculation Agent on such commercial basis as considered appropriate by the Calculation Agent in its absolute discretion, in accordance with the then prevailing standard market practice.

For the purposes of this sub-paragraph (d):

“**CMS Rate**” shall mean the applicable swap rate for swap transactions in the Reference Currency with a maturity of the Designated Maturity, expressed as a percentage, which appears on the Relevant Screen Page as at the Specified Time on the relevant Interest Determination Date in question, all as determined by the Calculation Agent.

“**CMS Reference Banks**” means (i) where the Reference Currency is Euro, the principal office of five leading swap dealers in the inter-bank market, (ii) where the Reference Currency is Sterling, the principal London office of five leading swap dealers in the London inter-bank market, (iii) where the Reference Currency is US dollars, the principal New York City office of five leading swap dealers in the New York City inter-bank market, or (iv) in the case of any other Reference Currency, the principal Relevant Financial Centre office of five leading swap dealers in the Relevant Financial Centre inter-bank market, in each case selected by the Calculation Agent.

**“Reference Currency”** means the currency specified as such in the applicable Final Terms.

**“Relevant Financial Centre”** means, with respect to a Reference Currency, the financial centre specified as such in the applicable Final Terms.

**“Designated Maturity”, “Margin”, “Specified Time” and “Relevant Screen Page”** shall have the meaning given to those terms in the applicable Final Terms.

**“Relevant Swap Rate”** means:

- (i) where the Reference Currency is Euro, the mid-market annual swap rate determined on the basis of the arithmetic mean of the bid and offered rates for the annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating euro interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Accrual Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, in each case calculated on an Actual/360 day count basis, is equivalent to EUR-EURIBOR-Reuters (as defined in the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **“ISDA Definitions”**)) with a designated maturity determined by the Calculation Agent by reference to the then prevailing standard market practice or the ISDA Definitions;
- (ii) where the Reference Currency is Sterling, the mid-market semi-annual swap rate determined on the basis of the arithmetic mean of the bid and offered rates for the semi-annual fixed leg, calculated on an Actual/365 (Fixed) day count basis, of a fixed-for-floating Sterling interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Accrual Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, in each case calculated on an Actual/365 (Fixed) day count basis, is equivalent (A) if the Designated Maturity is greater than one year, to GBP-LIBOR-BBA (as defined in the ISDA Definitions) with a designated maturity of six months or (B) if the Designated Maturity is one year or less, to GBP-LIBOR-BBA with a designated maturity of three months;
- (iii) where the Reference Currency is US dollars, the mid-market semi-annual swap rate determined on the basis of the mean of the bid and offered rates for the semi-annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating US dollar interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Accrual Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, calculated on an Actual/360 day count basis, is equivalent to USD-LIBOR-BBA (as defined in the ISDA Definitions) with a designated maturity of three months; and

- (iv) where the Reference Currency is any other currency or if the Final Terms specify otherwise, the mid-market swap rate as determined in accordance with the applicable Final Terms.

**“Representative Amount”** means an amount that is representative for a single transaction in the relevant market at the relevant time, as determined by the Calculation Agent.

(iv) *Rate of Interest for Inflation Linked Notes:*

1. Consumer Price Index (CPI)

Where the consumer price index excluding tobacco for all households in metropolitan France, as calculated and published by the *Institut National de la Statistique et des Etudes Economiques* (the **“INSEE”**) (**“CPI”**) is specified as the Index in the relevant Final Terms, this Condition 5(c)(iv)1 shall apply. Terms defined herein shall have the meanings set out below only when this Condition 5(c)(iv)1 shall apply.

The Rate of Interest in respect of Inflation Linked Notes indexed to the CPI (the **“CPI Linked Interest”**) will be determined by the Calculation Agent on the following basis:

- (A) On the fifth Business Day before each Interest Payment Date (an **“Interest Determination Date”**) the Calculation Agent will calculate the Inflation Index Ratio.

For the purpose of this Condition 5(c)(iv)1, the **“Inflation Index Ratio”** or **“IIR”** is the ratio between (i) the CPI Daily Inflation Reference Index (as defined below) applicable upon any Interest Payment Date or the redemption date, as the case may be and (ii) the base reference defined as the CPI Daily Inflation Reference Index (as defined below) applicable on the date specified in the applicable Final Terms (the **“Base Reference”**). Notwithstanding Condition 5(g)(iii), the IIR will be rounded if necessary to five significant figures (with halves being rounded up).

**“CPI Daily Inflation Reference Index”** means (A) in relation to the first day of any given month, the CPI Monthly Reference Index of the third month preceding such month, and (B) in relation to a day (D) (other than the first day) in any given month (M), the linear interpolation of the CPI Monthly Reference Index pertaining respectively to the third month preceding such month (M - 3) and the second month preceding such month (M - 2) calculated in accordance with the following formula:

CPI Daily Inflation Reference Index=

$$\text{CPI Monthly Reference Index}_{M-3} + \frac{D-1}{ND_M} \times (\text{CPI Monthly Reference Index}_{M-2} - \text{CPI Monthly Reference Index}_{M-3})$$

With:

**“ND<sub>M</sub>”**: number of days in the relevant month M and, in the case of payment of principal and interest, shall be equal to 31;

**“D”**: actual day of payment in the relevant month M and, in the case of payment of principal and interest, shall be equal to 25;

**“CPI Monthly Reference Index<sub>M-2</sub>”**: price index of month M - 2;

**“CPI Monthly Reference Index<sub>M-3</sub>”**: price index of month M - 3.

Notwithstanding Condition 5(g)(iii), the CPI Daily Inflation Reference Index will be rounded if necessary to five significant figures (with halves being rounded up).

For information purposes, such CPI Daily Inflation Reference Index appears on the *Agence France Trésor* Reuters page OATINFLATION01 or on Bloomberg TRESOR <GO> pages and on the website [www.aft.gouv.fr](http://www.aft.gouv.fr). In the case of doubt in the interpretation of the methods used to calculate the Inflation Index Ratio, such methods shall be interpreted by reference to the procedures selected by the French Treasury (*Trésor*) for its *obligations assimilables du Trésor indexées sur l'inflation*.

“**CPI Monthly Reference Index**” refers to the definitive consumer price index excluding tobacco for all households in metropolitan France, as calculated and published monthly by the INSEE as such index may be adjusted or replaced from time to time as provided herein.

- (B) The calculation method described below is based on the recommendation issued by the French Bond Association (*Comité de Normalisation Obligataire* – [www.cnofrance.org](http://www.cnofrance.org)) in its December 2010 Paper entitled “*Inflation Indexed Notes*” (*Obligations et autres instruments de taux d'intérêt en euro, Normes et usages des marchés de capitaux – Chapitre II: Les obligations indexées sur l'inflation*). In the case of any conflict between the calculation method provided below and the calculation method provided by the Bond Association (*Comité de Normalisation Obligataire*), the calculation method provided by the Bond Association (*Comité de Normalisation Obligataire*) shall prevail.

The CPI Linked Interest applicable from time to time for each Interest Period (as specified in the relevant Final Terms) will be equal to the rate per annum specified in the relevant Final Terms multiplied by the Inflation Index Ratio (as defined above).

- (C)
- (1) If the CPI Monthly Reference Index is not published in a timely manner, a substitute CPI Monthly Reference Index (the “**Substitute CPI Monthly Reference Index**”) shall be determined by the Calculation Agent in accordance with the following provisions:
- (x) If a provisional CPI Monthly Reference Index (*indice provisoire*) has already been published, such index shall automatically be used as the Substitute CPI Monthly Reference Index. Such provisional CPI Monthly Reference Index would be published under the heading “*indice de substitution*”. Once the definitive CPI Monthly Reference Index is released, it would automatically apply from the day following its release to all calculations taking place from this date.

- (y) If no provisional CPI Monthly Reference Index is available, a substitute index shall be calculated on the basis of the most recently published figure adjusted as set out in the following formula:

Substitute CPI Monthly Reference Index<sub>M</sub>=

$$\text{CPI Monthly Reference Index}_{M-1} \times \frac{\text{CPI Monthly Reference Index}_{M-1}^{\frac{1}{12}}}{\text{CPI Monthly Reference Index}_{M-13}}$$

- (2) In the event INSEE decides to proceed with one or more base changes for the purpose of calculating the CPI Monthly Reference Index, the two CPI Monthly Reference Indexes which have been calculated on a different basis will be chained on the basis of the December CPI Monthly Reference Index of the last year of joint publications, which corresponds to the CPI Daily Inflation Reference Index for 1st March of the following year. Such chaining will be carried out in accordance with the following equation:

$$\text{Key} = \frac{\text{CPI Monthly Reference Index}_{\text{pertaining to December calculated on the new basis}}}{\text{CPI Monthly Reference Index}_{\text{pertaining to December calculated on the previous basis}}}$$

Such that:

$$\text{CPI Monthly Reference Index}_{\text{New Basis}}^{\text{Date D}} = \text{CPI Monthly Reference Index}_{\text{Previous Basis}}^{\text{Date D}} \times \text{Key}$$

## 2. Harmonised Index of Consumer Prices (HICP)

Where the harmonised index of consumer prices excluding tobacco measuring the rate of inflation in the European Monetary Union excluding tobacco as calculated and published monthly by Eurostat (the “**HICP**”) is specified as the Index in the relevant Final Terms, this Condition 5(c)(iv)2 shall apply. Terms defined herein shall have the meanings set out below only when this Condition 5(c)(iv)(2) shall apply.

The Rate of Interest in respect of Inflation Linked Notes indexed to the HICP (the “**HICP Linked Interest**”) will be determined by the Calculation Agent on the following basis:

- (A) On the fifth Business Day before each Interest Payment Date (an “**Interest Determination Date**”) the Calculation Agent will calculate the Inflation Index Ratio.

For the purpose of this Condition 5(c)(iv)2, the “**Inflation Index Ratio**” or “**IIR**” is the ratio between (i) the HICP Daily Inflation Reference Index (as defined below) applicable upon any Interest Payment Date or the redemption date, as the case may be and (ii) the base reference defined as the HICP Daily Inflation Reference Index (as defined below) applicable on the date specified in the applicable Final Terms (the “**Base Reference**”). Notwithstanding Condition 5(g)(iii), the IIR will be rounded if necessary to five significant figures (with halves being rounded up).

“**HICP Daily Inflation Reference Index**” means (A) in relation to the first day of any given month, the HICP Monthly Reference Index of the third month preceding such month, and (B) in relation to a day (D) (other than the first day) in any given month (M), the linear interpolation of the HICP Monthly Reference Index pertaining respectively to the third month preceding such month (M - 3) and the

second month preceding such month (M - 2) calculated in accordance with the following formula:

HICP Daily Inflation Reference Index =

$$\text{HICP Monthly Reference Index}_{M-3} + \frac{D-1}{ND_M} \times (\text{HICP Monthly Reference Index}_{M-2} - \text{HICP Monthly Reference Index}_{M-3})$$

With:

“**ND<sub>M</sub>**”: number of days in the relevant month M and, in the case of payment of principal and interest, shall be equal to 31;

“**D**”: actual day of payment in the relevant month M and, in the case of payment of principal and interest, shall be equal to 25;

“**HICP Monthly Reference Index<sub>M-2</sub>**”: price index of month M - 2;

“**HICP Monthly Reference Index<sub>M-3</sub>**”: price index of month M - 3.

Notwithstanding Condition 5(g)(iii), the HICP Daily Inflation Reference Index will be rounded if necessary to five significant figures (with halves being rounded up).

For information purposes, such HICP Daily Inflation Reference Index appears on the *Agence France Trésor* Reuters page OATEI01, on the website [www.aft.gouv.fr](http://www.aft.gouv.fr) and on Bloomberg page TRESOR.

“**HICP Monthly Reference Index**” refers to the harmonised index of consumer prices excluding tobacco measuring the rate of inflation in the European Monetary Union excluding tobacco as calculated and published by Eurostat as such index may be adjusted or replaced from time to time as provided herein.

- (B) The HICP Linked Interest applicable from time to time for each Interest Period (as specified in the relevant Final Terms) will be equal to the rate per annum specified in the relevant Final Terms multiplied by the Inflation Index Ratio (as defined above).
- (C)
- (1) If the HICP Monthly Reference Index is not published in a timely manner, a substitute HICP Monthly Reference Index (the “**Substitute HICP Monthly Reference Index**”) shall be determined by the Calculation Agent in accordance with the following provisions:
- (x) If a provisional HICP Monthly Reference Index has already been published by Eurostat, such index shall automatically be used as the Substitute HICP Monthly Reference Index. Once the definitive HICP Monthly Reference Index is released, it would automatically apply from the day following its release to all calculations taking place from this date.
- (y) If no provisional HICP Monthly Reference Index is available, a substitute index shall be calculated on the basis of the most recently published figure adjusted as set out in the following formula:

Substitute HICP Monthly Reference Index<sub>M</sub> =

$$\text{HICP Monthly Reference Index}_{M-1} \times \frac{\text{HICP Monthly Reference Index}_{M-1}^{\frac{1}{12}}}{\text{HICP Monthly Reference Index}_{M-13}}$$

- (2) In the event Eurostat decides to proceed with one or more base changes for the purpose of calculating the HICP Monthly Reference Index, the two HICP Monthly Reference Indexes which have been calculated on a different basis will be chained on the basis of the December HICP Monthly Reference Index of the last year of joint publications, which corresponds to the HICP Daily Inflation Reference Index for 1st March of the following year. Such chaining will be carried out in accordance with the following equation:

$$\text{Key} = \frac{\text{HICP Monthly Reference Index}_{\text{pertaining to December calculated on the new basis}}}{\text{HICP Monthly Reference Index}_{\text{pertaining to December calculated on the previous basis}}}$$

Such that:

$$\text{HICP Monthly Reference Index}_{\text{New Basis}}^{\text{Date D}} = \text{HICP Monthly Reference Index}_{\text{Previous Basis}}^{\text{Date D}} \times \text{Key}$$

- (d) **Fixed/Floating Rate Notes:** Fixed/Floating Rate Notes may bear interest at a rate (i) that the Issuer may elect to convert on the date set out in the Final Terms from a Fixed Rate to a Floating Rate, or from a Floating Rate to a Fixed Rate or (ii) that will automatically change from a Fixed Rate to a Floating Rate, or from a Floating Rate to a Fixed Rate on the date set out in the Final Terms.
- (e) **Zero Coupon Notes:** Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date 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(h)(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 judgement) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date.
- (g) **Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts, and Rounding:**
- (i) If any Margin is specified in the relevant Final Terms (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (c) above by adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin, subject always to the next paragraph.
- (ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified in the relevant Final Terms, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.

- (iii) For the purposes of any calculations required pursuant to these Conditions, (x) 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), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) 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 (or a formula for its calculation) is specified in respect of such period in the Final Terms, in which case the amount of interest payable in respect of such Note for such period shall equal such Interest Amount (or be calculated in accordance with such formula). 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, Early Redemption Amounts and Instalment Amounts:** The Calculation Agent shall, as soon as practicable 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, 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, Early Redemption Amount or Instalment 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 Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Optional Redemption Amount, Early Redemption Amount or any Instalment 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 and admitted to trading on a Regulated Market and the rules of such Regulated Market 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(c)(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. If the Notes become due and payable under Condition 9, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. 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) **Calculation Agent:** The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them in the relevant Final Terms and for so long as any Note is outstanding (as defined in Condition 4). 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, Instalment 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 (acting through its principal Paris office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

- (k) **RMB Notes:** Notwithstanding the foregoing, each RMB Note which is a Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate per annum 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 Specified Denomination for the relevant Interest Period. The determination of the amount of interest payable per Specified Denomination 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 Specified Denomination 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 Specified Denomination 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 Specified Denomination 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 Specified Denomination so calculated need be made.

Interest shall be calculated in respect of any period by applying the Rate of Interest to the Specified Denomination, multiplying such product by the actual number of 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.

## **6 Redemption, Purchase and Options**

- (a) **Final Redemption:** Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified in the relevant Final Terms at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount) or, in the case of a Note falling within Condition 6(b) below, its final Instalment Amount.

- (b) **Redemption by Instalments:** Unless previously redeemed, purchased and cancelled as provided in this Condition 6, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified in the relevant Final Terms. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused (i) in the case of Dematerialised Notes, on the due date for such payment or (ii) in the case of Materialised Notes, on presentation of the related Receipt, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.
- (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 calendar 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 as from the Call Option Date (as specified in the Final Terms) which shall be no earlier than 180 calendar days before the Maturity Date, until the Maturity Date, the Notes, in whole but not in part, at par together with interest accrued to, but excluding, the date fixed for redemption.

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.

In the case of a partial redemption, the relevant provisions of Condition 6(e) shall apply *mutatis mutandis* to this Condition 6(c).

- (d) **Make-Whole Redemption by the Issuer:** If a Make-Whole Redemption by the Issuer is 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 calendar 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 "**Optional Redemption Date**") at their Optional Redemption Amount. 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 Optional Redemption Date) discounted to the relevant Optional Redemption Date on an annual basis at the Redemption Rate (as specified in the relevant Final Terms) plus a 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 Optional Redemption Date.

The "**Redemption Rate**" is the average of the five quotations (eliminating the highest quotation (or, in the event of equality, one of the highest quotations) and the lowest quotation (or, in the event of equality, one of the lowest quotations)) given by the Reference Dealers of the mid-market annual yield to maturity of the Reference Security (as specified in the relevant Final Terms) on the fourth business day preceding the Optional Redemption Date at 11.00 a.m. (Central European time (CET)).

"**Reference Dealers**" means each of the four banks selected by the Calculation Agent which are primary European government security dealers, and their respective successors, or market makers in pricing corporate bond issues or as specified in the relevant Final Terms.

If the Reference Security is no longer outstanding, a Similar Security will be chosen by the Calculation Agent at 11.00 a.m. (Central European time (CET)) on the third business day in London preceding the Optional Redemption Date, quoted in writing by the Calculation Agent to the Issuer and notified in accordance with Condition 15.

The Redemption Rate will be notified by the Issuer in accordance with Condition 15.

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.

In the case of a partial redemption, the relevant provisions of Condition 6(e) shall apply *mutatis mutandis* to this Condition 6(d).

- (e) **Redemption at the Option of the Issuer and Partial Redemption:** If a Call Option is specified in the relevant Final Terms, the Issuer may, on giving not less than 15 nor more than 30 calendar 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, all or, if so provided in the relevant Final Terms, 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, but excluding, 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 Redemption Amount to be redeemed specified in the relevant Final Terms and no greater than the Maximum Redemption Amount to be redeemed 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.

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 stock exchange or other relevant authority requirements of the Regulated Market on which the Notes are listed and admitted to trading.

In the case of a partial redemption in respect of Dematerialised Notes of any Series, the redemption may be effected, at the option of the Issuer, either (i) by reducing the nominal amount of all such Dematerialised Notes 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 that will not be redeemed shall be made in accordance with Article R. 213-16 of the Code, subject to compliance with any other applicable laws and stock exchange or other relevant authority requirements.

So long as the Notes are listed and admitted to trading on Euronext Paris or on any Regulated Market and the rules of such Regulated Market 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 accordance with Articles 221-3 and 221-4 of the General Regulations (*Règlement Général*) of the *Autorité des marchés financiers* (the "AMF") and on the website of any other competent authority and/or Regulated Market of the EEA Member State where the Notes are listed and admitted to trading, 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.

- (f) **Redemption at the Option of Noteholders:** If a Put Option is specified 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 calendar days' notice to the Issuer (or such other notice period as may be specified in the relevant Final Terms) 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 the Noteholder must deposit with a Paying Agent at its specified office during usual business hours a duly completed option exercise notice (the "**Exercise Notice**") in the form obtainable during usual business hours from any Paying Agent, within the notice period. In the case of Materialised Bearer Notes, the Exercise Notice shall have attached to it the relevant Notes (together with all unmatured Receipts and 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 Fiscal Agent or the Paying Agent with a specified office in Paris as specified in the Exercise Notice. No option so exercised and, where applicable, no Note so deposited or transferred, may be withdrawn without the prior consent of the Issuer.

- (g) **Redemption of Inflation Linked Notes:** If so specified in the relevant Final Terms, the Final Redemption Amount in respect of Inflation Linked Notes will be determined by the Calculation Agent on the following basis:

Final Redemption Amount = IIR x nominal amount of the Notes

"IIR" being for the purpose of this Condition 6(f) the ratio determined on the fifth Business Day before the Maturity Date between either (i) if the CPI is specified as the Index applicable in the Final Terms, the CPI Daily Inflation Reference Index or (ii) if the HICP is specified as the Index applicable in the Final Terms, the HICP Daily Inflation Reference Index, on the Maturity Date and the Base Reference on the date specified in the relevant Final Terms.

If the Final Redemption Amount calculated as set out above is below par, the Notes will be redeemed at par.

- (h) **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 Condition 6(h) or Condition 6(l) 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.
- (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 Condition 6(h) or Condition 6(l) 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 shall continue to be made (both before and after 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) *Inflation Linked Notes:*

- (A) If the relevant Final Terms provides that Condition 6(f) shall apply in respect of Inflation Linked Notes, the Early Redemption Amount upon redemption of such Notes pursuant to Condition 6(h) or Condition 6(l) or upon it becoming due and payable as provided in Condition 9, the Put Amount, the Optional Redemption Amount in respect of such Notes will be determined by the Calculation Agent on the following basis:

Early Redemption Amount/Put Amount = IIR x nominal amount of the Notes

“IIR” being for the purposes of this Condition the ratio determined on the fifth Business Day before the date set for redemption between either (i) if the CPI is specified as the Index applicable in the Final Terms, the CPI Daily Inflation Reference Index or (ii) if the HICP is specified as the Index applicable in the Final Terms, the HICP Daily Inflation Reference Index on the date set for redemption and the Base Reference specified in the relevant Final Terms.

If the Early Redemption Amount calculated as set out above is below par, the Notes will be redeemed at par.

- (B) If the Inflation Linked Notes (whether or not Condition 6(f) applies) fall to be redeemed for whatever reason before the Maturity Date, the Issuer will pay the Early Redemption Amount together with interest accrued to the date set for redemption. Such accrued interest will be calculated by the Calculation Agent in respect of the period from, and including the immediately preceding Interest Payment Date or, as the case may be, the Interest Commencement Date to, but excluding, the date set for redemption of such Notes at a rate per annum on the basis of the provisions of Condition 5 (iv) above except that, for such purposes the relevant Interest Determination Date shall be the fifth Business Day prior to the relevant Early Redemption Date.

(iii) *Other Notes*: The Early Redemption Amount payable in respect of any Note (other than Notes described paragraphs “Zero Coupon Notes” and “Inflation Linked Notes” above), upon redemption of *such* Note pursuant to Condition 6(h) or Condition 6(l), 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.

(i) **Redemption for Taxation Reasons:**

(i) If, by reason of any change in, or any change in the official application or interpretation of, French 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, not be able to make such payment without having to pay additional amounts as specified under Condition 8 below, the Issuer may, at its option, on any Interest Payment Date or, if so specified in the relevant Final Terms, at any time, subject to having given not more than 45 nor less than 30 calendar 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 for such French taxes.

(ii) If the Issuer would, on the next payment of principal or interest in respect of the Notes, be prevented by French law from making payment to the Noteholders or, if applicable, Couponholders of the full amounts then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 8 below, then the Issuer, shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall upon giving not less than seven calendar days’ prior notice to the Noteholders in accordance with Condition 15, redeem all, but not some only, of the Notes then outstanding at their Early Redemption Amount (as described in Condition 6(g) above) together with any interest accrued to the date set for redemption on the latest practicable Interest Payment Date on which the Issuer could make payment of the full amount then due and payable in respect of the Notes or, if applicable, Receipts or Coupons, or, if that date is passed, as soon as practicable thereafter, provided that if such notice would expire after such Interest Payment Date the date for redemption pursuant to such notice of Noteholders shall be the later of (i) the latest practicable date on which the Issuer could make payment of the full amount then due and payable in respect of the Notes and (ii) fourteen (14) calendar days after giving notice to the Fiscal Agent as aforesaid or (B) if so specified in the relevant Final Terms, at any time, provided that the due date for redemption of which notice hereunder shall be given shall be the latest practicable date at which the Issuer could make payment of the full amount payable in respect of the Notes, or, if applicable, Receipts or Coupons.

(j) **Early redemption of the Notes at the option of Noteholders following a Change of Control:**

If Change of Control Put Option is specified in the relevant Final Terms and if, at any time while any Note remains outstanding, there occurs a Change of Control and within the Change of Control Period, a Rating Downgrade occurs or has occurred as a result of such Change of Control (the “**Put Event**”), the holder of each Note will have the option, (the “**Change of Control Put Option**”) (unless, prior to the giving of the Put Event Notice (as defined below), the Issuer gives notice of its intention to redeem the Notes under Condition 6 (i)) to require the Issuer to redeem or, at the Issuer’s option, to procure the purchase of that Note, on the

Optional Redemption Date at its principal amount together with (or where purchased, together with an amount equal to) interest accrued to, but excluding, the Optional Redemption Date.

For the purpose of this Condition 6(j):

**"Change of Control"** shall be deemed to have occurred each time that any person or group of persons acting in concert or any person or persons acting on behalf of any such person(s) (a **"Relevant Person"**) in each case come(s) to own or acquire(s) directly or indirectly such number of shares in the capital of the Issuer carrying more than 50 per cent. of the voting rights exercisable at a general meeting of the Issuer.

**"Change of Control Period"** means pursuant to a Change of Control:

- (i) the period starting the earlier of (x) the date of the first public announcement of the result (*avis de résultat*) by the AMF (or any other competent authority) of the relevant Change of Control or (y) the date of the first public announcement by the Issuer of the relevant Change of Control; and in each case (x) and (y), ending on the date which is 120 calendar days thereafter (inclusive); or
- (ii) the period commencing 180 calendar days prior to the date of the first public announcement of the result (*avis de résultat*) by the AMF (or any other competent authority) of the relevant Change of Control and ending on the date of such announcement (inclusive).

A **"Rating Downgrade"** shall be deemed to have occurred in respect of a Change of Control if:

- (i) within the Change of Control Period:
  - (A) the investment grade credit rating (Baa3/BBB-, or their respective equivalents, or better) previously assigned to the Notes by any Rating Agency is (x) either downgraded to a non-investment grade credit rating (Ba1/BB+, or their respective equivalents, or worse) (a **"Non-Investment Grade Rating"**) or withdrawn and (y) is not within the Change of Control Period subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to an investment grade credit rating by such Rating Agency; or
  - (B) the Non-Investment Grade Rating (Ba1/BB+, or their respective equivalents, or worse) assigned to the Notes by any Rating Agency is (x) downgraded by one or more notches (for illustration, Ba1/BB+ to Ba2/BB being one notch or such similar lowering) or withdrawn and (y) is not within the Change of Control Period subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to its earlier credit rating or better by such Rating Agency; or
  - (C) the Notes have no credit rating, and no Rating Agency assigns within the Change of Control Period an investment grade credit rating to the Notes, unless the Issuer has a credit rating from a Rating Agency, in which case paragraphs (A) and (B), as the case may be, shall apply to the credit rating assigned to the Issuer by any Rating Agency; and

provided that if at the time of the occurrence of the Change of Control the Notes carry a credit rating from more than one Rating Agency, at least one of which is investment grade; the sub-paragraph (A) will apply and

- (ii) in making the relevant decision(s) referred to in (A) and (B) above, the Relevant Rating Agency announces publicly or confirms in writing to the Issuer that such decision(s) resulted, in whole or [primarily/in part], from the occurrence of the Change of Control, provided that if the rating designations employed by the Rating Agencies are changed from those in force at the time of the Issue Date, the Issuer shall determine the rating designations of the Rating Agencies as are most equivalent to the prior rating designations of the Rating Agencies and this Condition 6 shall be read accordingly.

**"Rating Agency"** means Standard & Poor's Credit Market Services France SAS or Moody's Investors Service Limited or any other rating agency of equivalent international standing solicited by the Issuer to grant a corporate credit rating to the Issuer or to the Notes and, in each case, their respective successors or affiliates.

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, the circumstances giving rise to it and the procedure for exercising the Change of Control Put Option contained in this Condition 6(j).

To exercise the Change of Control Put Option to require redemption or, as the case may be, purchase of the Notes following a Put Event, a Noteholder must transfer or cause to be transferred its Notes to be so redeemed or purchased to the account of the Fiscal Agent specified in the Put Option Notice (as defined below) for the account of the Issuer within the period of 45 calendar days after the Put Event Notice is given (the **"Put Period"**) together with a duly signed and completed notice of exercise (a **"Put Option Notice"**) and in which the holder shall specify a bank account to which payment is to be made under this Condition 6(i).

A Put Option Notice once given shall be irrevocable. The Issuer shall redeem or, at the option of the Issuer, procure the purchase of the Notes in respect of which the Change of Control Put Option has been validly exercised as provided above and subject to the transfer of such Notes to the account of the Fiscal Agent for the account of the Issuer, on the date which is the fifth (5th) business day in Paris following the end of the Put Period (the **"Optional Redemption Date"**). Payment in respect of such Notes will be made on the Optional Redemption Date by transfer to the bank account specified in the Put Option Notice and otherwise subject to the provisions of Condition 7.<sup>2</sup>

In the event that at least 80 per cent. of the initial aggregate principal amount of the Notes has been purchased by the Issuer pursuant to this Condition 6(j), the Issuer may, at its option but subject to having given not more than 60 nor less than 30 calendar days' notice to the Noteholders (which notice shall be irrevocable) in accordance with Condition 15, given within 30 calendar days after the Optional Redemption Date, redeem all, but not some only, of the outstanding Notes at their Early Redemption Amount together with any interest accrued to the date set for redemption.

- (k) **Purchases:** The Issuer shall have the right at all times to purchase Notes (provided that, in the case of Materialised Notes, all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price. Unless the possibility of holding and reselling is expressly excluded in

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<sup>2</sup> For the avoidance of doubt, the Issuer shall have no responsibility for any cost or loss of whatever kind (including breakage costs) which the Noteholder may incur as a result of or in connection with such Noteholder's exercise or purported exercise of, or otherwise in connection with, any Change of Control Put Option (whether as a result of any purchase or redemption arising there from or otherwise).



the relevant Final Terms, all Notes so purchased by or on behalf of the Issuer may be cancelled or held and resold in accordance with applicable laws and regulations.

If so specified in the relevant Final Terms, in the event that at least 80 per cent. of the initial aggregate principal amount of the Notes has been purchased by the Issuer (a “**Repurchase Event**”), the Issuer may, at its option but subject to having given not more than 60 nor less than 30 calendar days’ notice to the Noteholders (which notice shall be irrevocable) in accordance with Condition 15, redeem all, but not some only, of the outstanding Notes at their Early Redemption Amount together with any interest accrued to the date set for redemption.

- (l) **Cancellation:** All Notes purchased for cancellation by or on behalf of the Issuer will forthwith 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 Materialised Bearer Notes in question together with all unmatured Receipts and Coupons and all unexchanged Talons to the Fiscal Agent and, in each case, if so transferred or surrendered, will, 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 Receipts and 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.
- (m) **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 calendar 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 be made (i) (in the case of Dematerialised Notes in bearer dematerialised form or administered registered dematerialised form) by transfer to the account denominated in the relevant currency of the relevant Account Holders for the benefit of the relevant Noteholder and (ii), (in the case of Dematerialised Notes in fully registered form, to an account denominated in the relevant currency with a Bank designated by the relevant Noteholder). All payments validly made to such Account Holders will constitute an effective discharge of the Issuer in respect of such payments.
- (b) **Materialised Bearer Notes:** Payments of principal and interest in respect of Materialised Bearer Notes shall, subject as mentioned below, be made against presentation and surrender during usual business hours of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Materialised Bearer Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(e)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(e)(vi)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the Noteholder, by transfer to an account denominated in such currency with, a Bank. “**Bank**” means a bank in

the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

- (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 Materialised 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.

**Payments Subject to Fiscal Laws:** All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

- (d) **Appointment of Agents:** The Fiscal Agent, the Paying Agents, the Calculation Agent, the Redenomination Agent, the Registration Agent and the Consolidation Agent initially appointed under the Agency Agreement and their respective specified offices are listed below. The Fiscal Agent, the Paying Agents, the Redenomination Agent, the Registration Agent and the Consolidation Agent act solely as agents of the Issuer and the Calculation Agent(s) act(s) as independent experts(s) and, in each case such, 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, the Redenomination Agent, the Registration Agent, the Consolidation 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 Redenomination Agent and a Consolidation Agent where the Conditions so require, (iv) Paying Agents having specified offices in at least two major European cities, (v) in the case of Dematerialised Notes, in fully registered form, a Registration Agent (vi) in the case of Materialised Notes, a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC of 3 June 2003 on the taxation of savings income in the form of interest payments or any other EU Directive implementing the conclusions of the ECOFIN Council Meeting of 26th-27th November 2000 on the taxation of savings income, or any law implementing or complying with, or introduced in order to conform to, such European Council Directive 2003/48/EC of 3 June 2003 and (vii) such other agents as may be required by the rules of any other Regulated Market on which the Notes may be listed and admitted to trading.

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 paragraph (c) above.

On a redenomination of the Notes of any Series pursuant to Condition 1(d) with a view to consolidating such Notes with one or more other Series of Notes, in accordance with Condition 14, the Issuer shall ensure that the same entity shall be appointed as both Redenomination Agent and Consolidation Agent in respect of both such Notes and such other Series of Notes to be so consolidated with such Notes.

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

**(e) Unmatured Coupons and Receipts and unexchanged Talons:**

- (i) Upon the due date for redemption of Materialised Bearer Notes which comprise Fixed Rate Notes (other than Dual Currency Notes or Index Linked Notes), should be surrendered for payment together with all unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Amortised Nominal Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 10) provided that, if any Materialised Bearer Note should be issued with a maturity date and an Interest Rate or Rates such that, on the presentation for payment of any such Note without any unexpired Coupons attached thereto or surrendered therewith, the amount required to be deducted in respect of such unexpired Coupons would be greater than the relevant Redemption Amount otherwise due for payment, then, upon the due date for redemption of any such Note, such unexpired Coupons (whether or not attached) shall become void (and no payment shall be made in respect thereof) as shall be required so that, upon application of the foregoing provisions in respect of such Coupons as have not so become void, the amount required by this paragraph to be deducted would not be greater than the relevant Redemption Amount otherwise due for payment. Where the application of the foregoing provisions requires some but not all of the unexpired Coupons relating to a Materialised Bearer Note to become void and shall select for such purpose Coupons maturing on later dates in preference to Coupons maturing on earlier dates.
- (ii) Upon the due date for redemption of any Materialised Bearer Note comprising a Floating Rate Notes, Dual Currency Notes or Index Linked Notes, unexpired Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Materialised Bearer Note, any unexpired Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Upon the due date for redemption of any Materialised Bearer Note that is redeemable in instalments, all Receipts relating to such Materialised Bearer Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
- (v) Where any Materialised Bearer Note that provides that the relative unexpired Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unexpired Coupons, and where any such Note is presented for redemption without any unexpired Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

- (vi) If the due date for redemption of any Materialised Bearer Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Definitive Materialised Bearer Note. Interest accrued on a Materialised Bearer Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Materialised Bearer Notes.
- (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 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) **Non-Business Days:** If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the Noteholder shall not be entitled to payment until the next following business day, nor 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) on which banks and foreign exchange markets are open for business in such jurisdictions as shall be specified as “*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) **Payment of US Dollar Equivalent:** Notwithstanding any other provision in these Conditions, if an Inconvertibility, Non-Transferability or Illiquidity occurs or if Renminbi is otherwise not available to the Issuer as a result of circumstances beyond its control and such unavailability has been confirmed by a Renminbi Dealer, following which the Issuer is unable to satisfy payments of principal or interest (in whole or in part) in respect of RMB Notes, the Issuer on giving not less than five nor more than 30 calendar day irrevocable notice to the Noteholders prior to the due date for payment, may settle any such payment (in whole or in part) in US dollars on the due date at the US Dollar Equivalent of any such Renminbi denominated amount.

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.

For the purposes of this Condition 7(i):

“**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.

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

**“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 and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation).

**“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 or from an account outside Hong Kong to an account inside Hong Kong (including where the Renminbi clearing and settlement system for participating banks in Hong Kong is disrupted or suspended), 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 and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation).

**“Renminbi 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 Note”** means a Note denominated in Renminbi.

**“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 Renminbi amount under the Conditions.

**“RMB Spot Rate”** for a RMB Rate Calculation Date means the spot RMB/US dollar exchange rate for the purchase of US dollars with RMB in the over-the-counter RMB 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 such RMB Rate Calculation Date, on a deliverable basis by reference to Reuters Screen Page TRADCNY3 or if no such rate is available, on a non-deliverable basis by reference to Reuters Screen Page TRADNDF. If neither such rate is 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 RMB/US dollar 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=SAEC. 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.

“**US Dollar Equivalent**” means the relevant Renminbi amount converted into US dollars using the RMB Spot Rate for the relevant RMB Rate Calculation Date, as calculated by the RMB Rate Calculation Agent.

## 8 Taxation

- (a) **Withholding tax:** All payments of principal, interest and other revenues by or on behalf of the Issuer in respect of the Notes 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.
- (b) **Additional amounts:** If French law should require that payments of principal or interest in respect of any Note, Receipt or Coupon be subject to deduction or withholding in respect of any [present or future] taxes or duties whatsoever, 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 Receiptholders and 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, Receipt 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 Receiptholder or Couponholder, as the case may be, who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with the Republic of France other than the mere holding of the Note, Receipt or Coupon; or
- (ii) **Presentation more than 30 calendar days after the Relevant Date:** in the case of Materialised Notes, more than 30 calendar days after the Relevant Date except to the extent that the Noteholder or, if applicable, the Receiptholder or Couponholder, 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) **Payment to individuals:** where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European 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) **Payment by another Paying Agent:** in respect of Definitive Materialised Bearer Notes, presented for payment by or on behalf of a holder of any Note, Receipt or Coupon, as the case may be, who would be able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the EU; or
- (v) **Non-cooperative State or territory:** if the Notes do not benefit from any exception provided in the *Bulletins officiels des Finances Publiques-Impôts*, BOI – ANNX – 000364 – 20120912 and BOI – ANNX – 000366 – 20120912 of the French tax authorities and when such withholding or deduction is required to be made by reason

of that interest, Receipt or Coupon being (x) paid to an account held in, or (y) paid or accrued to a person established or domiciled in, a non-cooperative State (*Etat ou territoire non-coopératif*) as defined in Article 238-0 A of the French *Code général des impôts* pursuant to Articles 125 A III, 119 *bis* and 238 A of the same code.

As used in these Conditions, “**Relevant Date**” in respect of any Note, Receipt or Coupon means the date on which payment in respect of it first becomes due or 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 calendar days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note, Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) “**principal**” shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, 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, (ii) “**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 (iii) “**principal**” and/or “**interest**” shall be deemed to include any additional amounts that may be payable under this Condition.

- (c) **Supply of information:** Each Noteholder shall be responsible for supplying to the relevant Paying Agent, in a timely manner, any information as may be required in a timely manner in order to comply with the identification and reporting obligations imposed on it by the European Council Directive 2003/48/EC or any other European Directive implementing the conclusions of the ECOFIN Council Meeting dated 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.

## 9 Events of Default

The Representative (as defined under Condition 11(b)), upon request of any Noteholder, shall, upon written notice to the Issuer and the Fiscal Agent given before all defaults shall have been cured, cause the principal amount of all the Notes (but not some only), held by all Noteholders to become immediately due and payable at their principal amount, together with accrued interest thereon, as of the date on which such notice for payment is received by the Fiscal Agent without further formality, if any of the following events (each an “**Event of Default**”) occurs:

- (i) the Issuer defaults in any payment when due of principal or interest on any Note (including the payment of any additional amounts pursuant to the provisions set forth under “*Taxation*” above) if such default shall not have been cured within 15 calendar days; or
- (ii) there is a default by the Issuer in the due performance or compliance with of any other material provision of the Notes and such default shall not have been cured within 30 calendar days after receipt by the Fiscal Agent of written notice of default given by the Representative upon request of the Noteholder; or
- (iii) any other present or future financial indebtedness of the Issuer or any Principal Subsidiary for or in respect of monies borrowed equal or in excess of €125,000,000 (or its equivalent in any other currency), whether individually or in aggregate, becomes due and payable prior to its stated maturity, or any such financial indebtedness shall not be paid when due and payable or, as the case may be, within any applicable grace period under the relevant contract in force prior to the date on which that financial indebtedness fell due or any

guarantee or indemnity in excess of such aforesaid amount given by the Issuer or any Principal Subsidiary for, or in respect of, any such financial indebtedness of others shall not be honoured when due and called upon, or, as the case may be, within any applicable grace period unless the Issuer or such Principal Subsidiary, as the case may be, has disputed in good faith that such borrowed money is due or such guarantee is callable, and such dispute has been submitted to a competent court in which case such event shall not constitute, an Event of Default hereunder so long as the dispute shall not have been finally adjudicated; this Condition 9(iii) shall not apply (a) when it relates to any financial indebtedness owed by a Principal Subsidiary to a member of the Group and (b) if the failure to pay is caused by an error or omission or impediment of an administrative, operational, legal or regulatory nature, and the funds were otherwise available to such Principal Subsidiary to enable it to make the relevant payment when due; or

- (iv) the Issuer or any Principal Subsidiary applies for the appointment of a *mandataire ad hoc* under French bankruptcy law (or any equivalent proceedings under any applicable law, as the case may be) or enters into a conciliation procedure (*procédure de conciliation*) 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*) (or any equivalent proceedings under any applicable law, as the case may be) or the Issuer or any of its Principal Subsidiaries makes any conveyance, assignment or other arrangement for the benefit of, or enters into a composition with, its respective creditors due to financial difficulties; or
- (v) the Issuer sells or otherwise disposes of all or substantially all of its assets or ceases or threatens to cease to carry on the whole or substantially all of its business or an order is made or an effective resolution passed for its winding up, dissolution or liquidation, unless such winding up, dissolution, liquidation or disposal is made in connection with a merger, consolidation, reconstruction, amalgamation or other form of combination (a "**Restructuring**") with or to, any other corporation which is a Subsidiary (a) on terms approved by the General Meeting to the extent that French law requires such Restructuring to be submitted for the approval to the General Meeting and (b) the liabilities under the Notes are transferred to and assumed by such other Subsidiary.

"**General Meeting**" shall have the meaning given to in Condition 11.

"**Principal Subsidiary**" shall have the meaning given to it in Condition 4.

## 10 Prescription

Claims against the Issuer for payment in respect of the Notes, Receipts and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within five years (in the case of principal and 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 specifies "*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 (as defined below) 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 a General Meeting shall be held will be set out in the notice convening such General Meeting; or

- (b) If the relevant Final Terms specifies “*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* (in each case, the “**Masse**”) which will be subject to the below provisions of this Condition 11(b).

The Masse will be governed by the provisions of the French *Code de commerce* with the exception of Articles L. 228-48, L. 228-59, the second sentence of Article L. 228-65 II and R. 228-63, R. 228-67 and R. 228-69 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.

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:

- the Issuer and the members of its board of directors (*conseil d'administration*), its general managers (*directeurs généraux*), its statutory auditors and its employees as well as their ascendants, descendants and spouses;
- companies guaranteeing all or part of the obligations of the Issuer, their respective managers (*gérants*), general managers (*directeurs généraux*), members of their board of directors (*conseil d'administration*), of their management board (*directoire*) and of their supervisory board (*conseil de surveillance*), their statutory auditors and their employees as well as their ascendants, descendants and spouses;
- companies holding 10 per cent. or more of the share capital of the Issuer and companies having 10 per cent. or more of their share capital held by the Issuer; or

- persons to whom the practice of banker is forbidden or who have been deprived of the right of directing, administering or managing a business 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 names and addresses of the initial 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 the Representative:**

The Representative shall (in the absence of any decision to the contrary of the General Meeting) 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 interfere 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, time, place and agenda of any General Meeting will be published as provided under Condition 15 not less than 15 calendar days prior to the date of such General Meeting on first convocation and not less than 10 calendar days prior to the date of the General Meeting on second convocation.

Each Noteholder has the right to participate in a General Meeting in person, by proxy, correspondence, or, if the *statuts* of the Issuer so specifies, videoconference or any other means of telecommunications allowing the identification of the participating Noteholders. 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 also may 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 the Noteholders, nor establish any unequal treatment between the Noteholders, nor to decide to convert Notes into shares.

General Meetings may deliberate validly on first convocation only if Noteholders present or represented hold at least one 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 two-third 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 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.

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-calendar day period preceding the holding of each General Meeting on first convocation and during the 10-calendar day period preceding the holding of each General Meeting on second convocation, 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 during usual business hours 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.

(c) **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 Tranche of any Series of Notes will be the Representative of the single Masse of all such Series.

For the avoidance of doubt, in this Condition 11, the term “**outstanding**” shall not include those Notes subscribed or purchased by the Issuer pursuant to Article L. 213-1 A of the Code that are held by it and not cancelled.

## **12 Final Terms**

These Conditions may be completed in relation to any Series of Notes by the terms of the relevant Final Terms in relation to such Series.

## **13 Replacement of definitive Notes, Receipts, Coupons and Talons**

If, in the case of any Materialised Bearer Notes, a Definitive Materialised Bearer Note, Receipt, 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, Receipt, 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, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Materialised Bearer Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

## **14 Further Issues and Consolidation**

- (a) **Further Issues:** The Issuer may, without the consent of the Noteholders, Receiptholders or Couponholders create and issue further Notes to be assimilated (*assimilables*) and form a single series 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 specified in the relevant Final Terms) and that the terms of such Notes provide for such assimilation and references in these Conditions to “**Notes**” shall be construed accordingly.
- (b) **Consolidation:** The Issuer, with the prior approval of the Consolidation Agent, may from time to time on any Interest Payment Date occurring on or after the Redenomination Date on giving not less than 30 calendar days’ prior notice to the Noteholders in accordance with Condition 15, without the consent of the Noteholders, Receiptholders 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) 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 (a) so long as such Notes are listed and admitted to trading on Euronext Paris, in a leading daily newspaper of general circulation in France (which is expected to be *Les Echos*), or (b) they are published in a leading daily newspaper of general circulation in Europe (which is

expected to be the *Financial Times*) or (c) they are published in accordance with Articles 221-3 and 221-4 of the General Regulations (*Règlement Général*) of the AMF and so long as such Notes are listed and admitted to trading on any stock exchange and the rules of such stock exchange(s) so require, in a leading daily newspaper with general circulation in the city/ies where the stock exchange(s) on which such Notes are listed and admitted to trading is located, and on the website of any other competent authority or Regulated Market of the EEA Member State where the Notes are listed and admitted to trading.

- (b) Notices to the holders of Materialised Bearer Notes and Dematerialised Notes in bearer form (*au porteur*) shall be valid if (a) published so long as such Notes are listed and admitted to trading on Euronext Paris, in a leading daily newspaper of general circulation in France (which is expected to be *Les Echos*), or (b) they are published in a leading daily newspaper of general circulation in Europe (which is expected to be the *Financial Times*) or (c) they are published in accordance with Articles 221-3 and 221-4 of the General Regulations (*Règlement Général*) of the AMF and so long as such Notes are listed and admitted to trading on any stock exchange, in a leading daily newspaper with general circulation in the city/ies where the stock exchange(s) on which such Notes are listed and admitted to trading is located and on the website of any other competent authority or Regulated Market of the EEA Member State where the Notes are listed and admitted to trading.
- (c) If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with 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.
- (d) 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 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 of a notice required by Conditions 15(a) and (b) above; except that (i) so long as such Notes are listed and admitted to trading on a Regulated Market or other stock exchange and the rules of such Regulated Market(s) or other stock exchange so require, notices shall also be published in a leading daily newspaper of general circulation in the city/ies where the Regulated Market(s) or other stock exchange on which such Notes are listed and admitted to trading is located, which, 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 Receipts, the Coupons and the Talons) are governed by, and shall be construed in accordance with, French law.
- (b) **Jurisdiction:** Any claim against the Issuer in connection with any Notes, Receipts, Coupons or Talons may be brought before any competent court within the jurisdiction of the *Cour d'Appel* of Paris.

## TEMPORARY GLOBAL CERTIFICATES ISSUED IN RESPECT OF MATERIALISED BEARER NOTES

### Temporary Global Certificate

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

### 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):

- (i) if the relevant Final Terms indicates that such Temporary Global Certificate is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable, in whole, but not in part, for Definitive Materialised Bearer Notes; and
- (ii) otherwise, in whole but not in part, for Definitive Materialised Bearer Notes upon certification in the form set out in the Agency Agreement (and which shall be available at the specified offices of the Paying Agents) as to non-US beneficial ownership.

A Noteholder must exchange its share of the Temporary Global Certificate for Materialised Bearer Notes before interest or any amount payable in respect of the Notes will be paid.

### Delivery of Definitive Materialised Bearer Notes

On or after its Exchange Date, the holder of the Temporary Global Certificate must surrender such Temporary Global Certificate to or to the order of the Fiscal Agent. In exchange for the Temporary Global Certificate so surrendered, 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 and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Temporary Global Certificate and a Talon). Definitive Materialised Bearer Notes will be security printed in accordance with any applicable legal requirements of the Regulated Market in, or substantially in, the form set out in Schedule 2 Part A to the Agency Agreement (and which shall be available at the specified offices of the Paying Agents).

### Exchange Date

“**Exchange Date**” means, in relation to a Temporary Global Certificate, the day next succeeding the day that is 40 calendar days after its issue date, provided that, in the event any further Materialised Notes are issued prior to

such day pursuant to Condition 14, the Exchange Date for such Temporary Global Certificate shall be postponed to the day falling after the expiry of 40 calendar days after the issue of such 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. If in respect of any particular issue of Notes, there is a particular identified use of proceeds, this will be stated in the relevant Final Terms.



## DESCRIPTION OF ESSILOR

For a general description of Essilor, its activities and its financial condition, please refer to the sections of the 2012 Registration Document, the 2011 Registration Document and the 2013 Half-Year Financial Report identified in the cross-reference table of the “***Documents Incorporated by Reference***” section of this Base Prospectus.

## RECENT DEVELOPMENTS

### **1. Press Release: 4 December 2013 – Essilor Cancels 1.5 Million Shares**

At its meeting last November 25, the Board of Directors of Essilor International decided to cancel 1.5 million of the Company's shares, representing 0.7% of the issued share capital. The decision was taken in accordance with the authorization granted in the tenth resolution approved by shareholders at the May 11, 2012 Combined Ordinary and Extraordinary Annual Meeting. The shares were cancelled effective December 3, 2013.

This transaction is in line with the Company's policy of managing the dilutive impact of its stock option and employee share ownership plans.

Following the cancellation, there were 213,976,495 Essilor shares outstanding, of which 4,519,926, or 2.1% of the share capital, were held in treasury.

As at 6 December 2013, the share capital of the Issuer is EUR 38,515,769.10.

### **2. Press Release: 27 November 2013 – Essilor International has acquired a 50% stake in Xiamen Yarui Optical Company Ltd, China's leading supplier of mid-range sunglasses**

Xiamen Yarui Optical, which has 850 employees, generated revenue of about €42 million in 2012. The company designs and manufactures non-prescription sunglasses that are sold in China under a variety of brands, including Bolon® and Molsion®, two of the country's best known sunglass brands<sup>1</sup>. Positioned in the fast-growing mid-range segment, Xiamen Yarui Optical products are sold mainly to Chinese eyecare professionals and department stores representing in all some 30,000 sales outlets throughout the country. The company has a plant in Xiamen, in southeastern China.

Commenting on the transaction, Hubert Sagnières, Essilor's Chairman and Chief Executive Officer, said: "The agreement we have just signed with Xiamen Yarui Optical accelerates our development in the prescription and non-prescription sunglass industry and confirms our commitment to protect visual health. By bolstering our brand portfolio, it enables us to respond more effectively to under-penetration, both in China and elsewhere."

Huang Fadio, Xiamen Yarui Optical's Chairman and Chief Executive Officer, said: "Our entry into the Essilor Group is excellent news. It allows us to envision our development calmly and gives us the resources to fully capitalize on the strong reputation of our flagship Bolon® brand, which enjoys an awareness rate of nearly 85% in China<sup>2</sup>."

The global non-prescription sunglass industry represents a total sales volume of more than 450 million pairs per year and is growing approximately twice as fast as the corrective lens industry. In China, sales are highly fragmented and estimated at over 50 million pairs per year with growth in the double digits.

The partnership will allow Xiamen Yarui Optical to leverage FGX's expertise in frame purchasing as well as Essilor's prescription lens know-how. Moreover, it will allow FGX to internationalize its brand portfolio and expand its geographical coverage.

Xiamen Yarui Optical is fully consolidated by Essilor as from November 1, 2013.

### **3. Press Release: 8 November 2013 – Essilor Agrees to Acquire Costa, the Fastest Growing Performance Sunglass Brand in the United States**

Charenton-le-Pont, France (November 8, 2013) – Essilor International and Costa Inc. today announced the signature of an agreement for the acquisition of all outstanding shares of Costa Inc., a US leader in high-performance sunglasses. Previously known as A.T. Cross, Lincoln, RI-based Costa Inc. (NASDAQ: ATX)

designs, assembles and markets sunglasses under the Costa® and Native® brands. It is expected to report approximately \$100 million in revenue in 2013.

Introduced in 1983 and primarily marketed through eyecare professionals and sporting goods retailers, Costa® has become the fastest growing performance sunglass brand in the United States. As the leading producer of one of the superior clarity polarized performance sunglasses, Costa® is most known for its patented 580 lens technology, which offers color enhancement and increased visual acuity. Still handcrafted today in Florida, Costa's sunglasses are backed by a lifetime warranty. Their unparalleled fit and durability have made them a leading choice of serious water sports enthusiasts.

While Costa currently derives the majority of its revenue from the Southeastern United States, it intends to capitalize on its products' reputation and proven brand and distribution strategies to accelerate its geographic expansion, in other parts of the U.S. and internationally.

In addition, stronger sales of prescription sun lenses, which today account for just 5% of revenue, will offer another growth lever, in particular under Essilor's leadership.

Commenting on the acquisition, Hubert Sagnières, Essilor's Chairman and Chief Executive Officer said, "The high quality sunglasses and prescription sun lens segment offers high potential given its low penetration rate. Costa's positioning, based on excellence, is perfectly aligned with Essilor's commitment to continually raise vision quality standards and improve the performance of products available to consumers. With Essilor's support, Costa intends to develop solutions to satisfy the unmet needs of its discerning customers and become a world leader in the high performance sunglasses segment."

The acquisition will enable Costa to leverage Essilor's expertise in surface coatings to develop innovative products in response to specific needs, such as anti-fog or hydrophobic lenses. In the prescription sunglasses segment, Essilor and Costa will work together to broaden product offerings.

*"We are delighted to be joining forces with the world leader in optics" said David G. Whalen, Chief Executive Officer of Costa Inc. "Over the past decade, as consumers have become more familiar with the features and benefits offered by the Costa® brand, our business has grown very rapidly. As a member of the Essilor family we will have access to a deep pool of world class resources including technology and distribution that will drive our continued growth both in the United States and the global marketplace."*

In the all-cash transaction, Costa shareholders will receive \$21.50 per share, representing a 19% premium on the volume-weighted average share price over the past six months. This corresponds to an estimated enterprise value of approximately \$270 million.

Under the terms of the merger agreement, certain Costa shareholders owning in aggregate an approximate 34% stake in the company have agreed to vote in favour of the transaction at the forthcoming special meeting called to approve it.

The transaction is expected to close in early 2014, subject to approval by regulatory authorities and a majority of Costa shareholders. Based on current estimates, the transaction is accretive to Essilor's earnings per share in 2014 (before impact of the purchase price allocation - PPA) and accretive in 2015. It will be financed out of Essilor's cash reserves.

#### **4. Press Release: 24 October 2013 – Solid Growth in the Third Quarter**

- Revenue growth (like-for-like plus bolt-on acquisitions<sup>1</sup>) of 7.1%
- Successful innovations and strong contribution from acquisitions
- Agreement to acquire Transitions Optical
- Outlook for full year 2013: Revenue growth<sup>2</sup> around 6% with high level of contribution margin maintained

Essilor International, the world leader in ophthalmic optics, today announced that consolidated revenue for the nine months ended September 30, 2013 totaled €3,813.0 million compared with €3,759.1 million in the year-earlier period.

#### Nine-month revenue up 4.8% excluding the currency effect

| Nine-month revenue up 4.8% excluding the currency effect<br><i>In € millions</i> | 2013 (9 months) | 2012 (9 months) <sup>(a)</sup> | % Change (reported) | % Change (like-for-like) | Change in the scope of consolidation | Currency effect |
|--|-----------------|--------------------------------|---------------------|--------------------------|--------------------------------------|-----------------|
| <b>Lenses and Optical Instruments</b>  | <b>3,410.8</b>  | <b>3,354.3</b>                 | <b>+1.7%</b>        | +1.8%                    | +3.4%                                | -3.5%           |
| <i>North America</i>   | <b>1,354.3</b>  | <b>1,355.5</b>                 | <b>-0.1%</b>        | +0.4%                    | +2.5%                                | -3.0%           |
| <i>Europe</i>  | <b>1,178.4</b>  | <b>1,177.3</b>                 | <b>+0.1%</b>        | +0.8%                    | +0.1%                                | -0.8%           |
| <i>Asia/Pacific/Middle-East/Africa</i>   | <b>615.5</b>    | <b>580.6</b>                   | <b>+6.0%</b>        | +3.5%                    | +9.3%                                | -6.8%           |
| <i>Latin America</i>   | <b>262.6</b>    | <b>240.9</b>                   | <b>+9.0%</b>        | +9.8%                    | +10.1%                               | -10.9%          |
| <b>Equipment</b>   | <b>144.6</b>    | <b>143.6</b>                   | <b>+0.7%</b>        | +4.3%                    | -1.1%                                | -2.5%           |
| <b>Readers</b>   | <b>257.6</b>    | <b>261.2</b>                   | <b>-1.4%</b>        | +1.4%                    | +0.0%                                | -2.8%           |
| <b>TOTAL</b>   | <b>3,813.0</b>  | <b>3,759.1</b>                 | <b>+1.4%</b>        | <b>+1.8%</b>             | <b>+3.0%</b>                         | <b>-3.4%</b>    |

(a) In the first nine months of 2012, Nikon-Essilor's revenue in North America (€29.7 million) and Europe (€8.7 million) was recognized in the Asia/Pacific/Middle-East/Africa region. In the same way, revenue in Mexico (€18.1 million) was previously recognized in the North America region, but is now included in Latin America. Nine-month 2012 consolidated revenue has been adjusted to reflect these changes.

Commenting on this performance, Hubert Sagnières, Chairman and Chief Executive Officer said: "The third quarter saw a number of initiatives that will shape the Company's future. First, Essilor signed a major agreement to acquire Transitions Optical, the world leader in photochromic lenses. Second, we made significant advances in sun lenses. The 7.1% revenue growth excluding the currency effect reflected a very dynamic acquisitions policy and more robust demand, driven in particular by the first steps of innovation in the mid-range segment.

Essilor is actively positioning itself to benefit, in 2014, from growth in the optics market, where global demand for improved visual health remains largely unfulfilled."

#### Revenue up 7.1% in the third quarter excluding the currency effect

| <i>In € millions</i>                   | Q3 2013        | Q3 2012 <sup>(a)</sup> | % Change (reported) | % Change (like-for-like) | Change in the scope of consolidation | Currency effect |
|--|----------------|------------------------|---------------------|--------------------------|--------------------------------------|-----------------|
| <b>Lenses and Optical Instruments</b>  | <b>1,114.5</b> | <b>1,105.1</b>         | <b>+0.8%</b>        | +2.8%                    | +4.5%                                | -6.5%           |
| <i>North America</i>                   | <b>439.5</b>   | <b>449.2</b>           | <b>-2.2%</b>        | +0.6%                    | +3.4%                                | -6.2%           |
| <i>Europe</i>                          | <b>376.4</b>   | <b>373.9</b>           | <b>+0.7%</b>        | +1.9%                    | +0.3%                                | -1.5%           |
| <i>Asia/Pacific/Middle-East/Africa</i> | <b>207.6</b>   | <b>197.9</b>           | <b>+4.9%</b>        | +5.7%                    | +11.3%                               | -12.1%          |
| <i>Latin America</i>                   | <b>91.0</b>    | <b>84.1</b>            | <b>+8.2%</b>        | +11.0%                   | +13.3%                               | -16.1%          |
| <b>Equipment</b>                       | <b>52.3</b>    | <b>48.0</b>            | <b>+8.9%</b>        | +14.7%                   | -1.1%                                | -4.7%           |
| <b>Readers</b>                         | <b>70.5</b>    | <b>75.5</b>            | <b>-6.7%</b>        | -0.1%                    | +0.0%                                | -6.6%           |
| <b>TOTAL</b>                           | <b>1,237.3</b> | <b>1,228.6</b>         | <b>+0.7%</b>        | <b>+3.1%</b>             | <b>+4.0%</b>                         | <b>-6.4%</b>    |

(a) In third-quarter 2012, Nikon-Essilor's revenue in North America (€9.8 million) and Europe (€3.0 million) was recognized in the Asia/Pacific/Middle-East/Africa region. In the same way, revenue in Mexico (€6.8 million) was previously recognized in the North America region, but is now included in Latin America. Third-quarter 2012 consolidated revenue has been adjusted to reflect these changes.

In the third quarter, Essilor International's consolidated revenue totaled €1,237.3 million, an increase of 0.7%. This reflected:

- Like-for-like growth of 3.1% driven by a very good performance in Equipment and an improvement in Lenses and Optical Instruments compared with the first half, both in developed countries and fast-growing markets. In particular, Essilor benefited from the introduction of innovations in the mid-range, such as Intuitiv™, the first progressive lens adapted for both left- and right-handed wearers. This innovation was recognized with a 'Silmo d'Or' award at the World Optical Fair in Paris in September.
- A significant 4% impact from changes in the scope of consolidation on the back of the large number of partnership agreements recently signed in fast-growing markets and North America.
- A negative 6.4% currency effect caused by the sharp depreciation of numerous currencies against the euro, chief among them the Brazilian real, the US dollar and the yen.

### **Third-quarter highlights by region and business**

#### **North America**

- Good trends for polarized lenses, sales to independent laboratories and contact lens distribution
- Performance with optical chains impacted by the loss of two contracts in the first half
- Weaker performance in Canada

#### **Europe**

- Success of the Varilux® S series progressive lens, especially in France
- Marked upturn in Eastern Europe, Italy and the Instruments business
- Sharp decrease in a key account's purchases at the end of the period

#### **Asia/Pacific/Middle-East/Africa**

- Strong rebound in Japan and Australia led by the success of innovations adopted by certain chains, such as lenses that offer back-surface protection from ultra-violet rays
- Continued strong growth in domestic markets in India and China
- Slowdown in exports reflecting high prior-year comparatives

#### **Latin America**

- Acceleration of sales in Brazil despite a lackluster economic environment
- Continued positive trend in Colombia and Mexico

#### **Equipment**

- Commercial success of the Satisloh range in the United States
- Strong demand for digital surfacing machines in Latin America

#### **Readers**

- Good performance in reading glasses but poor weather conditions for sunglasses
- More dynamic sales in retail locations

## Significant third-quarter events and other transactions

### Transitions Optical

Essilor International has agreed to acquire PPG Industries' 51% stake in **Transitions Optical Inc.**, the leading provider of photochromic lenses to optical manufacturers worldwide. Following the transaction, Essilor will own 100% of the capital of Transitions Optical. In 2012, Transitions Optical generated revenue of \$814 million, of which around \$310 million with lens manufacturers other than Essilor. The agreement also includes the acquisition of **Intercast**, a premium sun lens manufacturer based in Parma, Italy. In 2012, Intercast reported revenue of nearly \$34 million.

The consideration for the transaction amounts to \$1.73 billion at closing, plus a deferred payment of \$125 million over five years, for 51% of the capital of Transitions Optical and 100% of Intercast.

Based on current estimates, the transaction should have a positive impact on Essilor's financial indicators. In particular, it is expected to be accretive from year one and to add at least 5% to earnings per share in subsequent years.

The process to obtain the various regulatory approvals is under way. No particular difficulties have arisen thus far and the transaction is expected to close during the first half of 2014.

### Other acquisitions and partnerships

During the third quarter, Essilor pursued its bolt-on acquisition<sup>3</sup> strategy, which is enabling it to extend its local coverage and bring its innovations to market more quickly, with five transactions representing €74 million in combined full-year revenue.

The Company expanded its presence in the low vision segment with the acquisition of a majority interest in Quebec-based **Humanware**, a world leader in the design and distribution of electronic assistance products for the blind and vision impaired (revenue of around \$35 million).

In the United States, Essilor acquired **Katz & Klein**, a California-based prescription laboratory with revenue of around \$4.0 million, and **VIP Optical**, a wholesale optical laboratory based in New Jersey with revenue of \$3.9 million.

These three new partnerships come on the heels of the previously announced acquisitions of **Polycore Optical** in Singapore (revenue of €30 million) and **Classic Optical** in the Ohio (revenue of \$17 million). In all, 20 agreements have been signed since the beginning of the year, representing full-year revenue of around €165 million.

### Cash position

During the third quarter, the Company carried out share buybacks to offset dilution from share-based payment plans. These buybacks amounted to €47.6 million and totaled 584,783 shares.

Despite the buyback program and acquisitions over the period, the Company's cash generation enabled a slight reduction in debt to €383 million at September 30, 2013 from €419 million at June 30, 2013. Since October 1, the Company has bought back 966,982 shares. Including these transactions, some 2.2 million shares have been bought back since the start of the year for a total of around €173 million.

### Outlook

In the fourth quarter, the launches of Crizal® Previncia™ and new mid-range products will sustain the Company's momentum.

These initiatives, along with ongoing acquisitions, will contribute to a further improvement in the fourth quarter and place Essilor on a stronger growth path for 2014.

Based on the first nine months' performance and taking into account the delays in finalizing certain acquisitions together with the slower than expected recovery in North America, Essilor expects revenue growth (like-for-like plus bolt-on acquisitions<sup>3</sup>) of around 6% for full year 2013. The Company confirms its objective of a sustained high contribution margin.

Appendix: Essilor International's consolidated revenue (€ millions)

|  | 2013         | 2012         |
|--|--------------|--------------|
| <b>First Quarter</b>                   |              |              |
| <b>Lenses and Optical Instruments</b>  | 1,149        | 1,139        |
| <i>North America</i>                   | 463          | 460          |
| <i>Europe</i>                          | 402          | 408          |
| <i>Asia/Pacific/Middle-East/Africa</i> | 205          | 193          |
| <i>Latin America</i>                   | 79           | 77           |
| <b>Equipment</b>                       | 42           | 46           |
| <b>Readers</b>                         | 85           | 85           |
| <b>TOTAL First Quarter</b>             | <b>1,276</b> | <b>1,270</b> |
| <b>Second Quarter</b>                  |              |              |
| <b>Lenses and Optical Instruments</b>  | 1,148        | 1,110        |
| <i>North America</i>                   | 452          | 446          |
| <i>Europe</i>                          | 400          | 395          |
| <i>Asia/Pacific/Middle-East/Africa</i> | 203          | 190          |
| <i>Latin America</i>                   | 93           | 79           |
| <b>Equipment</b>                       | 50           | 50           |
| <b>Readers</b>                         | 102          | 101          |
| <b>TOTAL Second Quarter</b>            | <b>1,300</b> | <b>1,261</b> |
| <b>Third Quarter</b>                   |              |              |
| <b>Lenses and Optical Instruments</b>  | 1,114        | 1,105        |
| <i>North America</i>                   | 439          | 449          |
| <i>Europe</i>                          | 376          | 374          |
| <i>Asia/Pacific/Middle-East/Africa</i> | 208          | 198          |
| <i>Latin America</i>                   | 91           | 84           |
| <b>Equipment</b>                       | 52           | 48           |
| <b>Readers</b>                         | 71           | 76           |
| <b>TOTAL Third Quarter</b>             | <b>1,237</b> | <b>1,229</b> |

|  |
|--|
| <b>Fourth Quarter</b>                  |
| <b>Lenses and Optical Instruments</b>  |
| <i>North America</i>                   |
| <i>Europe</i>                          |
| <i>Asia/Pacific/Middle-East/Africa</i> |
| <i>Latin America</i>                   |
| <b>Equipment</b>                       |
| <b>Readers</b>                         |
| <b>TOTAL Fourth Quarter</b>            |

*Note that:*

- *Since fourth-quarter 2012, Mexico has been included in the Latin America region. As a result, the 2012 revenues presented above for North America and Latin America have been restated accordingly.*
- *In 2012, Nikon-Essilor's revenue in North America and Europe was recognized in the Asia/Pacific/Middle-East/Africa region. In 2013 revenue from this operation has been recognized in their respective regions. Quarters in 2012 have been adjusted to reflect this change.*

#### **4. Press Release: 29 July 2013 - Essilor acquires Transitions Optical, a global leader in photochromic lenses**

Essilor International announces the signature of an agreement to acquire the 51% stake in Transitions Optical owned by PPG. Transitions Optical is a leading provider of photochromic lenses to optical manufacturers worldwide. Following the transaction, Essilor will own 100% of the capital of Transitions Optical. The transaction also includes the acquisition of InterCast, a leading supplier of sun lenses.

The acquisition is fully aligned with Essilor's growth strategy, which is based on strong innovation in every segment of the optical industry, on visual protection as well as on expansion in the mid-market and in fast-growing countries. It also supports Essilor's mission of bringing improved vision to more than 4.2 billion people, of whom 2.5 billion do not currently benefit from eye correction.

Founded in the United States 23 years ago and based in Pinellas Park, Florida, Transitions Optical is the inventor of variable-tint plastic lenses. Its business has been developed jointly by Essilor and PPG's teams. Through innovative capability in photochromics, Transitions Optical designs and produces a wide range of variable-tint lenses that are sold through the networks of its customers, ophthalmic lens manufacturers. The majority of its products are distributed under the Transitions® brand, one of the best-known global optical brands alongside Varilux® and Crizal®. Transitions Optical generated revenue of \$814 million in 2012, of which around \$310 million with lens manufacturers other than Essilor.

Under the agreement, Essilor will also acquire 100% of the capital of InterCast, a high-performance sun lens manufacturer based in Parma, Italy. In 2012, InterCast revenue stood at nearly \$34 million.

Commenting on the transaction, Hubert Sagnières, Essilor's Chairman and Chief Executive Officer, said: "This agreement marks the start of a new phase of growth for Transitions Optical, which Essilor and PPG have turned into a leader in photochromic lens products. The acquisition of Transitions Optical is fully aligned with Essilor's strategy. It's a company we know well, so the integration process should be smooth. It will enable us to boost expansion in the photochromic segment, which is growing twice as fast as the optical industry, notably in Asia, Latin America and Europe. The Transitions® brand which, like Varilux® and Crizal® , is a frontline eyecare brand, will continue to be available to all lens manufacturers worldwide.



The acquisition of Intercast will add to Essilor's positioning in the sun lens segment, which enjoys significant growth potential.

All in all, the integration of Transitions Optical and Intercast into our portfolio of businesses will lead to a significant improvement in the group's profitability and create value for our shareholders and consumers.

PPG will remain a key partner for Transitions Optical, as a supplier of dyes as well as long-term research and development services.

The consideration for the transaction amounts to \$1.73 billion at closing, as well as a deferred payment of \$125 million dollars over five years, for 51 % of the capital of Transitions Optical and 100 % of Intercast.

Based on current estimates, the transaction should have a positive impact on Essilor's financial indicators:

- A rise in the consolidated contribution margin to 19.5% from year two of the integration;
- An accretive impact on earnings per share as of year one of the integration, and of at least 5% per annum in subsequent years;
- A positive impact of 50 bps on like-for-like growth in consolidated revenue as of year three of the integration.

Following the transaction, which will be entirely funded from Essilor's cash resources and medium term financing, the consolidated debt-to-equity ratio will remain below 40%.

Subject to various regulatory approvals, the transaction is expected to close during the first half of 2014.

#### **5. Issuer's long term debt as at 30 September 2013**

As at 30 September 2013, the long term debt of the Issuer was €277,434,000.

## TAXATION

### EU TAXATION

*The following is a summary limited to certain tax considerations applicable under the laws of the European Union relating to the Notes that may be issued under the Programme. It does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Notes. Each prospective holder or beneficial owner of Notes should consult its tax advisor as to the tax consequences of any investment in or ownership and disposition of the Notes.*

On 3 June 2003, the European Council of Economic and Finance Ministers adopted the Directive 2003/48/EC on the taxation of savings income. Pursuant to the Directive and subject to a number of conditions being met, Member States are required, since 1 July 2005, to provide to the tax authorities of another Member State, inter alia, details of payments of interest within the meaning of the Directive (interest, products, premiums or other debt income) made by a paying agent located within its jurisdiction to, or for the benefit of, an individual resident in that other Member State or to certain limited types of entities established in that other Member State (the “**Disclosure of Information Method**”).

For these purposes, the term “**paying agent**” is defined widely and includes in particular any economic operator who is responsible for making interest payments, within the meaning of the Directive, for the immediate benefit of individuals.

However, throughout a transitional period, certain Member States (the Grand-Duchy of Luxembourg and Austria), instead of using the Disclosure of Information Method used by other Member States, unless the relevant beneficial owner of such payment elects for the Disclosure of Information Method, withhold an amount on interest payments. The rate of such withholding tax is 35 per cent. as from 1 July 2011 and until the end of the transitional period. In April 2013, the Luxembourg Government however announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of the Disclosure of Information Method.

The transitional period will end at the end of the first full fiscal year following the later of (i) the date of entry into force of an agreement between the European Community, following a unanimous decision of the European Council, and the last of Switzerland, Liechtenstein, San Marino, Monaco and Andorra, providing for the exchange of information upon request as defined in the OECD Model Agreement on Exchange of Information on Tax Matters released on 18 April 2002 (the “**OECD Model Agreement**”) with respect to interest payments within the meaning of the Directive, in addition to the simultaneous application by those same countries of a withholding tax on such payments at the rate applicable for the corresponding periods mentioned above and (ii) the date on which the European Council unanimously agrees that the United States of America is committed to exchange of information upon request as defined in the OECD Model Agreement with respect to interest payments within the meaning of the Directive.

A number of non-EU countries and dependent or associated territories have agreed to adopt similar measures (transitional withholding or exchange of information) with effect since 1 July 2005.

On 13 November 2008, the European Commission published a detailed proposal for amendments to the Savings Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of these proposed changes are made in relation to the Savings Directive they may amend or broaden the scope of the requirements described above.

## LUXEMBOURG

*The following is a general description of certain tax laws relating to the Notes as in effect and as applied by the relevant tax authorities as at the date hereof and does not purport to be a comprehensive discussion of the tax treatment of the Notes.*

*Prospective investors should consult their own professional advisers on the implications of making an investment in, holding or disposing of Notes and the receipt of interest with respect to such Notes under the laws of the countries in which they may be liable to taxation.*

### **Withholding tax**

Under Luxembourg tax law currently in effect and with the possible exception of interest paid to certain individual Noteholders or so-called residual entities, there is no Luxembourg withholding tax on payments of interest (including accrued but unpaid interest). There is also no Luxembourg withholding tax, with the possible exception of payments made to certain individual Noteholders or so-called residual entities, upon repayment of principal in case of reimbursement, redemption, repurchase or exchange of the Notes.

#### *Luxembourg non-residents*

Under the Luxembourg laws dated 21 June 2005, as amended, (the “**Laws**”) implementing the European Council Directive 2003/48/EC on the taxation of savings income (the “**Directive**”) and several agreements concluded between Luxembourg and certain dependent or associated territories of the European Union (“**EU**”), a Luxembourg based paying agent (within the meaning of the Laws) is required since 1 July 2005 to withhold tax on interest and other similar income paid by it to (or under certain circumstances, to the benefit of) an individual or certain “residual entities” resident or established in another Member State or in certain EU dependent or associated territories, unless the beneficiary of the interest payments elects for the exchange of information or, in the case of an individual beneficiary, the tax certificate procedure. “Residual entities” within the meaning of Article 4.2 of the Savings Directive are entities established in a Member State or in certain EU dependent or associated territories which are not legal persons (the Finnish and Swedish companies listed in Article 4.5 of the Savings Directive are not considered as legal persons for this purpose), whose profits are not taxed under the general arrangements for the business taxation, which are not and have not opted to be treated as UCITS recognised in accordance with the Council Directive 85/611/EEC, as replaced by the European Council Directive 2009/65/EC or similar collective investment funds located in Jersey, Guernsey, the Isle of Man, the Turks and Caicos Islands, the Cayman Islands, Montserrat or the British Virgin Islands.

The current withholding tax rate is 35 per cent. Responsibility for the 35 per cent. withholding tax will be assumed by the Luxembourg paying agent. The withholding tax system will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain non EU countries.

The European Commission has proposed certain amendments to the Savings Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

The Luxembourg government has announced its intention to elect out of the withholding system in favour of an automatic exchange of information with effect as from 1 January 2015.

#### *Luxembourg residents*

In accordance with the law of 23 December 2005, as amended (the “**2005 Law**”) on the introduction of a withholding tax on certain interest payments on savings income, interest payments made by Luxembourg paying agents (defined in the same way as in the Savings Directive) to Luxembourg individual residents or to certain residual entities that secure interest payments on behalf of such individuals (unless such entities have opted either to be treated as UCITS recognised in accordance with the European Council Directive 85/611/EEC, as replaced by

the European Council Directive 2009/65/EC, or for the exchange of information regime) are subject to a 10 per cent. withholding tax. Responsibility for the 10 per cent. withholding tax will be assumed by the Luxembourg paying agent.

## FRANCE

*The description below is intended as a basic summary of certain withholding tax consequences in France that may be relevant to holders of Notes who do not concurrently hold shares of the Issuer. It does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Notes. Each prospective holder or beneficial owner of Notes should consult its tax advisor as to the tax consequences of any investment in or ownership and disposition of the Notes.*

The Savings Directive was implemented into French law under Article 242 *ter* of the French *Code général des impôts*, which imposes 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 domiciled in another Member State, including, among other things, the identity and address of the beneficial owner and a detailed list of the different categories of interest paid to that beneficial owner.

Payments of interest and other revenues made by the Issuer with respect to Notes will not be subject to the withholding tax set out under Article 125 A III of the French *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 French General Tax Code (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 (subject to certain exceptions and to the more favourable provisions of any applicable double tax treaty) by virtue of Article 125 A III of the French *Code général des impôts*.

Furthermore, interest and other revenues paid on such Notes may not be deductible from the taxable income of this Issuer if they are paid or accrued to persons established or domiciled 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 Article 109 *et seq.* of the French *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* 2 of the French *Code général des impôts*, at a rate of 30 per cent. or 75 per cent, subject to the more favourable provisions of any applicable double tax treaty.

Notwithstanding the foregoing, neither the 75 per cent. withholding tax set out under Article 125 A III of the French *Code général des impôts* nor, to the extent the relevant interest or other revenues relate to genuine transactions and are not in an abnormal or exaggerated amount, 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 were not that of allowing the payments of interest or other revenues to be made in a Non-Cooperative State (the “**Exception**”). Pursuant to the French tax administrative guidelines (BOI-INT-DG-20-50-20120912 n°990) dated 12 September 2012, 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 Monetary and Financial Code or pursuant to an equivalent offer in a State other than a Non-Cooperative State. For this purpose, an “equivalent offer” means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority; or
- (ii) admitted to trading on a regulated market or on a French or foreign multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider, or by such other similar

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

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

Pursuant to Article 9 of the French Finance Law for 2013 (*loi n°2012-1509 du 29 décembre 2012 de finances pour 2013*) subject to certain limited exceptions, interest received from 1 January 2013 by French tax resident individuals is 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 paid to French tax resident individuals.

See "**Terms and Conditions of the Notes – Taxation**".

## **HONG-KONG**

*The statements below regarding taxation are based on the law and practice of Hong Kong at the date of this Base Prospectus and are subject to any subsequent changes in law or practice (which could be made on a retrospective basis). The following statements do not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and may not apply equally to all persons. Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the tax consequences of their ownership of the Notes.*

### **Withholding Tax**

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Notes or in respect of any capital gains arising from the sale of the Notes.

### **Profits Tax**

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Under the Inland Revenue Ordinance (Cap. 112) of Hong Kong, as it is currently applied by the Inland Revenue Department, interest on the Notes may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

- (i) interest on the Notes is derived from Hong Kong and is received by or accrues to a company, carrying on a trade, profession or business in Hong Kong; or
- (ii) interest on the Notes is derived from Hong Kong and is received by or accrues to a person, other than a company, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business; or
- (iii) interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance) and arises through or from the carrying on by the financial institution of its business in Hong Kong.

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal or redemption of Notes will be subject to profits tax.

Sums derived from the sale, disposal or redemption of Bearer Notes will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source. Similarly, such sums in respect of Registered Notes received by or accrued to either the aforementioned person and/or a financial institution will be subject to Hong Kong profits tax if such sums have a Hong Kong source.

The source of such sums will generally be determined by having regard to the manner in which the Notes are acquired and disposed.

### **Stamp Duty**

Stamp duty will not be payable on the issue of Bearer Notes provided either:

- (i) such Bearer Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or
- (ii) such Bearer Notes constitute loan capital (as defined in the Stamp Duty Ordinance (Cap. 117) of Hong Kong).

If stamp duty is payable, it is payable by the Issuer on issue of Bearer Notes at a rate of 3 per cent. of the market value of the Notes at the time of issue.

No stamp duty will be payable on any subsequent transfer of Bearer Notes.

No stamp duty is payable on the issue of Registered Notes. Stamp duty may be payable on any transfer of Registered Notes if the relevant transfer is required to be registered in Hong Kong. Stamp duty will, however, not be payable on any transfers of Registered Notes provided that either:

- (i) the Registered Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or
- (ii) the Registered Notes constitute loan capital (as defined in the Stamp Duty Ordinance (Cap. 117) of Hong Kong).

If stamp duty is payable in respect of the transfer of Registered Notes it will be payable at the rate of 0.2 per cent. (of which 0.1 per cent. is payable by the seller and 0.1 per cent. is payable by the purchaser) normally by reference to the value of the consideration. If, in the case of either the sale or purchase of such Registered Notes, stamp duty is not paid, both the seller and the purchaser may be liable jointly and severally to pay any unpaid stamp duty and also any penalties for late payment. If stamp duty is not paid on or before the due date (two calendar days after the sale or purchase if effected in Hong Kong or 30 calendar days if effected elsewhere) a penalty of up to 10 times the duty payable may be imposed. In addition, stamp duty is payable at the fixed rate of HK\$5 on each instrument of transfer executed in relation to any transfer of the Registered Notes if the relevant transfer is required to be registered in Hong Kong.

### **Estate Duty**

No estate duty will be payable in respect of Bearer Notes and Registered Notes in Hong Kong.

### **PEOPLES REPUBLIC OF CHINA (PRC)**

*The following summary describes the principal PRC tax consequences of ownership of the Notes by beneficial owners who, or which, are residents of mainland China for PRC tax purposes. These beneficial owners are referred to as PRC holders in this section. If you are considering the purchase of the Notes, you should consult your own tax advisors with regard to the application of PRC tax laws to your particular situations as well as any tax consequences arising under the laws of any other tax jurisdiction.*

If the holder of the Notes is a PRC entity or individual who, or which, is a resident of mainland China, for PRC tax purposes, pursuant to the PRC Enterprise Income Tax Law and the PRC Individual Income Tax Law and their implementation rules, an income tax shall be levied on both capital gains and payment of interest gained by a PRC resident in respect of the Notes. The current rates of such income tax are 20 per cent. (for individual PRC resident) and 25 per cent. (for any enterprise incorporated in the PRC).

Moreover, the PRC Enterprise Tax Law provides that, if an enterprise incorporated outside the PRC has its “de facto management body” located within the PRC, such enterprise may be regarded as a “PRC Resident Enterprise” thus may be subject to the enterprise income tax at the rate of 25 per cent. on its worldwide income. Under the Implementation Rules on the PRC Enterprise Tax Law, “de facto management body” is defined as the bodies that substantially exert comprehensive management and control on the business, personnel, accounts and assets of an enterprise. In April 2009, the PRC tax authority promulgated a circular clarifying the criteria for determining whether a “de facto management body” is located within the PRC with respect to the enterprises incorporated overseas with controlling shareholders being PRC enterprises. If any holder of the Notes is determined as a PRC Resident Enterprise because its “de facto management body” is located in the territory of the PRC, any interest and capital gains paid to such holders may be subject to PRC enterprise income tax at a rate of 25 per cent.

### **PRC Taxation**

The holders of RMB Notes who are not resident in the PRC for PRC tax purposes will not be subject to withholding tax, income tax or any other taxes or duties imposed by any governmental authority in the PRC in respect of their RMB Notes or any repayment of principal and payment of interest made thereon.

## SUBSCRIPTION AND SALE

### Summary of Dealer Agreement

Subject to the terms and on the conditions contained in a dealer agreement dated 12 December 2013 (the “**Dealer 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 Dealer 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 pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it unless otherwise agreed. The Issuer has agreed to reimburse the Arranger for certain of its expenses incurred in connection with the Programme and the Dealers for certain of their activities in connection with the Programme.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealers have agreed to indemnify the Issuer against certain liabilities in connection with the offer and sale of the Notes. The Dealer 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 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, any Notes to the public in France and it 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 such offers, sales and distributions have been and will be made in France only to (a) persons providing investment services relating to portfolio management for the account of third parties, and/or (b) qualified investors (*investisseurs qualifiés*) acting for their own account, 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*.

#### 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 the Notes 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.

Materialised Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended and regulations thereunder.

Each Dealer has agreed that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver the Notes of any identifiable Tranche, (i) as part of their distribution at any time or (ii) otherwise until 40 calendar days after completion of the distribution of such Tranche as determined, and certified to the Fiscal Agent by the relevant Dealer, or in the case of Notes issued on a syndicated basis, the Lead Manager, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the



Notes within the United States or to, or for the account of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 calendar days after the commencement of the offering of any identifiable tranche of Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering of such Notes) may violate the registration requirements of the Securities Act.

### **United Kingdom**

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

- (a) in relation to any Notes which have a maturity of less than one year from the date of issue, (a) 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 (b) 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 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 (the “**FSMA**”) by the Issuer;
- (b) 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
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

### **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (the Act No. 25 of 1948, as amended, “**Financial Instruments and Exchange Act**”). Accordingly, each of the Dealers has severally represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not, directly or indirectly, offered or sold and shall not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, a resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

### **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 Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; 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 or which do not constitute an offer to the public within the meaning of that 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 of 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 Securities and Futures Ordinance (Cap. 571) and any rules made under that Ordinance.

## **PRC**

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that neither it nor any of its affiliates has offered or sold or will offer or sell any of the Notes in the PRC (excluding Hong Kong, Macau and Taiwan) except as permitted by the securities laws of the PRC.

## **Singapore**

Each Dealer has acknowledged that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree that it has not offered or sold any Notes or caused such Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

## **General**

These selling restrictions may be modified or supplemented by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such modification or supplement will be set out in a supplement to this Base Prospectus.

No action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Base Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

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, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Base Prospectus, any other offering material or any Final Terms and obtain any consent, approval or permission required for the purchase, offer or sale of Notes under the laws and regulations in force in any jurisdiction in which it makes such purchase, offer or sale and neither the Issuer, nor any other Dealer shall have responsibility therefore.

**FORM OF FINAL TERMS FOR USE IN CONNECTION WITH ISSUES OF SECURITIES WITH A DENOMINATION OF AT LEAST €100,000 TO BE ADMITTED TO TRADING ON A REGULATED MARKET**

Final Terms dated [ ]

[LOGO, if document is printed]

**ESSILOR INTERNATIONAL  
(COMPAGNIE GENERALE D'OPTIQUE)**

Euro 2,000,000,000  
Euro Medium Term Note Programme  
for the issue of Notes

**SERIES NO:** [ ]

**TRANCHE NO:** [ ]

**[Brief description and Amount of Notes]**

**issued by Essilor International (Compagnie Générale d'Optique) ("Essilor" or the "Issuer")**

**[Name(s) of Dealer(s)]**

**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 12 December 2013 which has received visa no. 13-669 from the *Autorité des marchés financiers* (the "**AMF**") on 12 December 2013 [and the supplement(s) to it dated [ ] which has received visa no. [ ] from the AMF on [ ]] which [together] constitute[s] a base prospectus for the purposes of the Directive 2003/71/EC (and amendments thereto, including the Directive 2010/73/EU, to the extent implemented in the Relevant Member State) (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 is available for viewing on the website of the AMF ([www.amf-france.org](http://www.amf-france.org)) and of Essilor (<http://www.essilor.com/fr/Investisseurs/InformationReglementee/Pages/InformationReglementee.aspx>) and printed copies may be obtained from Essilor at 147, rue de Paris, 94220 Charenton-le-Pont, France.

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under a 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 [original date] [and the supplement(s) to it dated [ ]]. 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 dated [current date] which has received visa no. 13-669 from the *Autorité des marchés financiers* (the "**AMF**") on 12 December 2013 [and the supplement(s) to it dated [ ] which has received visa no. [ ] from the AMF on [ ]], which [together] constitute[s] a base prospectus for the

purposes of the Prospectus Directive (the “**Base Prospectus**”), save in respect of the Conditions which are extracted from the Base Prospectus dated [original date] [and the supplement(s) to it dated [ ]]. Full information on the Issuer, the Notes and the offer of the Notes is only available on the basis of the combination of these Final Terms, the Conditions and the Base Prospectus. The Base Prospectus is available for viewing on the website of the AMF ([www.amf-france.org](http://www.amf-france.org)) and of Essilor (<http://www.essilor.com/fr/Investisseurs/InformationReglementee/Pages/InformationReglementee.aspx>) and printed copies may be obtained from Essilor at 147, rue de Paris, 94220 Charenton-le-Pont, France.

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

- |           |   |  |
|-----------|---|--|
| <b>1</b>  | Issuer:   | Essilor  |
| <b>2</b>  | (i) Series Number:                                | <input type="checkbox"/>   |
|           | (ii) Tranche Number:                              | <input type="checkbox"/>   |
|           | [(iii)] [Date on which the Notes become fungible: | [Not Applicable/ The Notes will be assimilated ( <i>assimilées</i> ) and form a single series with the existing [ <i>insert description of the Series</i> ] issued by the Issuer on [ <i>insert date</i> ] (the “ <b>Existing Notes</b> ”) as from the date of assimilation which is expected to be on or about 40 calendar days after the Issue Date (the “ <b>Assimilation Date</b> ”).] |
| <b>3</b>  | Specified Currency or Currencies:                 | <input type="checkbox"/>   |
| <b>4</b>  | Aggregate Nominal Amount:                         | <input type="checkbox"/>   |
|           | [(i)] Series:                                     | <input type="checkbox"/>   |
|           | [(ii) Tranche:                                    | <input type="checkbox"/>   |
| <b>5</b>  | Issue Price:                                      | <input type="checkbox"/> per cent. of the Aggregate Nominal Amount [plus accrued interest from [ <i>insert date</i> ] ( <i>in the case of fungible issues only if applicable</i> )]  |
| <b>6</b>  | Specified Denomination(s):                        | <input type="checkbox"/>   |
| <b>7</b>  | (i) Issue Date:                                   | <input type="checkbox"/>   |
|           | (ii) Interest Commencement Date:                  | [Specify/Issue Date/Not Applicable]  |
| <b>8</b>  | Maturity Date:                                    | [Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]   |
| <b>9</b>  | Interest Basis:                                   | [ <input type="checkbox"/> per cent. Fixed Rate]<br>[EURIBOR/LIBOR/CMS Rate] +/- [ <input type="checkbox"/> ] per cent. Floating Rate]<br>[Zero Coupon]<br>[CPI Linked Interest]<br>[HICP Linked Interest]<br>(further particulars specified below)  |
| <b>10</b> | Redemption 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.  |
| <b>11</b> | Change of Interest Basis:                         | [Applicable/Not Applicable]<br>[Specify the date when any fixed to floating rate change occurs]  |

or refer to paragraphs 14 and 15 below and identify there]

- 12 Put/Call Options: [Investor Put]  
[Issuer Call]  
[Make-Whole Redemption by the Issuer]  
[Change of Control Put Option]  
[(further particulars specified below)]
- 13 (i) Status of the Notes: Senior
- (ii) [Date of [Board] approval for [Decision of the *Conseil d'administration* of Essilor dated [ ]]  
issuance of Notes obtained: [and [ ],  
]]

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

- 14 **Fixed Rate Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate[(s)] of Interest: [ ] per cent. per annum [payable in arrear on each Interest Payment Date]
- (ii) Interest Payment Date(s): [ ] in each year [adjusted in accordance with the Business Day Convention specified below<sup>3</sup>] [commencing on [ ] and ending on [ ] / [the Maturity Date]] [specify Business Day Convention and any applicable Business Centre(s) for the definition of "**Business Day**"/not adjusted.]
- (iii) Fixed Coupon Amount[(s)]<sup>4</sup>: [ ] per Note of [ ] Specified Denomination
- (iv) Broken Amount(s): [ ] payable on the Interest Payment Date falling [in/on] [ ]
- (v) Day Count Fraction: [Actual/Actual / Actual/Actual-ISDA / Actual/365-FBF / Actual/Actual-FBF / Actual/Actual-ICMA / Actual/365(Fixed) / Actual/360 / 30/360 / 360/360 / Bond Basis / 30/360-FBF / Actual 30A/360 (American Bond Basis) / 30E/360 / Eurobond Basis / 30E/360-FBF / 30E/360-ISDA][*include any other option from the Conditions*]]
- (vi) [Determination Dates: [ ] in each year (*insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual-ICMA*)]
- (vii) [Business Day Convention<sup>5</sup>: [Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]]

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<sup>3</sup> RMB Notes only

<sup>4</sup> Not applicable for RMB Notes

<sup>5</sup> RMB Notes only

(viii) [Party responsible for calculating Interest Amounts (if not the Calculation Agent) <sup>6</sup>: /[Not Applicable]]

**15 Floating Rate Note Provisions**

[Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph.)*

(i) Interest Period(s):

(ii) Specified Interest Payment Dates:  in each year, subject to adjustment in accordance with the Business Day Convention set out in (iii) below]

(iii) Business Day Convention: [Floating Rate Business Day Convention/Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention]

(iv) Business Centre(s):

(v) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ FBF Determination/ ISDA Determination]

(vi) Interest Period Date(s): [Not Applicable / Specify dates]

(vii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Calculation Agent):

(viii) Screen Rate Determination:

– Reference Rate: [EURIBOR/LIBOR/CMS Rate]

– Interest Determination Date(s):

– Relevant Screen Page:

– Reference Bank:

– Relevant Financial Centre:

– Specified Currency:

– Designated Maturity:

– Specified Time:

(ix) FBF Determination

– Floating Rate (*Taux Variable*):

– Floating Rate Determination Date (*Date de Détermination du Taux Variable*):

(x) ISDA Determination:

---

<sup>6</sup> RMB Notes only

– Floating Rate Option:

– Designated Maturity:

– Reset Date:

(xi) Margin(s):  +/-  per cent. per annum

(xii) Minimum Rate of Interest:  per cent. per annum

(xiii) Maximum Rate of Interest:  per cent. per annum

(xiv) Day Count Fraction: [Actual/Actual / Actual/Actual-ISDA / Actual/365-FBF / Actual/Actual-FBF / Actual/Actual-ICMA / Actual/365(Fixed) / Actual/360 / 30/360 / 360/360 / Bond Basis / 30/360-FBF / Actual 30A/360 (American Bond Basis) / 30E/360 / Eurobond Basis / 30E/360-FBF / 30E/360-ISDA]

**16 Zero Coupon Note Provisions**

[Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) Amortisation Yield:  per cent. per annum

(ii) Day Count Fraction: [Actual/Actual / Actual/Actual-ISDA / Actual/365-FBF / Actual/Actual-FBF / Actual/Actual-ICMA / Actual/365(Fixed) / Actual/360 / 30/360 / 360/360 / Bond Basis / 30/360-FBF / Actual 30A/360 (American Bond Basis) / 30E/360 / Eurobond Basis / 30E/360-FBF / 30E/360-ISDA]

**17 Inflation Linked Notes - Provisions relating to CPI or HICP Linked Interest**

[Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) Index: [CPI/HICP]

(ii) Party responsible for calculating the Rate of Interest and/or Interest Amount(s) (if not the Calculation Agent):

(iii) Interest Period(s):

(iv) Interest Payment Dates:

(v) Base Reference: [CPI/HICP] Daily Inflation Reference Index applicable on *[specify date]* (amounting to: )

(vi) Rate of Interest:  per cent. per annum multiplied by the Inflation Index Ratio

(vii) Day Count Fraction: [Actual/Actual / Actual/Actual-ISDA / Actual/365-FBF / Actual/Actual-FBF / Actual/Actual-ICMA / Actual/365(Fixed) / Actual/360 / 30/360 / 360/360 / Bond Basis / 30/360-FBF / Actual 30A/360 (American Bond Basis) / 30E/360 / Eurobond Basis / 30E/360-FBF / 30E/360-ISDA]

## PROVISIONS RELATING TO REDEMPTION

- 18 Call Option** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s):
- (ii) Optional Redemption Amount(s)  per Note of  Specified Denomination of each Note:
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount:
- (b) Maximum Redemption Amount:
- (c) Notice period:<sup>7</sup>
- 19 Make-Whole Redemption** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Notice period:<sup>8</sup>
- (ii) Reference Security:
- (iii) Reference Dealers:
- (iv) Similar Security:
- (v) Party, if any, responsible for calculating the principal and/or interest due (if not the Calculation Agent):
- (vi) Redemption Margin:
- 20 Residual Call Option** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Call Option Date:
- (ii) Notice period:<sup>9</sup>

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<sup>7</sup> If setting notice periods are different to those provided in the terms and conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and its fiscal agent.

<sup>8</sup> If setting notice periods are different to those provided in the terms and conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and its fiscal agent.

<sup>9</sup> If setting notice periods are different to those provided in the terms and conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and its fiscal agent.



- 21 Put Option** [Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s):
- (ii) Optional Redemption Amount(s) of each Note:  per Note of  Specified Denomination
- (iii) Notice period:<sup>10</sup>
- 22 Change of Control Put Option** [Applicable/Not Applicable]
- 23 Final Redemption Amount of each Note**  per Note of  Specified Denomination
- Inflation Linked Notes – Provisions relating to the Final Redemption Amount: [Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Index: [CPI/HICP]
- (ii) Final Redemption Amount in respect of Inflation Linked Notes: [Condition 6(f) applies]
- (iii) Base Reference: [CPI/HICP] Daily Inflation Reference Index applicable on [specify date] (amounting to: )
- (iv) Party responsible for calculating the Rate of Interest and/or Interest Amount(s) (if not the Calculation Agent):
- 24 Early Redemption Amount**
- (i) Early Redemption Amount(s) of each Note payable on redemption for taxation reasons (Condition 6(h)), for illegality (Condition 6(l)) or on event of default (Condition 9):  per Note of  Specified Denomination
- (ii) Redemption for taxation reasons permitted on days others than Interest Payment Dates: [Yes/No]
- (iii) Unmatured Coupons to become void upon early redemption (Materialised Bearer Notes only): [Yes/No/Not Applicable]

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 25 Form of Notes:** [Dematerialised Notes/Materialised Notes] (*Materialised Notes are only in bearer form and may only be issued outside*

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<sup>10</sup> If setting notice periods are different to those provided in the terms and conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and its fiscal agent.

France.)

[Delete as appropriate]

- (i) Form of Dematerialised Notes: [Not Applicable/specify whether Bearer dematerialised form (*au porteur*)/Administered Registered Dematerialised form (*au nominatif administré*)/Fully Registered dematerialised form (*au nominatif pur*)]
- (ii) Registration Agent: [Not Applicable/Applicable] [*if applicable give name and details (note that a registration agent must be appointed in relation to Fully Registered Dematerialised Notes only)*]
- (iii) Temporary Global Certificate: [Not Applicable/Temporary Global Certificate exchangeable for Definitive Materialised Notes on  (the “**Exchange Date**”), being 40 calendar days after the Issue Date subject to postponement as specified in the Temporary Global Certificate]
- (iv) Applicable TEFRA exemption: [C Rules/D Rules/Not Applicable] (*Only applicable to Materialised Notes*)
- 26** Financial Centre(s) (Condition 7(h)): [Not Applicable/*give details. Note that this item relates to the date and place of payment, and not interest period end dates, to which items 14(ii) and 15(ii) relates*]
- 27** Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. *If yes, give details*]
- 28** Details relating to Instalment Notes: [Not Applicable/*give details*]
- (i) Instalment Amount(s):
- (ii) Instalment Date(s):
- (iii) Minimum Instalment Amount:
- (iv) Maximum Instalment Amount:
- 29** Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions [in Condition 1(d)] apply]
- 30** Consolidation provisions: [Not Applicable/The provisions [in Condition 14(b)] apply]
- 31** Purchase: [Not Applicable/Applicable]
- 32** Repurchase Event: [Not Applicable/Applicable]
- 33** Masse (Condition 11): [Full Masse]/[Contractual Masse] shall apply  
(*Note that: (i) in respect of any Tranche of Notes issued outside France, Condition 11(b) (Contractual Masse) may be elected by the Issuer, and (ii) in respect of any Tranche of Notes issued inside France, Condition 11(a) (Full Masse) shall apply.*)  
Name and address of the Representative:   
[Name and address of the alternate Representative:   
[The Representation will receive no remuneration/The Representative will receive a remuneration of

## RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. [(*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 Essilor:

By: .....  
Duly authorised

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

(i) Listing and admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [Euronext Paris/*specify relevant regulated market*] with effect from [ ].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [Euronext Paris/*specify relevant regulated market*]] with effect from [ ].] [Not Applicable]

*(Where documenting a fungible issue need to indicate that original Notes are already admitted to trading)*

(ii) 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]:

[S & P: [ ]]

[Moody's: [ ]]

[[Other]: [ ]]

*(The above disclosure should reflect the rating allocated to Notes where the issue has been specifically rated)*

*(Include appropriate Credit Rating Agency Regulation (Regulation (EC) No 1060/2009 as amended) disclosure)*

*[Insert one (or more) of the following options, as applicable:*

*[[Insert credit rating agency/ies] [is/are] established in the European Union and [has/have each] applied for registration under Regulation (EC) No 1060/2009 (as amended), although notification of the corresponding registration decision has not yet been provided by the relevant competent authority]*

*[[Insert credit rating agency/ies] [is/are] established in the European Union and registered under Regulation (EC) No 1060/2009 (as amended) (the "CRA Regulation")]*As such, *[Insert credit rating agency/ies] [is/are] included in the list of credit rating agencies published by the European Securities and Markets Authority on its website ([www.esma-europa.eu/page/List-registered-and-certified-CRAs](http://www.esma-europa.eu/page/List-registered-and-certified-CRAs)) in accordance with CRA Regulation.]*

*[[Insert credit rating agency/ies] [is/are] not established in the European Union and [has/have each] not applied for registration under Regulation (EC) No 1060/2009 (as amended)]]*

**3. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER]**

*(Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the statement below):*

*“Save as discussed in [“Subscription and Sale”], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.” (Amend as appropriate if there are other interests)]*

*[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive)]*

**4. [REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES<sup>11</sup>**

[(i) Reasons for the offer:

*(See [“Use of Proceeds”] wording in Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here)]*

[(ii) Estimated net proceeds:

*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding)*

[(iii) Estimated total expenses:

*[Include breakdown of expenses]*

**5. [Fixed Rate Notes only – YIELD**

Indication of yield:

*The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield]*

**6. [Floating Rate Notes only - HISTORIC INTEREST RATES**

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

**7. [Inflation Linked Notes only – PERFORMANCE OF INDEX AND OTHER INFORMATION CONCERNING THE UNDERLYING**

(i) Name of underlying index: *[Consumer Price Index excluding tobacco for all households in metropolitan France (“CPI”) as calculated and published monthly by the Institut National de la*

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<sup>11</sup> Required for derivatives securities to which Annex 12 to the Prospectus Directive Regulation applies

*Statistique et des Etudes Economiques.*] / [Harmonised Index of Consumer Prices excluding tobacco measuring the rate of inflation in the European Monetary Union excluding tobacco (“**HICP**”) as calculated and published by Eurostat.]

(ii) Information about the index:

The Issuer [intends to provide post-issuance information [*specify what information will be reported and where it can be obtained*]] [does not intend to provide post-issuance information]]

## 8. OPERATIONAL INFORMATION

ISIN Code:

Common Code:

Depositories

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

(ii) Common Depository for Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme*: [Yes/No]

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]

Delivery: Delivery [against/free of] payment

Names and addresses of additional Paying Agent(s) (if any): [Not Applicable/

## 9. DISTRIBUTION

(i) Method of distribution: [Syndicated/Non-syndicated]

(ii) If syndicated:

(A) Names of Managers: [Not Applicable/*give names*]

(B) Stabilising Manager(s) if any: [Not Applicable/*give name(s)*]

(iii) If non-syndicated, name and address of Dealer: [Not Applicable/*give name*]

(iv) US Selling Restrictions (Categories of potential investors to which the Notes are offered): Reg. S Compliance Category 2 applies to the Notes; [TEFRA C/TEFRA D/ TEFRA not applicable]

## GENERAL INFORMATION

### (1) Listing and admission to trading

This Base Prospectus has received visa n°13-669 from the AMF on 12 December 2013. Application has been made to list and admit the Notes to trading on Euronext Paris and/or on any other Regulated Market in a Member State of the EEA, as the case may be.

In compliance with Article 18 of the Prospectus Directive, application may also be made for the notification of certificate of approval to any competent authority of any Member State of the EEA.

### (2) Corporate authorisations

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. Any drawdown of Notes under the Programme, to the extent that such Notes constitute *obligations*, requires the prior authorisation of (i) the *Conseil d'administration* of the Issuer or (ii) the Ordinary General Meeting of the Issuer's shareholders if (a) the *statuts* of the Issuer so require (at the date hereof the *statuts* of the Issuer do not require a resolution of the Ordinary General Meeting) or (b) the shareholders at an Ordinary General Meeting decide to authorise an issue of *obligations*, all pursuant to Article L. 228-40 of the French *Code de commerce*. Any drawdown of Notes, to the extent that such Notes do not constitute *obligations*, falls within the general powers of the *Président Directeur Général*.

On 25 November 2013, the *Conseil d'administration* of the Issuer authorised the establishment of the Programme and the issue of Notes up to a maximum aggregate amount outstanding of €2,000,000,000 and delegated to its *Président-directeur général*, Hubert Sagnières, all powers to issue Notes up to said aggregate amount and to determine their terms and conditions.

### (3) No significant change in the financial or trading position

There has been no significant change in the financial or trading position of the Issuer or the Group since 30 June 2013.

### (4) No material adverse change

There has been no material adverse change in the prospects of the Issuer since 31 December 2012.

### (5) Legal and arbitration proceedings

The Issuer is not or has not been involved in any governmental, legal or arbitration proceedings (including any such proceeding which are pending or threatened of which the Issuer is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer or the Group.

### (6) Clearing

Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems which are entities in charge of keeping the records. 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.

The address of Euroclear is 1 boulevard du Roi Albert II, 1210 Bruxelles, Belgium and the address of Clearstream, Luxembourg is 42 avenue John Fitzgerald Kennedy, L- 1855 Luxembourg, Grand-Duchy of Luxembourg.

Dematerialised Notes will be inscribed in the books of Euroclear France (acting as central depository). Dematerialised Notes which are in registered form (*au nominatif*) are also inscribed either with the Issuer or with the registration agent.

The address of Euroclear France is 115 rue Réaumur, 75081 Paris Cedex 02, France.

**(7) Documents available**

For so long as Notes issued under the Programme are outstanding, the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the office of the Issuer, or otherwise, using any kinds of communication means, permitted by law, at the choice of the Issuer and from the specified offices of the Paying Agents, free of charge:

- (i) the *statuts* of the Issuer;
- (ii) a copy of the documents incorporated by reference in this Base Prospectus, which comprise the 2013 Half-Year Financial Report, the 2012 Reference Document and the 2011 Reference Document;
- (iii) each Final Terms for Notes that are listed and admitted to trading on Euronext Paris or any other regulated market in the EEA;
- (iv) all reports, letters and other documents, historical financial information, valuations and statements prepared by any expert at the Issuer's request any part of which is included or referred to in this Base Prospectus.

For so long as Notes may be issued pursuant to this Base Prospectus, the following documents will be available, on the websites of the Issuer (<http://www.essilor.com/fr/Investisseurs/InformationReglementee/Pages/InformationReglementee.asp>) and of the AMF ([www.amf-france.org](http://www.amf-france.org)):

- (i) the Final Terms for Notes that are listed and admitted to trading on Euronext Paris and/or in any Member State of the EEA; and
- (ii) this Base Prospectus together with any supplement to this Base Prospectus.

**(8) Statutory auditors**

Mazars and Pricewaterhouse Coopers Audit have audited and rendered unqualified audit reports on the consolidated financial statements of the Issuer for the years ended 31 December 2011 and 2012 prepared in accordance with IFRS as adopted by the European Union. Both entities are regulated by the *Haut Conseil du Commissariat aux Comptes*, duly authorised as *Commissaires aux comptes* and members of the *Compagnie Régionale des Commissaires aux Comptes de Versailles*.



## PERSONS RESPONSIBLE FOR THE INFORMATION GIVEN IN THE BASE PROSPECTUS

We declare, to the best of our knowledge (having taken all reasonable care to ensure that such is the case), that the information contained in this Base Prospectus is in accordance with the facts and contains no omission likely to affect its import. The Issuer accepts responsibility accordingly.

The historical financial information incorporated by reference in this Base Prospectus has been audited by the statutory auditors of the Issuer and the relevant reports are included in page 184 of the 2012 Reference Document, in pages 178 to 179 of the 2011 Reference Document and pages 26 to 27 of the 2013 Half-Year Financial Report.

The auditors' review report on the first half-yearly financial information 2013 contains the observation outlined below: "Without qualifying the above conclusion, we draw your attention to Note 1 to the condensed half-year consolidated financial statements, which describes the impacts of the adoption of IFRSs and amendments to IFRSs which are applicable from January 1, 2013, in particular the amended IAS 19 accounting standard "Employee benefits".

**ESSILOR INTERNATIONAL  
(COMPAGNIE GENERALE D'OPTIQUE)**

147, rue de Paris,  
94220, Charenton-le-Pont,  
France

**Duly represented by:**

**Géraldine Picaud**  
**Chief Financial Officer**  
authorised signatory  
pursuant to a power of attorney  
dated 25 November 2013



***Autorité des marchés financiers***

In accordance with Articles L.412-1 and L.621-8 of the French *Code monétaire et financier* and with the General Regulations (*Règlement Général*) of the *Autorité des marchés financiers* ("AMF"), in particular Articles 212-31 to 212-33, the AMF has granted to this Base Prospectus the visa No. 13-669 on 12 December 2013. This document may only be used for the purposes of a financial transaction if completed by Final Terms. It was prepared by the Issuer and its signatories assume responsibility for it. In accordance with Article L.621-8-1-I of the French *Code monétaire et financier*, the visa was granted following an examination by the AMF of "whether the document is complete and comprehensible, and whether the information it contains is coherent". It does not imply that the AMF has verified the accounting and financial data set out in it. This visa has been granted subject to the publication of Final Terms in accordance with Article 212-32 of the AMF's General Regulations, setting out the terms of the securities being issued.

**Issuer**

**ESSILOR INTERNATIONAL  
(COMPAGNIE GENERALE D'OPTIQUE)**

147, rue de Paris,  
94220, Charenton-le-Pont,  
France

**Arranger**

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United Kingdom

**Dealers**

**BNP Paribas**

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United Kingdom

**Citigroup Global Markets Limited**

Citigroup Centre  
Canada Square  
London E14 5LB  
Canary Wharf  
United Kingdom

**Crédit Agricole Corporate and Investment Bank**

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**Mitsubishi UFJ Securities International plc**

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**NATIXIS**

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France

**Société Générale**

29, boulevard Haussmann  
75009 Paris  
France

**Fiscal Agent, Paying Agent, Redenomination Agent,  
Consolidation Agent and Calculation Agent**

**BNP Paribas Securities Services**

(affiliated with Euroclear France under number 29106)  
Les Grands Moulins de Pantin  
9, rue du Débarcadère  
93500 Pantin  
France

**Statutory Auditors**

**PricewaterhouseCoopers Audit**

63 rue de Villiers  
92200 Neuilly-sur-Seine  
France

**Mazars**

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France

**Legal Advisers  
As to French law**

**To the Issuer**

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France

**To the Dealers**

**LINKLATERS LLP**

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